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DFI 2022 ANNUAL REPORT

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Company Spokesperson

Name:	Li-Min Huang
Title:	Chief Financial Officer
E-mail:	milly.huang@dfi.com

Acting Spokesperson

Name:	Fang-Yu Chen
Title:	Senior Director
Tel.:	(02)2697-2986
E-mail:	eva.chen@dfi.com

Headquarters and Factories

Headquarters:	10F, No.97, Sec.1, Xintai 5th Rd., Xizhi Dist., New
Company Website:	Taipei City, Taiwan (R.O.C.)
Factories:	http://www.dfi.com/
	3F., No. 157, Shanying Rd., Guishan Dist., Taoyuan City, Taiwan (R.O.C.)
Tel.:	(03)216-5058 (Code)

Stock Transfer Agency

Name:	KG Investment Limited Stock Affairs Agency Department
Address:	5F, No.2, Sec. 1, Chongqing South Rd, Taipei City
Website:	www.kgieworld.com.tw
Tel.:	(02)2389-2999

CPA auditing the financial report of the recent year

Name of CPAs:	Hui-Chen Chang, Ching- Wen Kao
Name of Firm:	KPMG
Address:	68F, No.7, Sec. 5, Xinyi Rd., Taipei City
Website:	http://www.kpmg.com.tw
Tel.:	(02)8101-6666

Overseas Securities Exchange Where Securities are Listed and Method of Inquiry: None

Report to Shareholders

2022 Business Report

Outcomes in Implementation of the Business Plan in 2022

In 2022, due to the impact of the global epidemic, Taiwan's industrial computer industry experienced material shortages in the international supply chain in the first half of the year. In the second half of the year, governments of various countries strived to control inflation thereby causing the deferral of global demand, and the changing external environment tested enterprises' adaptability.

In 2021, DFI moved its factory to its parent company, Qisda Corporation's industrial park located at Guishan District in Taoyuan, and actively deployed smart manufacturing solutions to introduce various new automation equipment. Where the expansion of SMT high-speed production lines, high-speed and high-efficiency unmanned transport vehicles and automated intelligent warehousing systems, the material preparation efficiency increased by 20% and the output rate increased by 30% in 2022, showing the advantages of production efficiency of the new factory during the epidemic. As the global epidemic slows down, the shortage of materials has gradually alleviated, the capacity utilization rate of the factory has continued to be at full capacity, and the production volume has also achieved several new highs, contributing to the growth of performance.

With the loosening of epidemic control, the global entertainment and retail industries are gradually recovery. The development of unmanned physical stores in various places and the recovery of demand for live interaction reflect that the public's lifestyle has gradually returned to that before the epidemic. DFI 's continuous innovation in the system design of industrial grade touch screen computers and integrated displays, especially in the development of firmware and the development of high-difficulty projects in the design of moving parts are deeply recognized by the clients. Combined with the system manufacturing capabilities of the Qisda Group, the shipment performance in the current year and the Design-Win of new projects have been taken to the next level.

The demand for automation is the backbone of the industrial computer market. In the past year, DFI's orders in the machine tool industry have achieved a fruitful gain, and will continue to contribute revenue in the next few years. The company works closely with academia to develop next-generation virtualization technology that combines three-in-one computing power, network transmission, and input/output interfaces. By reducing the total number of hardware modules, it is possible to significantly improve the availability rate in the application fields and reduce overall operating costs.

With the gradual increase of electric vehicles and their charging facilities, the transportation application field is full of new business opportunities; the demand for medical care application field are booming as the population of developed countries ages. DFI's wide temperature/voltage design which is above industry standards is deeply rooted in various fields, and has been praised by the clients. Coupled with the reputable design and production strength, in these two types of application fields that require ultra-high and stable quality, the business growth is relatively fast and will become the next pillar to support profitable growth.

In 2022, DFI's consolidated net revenue amounted to NT$16.19 billion and grew by 22% compared with that of 2021. The consolidated operating income was NT$731 million, and the consolidated after-tax earnings amounted to NT$597 million, of which the net income attributable to owners of the parent company was NT$528 million, and the after-tax earnings per share amounted to NT$4.61.

The analysis of financial revenues, expenditures and profitability are as follows:

Analysis Items \ Year		Financial Analysis for the Last Five Years				
		2022	2021 (Restated)	2020	2019	2018
Financial Structure	Debt ratio (%)	55.69	55.40	37.73	37.89	31.88
	Ratio of long-term capital to property, plant and equipment (%)	192.48	214.95	170.20	174.28	345.56
Profitability	Return on assets (%)	5.05	7.82	5.86	9.44	13.64
	Return on equity (%)	10.52	14.81	9.19	14.52	19.17
	Ratio of income before tax to paid-in capital (%)	66.34	86.13	53.51	68.73	68.90
	Net profit margin (%)	3.69	5.89	5.72	8.85	11.62
	Earnings per share (NT$)	4.61	5.38	3.54	5.51	5.28

2023 business and R&D plans are as follows:

(1) Business policies and R&D plan

1. To foster capabilities of integrating CPU and designing FPGA, to provide more diverse customized services.

2. To continuously and deeply study efficient miniaturized products with low power consumption.
3. To make open source OS open for connection and improve friendly development environment for software of OS.
4. To collaborate with medical customers to exactly satisfy their needs.
5. To cultivate the market for smart car related applications.
6. To improve specifications, including wide temperature/pressure range, and resistance to water/dust/vibration.
7. To introduce green product development in response to ESG demand.

(2) Important business policies

1. Manufacturing ability in the United States

Since the commencement of the China-United States Trade War, the policy undertaken by the United States is to return the manufacturing sectors to the country, while increasing the proportion of US-made products, for embedded products, starting with system assembly and proceeding with board assembly in long run. DFI will adopt a positive marketing relationship with the policy, by deepening its relationship and cooperation with the system assembly facrories in the United States, and then seek the opportunity for the local board assembly in the United States.

2. Implementing a sustainable development strategy

Under the new infrastructure surge brought about by global industrial automation and digital transformation, smart manufacturing applications have become a long-term inelastic demand. DFI will work with its group partners and subsidiaries to promote various energy-saving and carbon-reduction operations and improve energy efficiency. While fulfilling its social and civic responsibilities, it will help enterprises accelerate the transformation plan and meet the needs of the clients, continue to innovate and improve production capacity, create maximum value for clients, and become the best partner for enterprise OT intelligence.

Looking forward to 2023, in the post-pandemic era, AI edge computing, high-performance servers, security network requirements and smart GPUs are elements that are highly demanded for future industrial upgrading. In the future, DFI will continue to strategically focus in applications such as intelligent transportation equipment, smart-auto equipment, medical equipment, semiconductor equipment, and new energy equipment.

DFI will play a key role in the changing trend to lead the development of core technologies, and focus on the growth trend of the industry. By reducing the cost of multiple operations through smartization and automation, thereby increasing productivity, this year, by undertaking multiple strategies in value chains, business plans and project development, a huge business opportunity in the applications of industrial computers can be seen. In addition, the company will continuously strengthen existing products and operations based on past experience. The R&D team focuses on the cultivation of product strength and technical strength, understands future trends, and strengthens a solid foundation for competition to meet the client's demands. The company will develop its management comprehensively, cultivate talents, promote corporate social responsibility and transformation, improve inclusiveness, corporate governance, and strategy to meet the expectations of employees, shareholders, clients, and all stakeholders, establish a solid foundation for revenue growth, and move ahead toward the company's sustainable operation goal.

We wish you good health and may everything goes well with you!

Chairman: Chi-Hung Chen　　President: Chia-Hung Su　　Accounting Supervisor: Li-Min Huang

Company Introduction

I. Established on: July 14, 1981

I. Development History

1981	DFI established in Taipei, Taiwan (1F, No. 10, Lane 107, Sec. 2, East Heping Road, Taipei City). The capital amount was NT$1,000,000 (the same below), and the main business included trading, import and export of electronic parts, with a turnover of more than NT$30,000,000 in the first year.
1983	Capital increased by cash to NT$2,500,000.
1984	A factory was established at Sec. 7, Zhongxiao East Road, Taipei City, and engaged in processing, manufacturing and trading of the computers and peripherals.
1986	Capital increased by cash to NT$10,000,000. The company was relocated to 6F, No.266, Songjiang Road, Taipei City The business growth rate was up to 300%. The company successfully expanded the marketing network in America with turnover of nearly NT$ 1,000,000,000.
1987	A factory was started to be established in Xizhi District. Capital increased by cash to NT$30,000,000. Capital increased by cash to NT$60,000,000 in November. The products were launched to Germany and British in a planned manner, and the company worked on establishing the marketing network in Europe.
1988	Xizhi Factory was completed with a use area of approximate 4,297.4 m2. The factory was relocated to Huanhe Street in Xizhi District to expand the production capacity. Handheld scanner with leading design was launched, initiating the specification of the handheld scanner in the world. Automatic testing equipment (ATE) was purchased to improve the product quality.
1989	Processing, manufacturing, purchase and sale of slide mouse, handheld scanner, personal computer and interface control card were increased in the operating activities. The capital was increased and the factory was expanded. The capital was increased to NT$ 120,000,000. Computer aided design system was purchased to improve the product design quality.
1990	Earnings of NT$ 36,000,000 converted to capital, and the capital increased to NT$ 156,000,000. The Xizhi Factory was expanded. The patent authorization contract was signed with IBM for purpose of technology cooperation. It became the first Taiwan manufacturer to establish the system assembly production line in the United States.
1991	Expansion of the factory was completed with the use area of 6,280.8 m2. Capital increased by cash to NT$ 196,000,000.
1992	Automatic circuit testing equipment (ICT) and automatic surface bonding equipment (SMT) were introduced to improve the product quality level and efficiency.
1993	The Xizhi Factory was expanded for the second time, and the use area was up to 7,603.1m2. The company's business department and R&D department were relocated to the Huanhe Street in Xizhi District. The company first introduced energy-saving design of the GREEN PC.
1994	R&D of CD-ROM formally led the company to the multi-media system market. Single turnover of NOTEBOOK topped NT$ 300,000,000, and the annual turnover was up to NT$ 2,100,000,000, at a growth rate of 25%.
1996	CD-ROM factory was transformed into the system assembly factory. The company designed and manufactured the first 75MHZ system busbar host board in the world to support CYRIX PR 200+CPU. The 3rd SMT production line was established to start up Siemens SIPLACE80S-15 high-speed machine,

	increasing the capacity of motherboard by 40,000 PCS/ month. The self-production capacity was up to 120,000 PCS/month. 586 motherboard for double CUP was successfully researched and developed. The company specialized in research, development and manufacturing of the motherboard. The company cooperated with Philips for the marketing system in Asian-Pacific region to enter the third-world household market.
1997	The company was elected by Computer Reseller New (CRN) as the Top 10 motherboard Manufacturers in 1996. The Xizhi Factory was expanded for third time, extending the use area to 9,255.9 m2, and adding 2 sets of SMT to rapid improve and balance the motherboard capacity. The monthly capacity was increased to 180,000 PCS. The system factory was relocated to Jianguo Rd, Xinzhuang, and was dedicated to system assembly agency for Philips and Synnex. The average monthly capacity was about 10,000PCS. Houjie Factory was established in Dongguan, Mainland China, to establish the third manual assembly production line. The European Sale Office was established in Bremen, Germany to improve the service quality in Europe. SCSI onboard & Dual Pentium CPU motherboard was researched and developed to enter the server market.
1998	The company was elected by Computer Reseller New (CRN) as the Top 10 motherboard Manufacturers in 1997. The company applied to Stoch Exchange and OTC Trade Center for listing guidance and verification in April. Xinzhuang System Factor was dissolved at the end of April, and the office building of Houjie Factory was completed at the end of May. The company released Intel 440BX series motherboards synchronously with Intel. 810 motherboard was elected as the Demo Board manufacturer of Intel in Asian-Pacific region . Cash capital increase, conversion of surplus into capital, conversion of bonus dividend into capital, and conversion of capital reserve into capital were completed. The capital was increased to NT$ 520,000,000.
1999	The company was elected by CRN as the Top 10 motherboard Manufacturers in 1998. P5BV3＋motherboard product was selected as the only Socket 7 motherboard of full mark in terms of performance weighted score in "Computer World" Contest in Mainland China in February. DFI 810 motherboard was launched synchronously with Intel in April, and was delivered globally after mass production at the beginning of May. The 5th SMT line was purchased, and the monthly capacity was increased to 200,000 PCS. 810e motherboard was selected as the Demo Board manufacturer (technical reference board) of Intel in the world again, was launched synchronously with Intel in September, and was delivered globally after mass production in October. The Proposal on Listing in Taiwan Stock Exchange and Securities & Futures Commission was adopted in October. Capitalized surplus was 64,000,000 shares, and the share capital was increased to NT$ 584,000,000.
2000	Shares of the Company were traded at Taiwan Stock Exchange from Jan. 15. An investment company Diamond Flower H.T. Group (BVI) Inc. was established in BVI. Cash capital increase, conversion of surplus into capital, conversion of bonus dividend into capital, and conversion of capital reserve into capital were completed. The capital was increased to NT$ 981,200,000. The 8th SMT line was purchased to increase the monthly production capacity to 270,000 PCS. Treasury stock of 2,800,000 shares was repurchased, and the paid-up capital after movement was NT$ 953,200,000.
2001	The 7th SMT unit was purchased in April, and the monthly capacity was increased to 300,000 PCS. Surplus, the bonus dividends and capital reserve were capitalized, and the capital was increased to NT$ 1,150,000,000.
2002	Bonus dividends of NT$ 26,000,000 were capitalized, and the capital increased to NT$ 1,176,000,000.

	The 8th SMT was purchased.
	A sales office was established in Tokyo, Japan to develop special application platform (ACP) business.
	The European Subsidiary was relocated to Rotterdam, Netherlands. A service center was set up in Poland in Eastern Europe.
	Treasury stock of 3,200,000 shares was repurchased.
2003	Treasury stock of 5,050,000 shares was repurchased.
	Bonus dividends of 1,260,000 shares (NT$ 12,600,000) were capitalized. Treasury stock of 2,000,000 shares was canceled, and the paid-up capital was increased to NT$ 1,168,600,000.
	LANPARTY NFII ULTRA was given the Recommended Award of LANPARTY.com, PC Professionell Full-mark 5X Extreme Award, Recommended Award by Editor-in-chief of PC Magazine, and the Best Creative Award for motherboard of Tom's Hardware Guild 2003.
2004	Treasury stock of 8,200,000 shares was repurchased, and the paid-up capital was increased to NT$ 1,098,000,000.
2005	Treasury stock of 3,050,000 shares was repurchased, and the paid-up capital was increased to NT$ 1,097,000,000.
	The subsidiary DFI-SJ reduced the capital to recover the losses at an amount of USD 1,490,000; meanwhile, the Company increased capital for this subsidiary by USD 990,000. The capital of this company after movement was USD 1,000,000.
	ACP turnover exceeded 50%, and the industrial computers became the principal activity of the company.
2006	Paid-up capital was increased to NT$ 1,083,000,000.
	GE invested the Company and became one of the most important shareholders.
	100% of equity in DFI-Japan was acquired at a cost of NT$ 24,550,000.
	ACP consolidated annual turnover growth rate exceeded 51% for three consecutive years.
2007	Paid-up capital was increased to NT$ 1,140,000,000.
	The remaining 65.77% of equity of the subsidiary ITOX was acquired at a cost of NT$ 234,000,000.
	The company passed QC08000, ISO140001 and Green Partner certification.
2008	Paid-up capital was increased to NT$ 1,190,000,000.
	The company invested 100% of equity in Yen Tung Technology Co., Ltd., at an investment cost of USD 6,000,000 (NT$ 187,260,000).
	The capital of DFI-Japan was increased by JPY 280,000,000 (about NT$ 79,940,000).
2009	Paid-up capital was increased to NT$ 1,210,940,000.
2010	Treasury stock of 819,000 shares was canceled, and the paid-up capital was increased to NT$ 1,202,750,000.
2011	The processing factory in Mainland China was transformed into a wholly-owned factory. The wholly-owned factory was established on May 26, 2011 with a registered capital of USD 2,500,000.
	2 Treasury stock was repurchased for twice, respectively, 3,182,000 shares and 2,254,000. After cancellation, the share capital was NT$ 1,148,400,000.
	The System R&D Division was established, to develop the industrial computer system business.
	The Xizhi Factory obtained ISO13485 certification, and Houjie Factory passed ISO14001 certification.
2014	A domestic sales office-Yan Ying Hao Trading (ShenYan) Co., Ltd. was established in Shenzhen, China on Jun. 4, 2014.
	Treasury stock of 1,766,000 shares was repurchased.
	EC200-BT fanless embedded industrial computer, and EC541-HD modular embedded industrial computer were given Computex 2014 d&i Innovative Award.
	EC541-HD modular embedded industrial computer was given 2014 China Design Red Star Award.
	EC200-BT fanless embedded industrial computer was given 2014 Gold Point Design Award.
2015	Treasury stock of 1,615,000 shares was transferred to the employees.
	The Company's headquarters was relocated to Farglory U-TOWN, Sec. 1, Xintai 5th Rd, Xizhi
2016	Loaded Qualcomm processor motherboard and medical industrial system were launched.
	The company passed QML certification of top 3-level standards under IPC J-STD-001 and IPC-A-610.

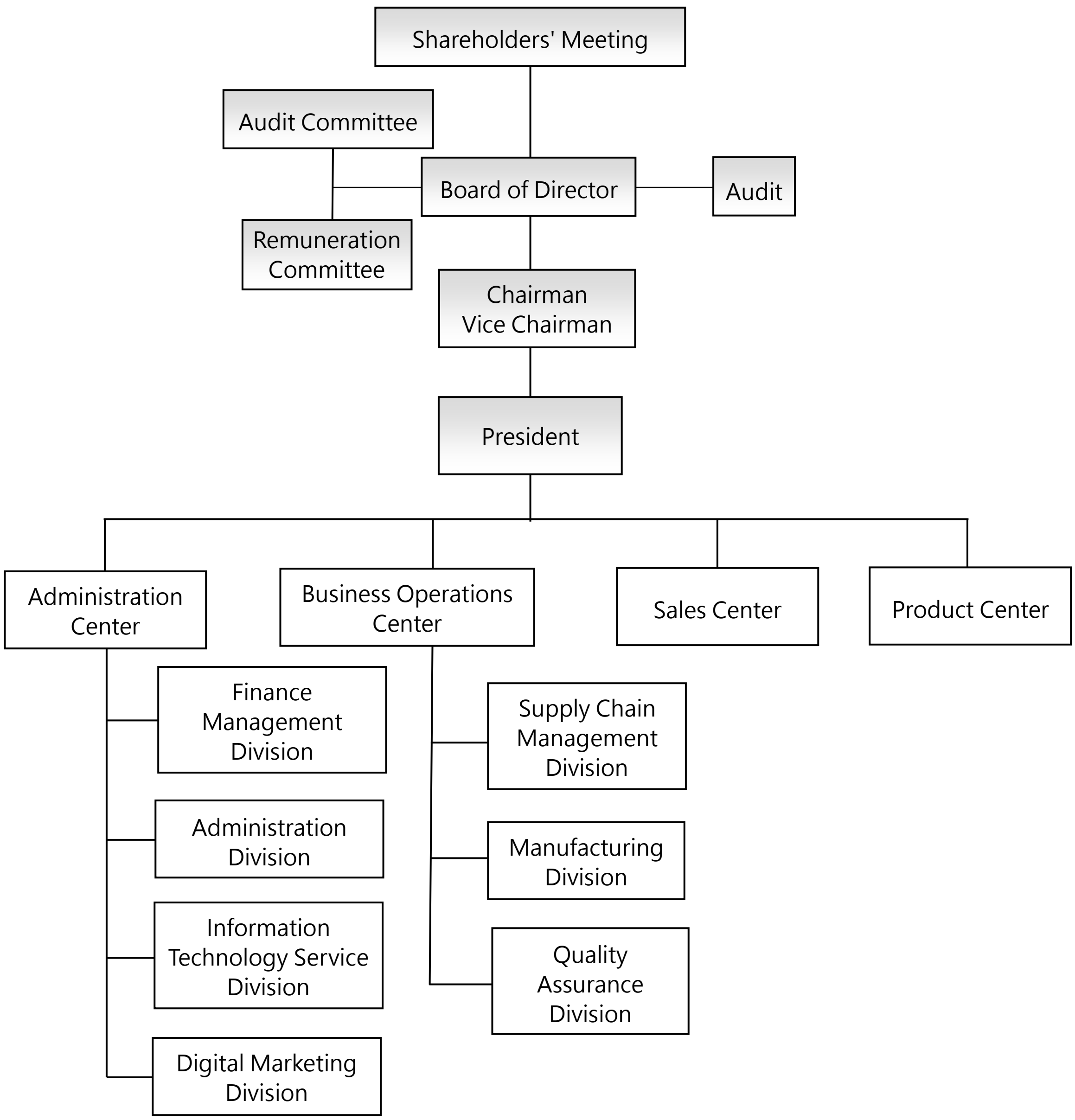
	The company passed Microsoft Azure IoT certification.
2017	Treasury stock of 151,000 shares was canceled, and the paid-up capital was increased to NT$ 1,146,890,000. The company joined Qisda Group. The company was selected by CommonWealth Magazine as Top 50 Operating Turnover.
2018	Capacity was increased, and the new 5th SMT was added.
2019	AEWIN Technologies Co., Ltd. was acquired in March, with accumulated shareholding ratio of 50.74%. ACE PILLAR Co., Ltd. was acquired in October with accumulated shareholding ratio of 26.62%.
2020	The business address of the company was changed to 10F, No.97, Sec.1, Xintai 5th Rd, Xizhi Dist., New Taipei City. Ordinary shares of AEWIN Technologies Co., Ltd. were acquired in the open market in November, with accumulated shareholding ratio of 50.84%. Ordinary shares of ACE PILLAR Co., Ltd. were acquired in the open market in November, with accumulated shareholding ratio of 33.56%. Intel issued the Best IoT Solution Provider Award. "Top 100 Enterprises of Rapid Growth" by CommonWealth Magazine.
2021	In March, the Board of Directors approved investments in preferred shares and ordinary shares of Brainstorm Corporation, with shareholding ratio of 35.09%. Treasury stock of 200,000 shares was canceled, and the paid-up capital was increased to NT$ 1,144,890,000. Ordinary shares of AEWIN Technologies Co., Ltd. were acquired in the open market continuously, with accumulated shareholding ratio of 51.38%. In June, the Board of Directors approved acquisition of the ordinary shares of ACE PILLAR Co., Ltd. , with accumulated shareholding ratio of 48.07%. Hectronic issued the Best Supplier Award. Intel issued the Best IoT Solution Provider Award. Selected as one of Top 100 Fastest Growing Taiwanese Companies by CommonWealth Magazine. TrendForce - DFI ranked third in the IPC list with consolidated revenue of NT $5,280,000,000 and an annual growth rate of 25.2%.
2022	Selected as one of the "High-Growth Companies Asia-Pacific 2022" by Financial Times The new factory was awarded the highest level of IPC certification. Obtained ISO 14064-1certification for greenhouse gas detection issued by an international third party. Awarded 2022 Taiwan Corporate Sustainability Awards - Bronze Award for Corporate Sustainability Reporting – Electronic Information Manufacturing Industry

Note: The development history of the subsidiaries AEWIN Technologies Co., Ltd. and ACE PILLAR Co., Ltd. was set out in the Company's 2022 Annual Report.

Governance Report

I. Organizational System

(I) Organizational Chart



(II) Businesses Operated by Departments

Departments	Main Responsibilities
Administration Center	1. Accounting system, accounting, and tax treatment analysis and planning. 2. Matters related to the acquisition, use, and dispatch of working capital. 3. Use of various financial statement data to set a business direction. 4. Annual budget, stock affairs, credit management, and investment strategy planning and execution. 5. Establishment and management of personnel systems, such as manpower planning, recruitment, appointment, evaluation, and promotion. 6. Planning, design, and management of the remuneration system, business trips, insurance, and benefits. 7. Education and training and talent training planning, system establishment, and implementation. 8. Planning and implementation of business, such as corporate culture and employee relations. 9. Management analysis and maintenance of information systems. 10. Digital business report planning and design. 11. Exhibition planning and execution. 12. Potential client list collection and performance tracking. 13. New product and brand promotion program planning and execution.
Business Operations Center	1. Global operations planning and management. 2. Strategic procurement planning and management. 3. Responsible for the production and manufacturing of each product. 4. Production yield, capacity planning, and efficiency control. 5. Implementation of the quality management system to ensure product quality and meet clients' needs. 6. Product quality management supervision and quality strategy planning and implementation. 7. International standards and relevant certification information announcement. 8. Provision of the R&D unit with measurement analysis results and safety certification application service. 9. Provision of after-sales services.
Sales Center	1. Development and promotion of domestic and foreign market business. 2. Formulation of marketing plans. 3. Product education and training for customers.
Product Center	1. Product development, design, and establishment and maintenance of R&D design processes. 2. Helping the Business Operations Center deal with and analyze defective products to improve the production process and design quality. 3. Audit management, distribution, and filing of ISO operating procedure data files. 4. Responsible for product planning and provision of project technical support. 5. Market demand analysis, product direction setting, marketing planning, and sales promotion. 6. Project technical documents and engineering change management and approval document maintenance.

II. Data of Directors, President, Vice President, Associate Managers, and head of each department and branch

(I) Information of directors

Date of ceasing share transfer: 2023/04/02; Unit: shares

Title	Nationality or Place of Incorporation	Name	Sex/ Age	Date of Selection (Appointment)	Term of Office	Initial Appointment Date	Shares held at the time of appointment		Shares held at present		Shares currently held by the spouse and minor children		Shares held in the name of others		Main experience (educational background)	Position concurrently held in the Company and other companies	Other officers, directors or supervisors who are spouse or second degree of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Chairman	Republic of China	Qisda Corporation	-	2020/06/16	3	2017/12/28	51,609,986	45.08%	51,609,986	45.08%	–	–	–	–	Science and Technology Management Class of National Chengchi University International MBA, Thunderbird School of Global Management Electrical Engineering Department, National Cheng Kung University General Manager of BenQ Product Technology Center	Chairman and CEO of Qisda Corp. Chairman of BenQ Medical Technology Corp. Chairman of Partner Tech Corp. Director of Darfon Electronics Corp. Director of BenQ Corp. Director of BenQ Material Corp. Vice Chairman of Alpha Networks Inc. Director of Hitron Technologies Inc. Director of Darly Venture Inc. Director of Darly2 Venture, Inc. Director of Darly Consulting Corp. Director of BenQ Healthcare Consulting Corp. Director of BenQHospital Management Consulting (NanJing) Co., Ltd. Director of Nanjing BenQ Hospital Co., Ltd. Director of Suzhou BenQ Hospital Co., Ltd. Director of Qisda (Hong Kong) Limited Director of BenQ BM Holding Corp. Director of BenQ BM Holding Cayman Corp.. Director of Qisda (L) Corp. Director of Darly Venture (L) Ltd. Director of Phoenix Innovation Investment Corp. Director of Phoenix II Innovation Investment Corp. Director of Phoenix III Innovation Investment Corp. Director of BenQ Foundations			
		Representative: Chi-Hung Chen	Male 60-69				-	-	-	-	-	-	-	-					
Vice Chairman	Republic of China	Qisda Corporation	-	2020/06/16	3	2017/12/28	51,609,986	45.08%	51,609,986	45.08%	-	-	-	-	PhD of Department of Electrical Engineering, National Taiwan University President of PARTNER TECH CORP. COO of DFI Inc.	President of Intelligent Solutions Business Group, Qisda Corp. Chairman of Metaage Corp. Chairman of AEWIN Technologies Co., Ltd. Chairman of Ace Pillar Co., Ltd. Chairman of Lafresh Information Co., Ltd. Chairman of BenQ Guru Software Co., Ltd. Vice Chairman of Partner Tech Corp. Director of APLEX Technology Inc. Director of EXPERT ALLIANCE SMART TECHNOLOGY CO. LTD. Director of EXPERT ALLIANCE SYSTEMS & CONSULTANCY (HK) COMPANY LIMITED Director of Brainstorm Corp. Director of Partner Tech Europe GmbH Director of BenQ Foundations Director of BENQ Guru (Hong Kong) Limited			
		Representative: Chang-Hung Li	Male 40-49				-	-	29,000	0.03%	-	-	-	-					
Director & President	Republic of China	Qisda Corporation	-	2021/11/05	3	2021/11/05	51,609,986	45.08%	51,609,986	45.08%	-	-	-	-	Master of Electrical Engineering, National Taiwan University Bachelor of Electrical Engineering, National Taiwan University COO of AEWIN Technologies Co., Ltd.	Director of Diamond Flower Information (NL) B.V. Director of DFI Co., Ltd. Director of DFI America, LLC. Director of Yan Tong Technology Ltd. Director of AEWIN Technologies Co., Ltd. Director of Ace Pillar Co., Ltd.			
		Representative: Chia-Hung Su	Male 50-59				-	-	20,000	0.02%	-	-	-	-					
Director	Republic of China	Ming-Shan Li	Male 50-59	2020/06/16	3	2020/06/16									Master from Institute of Business Management, National Chengchi University Director of CITI Investment Bank	Independent Director of Wistron Corp. Chairman of ILI Technology Corp. Chairman of MagiCap Venture Capital Co., Ltd. Chairman of Deus Investments Ltd			

Title	Nationality or Place of Incorporation	Name	Sex/ Age	Date of Selection (Appointment)	Term of Office	Initial Appointment Date	Shares held at the time of appointment		Shares held at present		Shares currently held by the spouse and minor children		Shares held in the name of others		Main experience (educational background)	Position concurrently held in the Company and other companies	Other officers, directors or supervisors who are spouse or second degree of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship
		Ming-Shan Li														Chairman of Belos Investments Limited Chairman of Gordias Investments Ltd. Chairman of Hyllus Investments Ltd. Chairman of Achi Capital Management Ltd.			
Independent Director	Republic of China	Kuang-Jen Chou	Male 60-69	2020/06/16	3	2016/06/13	–	–	–	–	–	–	–	–	Entrepreneur Class of National Chengchi University LOGAH TECHNOLOGY CORP. President of AMD	Independent Director of SONG SHANG ELECTRONICS CO.,LTD. President of Song Zhi Zhu Co., Ltd.			
Independent Director	Republic of China	Chih-Hao Chu	Male 50-59	2020/06/16	3	2017/12/28	–	–	–	–	–	–	–	–	Master of Electric Engineering, National Taiwan University EMBA, National Taiwan University Founder of GIGM	President of Industrial Technology Investment Corp. Director of GIT Consultants Corp. (Corporate Representative of Industrial Technology Investment Corp.) Director of Intellectual Property Innovation Corp. (Corporate Representative of Industrial Technology Investment Corp.) Chairman of IP Venture Investment and Management Co. (Corporate Representative of Industrial Technology Investment Corp.) Director of Innovation Technology Venture Capital Corp. (Corporate Representative of GIT Consultants Corp.) Chairman of Digital Economy Fund GP, Ltd. (Corporate Representative of Innovation Technology Venture Capital Corp.) Director of Golden Asia Fund Ventures Ltd. (Cayman) Director of TIEF Fund, LTD (Cayman) Director of LEAP Fund GP, Ltd (Cayman) Director of Applied Ventures ITIC Innovation Fund GP, LLC (Cayman) Adjunct Professor of National Taiwan University National Science and Technology Council Technological Policy Advisory Committee Chairman of VSENSE CO., LTD. Director of Hengli Medical Inc. Director of VSense Medical Inc. (Cayman) Independent Director of INTUMIT INC. Director of Epoch Foundation Director of of Taiwan Biotechnology Originality Association Director of Calls Over Ridges Association Director of Chinese Strategy Development Association Chairman of FONTRIP TECHNOLOGY CO., LTD. Director of A21Ventures Director of Innowings Investment & Consulting Corp. Director of Athena Innovation Investment and Service Co.			
Independent Director	Republic of China	Te-Chang Yeh	Male 60-69	2020/06/16	3	2017/12/28	–	–	–	–	–	–	–	–	Master of Economics, National Chengchi University Consultant of Wafer Works Corp.	Independent Director of KIAN SHEN CORP. Independent Director of CARNIVAL INDUSTRIAL CORP. Supervisor of Maxkit Technology Co., Ltd. Consultant of Wafer Works Corp. Supervisor of Wafer Works (Shanghai) Co., Ltd. Supervisor of Wafer Works Epitaxial Corp. Supervisor of Wafer Works (Zhengzhou) Corp.. Director of Silicon Technology Investment (Cayman) Corp.			

Major Shareholders of Institutional Shareholders

Name of Institutional Shareholders	Major Shareholders of Institutional Shareholders	
	Name	Shareholding ratio
Qisda Corporation (Note 1)	AU Optronics Corp.	17.04%
	Acer Inc.	4.55%
	Taishin International Bank in custody for employee stock ownership trust of Qisda Corp.	3.38%
	Konly Venture Corp.	2.55%
	Darfon Electronics Corp.	2.03%
	Citibank (Taiwan) Limited in custody for Norges Bank	1.23%
	E.SUN Bank	1.02%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, managed by the Vanguard Group	0.98%
	New Labor Pension Fund	0.97%
	Citibank (Taiwan) Limited in custody for Polunin Developing Countries Fund, LLC	0.97%

Note 1: The data source of Qisda Corporation is the information of the company's book closure date as of March 31, 2023.

Major shareholders of Institutional shareholders whose Major shareholder is a Juristic Person

Name of Institutional Shareholders	Major Shareholders of Institutional Shareholders (Note 2)	
	Name	Shareholding ratio
AU Optronics Corp.	Qisda Corporation	6.90%
	Bank SinoPac in custody for ESOP Trust Management Committee of AU Optronics Corp.	4.88%
	Quanta Computer Inc.	4.61%
	Citi Bank in custody for Overseas Depository Receipt Account of AU Optronics Corp.	2.63%
	CTBC Bank in custody for Yuanta Taiwan Dividend Plus Securities Investment Trust Fund Special Account	1.40%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, managed by the Vanguard Group	1.05%
	New Labor Pension Fund	0.91%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	0.79%
	Hong Kong HSBC Taipei Branch in custody for Goldman Sachs Investment Account	0.77%
	Fubon Life Insurance Co., Ltd.	0.62%
Acer Inc.	Hung Rouan Investment Corp.	2.42%
	Taishin International Bank in custody of Special Account for Taiwan ESG Sustainable High Dividend ETF Securities Investment Trust Fund of Cathay Pacific Taiwan High Dividend Umbrella Securities Investment Trust Fund	1.87%
	Fubon Taiwan High Dividend 30 ETF Fund Special Account	1.42%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, managed by the Vanguard Group	1.32%

Name of Institutional Shareholders	Major Shareholders of Institutional Shareholders (Note 2)	
	Name	Shareholding ratio
Acer Inc.	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.23%
	Stan Shih	1.15%
	Kind Legend Investment Co., Ltd.	1.10%
	Standard Chartered Bank, Business Department in custody for iShares ESG Aware Morgan Stanley Capital International Emerging Markets Index Equity Fund Investment Account	0.95%
	Citibank (Taiwan) Limited in custody for Acer overseas depositary receipts	0.94%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Special Investment Account of Universities Superannuation Scheme Ltd.	0.81%
Darfon Electronics Corp.	Qisda Corporation	20.72%
	BenQ Corporation	5.01%
	Taishin International Bank in custody for employee stock ownership trust of Darfon Electronics Corp.	1.79%
	Mega International Commercial Bank	1.62%
	Andy Su	1.45%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, managed by the Vanguard Group	1.12%
	Chang Hwa Commercial Bank	1.11%
	Citibank (Taiwan) Limited in custody for Norges Bank	1.02%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	0.95%
	HSBC in custody for Mitsubishi-UFJ-Morgan - Tripartite SBL Transaction	0.93%

Note 2: Data source is the company's 2021 Annual Report

Information of professional qualification of directors and independence of the independent directors

Criteria / Name	Professional qualification and experience	Independence Criteria (Note 1)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Chairman Representative of Qisda Corporation: Chi-Hung Chen	(1) International MBA, Thunderbird School of Global Management, USA; formerly President of BenQ Product Technology Center and President of Qisda Corporation. (2) Currently serving as the Chairman and CEO of Qisda Corporation, Chairman of BenQ Medical Technology, the Chairman of Partner Tech Corp. and the Director of BenQ Cultural Education Foundation. (3) With diversified industry experience and leadership, familiar with industry-related connections and attaching importance to public welfare, no matters stated in Article 30 of the Company Act.	N/A	0
Vice Chairman Representative of Qisda Corporation: Chang-Hung Li	(1) Graduating from the Department of Electrical Engineering of National Taiwan University with a Ph.D. In Electrical Engineering, National Taiwan University; formerly President of Partner Tech Corp. and COO of DFI Inc. (2) Currently serving as the Deputy President of Qisda Corporation, and Chairman of AEWIN Technologies Co., Ltd., Ace Pillar Co., Ltd. and Metaage Corporation. (3) With business management, industrial knowledge and international market view, no matters stated in Article 30 of the Company Act.	N/A	0
Director & President Representative of Qisda Corporation: Chia-Hung Su	(1) Graduated from the Department of Electrical Engineering of National Taiwan University, with a master's degree in Electrical Engineering, National Taiwan University, formerly worked as a director of Qisda Co., Ltd. and BenQ Corporation and COO of AEWIN Technologies Co., Ltd. (2) Currently serving as the President of DFI Inc., and Director of AEWIN Technologies Co., Ltd. and Ace Pillar Co., Ltd. (3) With business management, industrial knowledge and international market view, no matters stated in Article 30 of the Company Act.	N/A	0

Criteria / Name	Professional qualification and experience	Independence Criteria (Note 1)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Director Ming-Shan Li	(1) Graduated from the Graduate Institute of Business Administration, National Chengchi University with a master's degree. He used to be the head of Yuanta Securities Greater China Investment Bank, a director at and the President of Citibank and the head of Citibank, Shanghai, and the executive director at JPMorgan Investment Bank. He has successfully handled a number of investments in TWSE primary listed foreign companies, transnational and domestic mergers and acquisitions, and executed a number of international offerings by well-known companies. (2) Currently serving as the Chairman of MagiCap Venture Capital, Chairman of ILI Technology Corp. and Independent Director of Wistron Corp. (3) Abundant financial analysis skills, investment management expertise, no matters stated in Article 30 of the Company Act.	N/A	1
Independent Director Kuang-Jen Chou	(1) Graduated from the Executives Program, National Chengchi University, with a master's degree; formerly served as the President of Logah Technology Corp. and Advanced Micro Devices, Inc. (AMD). (2) Currently serving as an independent director at Song Shang Electronics Co., Ltd. and the President of Song Zhi Zhu Co., Ltd. (3) With business management, industrial knowledge and international market view, no matters stated in Article 30 of the Company Act.	Compliant	1
Independent Director Chih-Hao Chu	(1) Graduating from National Taiwan University with a master's degree in electrical engineering and an EMBA degree; the founder of Hoshin Gigamedia Center Inc. (2) Currently serving as the President of Industrial Technology Investment Corp., Director at GIT Consultants Corp., Director at Intellectual Property Innovation Corp., Chairman of IP Venture Investment and Management Company and Chairman of Digital Economy Management Consulting. (3) Expertise in accounting and financial analysis, information management, scientific and technological innovation and industrial development, no matters stated in Article 30 of the Company Act.	Compliant	1

Name \ Criteria	Professional qualification and experience	Independence Criteria (Note 1)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Independent Director Te-Chang Yeh	(1) Graduated from National Chengchi University with a master's degree in economics; formerly served as the General Manager of USIFE Investment Co., Ltd. (2) Currently serving as the independent director at KIAN SHEN CORPORATION, independent director at CARNIVAL INDUSTRIAL CORP., consultant at Wafer Works Corp., director at Silicon Technology Investment (Cayman) Corp., supervisor at Maxkit Technology Co., Ltd., and supervisor at Wafer Works (Shanghai) Co., Ltd., Wafer Works Epitaxial Corp. and Wafer Works (Zhengzhou) Co., Ltd. (3) Expertise in accounting and financial analysis, information management, scientific and technological innovation and industrial development, no matters stated in Article 30 of the Company Act.	Compliant	2

Note 1: The independent director shall state conformity with independence, including but not limited to whether the independent director or his/her spouse and relatives within second degree of kinship acting as director, supervisor or employee in the Company or its affiliated enterprises; number and percentage of shares held by the independent director or his/her spouse and relatives (or in the name of others) within second degree of kinship in the Company; whether acting as director, supervisor or employee in the companies having particular relationship with the Company (by reference to Paragraphs 5-8 of Section 1 of Article 3 under the Regulations on Setting and Compliance Issues of Independent Director for Companies Making Public Offering); amount of remuneration received from providing commercial, legal, financial and accounting services to the Company or its affiliated enterprises during the recent two years.

Diversification and independence of the Board of Directors:

I. Diversity of the Board of Directors:

(1) The Code of Governance formulated by the Company expressly set forth the diversification policies for the board members and the overall staff of the Board of Directors. Nomination and election of the members of the Board of Directors will be subject to candidate nomination system according to the provisions of the Articles of Association. In addition to the educational background and work experience, the candidates will be also elected by reference to the opinion of the stakeholders in accordance with the Director Election Measures and the Code of Governance in order to guarantee diversification and independence of the board members.

In accordance with the Company's Code of Governance, members of the board of directors shall be diversified and an appropriate diversification policies shall be formulated in accordance with the company operations, operating modes and development needs, including but not limited to the following two criteria: (1) basic conditions and values: age and identity, etc.; and (2) expertise and skills: professional background, professional skills and industry experience, etc.

(2) In 2022, the diversification of the board members of the Company is as follows:

Title	Name	Gender	Diversified industrial and professional capabilities					Term of office of Independent Directors
			Corporate Management	Industry Knowledge	Venture Capital	Sustainable Development	Financial Accounting	
Chairman	Chi-Hung Chen	Male	V	V	V	V		
Vice Chairman	Chang-Hung Li	Male	V	V	V	V		
Director & President	Chia-Hung Su	Male	V	V	V	V		
Director	Ming-Shan Li	Male	V	V	V		V	
Independent Director	Kuang-Jen Chou	Male	V	V	V			3 Sessions
Independent Director	Chih-Hao Chu	Male	V	V	V	V	V	Within 3 sessions
Independent Director	Te-Chang Yeh	Male	V	V	V	V	V	Within 3 sessions

The number of directors in the capacity of employees accounts for 14%, while the independent directors account for 43%; as of the end of 2022, 3 independent directors have length of service for 4-6 years; 3 directors are 60-69 years old; 3 directors are 50-59 years old; one director is 40-49 years old.

Management Objectives Achieved:

(1) number of the directors who concurrently act as the managers shall not exceed one third of all directors; the number of the directors who are spouse or relatives within the second degree of kinship to each other does not exceed 50% of the total number of directors.

(2) Responsibilities of the Chairman and the President shall be expressly divided, and the Chairman and the President shall not be the same person. If the same person act as the Chairman and the President concurrently, or the Chairman and the President are spouse or immediate relatives, then, the independent director seat will be increased.

(3) The Board of Directors as a whole shall have the following competences: 1. Operation judgment; 2. Accounting and financial analysis; 3. Operation management; 4. Crisis management; 5. Industry knowledge; 6. International market insights; 7. Leadership; 8; Decision-making ability.

II. Independence of the Board:

There are seven current directors of the Company, including three independent directors (accounting for 43% of the directors), and more than one-third of the all directors. As of the end of 2022, all independent directors have met the regulations of the Securities and Futures Bureau of the Financial Supervisory Commission regarding independent directors, and there is no spouse or second-degree relationship between directors. Therefore, there are no circumstances under Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act. In summary, the Board of Directors of the Company is independent.

(II) Information about President, Vice President, Associate Managers and Heads of Each Department and Branch

2023/04/02; Unit: Shares

Title	Nationality	Name	Gender	Date of Inauguration	shareholding		Shares held by spouse and minor children		Main experience (educational background)	Position concurrently held in the Company and other companies	Managers who are spouse or relatives within the second degree of kinship		
					Shares	%	Shares	%			Title	Name	Relationship
President	Republic of China	Chia-Hung Su	Male	2021/11/10	20,000	0.02%	-	-	Master of Electrical Engineering, National Taiwan University COO of AEWIN Technologies Co., Ltd.	Director of Diamond Flower Information (NL) B.V. Director of DFI Co., Ltd. Director of DFI America, LLC. Director of Yan Tong Technology Ltd. Director of AEWIN Technologies Co., Ltd. Director of Ace Pillar Co., Ltd.			
Senior Director	Republic of China	Li-Min Huang	Female	2013/12/13	26,050	0.02%	-	-	Institute of Finance, Taiwan University of Science and Technology LITE-ON TECHNOLOGY CORPORATION	Director of Diamond Flower Information (NL) B.V. Director of DFI Co., Ltd. Director of DFI America, LLC. Director of Yan Tong Technology Ltd. Supervisor of Yan Ying Hao Trading (ShenZhen) Co., Ltd Director of AEWIN Technologies Co., Ltd. Director of Ace Pillar Co., Ltd. Director of Brainstorm Corporation			
Senior Director	Republic of China	Chia-I Chang	Male	2012/12/01	174,000	0.15%	-	-	National Tsing Hua University ABIT Computer Corporation	Director of DFI Co., Ltd.			
Senior Director	Republic of China	Hsin-Chung Chan	Male	2016/01/06	-	-	-	-	University of Wisconsin, USA	None			
Managerial officers hold shares in the Company in the name of another person: None. Managerial officers has a spouse or second-degree relatives serving as the supervisor of the Company: None.													

Note 1: The number of shares held is based on the actual number of shares held on the transfer closing date April 2, 2023.

(III) Remuneration paid to the Directors, Supervisor, President and Vice President during the most recent fiscal year

(1) Remuneration of Directors

December 31, 2022; Unit: NT$ 1000

Title	Name	Remuneration Paid to Directors								Ratio of A+B+C+D to Net Income (Note 10)		Relevant Remuneration Received by Directors who Are Also Employees								Ratio of A+B+C+D+E+F+G to Net Income (Note 10)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company (Note 11)
		Salary (A) (Note 1)		Severance Pay and Pension (B) (Note 2)		Directors' Remuneration (C) (Note 3)		Business Execution Expenses (D) (Note 4)				Salary, Bonus, and Allowance (E) (Note 5)		Severance Pay and Pension (F)		Employee Compensation (G) (Note 6)						
		The Company	All Companies in Consolidated Financial Statements (Note 7)	The Company	All Companies in Consolidated Financial Statements (Note 7)	The Company	All Companies in Consolidated Financial Statements (Note 7)	The Company	All Companies in Consolidated Financial Statements (Note 7)	The Company	All Companies in Consolidated Financial Statements (Note 7)	The Company	All Companies in Consolidated Financial Statements (Note 7)	The Company	All Companies in Consolidated Financial Statements (Note 7)	The Company		All Companies in Consolidated Financial Statements (Note 5)		The Company	All Companies in Consolidated Financial Statements	
																Cash	Stock	Cash	Stock			
Director	Representative of Qisda Corporation: Chi-Hung Chen Chang-Hung Li Chia-Hung Su Ming-Shan Li	7,000	10,600	0	0	3,564	3,564	199	319	2.04%	2.74%	4,956	4,956	108	108	1,259	0	1,259	0	3.23%	3.94%	125,130
Independent Director Independent Director Independent Director	Kuang-Jen Chou Chih-Hao Chu Te-Chang Yeh	4,200	4,200	0	0	1,527	1,527	120	120	1.11%	1.11%	0	0	0	0	0	0	0	0	1.11%	1.11%	0

1. Please explain the independent director remuneration policy, system, standard, and structure, and the connection between the amount of remuneration and the considered factors such as their job responsibilities, risks, and working time:
The remuneration to the Company's directors is paid by the Board of Directors as authorized in accordance with the of the Company's Articles of Incorporation based on each director's participation in the Company's operations and value of contribution while with reference to the Regulations on Remuneration of Directors and Functional Committee Members stipulated as per the domestic and foreign industry standards. Where the

Title	Name	Remuneration Paid to Directors								Ratio of A+B+C+D to Net Income (Note 10)		Relevant Remuneration Received by Directors who Are Also Employees								Ratio of A+B+C+D+E+F+G to Net Income (Note 10)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company (Note 11)
		Salary (A) (Note 1)		Severance Pay and Pension (B) (Note 2)		Directors' Remuneration (C) (Note 3)		Business Execution Expenses (D) (Note 4)				Salary, Bonus, and Allowance (E) (Note 5)		Severance Pay and Pension (F)		Employee Compensation (G) (Note 6)						
		The Company	All Companies in Consolidated Financial Statements (Note 7)	The Company	All Companies in Consolidated Financial Statements (Note 7)	The Company	All Companies in Consolidated Financial Statements (Note 7)	The Company	All Companies in Consolidated Financial Statements (Note 7)	The Company	All Companies in Consolidated Financial Statements (Note 7)	The Company	All Companies in Consolidated Financial Statements (Note 7)	The Company	All Companies in Consolidated Financial Statements (Note 7)	The Company		All Companies in Consolidated Financial Statements (Note 5)		The Company	All Companies in Consolidated Financial Statements	
																Cash	Stock	Cash	Stock			
	Company has earnings, the Board of Directors shall determine the amount of directors' remuneration through a resolution in accordance with the Company's Articles of Incorporation. Independent directors are ex officio members of the Audit Committee. In addition to the remunerations paid to directors, an amount of reasonable remuneration is determined as per each individual's responsibilities, risks assumed, and time spent.																					
2.	Other than disclosures in the above table, remuneration paid to directors for providing services (e.g., providing consulting services as a non-employee) for all companies in financial reports in the most recent year: None.																					

Remuneration Range Table

Range of Remuneration Paid to Directors	Name of Director			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	The Company (Note 8)	All Companies in Consolidated Financial Statements(Note 9) H	The Company (Note 8)	Parent company and all reinvested businesses (Note 9) I
Less than NT$1,000,000				
NT$1,000,000 (inclusive)-NT$ 2,000,000 (excluding)	Representatives of Qisda Corporation: Chia-Hung Su，Ming-Shan Li、Chih-Hao Chu、 Te-Chang Yeh	Representatives of Qisda Corporation: Chia-Hung Su，Ming-Shan Li、Chih-Hao Chu、 Te-Chang Yeh	Ming-Shan Li、 Chih-Hao Chu、Te-Chang Yeh	Ming-Shan Li、Chih-Hao Chu、Te-Chang Yeh
NT$ 2,000,000 (inclusive)-NT$ 3,500,000 (excluding)	Representative of Qisda Corporation: Chi-Hung Chen、Chang-Hung Li，Kuang-Jen Chou	Representative of Qisda Corporation: Chi-Hung Chen;，Kuang-Jen Chou	Representative of Qisda Corporation: Chi-Hung Chen、Chang-Hung Li，Kuang-Jen Chou	Kuang-Jen Chou
NT$ 3,500,000 (inclusive)-NT$ 5,000,000 (excluding)		Representative of Qisda Corporation: Chang-Hung Li		
NT$ 5,000,000 (inclusive)-NT$ 10,000,000 (excluding)			Representative of Qisda Corporation: Chia-Hung Su	Representative of Qisda Corporation: Chia-Hung Su
NT$ 10,000,000 (inclusive)-NT$ 15,000,000 (excluding)				
NT$ 15,000,000 (inclusive)-NT$ 30,000,000 (excluding)				Representative of Qisda Corporation: Chang-Hung Li
NT$ 30,000,000 (inclusive)-NT$ 50,000,000 (excluding)				
NT$ 50,000,000 (inclusive)-NT$ 100,000,000 (excluding)				
Over NT$100,000,000				Representative of Qisda Corporation: Chi-Hung Chen
Total	A total of 7 (including 3 juridical persons)	A total of 7 (including 3 juridical persons)	A total of 7 (including 3 juridical persons)	A total of 7 (including 3 juridical persons)

Note 1: Remuneration of directors for 2022 (including salary, post pay, severance pay, all kinds of bonuses, incentive payment of the director, etc.).

Note 2: It is the amount of appropriation and payments made in accordance with the law in 2022.

Note 3: Remuneration paid to the directors under the proposal on distribution of earnings for 2022 adopted at the board meeting dated Mar. 2, 2023.

Note 4: It is the relevant business execution expenses of the directors in 2022 (including the difference between the remuneration of the subsidiaries to representatives of the corporate directors appointed for their subsidiaries and the salaries of the directors issued by their subsidiaries, traffic allowance, special expenses, various allowances, dormitories, vehicles and other provisions in kind).

Note 5: The difference the between remuneration received by directors working as employees (including those concurrently serving as general manager, deputy general manager, other managers, and employees) in 2022 and the remuneration of the legal representative appointed by the company for the subsidiary and the salary paid by the subsidiary to the directors, salary, position bonus, termination payment, various bonuses, rewards, traffic allowances, special expenses, various allowances, dormitories, vehicles, and other provisions in kind. Any salary listed under IFRS2 "Share-based Payment", including employee stock options, new restricted employee shares, and cash capital increase by stock subscription, shall be also included in the remuneration.

Note 6: Directors concurrently being the employees (including concurrently holding the office as General Manager, Deputy General Manager, other managers and employees) who have received the staff bonus dividends (including stock dividends and cash dividends) are entitled to the employee bonus to be allocated as approved at the board meeting date Mar. 2, 2023.

Note 7: The amount of the remuneration paid to the Company's directors by all companies (including the Company) in the consolidated report shall be disclosed.

Note 8: If the remuneration paid by the Company to each director is within the remuneration range, the name of the director shall be disclosed.

Note 9: If the remuneration paid by all companies (including the Company) in the consolidated report to each director of the Company is within the remuneration range, the name of the director shall be disclosed.

Note 10: Post-tax net profits refer to the net profits after payment of the individual financial report ax in 2022.

Note 11: It is the compensation received by directors as directors, supervisors or managers of reinvested businesses other than the parent company or subsidiary in 2022, remuneration (including remuneration of employee, director and supervisor), business execution expenses and other related remuneration.

(2) Remuneration of the supervisor

From Dec. 28, 2018, the Company delegates the Audit Committee to exercise the functions and powers of the supervisor stipulated in the relevant regulations.

(3) Remuneration of the President and the Vice President

December 31, 2022; Unit: NT$ 1000

Title	Name	Salary (A) (Note 1)		Severance Pay and Pension (B) (Note 2)		Bonus and Allowance (C) (Note 3)		Employee Compensation (D) (Note 4)				Ratio of A+B+C+D to Net Income (%) (Note 8)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company (Note 9)
		The Company	All Companies in Consolidated Financial Statements(Note 5)	The Company	All Companies in Consolidated Financial Statements(Note 5)	The Company	All Companies in Consolidated Financial Statements(Note 5)	The Company		All Companies in Consolidated Financial Statements (Note 5)		The Company	All Companies in Consolidated Financial Statements	
								Cash	Stock	Cash	Stock			
President	Chia-Hung Su	4,342	4,342	153	153	2,509	2,509	1,408	-	1,408	-	1.59%	1.59%	-
Vice President	Chih-Ying Tien (Note 10)													
Vice President	Lo-Lung Wu (Note 11)													

Remuneration Range Table

Range of Remuneration Paid to the General Manager and Deputy General Managers	Name of General Manager and Deputy General Manager	
	The Company (Note 6)	All Companies in Consolidated Financial Statements(Note 7) E
Less than NT$1,000,000	Lo-Lung Wu (Note 11)	Lo-Lung Wu (Note 11)
NT$1,000,000 (inclusive) -NT$ 2,000,000 (excluding)	Chih-Ying Tien (Note 10)	Chih-Ying Tien (Note 10)
NT$ 2,000,000 (inclusive)-NT$ 3,500,000 (excluding)		
NT$ 3,500,000 (inclusive)-NT$ 5,000,000 (excluding)		
NT$ 5,000,000 (inclusive)-NT$ 10,000,000 (excluding)	Chia-Hung Su	Chia-Hung Su
NT$ 10,000,000 (inclusive)-NT$ 15,000,000 (excluding)		
NT$ 15,000,000 (inclusive)-NT$ 30,000,000 (excluding)		
NT$30,000,000 (inclusive)-NT$50,000,000 (exclusive)		
NT$ 50,000,000 (inclusive)-NT$ 100,000,000 (excluding)		
Over NT$100,000,000		
Total	3 in total	3 in total

Note 1: State the salary, post pay and severance pay of the President and the Vice President in 2022.

Note 2: It is the amount of appropriation and payments made in accordance with the law in 2022.

Note 3: State various bonuses, incentive payments, travel expenses, particular expenditures, allowances, accommodation fees, car fare, other physical supplies and other remuneration of the President and the Vice President in 2022.

Note 4: State employee bonus dividends (including stock dividends and cash dividends) allocated to the President and the Vice President under the proposal on distribution of earnings for 2022 as approved by the Board of Directors at the shareholders' meeting, subject to the amount of the bonus dividends allocated to the employees as approved by the Board of Directors on Mar. 2, 2023.

Note 5: Total amount of the remuneration paid by all companies (including the Company) in the consolidated report to the Company's General Manager and Deputy General Manager shall be disclosed.

Note 6: Total amount of the remuneration paid by the Company to each General Manager and Deputy General Manager shall be disclosed in the corresponding range to the name of the General Manager and the Deputy General Manager.

Note 7: Total remuneration paid by all companies (including the Company) in the consolidated report to the Company's every General Manager and Deputy General Manager shall be disclosed in the corresponding range to the name of the General Manager and Deputy General Manager.

Note 8: Post-tax net profits refer to the net profits after payment of the individual financial report ax in 2022.

Note 9: It is the compensation received by the President and the Vice President as directors, supervisors or managers of reinvested businesses other than subsidiaries in 2022, remuneration (including remuneration of employee, director and supervisor), business execution expenses and other related remuneration.

Note 10: The Vice President Chih-Ying, Tien resigned on February 28, 2022.

Note 11: The Vice President Lo-Lung, Wu resigned on March 31, 2022.

* The remuneration disclosed in this table is different from the income concept under the income tax law. Thus, this table is for information only but not for taxation purpose.

(4) Name of the Manager receiving Employee Remuneration and Allocation:

Unit: NT$ 1000

Title	Name (Note 1)	Amount of shares (Note 2)	Cash amount (Note 2)	Total	Ratio of Total Amount to Net Income (%) (Note 3)
President	Chia-Hung Su	-	4,302	4,302	0.81%
Senior Director	Chia-I Chang				
Senior Director	Hsin-Chung Chan				
Senior Director	Li-Min Huang				

Note 1: Managerial Officers in office as of the date of publication.

Note 2: The amount of the bonus dividends (including stock dividends and cash dividends) allocated to the managers under the proposal on allocation of earnings for 2022 as approved by the Board of Directors at the shareholders' meeting, which was estimated based on the amount of the bonus dividends approved by the Board of Directors to be allocated to the employees on Mar. 2, 2023.

Note 3: Post-tax net profits refer to the net profits after payment of the individual financial report ax in 2022.

(IV) Separate comparison and description of the total remuneration, as a percentage of the post-tax net profits in the parent company-only financial reports or the individual financial reports, as paid by the Company and all other companies included in the consolidated statements during the past two fiscal years to the Company's directors, supervisors, the General Manager and the Deputy General Managers, with analysis and description of remuneration policies, standards and portfolios, procedure for determining remuneration, and relevance between operation results and future risks

1. Analysis on percentage of total remuneration paid by the Company and all other companies included in the consolidated statements during the past two fiscal years to the Company's directors, supervisors, the President and the Vice President in the post-tax net profits of the parent company-only financial statements

	2022	2021
Percentage of directors' remuneration paid by the Company	3.15%	1.70%
Percentage of directors' remuneration paid by all companies in the consolidated financial statements	3.85%	2.27%
Percentage of remuneration to managers at the position of Deputy General Manager or above paid by the Company	1.59%	2.28%
Percentage of remuneration to managers at the position of Deputy General Manager or above paid by all companies in the consolidated financial statements	1.59%	2.28%

2. Remuneration payment policies, standards and portfolio, procedure for determining remuneration, and relevance between operation results and future risks

(1) For director's remuneration of the Company, in accordance with the Article 21 of the Articles of Association, the Company shall withdraw not more than 1% of the profits as the director remuneration if the Company makes profits in the annual final accounts. Besides, the Company shall give reasonable remuneration based on the profit-making position by taking into account their contribution to the Company's performance. The Remuneration Committee shall propose on the procedure for determining remuneration to the Board of Directors based on the Company's Measures for Appraising Performance of the Board of Directors and by reference to the Company's overall operation results, future operation risks and development trend, involvement degree and contribution to the Company, and the Measures on Remuneration for the Directors and the Members of the Functional Committees formulated based on the same industry level at home and aboard.

(2) For the managerial officer's remuneration, the procedure for determining remuneration shall be formulated in accordance with the Articles of Association and the remuneration (salary) management related regulations. Reasonable remuneration shall be given according to the Measures for Appraising Performance of the Employees, and by reference to the Company's overall operation results, future operation risks and development trend, and individual performance and contribution to the Company. The Remuneration Committee will submit the proposal to the Board of Directors before implementation.

III. Governance of the Company

The Company has set up independent directors, audit committee and remuneration committee in accordance with relevant regulations to maintain a more sound decision-making and execution organization, continuously improve the operating efficiency of the Company and implement corporate governance with practical actions.

(I) Operation of the Board of Directors

In 2022, the Board of Directors held 4 meetings (A). Attendance of the directors is as follows:

Title	Name	Actual attendance (presence) times B	Time of attendance by proxy	Actual attendance (presence) rate (%) (B/A)	Remarks
Chairman	Representative of Qisda Corporation: Chi-Hung Chen	4	0	100%	
Vice Chairman	Representative of Qisda Corporation: Chang-Hung Li	4	0	100%	
Director	Representative of Qisda Corporation: Chia-Hung Su	4	0	100%	
Director	Ming-Shan Li	3	1	75%	
Independent Director	Kuang-Jen Chou	4	0	100%	
Independent Director	Chih-Hao Chu	4	0	100%	
Independent Director	Te-Chang Yeh	4	0	100%	

Other matters:

I. In case of any following circumstances, please state the date, session, and resolution contents of the board meeting, the opinion of all independent directors, and the Company's treatment on the opinion of the independent directors:

(I) Matters listed in Article 14-3 of the Securities and Exchange Act: The Company has established an audit committee, and the provisions of Article 14-3 are not applicable. For the explanation of the matters listed in Article 14-5 of the Securities and Exchange Act, please refer to the Operations of the Audit Committee (p. 28).

(II) Apart from the above matters, other resolutions for which the independent directors have objections or hold qualified opinion with record or written statement at the board meeting: None.

II. Regarding recusals of directors from voting due to conflicts of interests, the names of the directors, contents of resolutions, reasons for recusal, and results of voting shall be specified:

Board of Director Date	Name of Director	Content of motion	Reasons for recusal	Participation in voting
2022/03/03	Representative of Qisda Corporation Chang-Hung Li (Director); Chih-Hao Chu (Independent Director); Te-Chang Yeh (Independent Director); Kuang-Jen Chou (Independent Director)	Approval on discharging non-competition restriction for the incumbent directors and their representatives	Directors of projects relieved from non-competition restriction	Not participating in discussions and voting
	Representative of Qisda Corporation Chi-Hung Chen (Director)	Approval on donation of BenQ Cultural Education Foundation	Serving as a director at BenQ Foundations	Not participating in discussions and voting

Board of Director Date	Name of Director	Content of motion	Reasons for recusal	Participation in voting
2022/05/05	Representative of Qisda Corporation Chang-Hung Li (Director)	Approval on participation in the cash capital increase of the reinvestment company Aplex Technology Inc.	Serving as a director at Aplex Technology Inc.	Not participating in discussions and voting

III. Implementation of Assessments on the Board of Directors

The Company's Board of Directors approved the "Measures on Performance Appraisal of the Board of Directors" on Nov. 7, 2019, stipulating that the Board of Directors shall implement internal performance appraisal once a year, and evaluation shall be made by the external professional independent body or external expert and scholar team at least once every three years.

(I) In 2021, the Company appointed Taiwan Corporate Governance Association, an external independent evaluation organization, to evaluate the performance of the Board of Directors of the Company, and assess the composition, guidance, authorization, supervision, communication, self-discipline, internal control and risk management of the Board. In addition to the written review of the Company's statements of KPIs and related documents, a field visit was conducted on September 19, 2022, and the objects included the chairman, the General Manager, the convener of functional committees, the corporate governance supervisor and the audit supervisor, and the results of the evaluation were reported to the board meeting held in November 2022.

(II) At the end of 2022, the Company completed the performance assessment of the Board of Directors, and reported the evaluation results of the board meeting on March 2, 2023. In measurement indicators of the Board of Directors, the board members and the two functional committees, the scores were 90 points or more (“Excellent”), which is enough to show that the functions and operations of the Board of Directors and the functional committees of the Company are good.

(III) Relevant implementations:

Frequency	Assessment Period	Scope	Method	Assessment Content
Implemented once every three years	August 2021 to July 2022	Performance of the Board of Directors	Written review and field visit by an independent external institution	Composition, guidance, authorization, supervision, communication, self-discipline, internal control and risk management
Once a year	January 2022 to December 2022	Board of Directors and board members	Internal self-assessment of the Board of Directors and directors	1. Grasp of the Company’s goals and missions 2. Participation in the Company's operations 3. Internal relations management and communication 4. Improvement to the decision-making quality of the Board of Directors 5. Composition and structure of the Board of Directors 6. Recognition of directors' responsibilities 7. Election of directors and their professional and continuing education 8. Internal control

Frequency	Assessment Period	Scope	Method	Assessment Content
		Audit Committee	Self-assessment of Audit Committee	1. Participation in the Company's operations 2. Recognition of the Audit Committee's responsibilities 3. Improvement to the Audit Committee's decision-making quality 4. The composition of the Audit Committee and member selection 5. Internal control
		Remuneration Committee	Self-assessment of Remuneration Committee	1. Participation in the Company's operations 2. Recognition of the Remuneration Committee's responsibilities 3. Improvement to the Remuneration Committee's decision-making quality 4. The composition of the Remuneration Committee and member selection

IV. Evaluation on objectives to strengthen the functions of the Board of Directors (such as establishment of the Audit Committee and improvement of information transparency, etc.) and implementation in the year then ended and the recent years:

(I) The Company set up the Remuneration Committee in 2013, and set up the Audit Committee in 2017 to exercise the functions and powers vested by the Securities and Exchange Act, the Company Act and other decrees so as to intensify the Company's governance. In 2018, the Board of Directors appointed the Finance Management Division Head Huang-Li Min as the Company's Governance Head responsible for the governance related affairs.

(II) DFI has formulated "Rules of Procedure of the Board of Directors Meetings", convenes at least one board meeting per quarter. The content, operating procedures, minutes and announcements of the board meetings and other matters shall be handled in accordance with the rules.

(II) Operation of the Audit Committee

In 2022, the Audit Committee of the Company has held 4 meetings (A), and the attendance (presence) of independent directors is as follows:

Title	Name	Actual attendance times (B)	Time of attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Independent Director (Convener)	Kuang-Jen Chou	4	0	100%	
Independent Director	Chih-Hao Chu	4	0	100%	
Independent Director	Te-Chang Yeh	4	0	100%	

Other matters:

1. If any of the followings occurs in the operation of the Audit Committee, the date of board meeting, the session, the content of proposal, the results of resolution by the Audit Committee and the Company's handling of the opinions of the Audit Committee shall be stated clearly.
   (1) Matters listed in Article 14-5 of the Securities and Exchange Act (please refer to the important resolutions of the shareholders' meeting and the board of directors in this annual report and the corporate governance report, p. 54):

       With the consent of more than half of all members of the Audit Committee, it shall be submitted to the Board of Directors for approval, without any circumstances that have not been approved by the Audit Committee, and with the consent of more than two-thirds of all directors.
   (2) In addition to the previous matters, other matters that have not been approved by the Audit Committee and agreed by more than two-thirds of all directors: None.
2. Regarding recusals of independent directors from voting due to conflicts of interests, the names of the independent directors, contents of resolutions, reasons for recusal, and results of voting shall be specified: None.
3. Communication between independent directors and internal auditors and accountants (including major matters, methods and results of communication on the financial and business conditions of the company):

   The Audit Committee of the Company convenes and discusses regularly on a quarterly basis, and invites accountants, internal auditors, financial accounting and other departments to report or discuss the audit results of latest financial statement (including the responsibilities and independence of the accountant in charge, the scope and method of audit or review, the results of quarterly or annual financial report audit or review, important accounting treatment, important regulatory updates and other related issues), internal audit results (including the audit report for the current period, the report on tracking matters after the current period and the update of important audit laws and regulations), financial business summary and other information. All independent directors communicate well with internal auditors and accountants.
4. Annual focus of work and operation:
   (1) Annual focus of work
       1. Communicate the results of the audit report to the Internal Audit Supervisor on a regular basis in accordance with the Annual Audit Plan.
       2. Regularly communicate with the Company's CPAs about the results of the review or audit of the financial statements.
       3. Review financial reports.
       4. Evaluate the effectiveness of the internal control system.
       5. Review of the appointment, dismissal, remuneration and services of the CPA.
       6. Review of regulations for handling of assets, derivatives, loans to others and endorsements/guarantees and major transactions of assets, loans to others and endorsements/guarantees.
       7. Regulatory compliance.
   (2) Operations in 2022: The Audit Committee's proposals have been reviewed or approved by the Audit Committee, and there is no objection from the independent directors.

(III) Governance of the Company and deviations from the Governance Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof

Evaluation item	Operation			Deviations from the Governance Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Abstract	
I. Does the Company formulate and disclose the Code for Governance Practice in accordance with the "Governance Practice Principles for TWSE/TPEx Listed Companies"?	V		The Company adopted formulation of the Code for Governance Practice at the board meeting dated Nov. 1, 2018, and made disclosure at the Company's official website. In response to the subsequent amendments to the relevant regulations, they have been updated in a timely manner, and after the latest amendment, they have been disclosed on the Market Observation Post System (MOPS) and the Company's website.	No deviation
II. Equity structure and shareholders' equity (I) Does the Company formulate the internal procedures to deal with the shareholders' suggestions, doubts, disputes and litigation, and implement according to the procedures?	V		(I) The Company has a spokesman and an acting spokesman, and also has the shareholders' relevant issues and suggestions dealt with by the Company's service agency 'KGI Securities Corporation'.	No deviation
(II) Does the Company actually hold the list of the major shareholders actually controlling the Company and the ultimate controller of the major shareholders?	V		(II) The Company fully knows and controls the major shareholder structure through the service agency, and regularly reports any movement of the directors and managers, with favorable outcome.	
(III) Does the Company establish and execute the risk control and firewall mechanism with the affiliated enterprises?	V		(III) Operation, business and financial powers and responsibilities of the Company and the affiliated enterprises shall be expressly divided and independently operated. The Company has formulated the "Subsidiary Management Procedure", the "Procedure on Management of the Related Party Transactions", the "Procedure on Self-Evaluation of Internal Control System", and other relevant measures to control and audit the above powers and responsibilities, eliminate unconventional transactions and prohibit benefit transfer, and implement risk control mechanism and firewall management of the	

Evaluation item	Operation			Deviations from the Governance Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Abstract	
(IV) Does the Company formulate the internal codes to prohibit insider trade of the securities by making use of the non-public information?	V		affiliated enterprises. (IV) The Company adopted abolishment of the original "Procedure on Prevention of Insider Trade", and formulated the new "Procedure on Major Information Treatment and Insider Trade Prevention" at the board meeting dated Nov. 10, 2020. Educate directors, managers and employees at least once a year, and strictly require insiders to comply. On May 11, 2022, we completed the education and training for a total of 498 local employees by an 1-hour course, and implemented an online test for all colleagues. The main themes of the course are: 1. Basic concepts of insider trading; 2. Regulations on prohibiting insider trading (§ 157-1, Securities and Exchange Act) 3. Elements of insider trading (person, event, time, things, and behaviors) 4. Legal effects of insider trading (criminal, civil liabilities, and adverse effects) 5. How to launch an investigation on insider trading. It has been promoted during the closed period of financial statements that, directors and insiders shall not trade their stocks during the period of 30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial report.	
III. Composition and responsibilities of the Board of Directors				No deviation
(I) Does the Board of Directors formulate and implement diversified policies and specific management objectives?	V		(I) For the formulation and implementation of the diversification policy of the Board of Directors of the Company, please refer to the Diversification and independence of the Board of Directors (P18-P19).	
(II) Does the Company voluntarily set up other functional committees than the Remuneration Committee and the Audit Committee?	V		(II) A Risk Management Committee has been established. See the chapter of Risk Management in the Annual Report (P90-P91) for details of the operation. In addition, although the Company does not currently have a Nomination Committee, in practice, the election of directors (including independent directors) of the Company adopts a candidate nomination system. The list of candidates for the current directors (including independent directors) is proposed by the shareholders or the board of directors holding more than 1% of the total number of shares of the Company, and reported to the board of shareholders for election after the	

<table>
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<tr><td></td><td></td><td></td><td>board of directors reviews the list of candidates according to law.</td><td></td></tr>
<tr><td>(III) Does the Company formulate the measures and methods for evaluation of the Board of Directors, organize performance evaluation every year and regularly, submit the performance evaluation results to the Board of Director, and apply the same for remuneration and nomination for reappointment of the individual directors?</td><td>V</td><td></td><td>(III) On November 7, 2019, the Board of Directors of the Company approved the "Measures on Performance Appraisal of the Board of Directors". For the performance evaluation methods and performance conditions, please refer to the chapter Implementation of Assessments on the Board of Directors (P27-P28). In accordance with Article 21 of the Articles of Association, the remuneration of the directors of the Company shall not exceed 1% of the annual profit. The Remuneration Committee and the Board of Directors shall determine the remuneration of directors and consider the nomination for renewal in accordance with the operating results of the Company and the Regulations on the Remuneration of Directors and Functional Committee Members, taking into account the results of the performance assessment.</td><td></td></tr>
<tr><td>(IV) Does the Company regularly evaluate independence of the CPAs?</td><td>V</td><td></td><td>(IV) The Company is assessed annually by the Audit Committee and the Board of Directors for the independence and suitability of its CAPs and requires the CPAs to provide a Declaration of Independence and its curriculum vitae to be assessed on the basis of the independence items.
Accountant Independence Assessment Results:
<table>
<tr><th>Evaluation item</th><th>Evaluation Results</th><th>Compliance with Independence Requirements</th></tr>
<tr><td>1. Does the CPA have direct or significantly indirect financial interest relationship with the Company</td><td>No</td><td>Yes</td></tr>
<tr><td>2. Does the CPA have financing or guarantee behaviors with the Company or the Company's directors</td><td>No</td><td>Yes</td></tr>
<tr><td>3. Does the CPA have close commercial relationship and potential employment relationship with the Company</td><td>No</td><td>Yes</td></tr>
<tr><td>4. Do the CPA and its audit team members act as director or manager or hold any other office</td><td>No</td><td>Yes</td></tr>
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<tr><td>having significant influence on audit in the Company currently or during the past two fiscal years</td><td></td><td></td></tr>
<tr><td>5. Has the CPA provided non-audit service items to the Company that might directly affect the audit</td><td>No</td><td>Yes</td></tr>
<tr><td>6. Does the CPA act as broker for the shares or other securities issued by the Company</td><td>No</td><td>Yes</td></tr>
<tr><td>7. Does the CPA act as defender for the Company or coordinate the conflict with other third parties for and on behalf of the Company</td><td>No</td><td>Yes</td></tr>
<tr><td>8. Does the CPA have the kinship with the Company's directors, managers or other personnel who have significant influence on the audit case</td><td>No</td><td>Yes</td></tr>
</table>
After confirming that there is no other financial interest or business relationship between the accountant and the Company other than the fee for auditing the financial report and reviewing the financial information of the investment subject matter, and after confirming that the accounting firm (the CPA and its audit team members) do not violate the requirements for independence, the results of the latest annual assessment have been discussed and approved by the Audit Committee on November 3, 2022, and reported to the board of directors on November 3, 2022.</td><td></td></tr>
<tr><td>IV. Does the listed company allocate suitable and appropriate governance officers, and designate the chief governance officer responsible for governance related affairs (including but not limited to providing data required by the directors and supervisors to execute the business, assisting</td><td>V</td><td></td><td>The Company adopted an resolution at the board meeting in 2018, appointing Huang, Li-Min as the Company's governance supervisor responsible for guiding and planning the Company's governance, the qualification of whom conforms to the provisions regarding the chief governance office under Paragraph 1, Article 3-1 of the Governance Practice Principles for TWSE/TPEx Listed Companies. The functions and powers of the corporate governance supervisor: provide data required by the directors and the Audit Committee to perform the duties, and the latest laws and regulations related to the Company's operation, assist the directors and the Audit Committee to comply with the laws and decrees, regularly report the governance to the Board of Directors every year, conduct the matters related to the board meeting and the shareholders' meeting, prepare the minutes of the board meeting and the shareholders' meeting, and assist the directors and the members of the Audit Committee to take office and continue further education, etc.</td><td>No deviation</td></tr>
</table>

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<tr><td>the directors and supervisors to comply with the laws and decrees, conducting the matters related to the board meeting and the shareholders' meeting, and preparing the minutes of the board meeting and the shareholders' meeting)?</td><td></td><td></td><td>Implementation of business for 2022:
1. Assist the independent directors and general directors to perform the duties, provide required data and arrange further education for the directors.
2. Regularly inform the board members of the latest laws, decrees and regulations in relation to the Company's operation field and governance.
3. Review the confidentiality level of relevant information and provide the company information required by the directors to maintain smooth communication between the directors and each business director.
4. Inspect publishing of the major information about the important resolutions of the board meeting, to guarantee legitimacy and accuracy of the important information, and guarantee consistence between the investor's transaction and information.
5. All members of the Board of Directors have completed refresher courses of at least 6 credits.
6. In 2022, the Company held 4 board meetings and 4 Audit Committee meetings in total.
7. In 2022, the Company held one annual shareholders' meeting.
8. The Company insured its directors and key employees with liability insurances, which was renewed and reported to the Board of Directors in August 2022.
9. An external performance assessment of the Board of Directors was conducted in 2022, and reported the completion to the board in the November 2022; an internal performance assessment of the board was also conducted in the same year with a result of "Excellent", and reported the completion to the board in March 2023.
10. The result of the 8th Corporate Governance Assessment of the Company in 2021 was 36-50%.
11. Further education of the corporate governance supervisor is as follows:
<table>
<tr><th>Organizer</th><th>Course Name</th><th>Date</th><th>Hours</th></tr>
<tr><td>Taiwan Digital Governance Association</td><td>Impact of Commercial Court on Operation of the Board of Directors and Duty Performance of the Directors</td><td>2021/7/16</td><td>3</td></tr>
<tr><td>Securities & Futures Institute</td><td>Discussion on Application of Employee Incentive Strategy and Tools</td><td>2021/8/19</td><td>3</td></tr>
<tr><td>Taiwan Digital Governance Association</td><td>Corporate Integrity Governance and Insider Trading Control</td><td>2021/11/18</td><td>3</td></tr>
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<table>
<tr><td>Accounting Research and Development Foundation in Taiwan</td><td>How to Apply Intellectual Property Right Management System to Improve Company Governance</td><td>2021/12/15</td><td>3</td></tr>
<tr><td>Taiwan Corporate Governance Association</td><td>ESG Report Trends and Business Implications of Information Disclosure</td><td>2022/6/30</td><td>3</td></tr>
<tr><td>Accounting Research and Development Foundation in Taiwan</td><td>ESG Information Disclosure Trends and Related Regulations</td><td>2022/11/15</td><td>3</td></tr>
<tr><td>Accounting Research and Development Foundation in Taiwan</td><td>Basics of Sustainability Report Formulation and Disclosure - Interpretation of IFRS ISSB S1, S2 Guidelines</td><td>2022/11/16</td><td>3</td></tr>
<tr><td>Taiwan Corporate Governance Association</td><td>Strengthening of digital resilience and formulation of strategies to strengthen the security governance of listed companies</td><td>2022/12/6</td><td>3</td></tr>
</table>
Note: As of 2022.</td><td></td></tr>
<tr><td>V. Does the Company establish channels for communication with the stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.), set up special stakeholder area at the Company's website, and properly respond to important corporate social responsibility issues of stakeholder concern?</td><td>V</td><td></td><td>The Company has set up the "Relationship with Investor" Special Area at the company website, to disclose communication of the issues of the stakeholder concern and annual report to the Board of Directors; there is also spokesman’s e-mail address to provide the latest information and smooth communication channel, so that different entities (including stakeholders) may communicate with the Company as appropriate. Communication with stakeholders in 2022 has been reported to the Board of Directors on March 2, 2023.</td><td>No deviation</td></tr>
<tr><td>VI. Does the Company appoint a professional agency to deal with the affairs of the Board of Shareholders?</td><td>V</td><td></td><td>The Company has appointed a service agency "KGI Securities Corporation" to deal with the affairs of the Board of Shareholders.</td><td>No deviation</td></tr>
<tr><td>VII. Public information
(I) Does the Company set up a website to disclose the financial affairs and governance related</td><td>
V</td><td></td><td>
(I) The Company has set up the Chinese and English website http://www.dfi.com.tw, and may link to Market Observation Post System (MOPS) to access to the company's information. The information about the investors is published at the Company's website, and is</td><td>No deviation</td></tr>
</table>

Evaluation item	Operation			Deviations from the Governance Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Abstract	
information? (II) Does the Company use other information disclosure methods (such as setting up English website, appointing especially-assigned person to collect and disclose the company information, publishing the spokesperson system, and corporate orientation meeting process at the Company's website)? (III) Does the company announce and report the annual financial report within two months after the end of the fiscal year, and announce and report the first, second and third quarter financial reports and the operation of each month before the prescribed deadline?	 V V		updated at any time. (II) The Company implements the spokesperson system, and the spokesperson or acting spokesperson speaks uniformly to ensure that information that may affect the decision-making of shareholders and stakeholders can be disclosed in a timely manner. Regularly organize investor conferences and upload presentation information on the Company's website. (III) The consolidated and parent company only financial statements of the Company for 2022 was announced and filed on March 2, 2023; the financial statements for the first, second and third quarters of 2022 and the revenue for each month will be announced and filed to the Market Observation Post System (MOPS) before the prescribed deadline and uploaded to the website of the Company.	
VIII. Does the company have other important information that helps to understand the operation of corporate governance: (I) Employee Rights & Interests and Employee Care	 V		 (I) The company adheres to the concept of creating a happy and healthy workplace, has planned diversified employee benefits, and allows all colleagues to experience a high-quality work environment and a healthy and happy corporate culture. The Company has	No deviation

Evaluation item	Operation			Deviations from the Governance Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Abstract	
			established various welfare plans and a Welfare Committee composed of colleagues of the Company. For employee rights and interests, please refer to the chapter of Labor-Capital Relationship (P77-P80).	
(II) Investor Relations	V		(II) The Company discloses various information at the Public Information Observation Station according to the laws and regulations, in order to protect rights and benefit of the investors. The "Investor News" is set out at the Company's website, for the investor to know the relevant information of the Company.	
(III) Supplier Relations	V		(III) The Company maintenance good and interactive cooperation relationship with the suppliers and stakeholders, and provides good and valid communication channels and information transmission to lay a solid foundation for long-term close relationship, collaboration, mutual trust and benefits, and sustainable and win-win growth. The Company's internal control system procurement cycle rules are regularly evaluated according to the evaluation procedure as the basis for the Company to select the partners. The Company shall maintain channels for smooth communication with the suppliers, and shall adhere to the principal of good faith.	
(IV) Rights of Related Parties	V		(IV) The Company maintains a smooth communication channel for the rights of the stakeholders, and respects and protects their legitimate rights and interest. With prejudice to the legitimate rights and benefits of the stakeholders, the Company shall take appropriate actions in good faith.	
(V) Further Education of Directors and Supervisors	V		(V) From time to time, the Company notified directors and independent directors to attend relevant professional knowledge training courses, and in June and December 2022, arranged for directors to participate in courses organized by Taiwan Corporate Governance Association on "ESG Report Trends and Business Implications of Information Disclosure" and "Strengthening of digital resilience and formulation of strategies to strengthen the security governance of listed companies". Please refer to the chapter of Further Education of Directors and Managers in Recent Fiscal year (P53) for relevant information.	
(VI) Implementation of Risk Management Policies and Risk Measurement	V		(VI) The Company has set up a Risk Management Committee to formulate risk management policies and periodically assess the Company's risks to reduce enterprise risks. For relevant information, please refer	

Evaluation item	Operation			Deviations from the Governance Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Abstract	
Criteria (VII) Purchase of Liability Insurance for Directors and Supervisors	 V		to the chapter of Risk Management (P90-P91). (VII) The Company purchases liability insurance for directors and independent directors to enable them to conduct their business prudently with the interests of investors in mind without concerns. In August 2023, the Board of Directors reported on the liability insurance coverage of directors and supervisors.	
IX. Please state the improvement based on the governance evaluation results published by the Governance Center of Taiwan Stock Exchange Corporation in the recent fiscal year, and put forward improvement priorities and measures against the matters far from perfect. The results of the Company's 2020-2021 Corporate Governance Assessment were all within 36% -50%. The Company has set up a special area for the stakeholders at the Company's website to know and respond to the important enterprise social responsibility issues of the stakeholder concern, and continues making improvement with respect to protection of shareholders' rights and interest, fair treatment of shareholders, intensified structure and operation of the Board of Directors, improvement of the information transparency, and implementation of the enterprise social responsibility.				

Note: The governance of the Company's subsidiaries AEWIN Technologies Co., Ltd. and ACE PILLAR Co., Ltd. is set out in the 2022 Annual Report.

(IV) If the Company has set up the Remuneration Committee, please disclose the composition, responsibilities and operation of the Committee

(1) Data of the members of the Remuneration Committee on

Identity	Criteria / Name	Professional qualification and experience	Independence Criteria (Note 1)	Number of Other Public Companies where the Individual Concurrently Serves as a Remuneration Committee Member
Independent Director (Convener)	Kuang-Jen Chou	Please refer to the information disclosure of professional qualification of directors and independence of the independent directors (P16-P18)	Compliant	1
Independent Director	Chih-Hao Chu		Compliant	0
Independent Director	Te-Chang Yeh		Compliant	2

Note 1: Compliant with requirements for independence: Please specify conformity of the members of the Remuneration Committee with independence, including but not limited to whether the members or their spouse or relatives within the second degree of kinship hold the office as director, supervisor or employee in the Company or its affiliated enterprises; number and percentage of the shares held by the members or their spouse or relatives within the second degree of kinship (or in the name of others); whether holding the office as director, supervisor or employee in other companies having particular relationship with the Company (by reference to the provision of Paragraphs 5-8 of Section 1 of Article 6 of the Measures on Setting and Function Exercise of Remuneration Committee of the Listed Companies or the Securities Brokers); and amount of remuneration received from commercial, legal, financial and accounting services provided to the Company or its affiliated enterprises during the past two fiscal years.

(2) Responsibilities of Remuneration Committee

The Remuneration Committee shall, with the attention of a good manager, faithfully perform the following functions and submit its recommendations to the Board for discussion:

I. Develop and periodically review policies, systems, standards and structures for directors' and managers' performance assessment and Renumeration.

II. Regularly evaluate and determine the remuneration of directors and managers.

(3) Operation Status of the Remuneration Committee

1. The Company's Remuneration Committee is composed of 3 members.
2. Term of office: From June 16, 2020 to June 15, 2023; in 2022, the Remuneration Committee held 2 meetings (A), and the membership and attendance are as follows:

Title	Name	Actual attendance times (B)	Time of attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Convener	Kuang-Jen Chou	2	0	100%	
Member	Chih-Hao Chu	2	0	100%	
Member	Te-Chang Yeh	2	0	100%	

3. The content of the Remuneration Committee's resolutions in 2022, the resolution results, and the Company's treatment of the Remuneration Committee's opinions.

Date	Term and session	Proposal content and follow-up	Resolution Results	The Company's treatment of the Remuneration Committee's opinions
2022/03/03	2022 First time	1. Distribution of 2021 employee compensation and directors' remunerations 2. Establishment of 2022 remuneration indicators for top-level managers 3. Handling of employee stock ownership trust	All members of the Remuneration Committee present agreed.	Submitted to the Board of Directors and approved by all the directors present.
2022/11/03	2022 Second time	Grading System and Grade Promotion Report	All members of the Remuneration Committee present agreed.	Submitted to the Board of Directors and approved by all the directors present.

Other matters:

I. If the Board of Directors do not accept or revise the suggestions of the Remuneration Committee, please specify the date and session of the board meeting, the contents of the motion, the resolution results and the Company's treatment on the opinion of the Remuneration Committee (if the remuneration adopted by the Board of Directors precedes the suggestion of the Remuneration Committee, please specify the deviation and the reasons): None

II. If the members oppose or have qualified opinion on the resolutions of the Remuneration Committee with records or written statements, please specify the date and session of the meeting of the Remuneration Committee, the contents of the motion, opinion of all members and treatment on the opinion: None.

(V) Promotion of sustainable development, deviation from the Sustainable Development Practice Principles for TWSE/TPEx Listed Companies and reasons:

Item	Implementation			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Abstract	
I. Does the Company establish a governance structure to promote sustainable development, and set up full-time (part-time) body for promoting sustainable development, and does the Board of Directors authorize and urge the senior executives to take actions?	V		I. Since 2022, the Company has formally established the Corporate Sustainability Committee, which is responsible for the formulation and implementation of corporate social responsibility policies, systems or related management policies and specific promotion plans. This committee is chaired by the Chairman Chi-Hung Chen, with senior executives of various departments as committee members. The Director-General is responsible for coordinating and promoting cross-departmental corporate sustainable development affairs, and integrating relevant development to set promotion targets and KPIs for green products, green operations, green supply chains, social responsibility and financial performance. The management platform integrates information to grasp the progress of KPI achievement, and reports to the Board of Directors regularly every year. The implementation in 2022 has been completed on March 2, 2023.	No deviation
II. Does the Company evaluate risks for environment, society and governance issues related to the Company's operation, and formulate the relevant risk management policies or strategies based on the	V		II. The Company adopted and formulated the "Risk Management Policy and Procedure" at the board meeting dated Nov. 10, 2020 as the top guideline for the Company's risk management. The Risk Management Committee (RMC) has been formally established on Nov. 27, 2020, and the initial meeting of RMC was convened to specify importance of the risk management and introduce the risk management process. After the meeting, the members and officers submit the risk checklist to review the risk status and list the risk prevention and control measures. Meetings	No deviation

Item	Implementation			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Abstract	
materiality principle?			are held quarterly to review the effectiveness and tracking of the implementation of risk countermeasures, and the results of the implementation are regularly reported to the board of directors once a year. The General Manager formulates the major risks at the company level for the current year, identifies the important risks affecting the achievement of the annual objectives of various departments, analyzes them and takes countermeasures. Implementation in 2022 was reported on March 2, 2023.	
III. Environmental issues (I) Does the Company establish suitable environmental management system based on its industry features?	V		(I) According to the industry low-pollution and waterless process, in addition to passing ISO14001 certification, the Company has also passed Green Partner certificate in terms of Green products, and uses the low-pollution green materials. Treatment of air, water, wastes, toxic substances and noise also conforms to the standards required in the domestic laws and regulations	No deviation
(II) Does the Company devote to improving energy efficiency of the resources, and use renewable materials with low load on the environment?	V		(II) In order to reduce the impact of energy use on climate warming, DFI follows and is certified by ISO14064-1 and continues to carry out greenhouse gas reduction related programs; in the plan to reduce greenhouse gas emissions, we, through engineering improvement and administrative improvement, realizes the energy conservation, in order to achieve the goal of reducing greenhouse gas emissions. Engineering improvement: (1) Energy-saving lighting a. Continuous replacement of energy-consuming lamps with energy-saving lamps b. Increase the use of natural light and reduce the use time and number of lighting fixtures (2) Energy-saving air conditioning a. Replacement of high-performance water-cooling equipment b. Replacement with high-performance pumps (3) Other measures a. Improved passenger and freight lift power system b. Planning the completion of Taoyuan Factory - Solar Power System on the roof of Interview Building Administration: (1) Personnel a. Office energy-saving activities and promotions (2) Equipment a. Air compressor capacity utilization and demand regulation b. Operation and management of water-cooling equipment temperature in summer and winter c. Increasing process efficiency (3) Methods a. Area-specific air conditioning demand management b. Energy management at night c. Concentration of production arrangements and reduction of local	No deviation

Item	Implementation			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Abstract	
			(continued) overtime d. Air conditioning equipment on and off in coordination with production The Company is committed to improving the utilization efficiency of various resources, actively implementing resource recycling classification in source management, significantly reducing waste generation and increasing resource recycling. In terms of water resources management, there is no wastewater generated in the manufacturing process, and each manufacturing plant only generates domestic sewage, so there is extremely low risk of water supply failure and water pollution. At the product level, from the product development and design to the manufacturing, the concept of green products is taken as the starting point to consider the extension of product life cycle, energy conservation, easy-to-recycle, low toxicity, reduction of environmental hazards and carbon footprint, etc. In accordance with international regulations and customer requirements, the "Control List of Hazardous Chemical Substances" has been formulated. Through the strict control of the recognition of parts and materials and the inspection of finished products, a systematic management mechanism ensures that the products can meet international regulations and customer requirements. It is expected that the use of hazardous chemicals will be reduced year by year, and at the same time, the harm to human beings and the environment caused by the transportation, use and disposal of products will be avoided. The Company uses raw materials in accordance with the EU RoHS regulations, through educating and guiding suppliers for information disclosure with regard to direct materials, indirect materials, energy and resource use, waste discharge and transportation energy consumption, so that suppliers understand the calculation of their product life cycle, and the possible impact on the ecology.	
(III) Does the Company evaluate the present or future potential risks and opportunities caused by the climate change on the enterprise, and take appropriate actions?	V		(III) As a designer and manufacturer of the electronic products, the Company will examine the possible impact of climate changes on the Company's operation, and plans for sustainable development of the Company. Through sustainable development, the Company will implement and promote green products and green supply chains in terms of environment. Besides, the Company not only pays attention to the organizational greenhouse gas emission for carbon management, but also analyzes and manages the environmental impact of the products in order to live up to the relevant international standards, such as organizing carbon footprint (ISO14064-1) to manage the organization's internal energy conservation based on the key performance indicators (KPI), promoting water saving and consumption reduction as well as energy consumption, and reducing operating costs.	No deviation

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation</th><th rowspan="2">Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract</th></tr>
<tr><td></td><td></td><td></td><td>The Company follows the Group's Joint Initiative RE100 and sets the short, medium and long-term objectives as follows:
<table>
<tr><th rowspan="2">Benchmark Year</th><th rowspan="2">Year of Completion</th><th colspan="3">Goal</th></tr>
<tr><th>Ratio of renewable energy and carbon offset:</th><th>Reduce water usage by:</th><th>Recovery rate of recycling:</th></tr>
<tr><td>2022</td><td>2023</td><td>1%</td><td>0%</td><td>80%</td></tr>
<tr><td>2023</td><td>2030</td><td>60%</td><td>5%</td><td>90%</td></tr>
<tr><td>2030</td><td>2040</td><td>100%</td><td>1%</td><td>100%</td></tr>
<tr><td>2040</td><td>2050</td><td>Net zero carbon emissions</td><td>1%</td><td>100%</td></tr>
</table>
2023 Implementation Plan:
1. Solar power generation facilities at Taoyuan Plant was introduced and are expected to put into operation in Q3.
2. All water facilities such as faucets/toilets are water-saving types.</td><td></td></tr>
<tr><td>(IV) Does the Company make statistics about the greenhouse gas emissions, water consumption and total waste weight in the past two years, and formulate policies for greenhouse gas reduction, water consumption reduction or other waste management?</td><td>V</td><td></td><td>(IV) The Company has engaged in greenhouse gas detection from 2019, and was incorporated in the Group's ISO14064-1 Greenhouse Gas Detection Integrity Verification in 2020. Upon verification by the impartial institution, the Company conforms to the standards.
In addition to improvement of the mankind information and living through products and services, the Company is also committed to practice and idea promotion of social responsibilities and energy management, and has formulated the "DFI Information Social Responsibility, Environment, Safety and Health Policies" to specify one of the important policies regarding pollution prevention and waste reduction, energy and water conservation, safety and health, nip in the bud and improvement

Every year, the Company makes statistics for the greenhouse gas emissions, water consumption, electricity consumption and total waste weight as follows:
1. Greenhouse gas emissions in the last two years (Category I + II only):
<table>
<tr><th>Year</th><th>Total emissions (metric tons)</th></tr>
<tr><td>2021</td><td>3,301.66</td></tr>
<tr><td>2022</td><td>3,486.79</td></tr>
</table>
Greenhouse gas inventories are certified by ISO 14064-1: 2018, and the total emissions are certified by certification companies. Due to the increase in production capacity in 2022 and the addition of R&D Office in Xindian District and external material lease warehouse in Bade District, the total emissions of category one plus category two are slightly higher than those of the previous year, but the electricity consumption of Headquarters in Xizhi District is declining year by year.
2. Water consumption
<table>
<tr><th>Year</th><th>Total water consumption (tons)</th></tr>
<tr><td>2021</td><td>24,044</td></tr>
<tr><td>2022</td><td>20,719</td></tr>
</table>
3. Power consumption
<table>
<tr><th>Year</th><th>Total electricity consumption (units)</th></tr>
<tr><td>2021</td><td>5,612,320</td></tr>
<tr><td>2022</td><td>6,529,032</td></tr>
</table></td><td>No deviation</td></tr>
</table>

Item	Implementation			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Abstract	
			In 2021, the range of power consumption calculation includes the Headquarters in Xizhi District, Xizhi Factory (closed) and Taoyuan Factory; in 2022, the range of power consumption calculation includes the Headquarters in Xizhi District, Taoyuan Factory (a warehouse in Bade District added), and the R&D Office in Xindian District. 4. Total weight of waste (Category D and E only): Year / Waste (tons) 2021 / 41.809 2022 / 109.61 Based on the monthly domestic waste outputs (estimate for the Headquarters in Xizhi District and the R&D Office in Xindian District), the utilities waste declared amounts and monthly aggregate outputs exported from the management information system. Domestic waste at the Headquarters in Xizhi District and the R&D Office in Xindian District was re-estimated based on EPA statistics in 2022. The Company cooperates with the Ministry of Economic Affairs for the 'Provisions for the Energy Users to Set the Energy Conservation Targets and Action Plan'. The project promotes the energy conservation plan. From 2015 to 2020, the Company takes effect on energy conservation, and achieves average energy conservation rate of more than 1%. The Company has achieved average annual power conservation rate of 2.09% from 2015 to 2020 through accelerated replacement of high-energy consumption and addition of frequency converters. In order to make every effort to protect the environment, the Company has dedicated personnel to the maintenance and maintenance of pollution prevention equipment to reduce the impact of factory operations on the environment; in addition to the improvement and replacement of equipment, and to strengthen the promotion of energy conservation and carbon reduction, the comparison of the number of electricity consumption at the Headquarters in Xizhi District, which has not changed the site in recent years, shows that the total electricity consumption (excluding sharing of electricity consumption in buildings) for each whole year from 2017 to 2022 was decreasing year by year; in addition; in 2022, the boundary of the greenhouse gas inventory was extended to include Category III Carbon Inventory of Employee Commuting for the first time, advocating the public transportation for commuting with expectation for colleagues to reduce carbon footprint together with the Company. Subsequently, the Company will cooperate with the Group's policies related to energy conservation, carbon reduction and sustainable development. Effective energy management is not only conducive to the enterprise but also a kind of regulation. The project promotes energy management and is carried out through systematic and third-party verification, and will be introduced into the ISO 50001 system. Thus, the Company validates the effectiveness of energy conservation, reduces costs and conforms to the environmental-protection regulations according to the international standards.	
IV. Social issues (I) Does the Company	V		(I) In order to implement the corporate social responsibility and	No deviation

Item	Implementation			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Abstract	
formulate the relevant management policies and procedures according to the relevant laws and regulations, and the international covenants of human rights?			protection of human rights, DFI declares that it protects the rights and interests of employees, complies with national labor laws and regulations in human rights management, and follows the principles enshrined in international human rights conventions such as the United Nations Universal Declaration of Human Rights and the International Labour Organization Conventions, in addition to providing a reasonable and safe workplace, and building an inclusive and friendly workplace. Human rights management: Personnel rules and regulations are formulated in accordance with the provisions of the national labor standard laws to protect the rights and interest of the employees and the company. The company has been certified by the Environmental Management System ISO14001 (validity period: 2022 ~ 2025) and the Occupational Safety and Health Management System ISO 45001 (validity period: 2022 ~ 2025), indicating that the Company has obtained international recognition in the management of employee safety and health and labor conditions. The Company recruits employees through job posting based on the actual business needs, and appoint appropriate talents based on the employment principles. The Company has zero tolerance on any unfair treatment due to race, ethnicity, ethnic group, class, color, age, gender, sexual orientation, sex identification or expression, nationality or region, disability, pregnancy, religion, political stand, the group background, family responsibility, veteran status, genetic information, or marital status, and other factors expressly stipulated by laws. Child labor is prohibited. The Company shall not employ any children who are under the minimum working age. Any forms of slave labor is prohibited. The Company shall protect and secure the labor's working environment, conditions, premise and powers in order to ensure that the labors are entitled to consistent conditions in respect of health and safety, work safety and remuneration. The working hours and overtime work systems shall conform to the laws and regulations, and the remuneration shall be not less than the minimum salary stipulated by laws.	
(II) Does the Company formulate and implement reasonable employee welfare measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect the operation results or achievements in the employee's remuneration?	V		(II) The company has always taken respect for humanity and care for employees as one of its business philosophies. In order to fully take care of the physical and mental health of colleagues and their families and establish a living security system, the Company specially provides annual bonuses, performance bonuses, operating dividends, vacation, group insurance, health examinations, dormitories and employee training plans, and stipulates regulations for remuneration, leaves and various benefits in the work rules, so that colleagues can be open-minded and devoted to their work. 1. Employee Renumeration In order to attract and retain outstanding talents, DFI strictly abides by the labor law, provide renumeration not less than the basic salary specified by the law which is not differentiated based on genders, religions, races, nationalities and political parties. In order to provide employees with a remuneration policy that is competitive in the market, the remuneration will be adjusted based on personal academic experience, professional skills, and employee performance, to ensure that the remuneration of employees is in line with market	No deviation

Item	Implementation: Yes	Implementation: No	Implementation: Abstract	Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
			conditions and fairness principle. Each year, we mainly refer to the salary survey reports from third-party independent remuneration consulting companies and the Company's operation status, and check whether we have achieved the objectives at the end of the year. For executives' remuneration, the Company reviews the KPIs related to annual remuneration at the Remuneration Committee meeting and standardize their annual remuneration. 2. <u>Employee welfare measures</u> The company has set up an Employee Welfare Committee to allocate benefits every year. In 2022, 6,008 persons participated in the activities, and the average satisfaction of employees to the activities reached 4 points (out of 5 points) for the whole year. Benefits are also provided annually to employees, for example: Short-term overseas travel insurance, group activity subsidies, free health examinations, employee discounts for purchasing the Company's products, Coffee/snacks/sparkling water/drinks, quarterly birthday party, afternoon tea, occasional meals, congratulation, mourning, comfort or allowances for weddings and funerals, pension system, etc. For the leave system, on the basis of a fixed weekly leave of two days, leave for new hires is granted to full-time employees. For colleagues who have major injuries, major accidents, etc., if a longer period of leave is required, they can also apply for leave without pay to accommodate the needs of their families. 3. <u>Diversity and Equal Opportunity</u> The Company is committed to providing a dignified and safe working environment for its employees, and we implement principles of employee diversity, fairness in remuneration and promotion, to ensure that employees are not discriminated against, harassed or treated unequally on the basis of race, gender, religious belief, age, political orientation and any other circumstance protected by applicable laws and regulations. <table><tr><td>Indicators</td><td>Percentage (%)</td></tr><tr><td>Female employees (%)</td><td>55.1</td></tr><tr><td>Female supervisors (%)</td><td>22.0</td></tr><tr><td>Female executives (%)</td><td>25.0</td></tr></table> <table><tr><td>Equal remuneration indicators</td><td>Gap (%)</td></tr><tr><td>Gap between “average salary” of male and female employees</td><td>0.23</td></tr><tr><td>Gap between 'median salary' of male and female employees</td><td>0.25</td></tr></table> 4. <u>Operating performance is reflected in employee renumeration</u> DFI's Remuneration Committee convenes at least twice a year and as needed. The committee faithfully performs its duties in accordance with the law with the attention of a good manager and submits its recommendations to the Board for discussion. The distribution of remuneration to employees and directors of the Company shall be reported to the shareholders' meeting after approval by the Remuneration Committee and the Board of Directors, and can be used as a measure of	

Item	Implementation			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Abstract	
			management performance of the top management of the Company. Remuneration information related to senior management, such as board of directors and managers, is also appropriately disclosed in the Company's annual report, so that all stakeholders can fully understand the correlation between executive remuneration and the company's operational performance.	
(III) Does the Company provide the employees with a safe and healthy work environment, and regularly implement safety and health education for the employees?	V		(III) The Company shall set up occupational safety and health management departments in accordance with the law, appoint occupational safety and health management personnel, special operations supervisors, first-aid personnel, etc. in accordance with the law, and conduct employee health examinations, safety and health education and training to provide employees with relevant knowledge and guidance on safety and health. The Company implements access control with card authority control supplemented by guard patrols to strengthen security management, entrusts the maintenance of fire safety equipment, elevators and other equipment to qualified institutions in accordance with the applicable regulations, and assigns employees to obtain fire management license, in addition to semi-annual fire inspection. The Company organizes physical examination for the employees every year, carries out environmental hygiene disinfection work from time to time, and handles relevant advocacy issues in cooperation with the release of major epidemic diseases by the government.	No deviation
(IV) Does the Company establish effective career development training plan for the employees?	V		(IV) The Company has organized all kinds of seminars and training, to improve the employee's professional skills and knowledge, and provided external training opportunities and funds, and induction education and training to achieve synchronous growth of both the personal career planning and the Company's overall benefit through work and training.	No deviation
(V) Does the Company comply with the relevant laws, regulations and international standards, and formulate the relevant policies and complaint procedures for protection of the rights and interest of the consumers or customers with respect to the customer’s health and safety, privacy, marketing, marking and other issues of the products and services?	V		(V) The Company’s marketing and labeling of the products and services conform to the relevant laws and regulations, as well as the international standards, and shall not contain any behaviors that cheat, mislead, fenagle or otherwise damage the customer’s trust, and prejudice the rights and interest of the consumers.	No deviation
(VI) Does the Company formulate the supplier management policies, demand the suppliers to comply with the relevant specifications in relation to environmental protection, occupational health and safety or labor	V		(VI) Suppliers of the Company are required to sign the DFI Supplier Social Responsibility and Code of Business Conduct and Ethics, which, in addition to requiring full compliance with the laws and regulations of the country/region in which they operate, sets out specifications for business conduct in the areas of labor rights, health and safety, environment, business ethics, management system, etc., in order to establish sustainable procurement, and suppliers are also required to communicate these requirements to their next-tier suppliers and supervise their next-tier supplier	No deviation

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation</th><th rowspan="2">Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract</th></tr>
<tr><td>human rights, and implement the same?</td><td></td><td></td><td>compliance. We will specify that raw material suppliers must complete ESG sustainability risk assessment questionnaires covering regulatory compliance, sustainable management, supplier management, conflict mineral management, environmental protection, health and safety, labor rights, human rights, etc., in order to grasp the supplier's sustainability risks, and will conduct on-site audits if necessary to ensure that the supplier's sustainability meets our standards. At the same time, we expect suppliers to continuously improve their sustainability performance, so we require/encourage existing suppliers and new suppliers to obtain relevant international certification standards such as ISO9001, IATF 16949, ISO14001, ISO45001, ISO14064-1, etc.
<table>
<tr><td>Procedures for Supplier Promotion</td><td>1. With company, factory, profit-making enterprise registration certificate and ISO9001 certification.
2. Assessment of suppliers in terms of quality, price, innovative technology, process capability and service.
3. New vendors are required to sign the Supplier Parts/Materials Quality Agreement during the assessment.
4. After the evaluation results are qualified and approved, they are listed as qualified suppliers and follow-up management is carried out.</td></tr>
<tr><td>Supplier Assessment</td><td>1. Regularly assess raw material suppliers semi-annually.
2. Suppliers are assessed in terms of incoming quality, delivery date, price, etc.
3. Dispose of suppliers according to assessment scores, etc.</td></tr>
<tr><td>Supplier on-site audit and coaching</td><td>1. Regular and irregular supplier audits are arranged each year according to the quality of supply.
2. The audit scope covers quality systems, processes, hazardous substances and corporate social responsibility.
3. Determine whether it needs to conduct coaching and re-audit based on audit results.</td></tr>
<tr><td>Supplier Risk Management</td><td>1. Continuous operational risk assessment.
2. Major risk investigations.
3. Investigation on accounts payable.</td></tr>
</table></td><td></td></tr>
<tr><td>V. Does the Company prepare the sustainability report and other reports that disclose the Company's non-financial information by reference to the international generally accepted report preparation standard or guidelines? Has the Company obtained confirmed or secured opinion on the foregoing reports from the third-party verification agency?</td><td>V</td><td></td><td>The Company completed the Corporate Social Responsibility Statement for 2021 and participated in the award selection of TCSA Taiwan Corporate Sustainability Report, winning the award "Electronic Information Manufacturing — Class I Copper Grade". The 2022 Sustainability Report meets the Global Sustainability Reporting Standards (GRI Standards) and is expected to be certified by the third party, Bureau Veritas Certification Holding S.A.S. in May 2023 and published by the end of June each year.</td><td>No deviation</td></tr>
<tr><td colspan="4">VI. If the company has its own code for sustainable development in accordance with the "Sustainable</td><td>No deviation</td></tr>
</table>

Item	Implementation			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Abstract	
Development Practice Principles for TWSE/TPEx Listed Companies", please explain the deviations between its operation and the established code: The company formulated the "Corporate Social Responsibility Policy" in March 2011, and the overall operation is not significantly different from the "Sustainable Development Practice Principles for TWSE/TPEx Listed Companies".				
VII. Other important information to help understand the implementation of sustainable development: 1. In March 2022, we participated in the Group's tree planting carnival to promoting sustainability: 4 trees per person, and planted 2,000 plants together in response to Tree Planting Day and International Earth Day, advocating the concept of plastic reduction and no use of plastics among colleagues and their families at the activity, and believing that colleagues better understand the issues of environmental protection and sustainable development. 2. In 2022, a plant life campaign was launched to carefully transplant plants to pots. Due to the epidemic, although it is impossible to directly feel the tranquility of nature, the green atmosphere is rendered throughout the office in the hustle and bustle of the city. 3. Virtual Sports Games in 2022: Encourage employees to exercise daily to promote health during the epidemic. 4. Online Golf Promotion in 2022: During the epidemic, colleagues are invited to learn about golf-related sports and diversify their development. 5. 2022 Room Escape: Invite colleagues to participate in activities to activate the brain. 6. In Feb. 2022, small farmer caring event was initiated and the Company ordered pineapples and sakya of more than NT$ 50,000 from TPCFA as gifts to all employees. 7. October 2022, the Group Family Day Massage Activities: Invite visually Impaired massage therapist from the Association for Advancement of Welfare of the Blind of New Taipei City to provide massage services for colleagues to soothe head and neck pressure. 8. In September 2022, the harvest of "Friendly Farming" gave all employees a taste of the rich harvested after hard planting. 9. In September 2022, an activity was launched to care for small farmers, ordering grapefruit for all employees in cooperation with the Buy Directly from Farmers program. 10. DFI is committed to promoting and participating in the public welfare and supporting the BenQ Cultural Education Foundation. In 2022, the Company has organized a number of events such as friendly earth, caring society, and humanistic cultivation, so as to strengthen the Company's enterprise social responsibility activities. In March 2022, the Company donated NT$ 3 million.				

(VI) Company's performance in honest management and measures taken

Evaluation item	Operation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof
	Yes	No	Abstract	
I. Formulation of the honest management policies and plan				No deviation
(I) Does the Company formulate the Honest Management policies adopted by the Board of Directors, and set forth the honest management policies and practices in the regulations, rules and external documents, and the commitments of the Board of Directors and senior executives to positively implement the operation policies?	V		(I) The Company has mentioned the Honest Management in the personnel management regulations, the Code of Ethical Conduct for the directors, the supervisors and the senior executives, and the white paper of the enterprise social responsibility, which has been approved by the management and the Board of Directors. It is prohibited to accept kickbacks or other illegal benefits by conduct of duty or conducts against the duty.	
(II) Does the Company establish mechanism for evaluation of the risks from dishonest	V		(II) The Company shall implement any promotional activities, advertising, sponsorship materials and funds according to the Company's internal control procedures and authority	

Evaluation item	Operation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof
	Yes	No	Abstract	
behaviors, regularly analyze and evaluate the business activities of higher dishonest behavior risks within the business scope, and formulate the action plan against the dishonest behaviors which shall at least cover the preventive measures against the behaviors in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?			table, and prevent operating activities causing dishonest behavior risks.	
(III) Does the Company specify and implement the operation procedures, the code of conduct, violation punishment and appeal system in the dishonest behavior prevention plan, and regularly review and revise the foregoing plan?	V		(III) The prevention measures are distributed in each internal control operation procedure, and punishment and appeal system are set forth in the Personnel Management Regulations.	
II. Implementation of honest management				No deviation
(I) Does the Company evaluate the integrity records of the counterparty, and set forth the integrity clauses in the contracts with the counterparty?	V		(I) The Company has the supplier review management procedure. Before procurement and marketing, the Company will inquire about the operation status of the cooperative manufacturers through the website of the Ministry of Economic Affairs or other channels, or demand such manufacturers to provide the relevant data providing their legal operation, and pay special attention to the integrity related clauses while examining the contractual clauses.	
(II) Does the Company set up a special unit under the Board of Directors for promoting the honest management, and regularly (at least once a year) report the honest management policies and the dishonest behavior prevention plan and execution thereof to the Board of Directors?	V		(II) The Company has set up a part-time unit (Administration Division) under the Board of Director to promote the honest management. The Administration Division shall report to the Board of Directors regularly every year. Implementation in 2022 has been reported to the Board of Directors on Mar. 2, 2023.	
(III) Does the Company formulate the policies to prevent conflict of interest, provide appropriate presentation channels, and implement the same?	V		(III) For conflicts of interest, the Company has developed the Integrity Handbook, the Code of Ethical Conduct for Directors and Managers, the Ethical Corporate Management Principles and the personnel management rules, which are implemented in all aspects of the code of conduct, misconduct prevention, reporting and investigation.	
(IV) Has the Company established	V		(IV) In accordance with the requirements of laws and	

Evaluation item	Operation: Yes	Operation: No	Operation: Abstract	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof
effective accounting system and internal control system for implementation of honest management, and formulated the relevant audit plan by the internal audit unit according to the dishonest behavior risk evaluation results, and audited compliance with the dishonest behavior prevention plan or entrusted a CPA to audit the same?			regulations, the Company continuously revises the internal control system, and checks and evaluates the implementation effectiveness of the internal control system. Based on the results of the dishonest conduct risk assessment, the Audit Office formulates the relevant audit plan and reviews it regularly. The items required by the law are included in the annual audit, and the relevant audit results and improvements are reported to the audit committee and the board of directors every quarter. The Company's accounting system shall be formulated according to the requirements of the laws and decrees. The CPA also audits or audits the Company's financial statements on a quarterly basis and issues reports to the Audit Committee on the results of such audits or audits.	
(V) Does the Company regularly organize internal and external education and training in relation to honest management?	V		(V) The Company implements integrity education and training for all colleagues every year, and 100% completes the training courses.	
III. Operation of the Company's whistle-blowing system				No deviation
(I) Does the Company formulate the whistle-blowing and reward system, establish the convenient whistle-blowing channels, and dispatch appropriate especially-assigned personnel responsible for handling the whistle-blowing object?	V		(I) In accordance with the Company's integrity manual, whistle-blowing will be submitted to the personnel department, and punishment shall be set forth in the personnel management rules; appeal shall be subject to the internal appeal channel.	
(II) Does the Company formulate the standard operation procedure for investigation of the whistle-blowing matters, subsequent measures that shall be taken after investigation and the relevant confidentiality mechanism?	V		(II) The Company has formulated the standard investigation operation procedure. At present, the personnel department will work together with the relevant supervisors to review and investigate the relevant matters.	
(III) Does the Company take actions to protect the informer from and against improper disposal due to whistle-blowing?	V		(III) The personnel department will work together with the relevant supervisors to review the whistle-blowing matters, and protect the informer from and against improper disposal due to whistle-blowing?	
IV. Strengthen information disclosure Does the Company disclose the contents and effect of the ethical corporate management principles formulated by the Company at its website and the public information observation station?	V		The Company has disclosed the relevant contents of the ethical corporate management principles and the honest management status of the Company at the website (www.dfi.com) and the annual report for reference of the stakeholders. Please access to the Company's website for the relevant development.	No deviation

Evaluation item	Operation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof
	Yes	No	Abstract	
V. If the Company has formulated the its own ethical corporate management principles based on the Ethical Corporate Management Best Practice Principles for TWSE/ TPEx Listed Companies, please describe the implementation and any deviations from the Principles? The Company has adopted revision of the Ethical Corporate Management Principles and abolishment of the Ethical Corporate Management Procedure and Code of Conduct at the board meeting dated Nov. 10, 2020, and further established the Integrity Manual as the code and standard of integrity and ethical practice for all peers. The overall operation has no significant deviation from the Ethical Corporate Management Best Practice Principles for TWSE/ TPEx Listed Companies.				
VI. Other important information that can help us understand the honest management of the company: (for example, the company reviews and revises its established ethical corporate management principles) In 2022, the Company has promoted one-hour online course for "honest management" for 726 colleagues. The course outline includes: integrity declaration, interest conflict and recusals, compliance with laws and regulations, trade secrets and company's assets, involvement in political activities, and integrity manual examination.				

(VII) If the Company has formulated the code of governance and the relevant rules, please describe the inquiry method:

The Company has resolved formulation of the code of governance practice at the board meeting dated Nov. 1, 2018. Please refer to III. Report on Governance Status in the Annual Report (P30-P38) for the Company's governance operation. The rules of procedure of the Board of Shareholders, the rules of procedure of the Board of Directors, the rules of organization of the Audit Committee, the rules of organizations of the Remuneration Committee, the code of governance, the code of enterprise social responsibility, the ethical corporate management principles, the integrity manual, the code of ethical conduct for the directors and managers, the director election measures, the fund lending procedure, the endorsement and guarantee procedure, the procedure on acquisition or disposal of assets, the procedure on disposal of derivative financial commodities, and the procedure on major information treatment and insider trade prevention have been established. Please visit www.dfi.com to access to the relevant rules and regulations.

(VIII) Other important information facilitating knowledge of the Company's governance:

(I) The Company resolved revision of the Procedure on Major Information Treatment and Insider Trade Prevention and abolishment of the Procedure on Prevention of Insider Trade at the board meeting dated Nov. 3, 2022, and made an announcement to the managers and employees in the special area for rules and systems at the internal public website.

(II) The Company resolved appointment of the governance personnel to protect the shareholders' rights and interest and intensify the functions of the Board of Directors at the board meeting dated Nov. 1, 2018.

(III) The new directors of the Company will be distributed the advocation manual prepared by the Company when they take office, including various decrees (including the foregoing Procedure on Major Information Treatment and Insider Trade Prevention) and the cautions, so that the new directors could comply with such rules.

(IX) Further education of annual directors and managers in the most recent fiscal year

Title	Name	Date	Organizer	Course Name	Hours
Chairman	Chi-Hung Chen	2022/06/30	Taiwan Corporate Governance Association	ESG Report Trends and Business Implications of Information Disclosure	3
		2022/12/06	Taiwan Corporate Governance Association	Strengthening of digital resilience and formulation of strategies to strengthen the security governance of listed companies	3
Vice Chairman	Chang-Hung Li	2022/06/30	Taiwan Corporate Governance Association	ESG Report Trends and Business Implications of Information Disclosure	3
		2022/12/06	Taiwan Corporate Governance Association	Strengthening of digital resilience and formulation of strategies to strengthen the security governance of listed companies	3
Director & President	Chia-Hung Su	2022/06/30	Taiwan Corporate Governance Association	ESG Report Trends and Business Implications of Information Disclosure	3
		2022/12/06	Taiwan Corporate Governance Association	Strengthening of digital resilience and formulation of strategies to strengthen the security governance of listed companies	3
Director	Ming-Shan Li	2022/09/30	Taiwan Corporate Governance Association	Principles for public relations of the company's legal events	3
		2022/09/30	Taiwan Corporate Governance Association	2030/2050 Green Industrial Revolution	3
Independent Director	Kuang-Jen Chou	2022/06/30	Taiwan Corporate Governance Association	ESG Report Trends and Business Implications of Information Disclosure	3
		2022/12/06	Taiwan Corporate Governance Association	Strengthening of digital resilience and formulation of strategies to strengthen the security governance of listed companies	3
Independent Director	Chih-Hao Chu	2022/06/30	Taiwan Corporate Governance Association	ESG Report Trends and Business Implications of Information Disclosure	3
		2022/12/06	Taiwan Corporate Governance Association	Strengthening of digital resilience and formulation of strategies to strengthen the security governance of listed companies	3
Independent Director	Te-Chang Yeh	2022/04/22	Taiwan Institute for Sustainable Energy	Sustainable Development & Net Zero Emissions Summit Forum for Celebration of the 30th Anniversary of Taishin Holdings - Net Zero Emissions for Sustainability 2030	3
		2022/09/07	Taiwan Corporate Governance Association	Legal Risks of Corporate Directors and Countermeasure - From Aspects of Corporate Investment and Financing	3
		2022/09/07	Taiwan Corporate Governance Association	How the Board Regulate ESG Risks and Build Sustainable Competitiveness	3
Accounting Supervisor	Li-Min Huang	2022/7/28	Accounting Research and Development Foundation in Taiwan	Latest Changes in Legislation for Profit-seeking Enterprise Income Tax and Countermeasures	3
		2022/7/28	Accounting Research and Development Foundation in Taiwan	Corporate ESG Sustainability Updates and Practical Interpretation of "Sustainability Report"	3
		2022/7/29	Accounting Research and Development Foundation in Taiwan	Application of "Information Security" in Company and Interpretation of Legal Responsibilities	3
		2022/7/29	Accounting Research and Development Foundation in Taiwan	IFRS Standards related to Organizational Restructuring and Practical Interpretation of Accounting Procedures	3

Note 1: The inauguration date of each director is June 16, 2020, and the specified hours of further education has been completed.

Note 2: The accounting supervisor has completed specified hours of further education.

(X) Implementation of the internal control system

(I) Internal Control Statement

DFI Co., Ltd.
Statement on Internal Control System

Date: March 2, 2023

Based on the self-evaluation results of the internal control system for 2022, the Company hereby states as follows:

1. The Company acknowledges that the Company's Board of Directors and managers are responsible for establishing, implementing and maintaining the internal control system. The Company has established such system. It is designed to reasonably guarantee the operation effect and efficiency (including profit making, performance and secured asset safety, etc.), reliability, timeliness, transparency and compliance with the relevant specifications, laws, decrees and regulations.
2. Internal control system has its inherent limitation. No matter how perfect the design, effective internal control system can only provide reasonable assurance for achievements of the above objectives. Moreover, due to changes to the environment and situation, effectiveness of the internal control system may be changed accordingly. However, the Company establishes self-supervision mechanism for the internal control system. As long as defects are identified, the Company immediately takes corrective actions.
3. The Company judges whether design and execution of the internal control system are effective based on the judgment items for effectiveness of the internal control system under the Standards of the Companies making Public Offering on Establishment of Internal Control System (hereinafter referred to as the "Standards"). Judgment items for the internal control system under the Standards are composed of five elements dividend based on the management process of the internal control system: 1. Control environment; 2. Risk evaluation; 3. Control operation; 4. Information and communication; and 5. Supervision operation. Each element also contains several items. Please see the provisions of the Standards for the foregoing items.
4. The Company has evaluated the effectiveness of design and execution of the internal control system based on the above judgment items of the internal control system.
5. Based on the foregoing evaluation results, the Company has concluded that the Company's internal control system as at Dec. 31, 2022 (including supervision and management of the subsidiaries) can reasonably guarantee achievements of the above objectives, including understanding of the extent to which the effect and efficiency objectives of the operation are achieved, and that design and execution of the internal control system related to reliability, timeliness, transparency and compliance with the relevant specifications and laws are effective.
6. This statement will become the main contents of the Company's annual report and prospectus, and will be announced to the public. Any false, concealed and illegal information in the above public announcement will lead to legal liabilities under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This statement has been adopted at the board meeting dated Mar. 2, 2023. 6 present directors agree with the contents of this statement, and hereby make such declaration.

DFI Inc.

Chairman: Chi-Hung Chen

President: Chia-Hung Su

(II) If the Company has to appoint an accountant to audit the internal control system, please describe the audit report of the accountant: Not applicable.

(XI) Punishment given to the Company and its internal personnel according to laws, the Company's punishment on its internal personnel for violation of the internal control system, the results of which may have a significant impact on the equity of shareholders or the price of securities, during the most recent fiscal year and up to the date of publication of the annual report, and the details of punishments, main defects and improvements: None.

(XII) Important resolutions of the shareholders' meeting and the Board of Directors during the most recent fiscal year and up to the date of publication of the annual report (including the implementations):

Date	Name of the meetings held in 2022	Content
2022/03/03	1st Board Meeting	(I) Approval on 2021 Statement on Internal Control and self-assessment result report (II) Approval on the allocation of remuneration to the employees and directors for 2021 (III) Approval on 2021 Business Report, 2021 Financial Statements, and 2022 Business Plan (IV) Approval on the Proposal for Distribution of Earnings in 2021 (V) Approval on the allocation of cash dividends out of the earnings in 2021 (VI) Approval on 2021 Proposal for Distribution of Capital Reserves in Cash (VII) Approval of amendment to the Articles of Association (VIII) Approval on amendment to the Process for Acquiring or Disposing of Assets (IX) Approval on discharging non-competition restriction for the incumbent directors and their representatives (X) Approval of proposed determination of the date and agenda of the general shareholders' meeting for 2022 (XI) Approval on addition and renewal of bank limit (XII) Approval on the CPA service fees for the Year 2022 (XIII) Approval on donation of BenQ Cultural Education Foundation (XIV) Approval on the remuneration index for senior managers in 2022 (XV) Approval on handling of employee stock ownership trust
2022/05/05	2nd Board Meeting	(I) Approval on 2022 Q2 Consolidated Financial Report (II) Approval on renewal of bank limit (III) Approval on amendment to the Code of Governance (IV) Approval on amendment to "Operational Procedures for Handling Material Information and Prevention of Insider Trading" (V) Approval on participation in the cash capital increase of the reinvestment company Aplex Technology Inc.
2022/06/17	Annual Shareholders' Meeting	(I) Acknowledgement of 2021 Financial Statements and Business Report Implementation: The resolution was approved. (II) Acknowledge of the Distribution of Earnings in 2021 Implementation: The resolution was approved. (III) Approval of amendment to the Articles of Association Implementation: The resolution was approved, and the amended Articles of Association came into effect on June 17, 2022. (IV) Approval on amendment to the Process for Acquiring or Disposing of Assets Implementation: The resolution was approved, and the revised "Process for Acquiring or Disposing of Assets" came into effect on June 17, 2022.

Date	Name of the meetings held in 2022	Content
		Approval on discharging non-competition restriction for the incumbent directors and their representatives Implementation: The resolution was approved.
2022/08/03	3rd Board Meeting	(I) Approval on amendment to the Distribution of Earnings in 2021 (II) Approval on 2022 Q2 Financial Statements (III) Approval on addition and renewal of bank limit (IV) Approval on amendment to the Corporate Social Responsibility Policy (V) Approval on amendment to the Operating Process for Investments in Financial Instruments
2022/11/03	4th Board Meeting	(I) Approval on Internal Audit Plan for 2023 (II) Approval on 2022 Q3 Consolidated Financial Report (III) Approval on appointment of CPAs for the Company's 2023 financial statements (IV) Approval on renewal of bank limit (V) Approval on amendment to the Rules of Procedure for the Board of Directors (VI) Approval on amendment to "Operational Procedures for Handling Material Information and Prevention of Insider Trading"

(XIII) If the directors or supervisors disagree with the important resolutions adopted at the board meeting with records or written statements during the most recent fiscal year and up to the date of publication of the annual report, please describe the main contents: None.

(XIV) Resignations and dismissals of the Company's chairperson, president, accounting manager, financial manager, chief internal auditor, corporate governance supervisor and R&D supervisor during the most recent fiscal year and up to the date of publication of the annual report: None.

IV. Information of the Auditor's Fees

Unit: NT$ 1000

Name of CPA Firm	Name of Accountant	Audit Period	Audit Fees	Non-audit Fees	Total	Remarks
KPMG	Hui-Chen Chang Ching-Wen Kao	2022/1/1~2022/12/31	3,360	735	4,095	

Note: Non-audit fees are for the tax compliance audit service, transfer pricing service and the service for filing relevant information to competent authorities.

(I) When the Company changes its accounting firm, and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after change, and the reasons shall be disclosed: Not applicable.

(II) If the audit fees are reduced by up to 15% compared with that of the previous fiscal year, the reduced amount, percentage and reasons of the audit fees shall be disclosed: None.

V. Replacement of accountant:

If the Company replaces the accountant during the most recent two fiscal years and subsequently, the following matters shall be disclosed:

I. Information about the former accountant

<table>
<tr><td>Date of replacement</td><td colspan="3">2021/05/06</td></tr>
<tr><td>Replacement reasons and notes</td><td colspan="3">In order to cooperate with the actual needs of the Company, CPAs Chang-Hui Chen and Kao-Ching Min from KPMG Taiwan are appointed for the purpose of audit since the second quarter of 2021 in accordance with Articles 20 and 29 of the Company Act</td></tr>
<tr><td rowspan="3">Explain that the appointee or accountant terminates or refuse to accept the appointment</td><td>Party to the contract / Situation</td><td>Accountant</td><td>Appointor</td></tr>
<tr><td>Voluntary Termination of Appointment</td><td>N/A</td><td>N/A</td></tr>
<tr><td>Cessation of Appointment</td><td>N/A</td><td>V</td></tr>
<tr><td>Audit report opinion other than opinions issued during the most recent two fiscal years and reasons</td><td colspan="3">None</td></tr>
<tr><td>Different opinion from the issuer</td><td colspan="3">None</td></tr>
<tr><td>Other disclosures (disclosed in accordance with Sub-paragraphs I-4 and I-7, Paragraph 6 of Article 10 under these Standards)</td><td colspan="3">None</td></tr>
</table>

II. About reappointment of the accountant

Name of Firm	KPMG
Name of Accountant	CPAs Hui-Chen Chang and Ching-Wen Kao
Date of Appointment	2021/05/06
Possible opinion and results in respect to accounting method or accounting principles of the particular transactions and financial reports before appointment	N/A
Written statement of different opinion of successor accountant from the former accountant	N/A

III. Reply of the former accountant on matters under Sub-paragraphs 1 and 2-3 of Paragraph 5 of Article 10 that shall be recorded in the annual report of the companies making public offering: Not applicable.

VI. Name, Title and Employment of the Company's Chairperson, President, or Any Managerial Officer in Charge of Finance or Accounting Matters in the Most Recent Fiscal Year Holding a Position at the Company's CPA Accounting Firm or at an Affiliates of Such Accounting Firm: None.

VII. Equity Transfer and Equity Pledge Movement of Directors, Supervisors, Managers and Shareholders Holding More Than 10% of Shares During the Most Recent Fiscal Year and Up to the Date of Publication of the Annual Report

I. Directors, supervisor, managers and shareholders with shareholding ratio of more than 10%

Title	Name	For the current year as of April 2		2022	
		Increase (decrease) in held shares	increase (decrease) in pledged shares	Increase (decrease) in held shares	increase (decrease) in pledged shares
Corporate Directors	Qisda Corporation	0	0	0	0
Corporate Director Representative & Chairman	Chi-Hung Chen	0	0	0	0
Corporate Director Representative & Vice Chairman	Chang-Hung Li	0	0	0	0
Corporate Director Representative & President	Chia-Hung Su	0	0	0	0
Director	Ming-Shan Li	0	0	0	0
Shareholders	British Virgin Islands (BVI) Merchant GORDIAS INVESTMENTS LIMITED	0	0	0	0
Independent Director	Kuang-Jen Chou	0	0	0	0
Independent Director	Chih-Hao Chu	0	0	0	0
Independent Director	Te-Chang Yeh	0	0	0	0
Senior Director	Chia-I Chang	0	0	0	0
Senior Director	Hsin-Chung Chan	0	0	0	0
Senior Director	Li-Min Huang	0	0	0	0

Note: It is an annual newspaper published on the day of the referee.

II. Counterparty of the equity transfer is the related party: None.

III. Counterparty of the equity pledge is the related party: None.

VIII. Relationship Information, if among the Ten Largest Shareholders Anyone is a Related Party, a Spouse, or a Relative within the Second Degree of Kinship of Another

Relationship information among ten largest shareholders

transfer closing date: 2023/04/02

Name (Note 1)	Shares held personally		Shares held by spouse and minor children		Shareholding by nominees		Name and relationship, if among the ten largest shareholders anyone is a related party, a spouse, or a relative within the second degree of kinship of another. (Note 2)	
	Shares	%	Shares	%	Shares	%	Name	Relationship
Qisda Corporation	51,609,986	45.08%	0	0.00%	0	0.00%	None	None
Representative of Qisda Corporation: Chi-Hung Chen	0	0.00%	0	0.00%	0	0.00%	None	None
BVI Gordias Investment Limited	15,734,441	13.74%	0	0.00%	0	0.00%	None	None
Representative of BVI GORDIAS INVESTMENTS LIMITED: Ming-Shan Li	0	0.00%	0	0.00%	0	0.00%	None	None
Darly2 Venture, Inc.	9,175,109	8.01%	0	0.00%	0	0.00%	None	None
Representative of Darly2 Venture, Inc.: Jasmin Hung	0	0.00%	0	0.00%	0	0.00%	None	None
BVI Hyllus Investments Limited	8,559,818	7.48%	0	0.00%	0	0.00%	None	None
Representative of BVI Hyllus Investments Limited: Ming-Shan Li	0	0.00%	0	0.00%	0	0.00%	None	None
YouShang Investment Co., Ltd.	2,734,163	2.39%	0	0.00%	0	0.00%	None	None
Representative of YouShang Investment Co., Ltd.:Ying-Kuei Lu	201,820	0.18%	0	0.00%	0	0.00%	None	None
Darly Venture Inc.	2,293,778	2.00%	0	0.00%	0	0.00%	None	None
Representative of Darly Venture Inc.: Jasmin Hung	0	0.00%	0	0.00%	0	0.00%	None	None
Mu-Jhen Huang	1,031,000	0.90%	0	0.00%	0	0.00%	Serena Lu	Parent
Mu-Chen Huang	1,031,000	0.90%	0	0.00%	0	0.00%	Serena Lu	Parent
Zhenchen Investment Co., Ltd.	1,002,000	0.88%	0	0.00%	0	0.00%	None	None
Representative of Zhenchen Investment Co., Ltd.: Serena Lu	0	0.00%	0	0.00%	0	0.00%	Mu-Jhen Huang and Mu-Chen Huang	Children
Yen-Hsing Lu	860,000	0.75%	0	0.00%	0	0.00%	None	None

Note 1: All the ten largest shareholders shall be listed, and those who are corporate shareholders shall be listed with their names and the names of their representatives separately.

Note 2: Relationship among the foregoing shareholders including corporate shareholder and natural person shareholder shall be disclosed according to the issuer's financial report preparation standards.

IX. Number of Shares and Consolidated Comprehensive Shareholding Ratio of the Company and its Directors, Supervisors, Managers and Undertakings Directly or Indirectly Controlled by the Company in the Same Investee

As of December 31, 2022 / Unit: Shares;%

Reinvestment undertaking (Note 1)	Investment of the Company		Investment of the directors, supervisor, managers and undertaking directly or indirectly controlled by the Company		Comprehensive investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
Yan Tong Technology Ltd.	3,500,000	100.00%	-	-	3,500,000	100.00%
Diamond Flower Information (NL) B.V	12,001	100.00%	-	-	12,001	100.00%
DFI AMERICA, LLC.	1,209,000	100.00%	-	-	1,209,000	100.00%
DFI Co., Ltd. (DFI-Japan)	6,200	100.00%	-	-	6,200	100.00%
AEWIN Technologies Co., Ltd.	30,376,000	51.38%	-	-	30,376,000	51.38%
Ace Pillar Co., Ltd.	53,958,069	48.07%	-	-	53,958,069	48.07%
Brainstorm Corporation	233,000	35.09%	-	-	233,000	35.09%

Note 1: It is the investment of the company using the equity method.

Fund Raising

I. Capital and shares

(I) Source of share capital

2023/03/31 Unit: NT$

Year/Month	Par Value	Authorized share capital		Paid-in Capital		Remarks		
		Number of shares (1,000 shares)	Amount (NT$ 1,000)	Number of shares (1,000 shares)	Amount (NT$ 1,000)	Source of share capital (NT$ 1,000)	Capital Increase by Assets Other than Cash	Others
1981.07	10	100	1,000	100	1,000	Incorporation	-	1981/07/14-Jian-Yi-Zi No. 105329
1983.04	10	250	2,500	250	2,500	Cash capital increase	-	1983/04/29-Jian-Yi-Zi No. 139643
1986.01	10	1,000	10,000	1,000	10,000	Cash capital increase	-	1986/01/13-Jian-Yi-Zi No. 139021
1987.03	10	3,000	30,000	3,000	30,000	Cash capital increase	-	1987/03/20-Jing-(76)-Shang No. 12592
1987.12	10	6,000	60,000	6,000	60,000	Cash capital increase	-	1987/12/15-Jing-(76)-Shang No. 63692
1989.09	10	12,000	120,000	12,000	120,000	Cash capital increase	-	1989/09/07-Jing-(78)-Shang No. 127396
1990.12	10	15,600	156,000	15,600	156,000	Capital increase from earnings	-	1990/12/29-Jing-(79)-Shang No. 126104
1991.08	10	19,600	196,000	19,600	196,000	Cash capital increase	-	1991/08/23-Jing-(80)-Shang No. 117275
1995.07	10	40,000	400,000	40,000	400,000	Cash capital increase by NT$106,000,000 Capital increase from earnings by NT$ 98,000,000	-	1995/07/06-Tai-Cai-Zheng-(I) No. 39295; 1995/10/24-Jing-(84)-Shang No. 116255
1998.07	10	52,000	520,000	52,000	520,000	Cash capital increase by NT$40,000,000 Capital increase from earnings by NT$40,000,000 Capital increase from capital surplus by NT$40,000,000	-	1998/07/24-Jing-(087)-Shang-Zi No. 087120446; 1998/07/14-Tai-Cai-Zheng-(I) No. 59370
1999.09	10	76,000	760,000	58,400	584,000	Capital increase from earnings by NT$64,000,000	-	1999/10/12-Jing (088)-Shang-Zi No. 88137314; 1999/09/07 (88)-Tai-Cai-Zi-(I) No. 80877
2000.07	10	177,200	1,772,000	98,120	981,200	Cash capital increase by NT$ 200,000,000 Capital increase from earnings by NT$ 197,200,000	-	2000/07/26-Jing-(089)-Shang-Zi No. 089126353
2001.03	10	177,200	1,772,000	95,320	953,200	Capital decrease by NT$ 28,000,000 via purchasing treasury stock	-	2001/03/30-Jing (090)-Shang-Zi No. 09001104890
2001.09	10	177,200	1,772,000	115,000	1,150,000	Capital increase from earnings by NT$ 120,544,000 Capital increase from capital surplus by NT$ 76,256,000	-	200/09/12 Jing-(090)-Shang-Zi No. 09001363040
2002.09	10	177,200	1,772,000	117,600	1,176,000	Capital increase from earnings by NT$26,000,000	-	2002/09/09-Jing-Shou-Shang-Zi No. 09101368600
2003.09	10	177,200	1,772,000	116,860	1,168,600	Cancellation of treasury shares of NT$20,000,000 Capital increase from earnings by NT$12,600,000	-	2003/09/04-Jing-Shou-Shang-Zi No. 09201264690
2004.06	10	177,200	1,772,000	114,010	1,140,100	Cancellation of treasury shares of NT$28,500,000	-	2004/06/15-Jing-Shou-Shang-Zi No. 09301103130
2004.09	10	177,200	1,772,000	113,400	1,134,000	Cancellation of treasury shares of NT$17,500,000 Capital increase from earnings by NT$11,400,000	-	2004/09/21-Jing-Shou-Shang-Zi No. 09301180670
2004.12	10	177,200	1,772,000	109,800	1,098,000	Cancellation of treasury shares of NT$ 36,000,000	-	2004/12/28-Jing-Shou-Shang-Zi No. 09301245680
2005.09	10	177,200	1,772,000	109,760	1,097,600	Cancellation of treasury shares of NT$30,500,000	-	2005/09/14-Jing-Shou-Shang-Zi No. 09401182050
2006.01	10	177,200	1,772,000	106,560	1,065,600	Cancellation of treasury shares of NT$32,000,000	-	2006/01/03-Jing-Shou-Shang-Zi No. 09401267950
2006.03	10	177,200	1,772,000	104,960	1,049,600	Cancellation of treasury shares of NT$16,000,000	-	2006/03/28-Jing-Shou-Shang-Zi No. 09501053500
2006.06	10	177,200	1,772,000	103,510	1,035,100	Cancellation of treasury shares of NT$14,500,000	-	2006/06/30-Jing-Shou-Shang-Zi No. 09501126320
2006.09	10	177,200	1,772,000	108,316.9	1,083,169	Capital increase from earnings by NT$48,069,000	-	2006/09/08-Jing-Shou-Shang-Zi No. 09501203530

Year/Month	Par Value	Authorized share capital		Paid-in Capital		Remarks		
		Number of shares (1,000 shares)	Amount (NT$ 1,000)	Number of shares (1,000 shares)	Amount (NT$ 1,000)	Source of share capital (NT$ 1,000)	Capital Increase by Assets Other than Cash	Others
2007.09	10	177,200	1,772,000	114,053	1,140,530	Capital increase from earnings by NT$57,361,000	-	2007/09/12-Jing-Shou-Shang-Zi No. 09601224530
2008.09	10	177,200	1,772,000	119,033	1,190,330	Capital increase from earnings by NT$49,800,000	-	2008/09/05-Jing-Shou-Shang-Zi No. 09701223560
2009.09	10	177,200	1,772,000	121,095	1,210,949	Capital increase from earnings by NT$20,619,000	-	2009/09/02-Jing-Shou-Shang-Zi No. 09801198490
2010.11	10	177,200	1,772,000	120,275.9	1,202,759	Cancellation of treasury shares of NT$8,190,000	-	2010/11/29-Jing-Shou-Shang-Zi No. 09901266650
2011.09	10	177,200	1,772,000	117,093.9	1,170,939	Cancellation of treasury shares of NT$31,820,000	-	2011/09/02-Jing-Shou-Shang-Zi No. 10001202740
2012.01	10	177,200	1,772,000	114,839.9	1,148,399	Cancellation of treasury shares of NT$22,540,000	-	2012/01/03-Jing-Shou-Shang-Zi No. 10001294210
2017.09	10	177,200	1,772,000	114,688.9	1,146,889	Cancellation of treasury shares of NT$1,510,000	-	2017/09/30-Jing-Shou-Shang-Zi No. 10601137800
2022.01	10	177,200	1,772,000	114,488.9	1,144,889	Cancellation of treasury shares of NT$2,000,000	-	2022/01/22-Jing-Shou-Shang-Zi No. 11101013810

(II) Class of share

2023.04.02

Class of share	Authorized share capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered ordinary share	114,488,857 shares	62,711,143 shares	177,200,000 shares	

(III) Shareholder structure

2023.04.02

Shareholder structure / Number	Government agency	Financial institution	Other legal persons	Individual	Foreign entities and individual foreigner	Total
Number of shareholders	-	2	28	5,635	44	5,709
Number of shares held (shares)	-	280,000	67,957,161	20,999,689	25,252,007	114,488,857
Shareholding ratio	-	0.24%	59.36%	18.34%	22.06%	100.00%

(IV) Equity allocation

2023.04.02

Shareholding Grades	Number of Shareholders	Number of shares	Shareholding ratio (%)
1 ～ 999	2,263	283,560	0.25%
1,000 ～ 5,000	2,775	5,319,130	4.65%
5,001 ～ 10,000	316	2,387,316	2.09%
10,001 ～ 15,000	124	1,553,116	1.36%
15,001 ～ 20,000	58	1,047,323	0.91%
20,001 ～ 30,000	62	1,515,056	1.32%
30,001 ～ 40,000	31	1,080,142	0.94%
40,001 ～ 50,000	18	818,034	0.71%
50,001 ～ 100,000	35	2,391,156	2.09%
100,001 ～ 200,000	5	697,500	0.61%
200,001 ～ 400,000	11	2,758,229	2.41%
400,001 ～ 600,000	-	-	-
600,001 ～ 800,000	1	607,000	0.53%

Shareholding Grades	Number of Shareholders	Number of shares	Shareholding ratio (%)
800,001 ～ 1,000,000	1	860,000	0.75%
1,000,001 or more	9	93,171,295	81.38%
Total	5,709	114,488,857	100.00%

(V) List of major shareholders

2023.04.02

Major Shareholders\Shares	Number of shares	Shareholding ratio
Qisda Corporation	51,609,986	45.08%
British Virgin Islands GORDIAS INVESTMENTS LIMITED	15,734,441	13.74%
Darly2 Venture, Inc.	9,175,109	8.01%
British Virgin Islands Merchant--Hyllus INVESTMENT LIMITED	8,559,818	7.48%

(VI) Market value per share, net value, surplus and dividends

Unit: NT$/1,000 shares

Item \ Year			2022	2021
Market price per share (Note 1)	Highest		62.90	74.50
	Lowest		54.50	54.00
	Average		59.40	62.22
Net value per share (Note 2)	Before distribution		28.36	26.70
	After distribution		24.36	23.10
Earnings per share	Weighted average number of shares		114,488.90	114,488.90
	Earnings per share (Note 3)		4.61	5.38
Dividend per share	Cash dividends		4(Note 8)	3.60
	Stock dividends	Share allotment from earnings	-	-
		Share allotment from capital reserve	-	-
	Cumulative unpaid dividends (Note 4)		-	-
Return on Investment	Price-to-earnings ratio (Note 5)		12.89	11.57
	Price-to-dividend ratio (Note 6)		14.85	17.28
	Cash dividend yield (Note 7)		6.73%	5.79%

* If the surplus or capital reserve is converted into capital for allotment of shares, the information about the market price and cash dividends retroactively adjusted based on the number of the issued shares shall be disclosed.

Note 1: Please state the maximum and minimum market price of the ordinary shares of each year, and calculate the average market price of each year based on the annual transaction value and turnover.

Note 2: Please state the number of the shares issued at the end of the year based on the allocation resolved at the board meeting or the shareholders' meeting of the next year.

Note 3: In case of retroactive adjustment due to allotment of shares free of charge, please state the earnings per share before and after adjustment.

Note 4: If the issuing conditions of the securities stipulate that the dividends not paid in the year then ended are accumulated to the year when the earnings are achieved, please disclose the unpaid accumulated dividends to the current year.

Note 5: Price-earnings ratio = average closing price per share of the year/ earnings per share
Note 6: Price to dividend ratio = average closing price per share of the year/ cash dividends per share
Note 7: Cash dividend residuals ratio = cash dividends per share/ average closing price per share of the year
Note 8: Approved by the Board of Directors on March 2, 2023.

(VII) Dividend policies and execution status

(I) The provisions of the Articles of Association of the Company on dividend policy are as follows:

Article 21-1

If the Company realizes earnings in the general final accounts, the Company shall first withdraw and pay the taxes out of the earnings, recover the accumulated losses, and then withdraw 10% out of the earnings as the statutory surplus reserve. However, when the statutory surplus reserve is up to the Company's paid-up capital, the Company will cease to withdraw the statutory surplus reserve; in case of surplus, and accumulated undistributed earnings, the Board of Directors will formulate a proposal on distribution of earnings, and submit the proposal to the shareholders' meeting for resolving allocation of dividend and bonus to the shareholders.

If, according to the foregoing proposal on distribution of earnings, the distribution is made in the form of cash dividends, then, the Board of Directors is authorized to make resolution and report to the shareholders' meeting.

Given competitive industry, changing environment, and stable growth stage of the Company, in order to effectively grasp the Company's future investment opportunity, working capital requirements and long-term financial planning, and meet the shareholders' demand for cash inflows, the earnings distribution proposal developed by the Board of Directors shall be taken into account the general level of distribution in the relevant industry as well as the adoption of a balanced dividend policy to distribute based on a conservatism principle. If the Company realizes earnings in the general final accounts, and the distributable earnings in the year are up to 2% of the capital, the dividend distribution shall be not less than 10% of the distributable earnings, and the cash dividends to be released in every year shall be not less than 10% of the total cash and share dividends released in the year.

Article 21-2

The Company shall allot new shares or cash in the form of statutory surplus reserve or capital reserve in accordance with Article 241 of the Company Act. In case of cash allotment according to the foregoing provisions, then, the Board of Directors is authorized to make a resolution and report to the shareholders' meeting.

(II) Distribution of dividends proposed at the current shareholders' meeting:

On March 2, 2023, the Board of Directors of the Company resolved to distribute dividends of NT$ 457,955,428 (NT$ 4 per share) in cash to shareholders, and will submit the distribution the 2023 Annual Shareholders' Meeting.

(III) Any significant change in the expected dividend policy: None.

(VIII) Impact of the free allotment proposed at this shareholders' meeting on the Company's operation results:

The Company does not disclose financial forecast information for 2023, so it is not applicable.

(IX) Remuneration of employees and directors

(I) The amount or scope of remuneration of employees and directors as set out in the Articles of Association of the Company:

Article 21

If the Company makes profit over a year, 5% to 20% of the profit shall be appropriated as employee remuneration, which shall be distributed in the form of stocks or in cash with the resolution of the Board of Directors. Such appropriated amount may be also distributed to employees of other companies under the control of or affiliated to the Company which satisfy certain conditions. In addition, no more than 1% of the profit shall be appropriated as directors' remuneration with the approval of the Board of Directors by resolution. The proposal for paying remuneration to employees and directors shall be presented at the shareholders' meeting.

When the Company has accumulated losses, the Company shall reserve the sum for recovery of the losses, and then, withdraw the employee remuneration and director's remuneration based on the foregoing percentage.

(II) Amount proposed by the Board of Directors for employee bonus and remuneration of the directors and supervisor, and the surplus per share are as follows:

Approved by the Board of Directors on March 2, 2023

1. The proposed cash employee bonus is NT$ 47,852,000.
2. The proposed director's remuneration is NT$ 5,091,000.
3. After taking into account the proposed distribution of employee bonus and director’s remuneration, the Company anticipates that the earnings per share for 2022 is still NT$ 4.61.

(III) Actual distribution of remuneration of employees and directors in the previous year:

1. Employee bonus dividends of NT$ 53,437,000 in cash and director remuneration of NT$ 5,685,000 were distributed.
2. Proposed distribution and actual amount difference originally approved by the board of directors: No difference.

(X) The Company’s repurchase of its own shares:

The Company has not repurchased shares of the Company in the last two years and as of the publication date of this annual report.

II. Corporate bonds: None

III. Preference share: None

IV. Overseas depositary receipts: None

V. Employee share options: None

VI. Merger or acquisition and transfer as transferee of new shares issued by other company's new shares: None

VII. Implementation of capital utilization plan: None

Operation Overview

I. Overview of business, market and production and marketing

(I) Percentage

Unit: NT$ 1000

Operating items	Net operating income in 2022	Percentage (%)
Industrial computer cards and system	6,635,957	40.99%
Industrial automation control	2,837,995	17.53%
Computer components	5,197,642	32.10%
Others	1,517,935	9.38%
Total	16,189,529	100.00%

(II) Production output in the past two years

Unit: NT$ 1000

Year / Main Products	2022			2021(restated)		
	Production Capacity	Production output (Note)	Production Value	Production Capacity	Production output (Note)	Production Value
Industrial computer cards and system	-	-	6,315,969	-	-	4,482,983
Industrial automation control	-	-	-	-	-	-
Computer components	-	-	-	-	-	-
Others	-	-	107,573	-	-	120,348

Note: The Company merged and acquired AEWIN Technologies and ACE PILLAR in 2019. After the Company merged and acquired Brainstorm Corporation in 2021, the production capacity/output are not presented due to the wide range of products and different units of measurement.

(III) Sales volume in the past two years

Unit: NT$ 1000

Year / Main Products	2022				2021(Restated) (Note 2)			
	Domestic Sales		Foreign Sales		Domestic Sales		Foreign Sales	
	Volume (Note 1)	Value	Volume (Note 1)	Value	Volume (Note 1)	Value	Amount (Note) 1	Value
Industrial computer cards and system	-	460,301	-	6,175,656	-	298,613	-	4,518,711
Industrial automation control	-	1,265,991	-	1,572,004	-	1,597,978	-	1,934,145
Computer components	-	1,854	-	5,195,788	-	-	-	4,336,531
Others	-	457,849	-	1,060,086	-	151,530	-	474,672

Note 1: The Company merged and acquired AEWIN Technologies and ACE PILLAR in 2019. After the Company merged and acquired Brainstorm Corporation in 2021, the sales volume are not presented due to the wide range of products and different units of measurement.

Note 2: On July 1, 2022, ACE PILLAR CO., LTD. acquired 100% equity of ACE Energy Co., Ltd., a subsidiary of Qisda Corporation, by cash. The above transaction is an organizational reorganization under common control and shall be deemed to have been acquired from the beginning. When the consolidated company prepared the consolidated financial report for 2022, it had retroactively restated the consolidated financial report for 2021.

(IV) Reasons for changes in client names and the amount and proportion of products purchased (sold), which accounted for more than 10% of the total amount of products purchased (sold) in the most recent two years

1. Main suppliers

Unit: NT$ 1000

Item	2022				2021(restated)			
	Name	Amount	Proportion to Net Purchase for the Year (%)	Relations with the issuer	Name	Amount	Proportion to Net Purchase for the Year (%)	Relations with the issuer
1	Others	12,658,177	100.00%	-	Others	11,633,251	100.00%	-
Total	Net purchases	12,658,177	100.00%	-	Net purchases	11,633,251	100.00%	-

Note: As the suppliers are diversified, the percentage of some suppliers is changed.

2. Primary clients

Unit: NT$ 1000

Item	2022				2021(restated)			
	Name	Amount	Proportion to Net Sales for the Year (%)	Relations with the issuer	Name	Amount	Proportion to Net Sales for the Year (%)	Relations with the issuer
1	Others	16,189,529	100.00%	-	Others	13,312,180	100.00%	-
Total	Net sales	16,189,529	100.00%	-	Net sales	13,312,180	100.00%	-

Note 1: As the product sale portfolio is different, the percentage of some customers is changed.

Note 2: In 2020 and 2021, there was no single customer with net aggregate operating revenue of more than 10%.

Note 3: On July 1, 2022, ACE PILLAR CO., LTD. acquired 100% equity of ACE Energy Co., Ltd., a subsidiary of Qisda Corporation, by cash. The above transaction is an organizational reorganization under common control and shall be deemed to have been acquired from the beginning. When the consolidated company prepared the consolidated financial report for 2022, it had retroactively restated the consolidated financial report for 2021.

(V) Operation Overview

1. Business contents

(1) Business scope

a. Major Business Activities

The Company mainly engages in design, manufacturing, production, sale and after-sale service of the Embedded Motherboard and Box PC and Panel PC. The vertical market areas of main applications include industrial automation, vehicle transportation, intelligent medical care, financial automation services and hospitality, network security, retail and military industry, from horizontal expansion to vertical extension, providing various multi-application high-speed computing platforms for intelligent Internet of Things AIoT to meet customers' different needs and solutions.

b. Current main items

- Industrial computer motherboards
- Embedded computer module
- Embedded computer system
- Industrial system
- Application field system
- Industrial tablet PC
- Industrial display
- Tablets for medical applications
- Displays for medical applications
- In-vehicle computer system

- In-vehicle tablets

c. New products planned to be developed
- Industrial computer motherboards
- Embedded computer module
- Embedded computer system
- Industrial system
- Application field system
- Industrial tablet PC
- Tablets for medical applications
- Displays for medical applications
- In-vehicle computer system
- In-vehicle tablets

d. Strengthen the modular integration of software and hardware, and introduce software virtualization and containerization technology to make the system integration of software and hardware resources more flexible and efficient, and meet the rapid development needs of intelligent Internet of Things.

(2) Industry overview

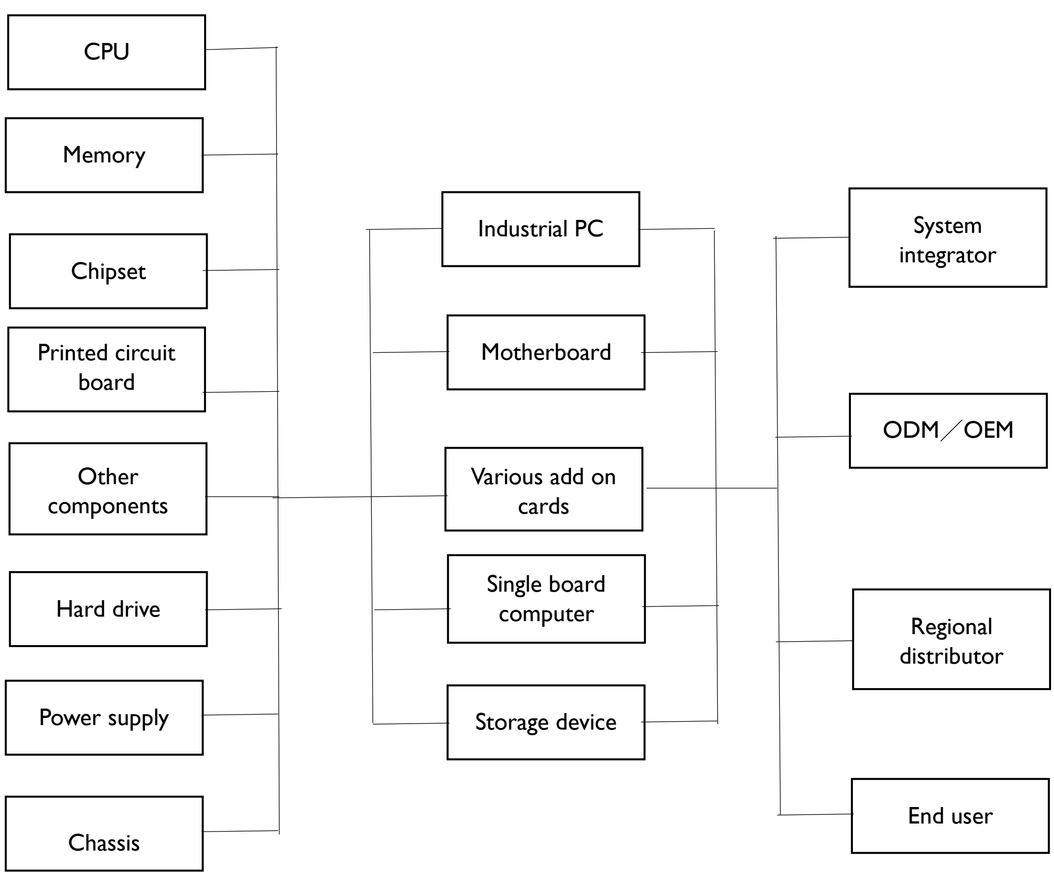
a. Industry status and development

The industrial computer industry in Taiwan sees an annual growth rate of 20% in 2022, and the reasons for the high output value of the industry mainly include the alleviation of the shortage of key parts and components of major manufacturers, which caused the shipment of backlog in the first half of the year; in terms of market demand, industrial automation, entertainment gambling and smart retail terminal replacement lead to the increase of orders, which is the main reason for the growth of domestic industrial computer shipments.

By further observing the regional market performance, we found that the "European market" performs well, although the depreciation of the euro affects some of the orders, but the Tier 1 manufacturers continue to drive the revenue growth benefiting from the local government's demand in construction of intelligent infrastructure, intelligent network, and intelligent transportation. In the Americas market, the main growth momentum is driven by 5G infrastructure construction, high-end data centers, servers and other demands. In the Asian market, some major manufacturers are affected by factors such as slowing demand in Mainland China, lockdowns in some cities, and customer inventory adjustment, which restricts the growth momentum relatively.

Looking forward to 2023, the rising prices, global downturn and stagnant inflation are expected to curb enterprises' capital expenditures on terminal equipment or suspend investment in advanced equipment. In addition, rising energy and component prices will also boost enterprises' procurement costs, and will also affect the gross profit margin of industrial computer operators, which is a short-term negative factor for the development of the industrial computer industry. On the other hand, in order to alleviate the downturn caused by inflationary pressures, governments are expected to accelerate the layout of infrastructure such as smart cities, intelligent transportation, 5G networks, high-end data centers, servers, and smart energy in the form of expanding domestic demand, which will continue to drive the rigid demand for industrial computers. In the long run, the trend of intelligent infrastructure, intelligent manufacturing, and intelligent transformation of enterprises in various countries continues, and the demand for green transformation brought about by global net-zero carbon emissions is gradually approaching, and it is expected to continue to drive the growth momentum of the industrial computer industry in 2023.

b. Correlation of upstream, midstream and downstream in the industry
Alike general personal computer, the upstream of the industrial computer industry includes CPU, memory, hard disk, chipset and printed circuit board, all of which are the basic parts of the industrial computer. The mid-stream is the main product of the industrial computer, and motherboard is even the important component. The downstream industry is the sales channel of the industrial computers, that is, customers. However, as there are few of end users of the industrial computers, and the enterprise customers are the main customer base. Thus, the enterprise customers include the System Integrator, value-added distributors, regional distributors, or ODM/OEC manufacturers. The industrial computer products are more complex than the general PC. Thus, after-sale service is also an important link. Especially, international merger and 24-hour international collaboration has become usual. Operation outlets scattered around the work and never-ending service capacity will become the key to victory.



Printed circuit boards, chipsets, passive elements and memory are the main raw materials of the industrial computers. In addition to observation of the order receiving status, control over the parts and components of the industrial computers is also the key for the manufacturer to make successful delivery.

c. Industry Trends and Competition

Development trend:

Diversified IPC customized application products and new application derived from the Internet of Things bright about growth momentum for the industrial computers

IPC industrial computers are characterized by small quantity, diversity, customization and focus on services. With Wintel PC standardization and price rationalization, standard pc framework has become the mainstream of the industrial automation. In addition to industrial automation application, all kinds of hardware control cores are built to accommodate the demands of the different customers, and lead to diversified and customized design. On the other hand, driven by demands for infrastructures with business opportunity for game and retail, the industrial computer industry sees vigorous development as a whole. With increasingly diversified applications related to the Internet of Things, including intelligent vehicle, security, logistics, medical treatment, entertainment, energy and intelligent buildings, and even intelligent city and household, the relevant application fields are relatively extensive. As e-expenditures for large amount of infrastructures required by the countries around the world to meet the could services, and the Internet of Things, including radio frequency identification tags (RFID), readers, other infrastructures, and wireless network sensing (WSN), are the expertise of the industrial computer factories, the growth momentum of the industrial computers also come from the resolutions of the Internet of Things for application in various fields of life, electric energy and transportation. For IPC operators, IOT era will accelerate the growth of IPC industry. In addition, AIoT stimulates and drives evolution and upgrading requirements of more different traditional industries, leading to more demand for efficient computing capacity.

Competition:

Increasing introduction of new entrants maintain the competitiveness not be reduced by continuous acquisition of the existing dealers.

In order to gain markets and customers, it has become a trend in the past few years for the international large manufacturers to increase their growth rate through continuous acquisition, investment and cooperation. This trend has led to gradual disappearance of the manufacturers of modest size in the market. In another word, it reduces the competition in the market. However, rapid growth and remarkable profits of the Taiwan manufacturers in the past two years have drawn attention of the motherboard and EMS manufacturers, becoming an experimental direction in the process of seeking transformation. Furthermore, due to expanding application fields of IPC products, and huge business opportunity potential, large PC manufacturers have entered IPC markets through cooperation with IPC manufacturers to gain the huge business opportunity. In the future, the competition will become fierce.

(3) Technology and R&D overview

a. Research and development expenses

R&D expenses incurred in the most recent fiscal year and as of the date of publication of this annual report: R&D expenses incurred in 2022 amounted to NT$462,335,000.

The Company has accumulated many years of rich experience in board design, and will continue making investments to improve the R&D and design capacity and expertise in response to increasing growth of the industrial computer business and customized development in the future and needs to improve the product design capacity (such as Module, firmware, software, architecture and embedded system).

b. Successfully developed technology or product

DFI invests a lot of resources in research and development, and attaches great importance to innovation in development. In recent years, DFI has enhanced the design quality through systematic integration of auxiliary software and hardware tools, also focuses on deepening technology for research and development in professional field of miniaturized AIoT generation demand, and RF ruggedized products, and cooperates with clients in developing intelligent in-vehicle products, intelligent medical care products and other vertical market products.

The Company has obtained a total of 20 patents by the end of 2022.

(4) Long-term and Short-term Business Development Plans

a. Short-Term Business Development Plan:

<u>Give equal importance to brand marketing and foundry</u>

DFI has been marketing the mainboard products around the world for 30 years. Customers have a high evaluation of the brand confidence and product quality. The cumulative shipment of embedded products has reached more than 10 million. On this basis, not only the brand value has been accumulated, but also the production quality has been adjusted, the cost effectiveness has been improved, and the output standards required by the foundry customers have been satisfied to meet customer needs, so as to achieve a win-win situation.

<u>Vertical market business expansion</u>

Industrial computers are characterized by a small number of diversity due to its wide application range, including industrial, medical, transportation, finance, gambling, network communication, etc.; various fields have their different needs, a single standard product is difficult to meet demands of all applications; DFI has continuously accumulated application knowledge in past cooperation with clients, develops corresponding hardware specifications, and reduces system development time of clients.

<u>Mature vs Emerging Markets</u>

Europe, the United States and Japan are the markets that DFI has developed for a long time; in the embedded automation applications, these markets are also relatively mature, but as the edge computing, big data and artificial intelligence technology continues to improve, the demand is increasing, the applications are being innovated and diversified, customers in these markets are also the pioneer of practical applications; DFI will satisfy the demands of customers in new applications and automation with improved hardware design and manufacturing capabilities. For emerging markets, we will continue to work with local agents, introduce DFI, develop customers, and establish sales channels.

b. Long-Term Business Development Plan:

Focus on key project needs and strengthen customer relationships

The business model of industrial computers depends on the customer's application model, the relationship between both parties is not a buy-and-sell transaction, but a partnership, jointly adjust the software and hardware matching, and complete the terminal solution development (with a project cycle from three to ten years). DFI has many years of experience in this field, understand the customer's project development needs, and then strengthen the customer relationship.

Focus on long life-cycle projects

After the epidemic, various industries will accelerate the development of automation. In addition to the shortage of workforce, cost and stability have become the factors considered by the owners. Some automation projects have a short life cycle and do not require special specifications or certifications. In the project portfolio of DFI, optimization or deletion will be made for limited resources to avoid competition only on price, and technology and services will be used to develop projects with long product cycles, allocate priority resources, and stabilize the long-term development of the company.

Distribute related products

The core competitiveness of DFI lies in board-level design, but the actual terminal products of customers are mostly shipped with CPU, storage and additional cards, etc. In order to provide customers with one-stop service, DFI strengthens its relationship with peripheral devices suppliers, thereby obtaining the trading conditions of agency and providing more competitive prices to customers.

2. Market, production and sale overview

(1) Market analysis

a. Major Sales (Region)

Unit: NT$ 1000

Item \ Year		2022		2021(restated)	
		Net sales	Percentage (%)	Net sales	Percentage (%)
Operating revenue from domestic sales		2,185,995	13.50%	2,048,121	15.39%
Operating revenue from exports	The Americas	7,178,521	44.34%	5,647,502	42.42%
	Asia, Australia, and Africa	4,533,290	28.00%	4,396,374	33.03%
	Europe	2,291,723	14.16%	1,220,183	9.16%
	Subtotal	14,003,534	86.50%	11,264,059	84.61%
Total		16,189,529	100.00%	13,312,180	100.00%

Note: On July 1, 2022, ACE PILLAR CO., LTD. acquired 100% equity of ACE Energy Co., Ltd., a subsidiary of Qisda Corporation, by cash. The above transaction is an organizational reorganization under common control and shall be deemed to have been acquired from the beginning. When the consolidated company prepared the consolidated financial report for 2022, it had retroactively restated the consolidated financial report for 2021.

b. Market share

The industrial computers cover a wide range of vertical application and extension field. Taking the Company's top 3 applications in terms of shipments for example, such as factory automation, intelligent transportation and intelligent medical treatment, the products of DFI are mostly used in system components or as a part of the overall solution.

With OEM/ODM expansion business, the market share is hard to be estimated by general market research.
If based on the sales volume, the current market share is 4%.

c. Future market supply and demand, and growth
The distinction between the industrial computers and personal computers, and consumer products has been always clear. Although architectures of the software and hardware are extremely the same, the biggest difference is attributable to stability, degree of customization, life cycle, project customization, special requirements and service contents. The maximum productivity that can be achieved in the application level of various links is the top guidance for manufacturing of the industrial computers.
At the industrial level, items including but not limited to robot arms, automatic transport vehicles, visual detection, conveyor belt shunting, production line automation and remote maintenance, are within the scope of the industrial computers. The industrial IOT strategy promoted by the government agency has also stimulated the computing demand brought by the industry upgrading.
With industry change and prevailing AIoT, the productivity projects are also extended from traditional manufacturing to business operation and daily life, such as smart pay, traffic monitoring, KIOSK information station, and occasions in response to all kinds of transport vehicles and transportation related requirements, leading to higher test for computing capacity and communication functions of the hardware.
Cross-industry layout and introduction are becoming increasingly popular based on high stability of the industrial computers. For example, the game machines attach importance to the safety of the machine, while the medical devices require accuracy for information presentation, and self-driving vehicle (ADAS) needs high-speed and stable computing capacity, all of which greatly rely on design standards and operation efficiency of the industrial computers. In addition to continuous concessions from various new technologies, such as AI, 5G, IoT and other vertical industry fields, Taiwan's industrial computer industry also sees new business opportunity due to the derived demands for multi-field computing hardware, software and hardware integration solution related to virtual and real integration applications, high-speed network, electric vehicle related applications and other hardware demands, which is expected to provide growth momentum for the industry output in the next 2022 and 2023. Thus, it is expected that the industrial computer market demand will see continuous growth in 2022, but the global economic slowdown is the biggest instability factor.

d. Favorable competition base, favorable and adverse factors for development vision, and solutions
A. Favorable competition base
- DFI has accumulated nearly 40 years of R&D and design experience in industrial computer, has formed a diamond strategic core composed of agility, quality, service, flexibility and cost planning, and has laid a business foundation with customer's trust. Thanks to good reputation, the cross-industry leaders positively introduce DFI's products, and regards DFI as the partners for solutions. DFI is no longer just a hardware supplier, but a cross-field solution provider, especially after it becomes a member of Qisda Group.

- Benefiting from solid customer's feedback, DFI strives to become a market leader in the field of innovation, and masters the latest technology at an extremely rapid speed, to launch the motherboard and system equipped with the latest platform at the first time, and implement the strict requirements for the embedded application version control and long-term supply, and assist the customers in time-to-market, to guarantee consistency in product design.

B. Favorable factors for development vision

- With restrictions on labor, time and other costs, the industries are increasingly turning to the strategies of "integration of standardized products" or "outsourcing of ODM services" to develop the products or solutions. In addition to the market access through parallel promotion strategy of standard products (STD) and ODM, DFI can also quickly customize DEV for the standardized products, to copy and apply the experience of each other, effectively meet the customer's standardization and differentiation needs, and reduce the possibility of customer loss.
- With successful experience of a number of large industry leaders in the vertical market, DFI becomes the leader in the field of communication, factory automation and medical treatment with the top growth rate, and has established in-deep cooperation with the strategic partners, to create a solid solution supply chain, and achieve efficiency in development of new applications or new markets.

C. Adverse factors for development vision and solutions

- In addition to the global economic slowdown in the post-pandemic era, coupled with the decrease in consumer demand for information products due to the decrease in epidemic prevention intensity, many chip-based industries have too much inventory, but the problem of material surplus and shortage is persistent, and the chips of lower-level processes still are exposed to certain challenges in the smoothness of supply.
- Industrial computers have been stable and highly profitable products in previous years, but with the increase of competitors, information transparency and standardization of specifications, the value of products and their costs will be more and more strictly examined and compared. It indirectly caused the unhealthy competition means with low prices in the industry by integrating resources, such as the development of low-cost products (such as "semi-industrial control" products with technology level "higher than consumer products by less than industrial products"), and increase of revenue by sacrificing the gross profit margin, which are all hidden concerns for industrial development.
- Although DFI has been deeply laid a foundation in the vertical market in the past, DFI does not have any strategic promotion and operation in parallel expansion for various vertical applications. Thus, there is still a lot of space for expansion in the market volume. DFI has to mend the pace to catch up with the market leaders with long history in terms of marketing and product design including strategic alliance, and cross-application field.
- In industrial competition, it will fall back if no advance. It is the fastest shortcut to attract the customers to enhance R&D capacity, increase the market application and marketing efforts, and define more accurate product positioning. DFI gives priority to adjust the strategies under limit resources, focus on task allocation getting effect instantly, and deploy integrated market ideas, so as to consolidate the existing business and increase the application layout.

D. Countermeasures for post-epidemic era and economy slowdown crisis

- In the context of post-epidemic are in the world, industry upgrading and transformation has become a "new normal state". With gradual recovery of the industry, the industry and customer projects in various regional markets have been restarted in succession, and even the capital expenditures will be further increased to drive the overall development. On the other hand, COVID-19 has no impact on research and development of DFI, but accelerated the product positioning in the vertical application field. In addition to the social and commercial responsibilities to assist integration of vaccine transport vehicle, and align with the thermal manufacturers to respond to the quarantine needs, the Company does not rush to directly follow the quarantine related applications, but make a layout for the possible market trend after the epidemics.
- For example, the Company focuses on layout of the industrial automation, intelligent in-vehicle system, intelligent medical and public facilities, and communication facilities, internally integrates the network security products, electromechanical items and other related strengths of the Group, and aligns with the external cross-field leaders to solve the real demands in the commercial environment and daily life, develop products, and create more remarkable enterprise image and social value while maintaining the profitable position in the post-epidemic era.

Main product uses and production processes

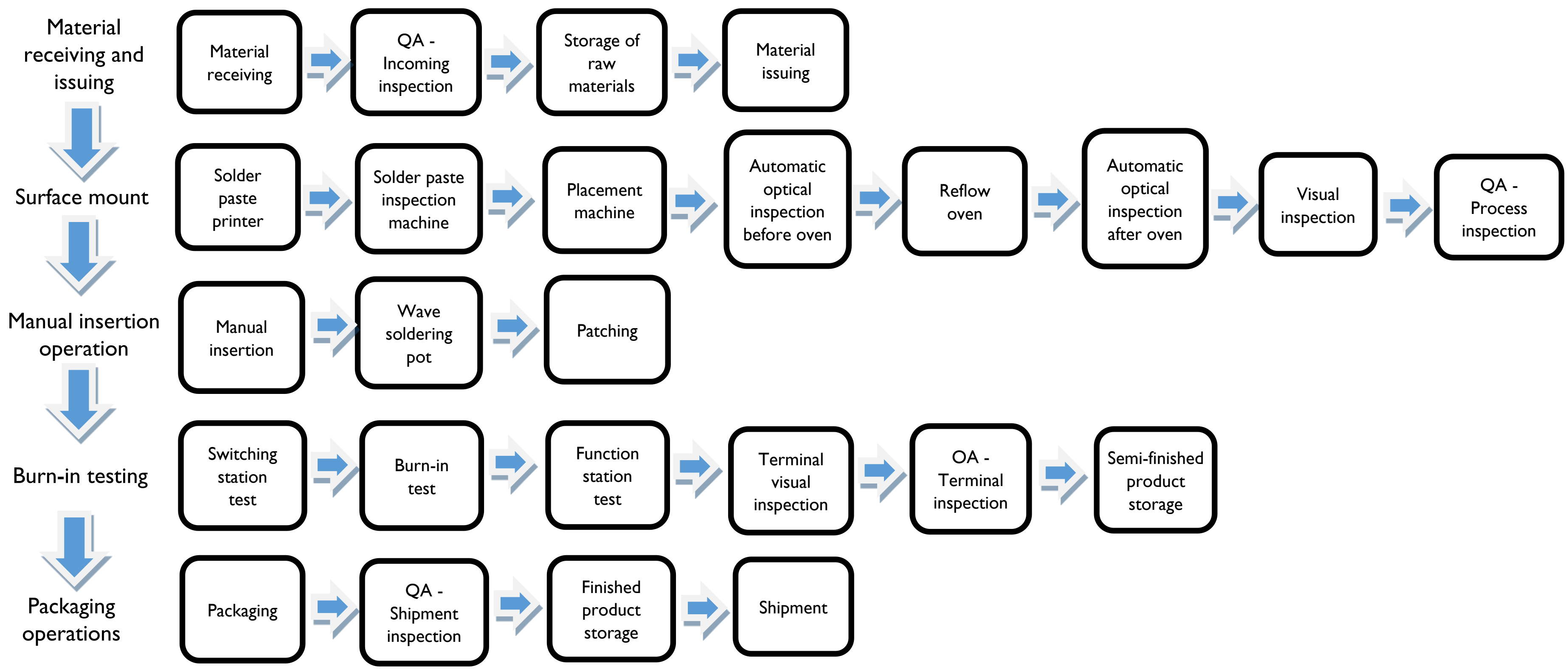
a. Important use of the main products:

The board cards for the industrial computers are mainly used to provide a "platform" for connection and operation of the relevant parts and components assembled in the industrial computer, and are the most indispensable component in the industrial computer system.

b. Production process of the main products:

DFI Process Flowchart

By Process



II. Data of employees during the most recent two fiscal years and up to the date of publication of the annual report

Year		2022	2021
Number of Employees	Director Labor	222	217
	Indirector Labor	504	454
	Total	726	671
Average Age		39.6	39.8
Average Service Year		6.3	6.9
Distribution of education backgrounds (%)	Ph.D.	0.0%	0.0%
	Master's	14.0%	17.0%
	Bachelor's	66.3%	67.1%
	Senior High School (Vocation School)	16.8%	12.8%
	Below Senior High School	2.9%	3.1%

Note: Listed as of December 31, 2022 only.

III. Environmental-protection expenditures

I. The total amount of losses (compensation included) and penalties was suffered due to environmental pollution during the past year and as of the data of publication of the annual report: None.

II. Current and Future Countermeasures (Measures for Improvement Included) and Possible Expenditures

There are no noise and wastewater in the Company's production process. It is expected that there will be no environmental pollution problem in the future product development. Energy management is planned to be incorporated ISO50001 third-party certification. Systematic management mode is used to confirm effective use of the energy. In terms of RoHS, the Company has purchased and updated production and testing equipment, and operated it normally; In terms of manufacturing process, the Company has passed the tests by the Electronic Industry Research Institute of the Industrial Technology Research Institute (QC080000) and audits by several international large companies (Green Product); In terms of suppliers, they have completed the certified qualification of prohibited substances and successfully supplied materials. The Company has completed registration for WEEE in several European countries, and has entrusted the local operators to recycle the future products.

In order to meet the international green product requirements, the Company has also cooperated with changes to the production environment and materials, and has passed ISO14001 (Validity Period: From 2022 to 2025), QC080000 (Validity Period: From 2021 to 2025) and Green Partner Certification in succession in 2007, to make contributions to environmental protection.

Environmental-protection expenditures concerned of the Company in the past two years:

Unit: NT$ 1000

Year	2022	2021
Environmental-protection expenditures	3,761	2,973

IV. Labor-capital relationship

(I) List the company's various employee welfare measures, further education, training, retirement system and implementations, as well as the labor-capital agreements and various protection measures for employee rights and interests.

1. Employee welfare measures

(1) Insurance and Healthcare

- Improve insurances: In addition to statutory labor, health and occupational insurance, the company also provides employee with group insurance (including accidents, accidental medical treatment, hospitalization, major diseases, cancer, occupational accidents, etc.).
- Healthcare: Annual health check-ups, on-site nurses, special physician on-site services, irregular health promotion activities (walking, lyric massage, body/mind growth lectures, etc.).

(2) Leisure benefits

- Welfare Committee: Line Points (birthday, Spring Festival, labor and Dragon Boat Festival), Mid-Autumn Festival gift boxes, occasional movie coupons and various subsidies (wedding and funeral, maternity, community activities, departmental dinners, etc.).
- Fun activities: Afternoon tea for birthday party, group family day, year-end party, occasional meal, occasional hiking, diverse clubs, gym.
- Social welfare: Various social welfare activities are held from time to time, such as blood donation activities, blind massage by visually-impaired massage therapists from social welfare institutions, group purchases to care for small farmer, mountain/beach cleaning activities, etc.

(3) Work environment

- Workplace environment: elegant and expansive air-conditioned plant and office environment, regular environmental testing, free coffee grinder, and breast milk room.
- Common spaces: snack bars, coffee bars, staff lounges, fruit bars, buffet restaurants.

(4) Others

- Leave system: two days off per week, national holidays superior to the provisions in Labor Standards Law, welfare leave for new hires.
- Shuttle bus: Taoyuan Factory provides free shuttle bus for employees.
- Overtime dinner: Free overtime dinner is provided.
- Flexible punch-in and punch-out times.
- Employee stock ownership trust: In addition to the provisions of Labor Standards Act and Labor Pension Act, the Company regularly allocates reserves to statutory accounts. In addition, a stock ownership trust committee was established, and all qualified colleagues can participate in the committee; employees and the company contribute to each other and share the value added of the shares due to price increase brought by the operating results, and employees are promoted to shareholder, which strengthen their cohesiveness and stimulate their efforts to contribute to improve operational performance.

2. Further education and training of employees

DFI attaches great importance to the training and development of employees. The training activities are mainly led and promoted by the human resources department, and the training center is set up to handle the training operations. Other departments are responsible for the specific implementation of the training plan; also, through the annual survey on demands , each department is requested to report the relevant needs for training courses, and the training center confirms the content of proposed needs, including the suitability of the curriculum items and the curriculum hours arrangement, and finally summarizes the information into the "Annual Training Plan" as the basis for implementation. At the end of the year, for the uncompleted courses in the annual training plan, the reasons for non-completion should be explained one by one item to ensure the implementation of the annual training plan.

In addition to organizing relevant training courses in accordance with the above annual training plan, it is also provided with diversified learning resources and tools to encourage employees to engage in learning activities with unlimited time, fields and forms in accordance with the Company's growth direction, organizational needs and personal performance requirements, and continuously improve work performance. The company has also introduced relevant internal and external resources, in addition to the introduction of Qisda Academy (eHRD) as a system platform for online learning for DFI employees, and held the lectures on different topics such as technology, life and public welfare shared by professionals invited by the Group from time to time, to encourage employees to learn new knowledge in various aspects, and looking forward to inspiring the infinite possibilities of their work and life. In addition, in order to express the importance of DFI's corporate social responsibility, the Hazardous Substance Process Management System (IECQ QC 080000) and occupational safety and health courses are also included as the mandatory courses for all employees.

In view of the company's future strategic development trend, we will continue to develop relevant courses, including but not limited to building expertise in key components, medical care, intelligent networking and other fields, providing the talents needed by the organization in the future, and maintaining the learning momentum to meet the needs of the company's development. In addition, the personal learning development of employees is closely related to the company's growth: in addition to helping to improve work performance, employees also has the opportunity to apply knowledge learned in life, generating upward and progressive forces for society. Therefore, the company encourages all colleagues to enroll in external courses to cultivate and enhance the ability of employees to help employees and the company, and further, to grow with the society.

In 2022, the "Employee Learning & Development Strategy" was developed, and it is expected to continuously expand the learning scope of all employee from "management functions", "professional functions", "self-development" and "onboarding".

- E-Learning

  In terms of the learning channels, the digitalization of training has been promoted from 2022, allowing employees to participates in diversified training courses in real time and without restrictions. Therefore, in addition to the physical courses, the Group also introduced Qisda Academy (eHRD) as a system platform for online learning for employees to participate in relevant training courses and studies in real time and flexibly. In 2022, we continued expansion of the online learning content, combined the original training resources and introduced the "CommonWealth Learning Online Video Courses", so that employees can use the fragmented time to watch videos and learn new knowledge on the platform.

- Problem Solving: Continuous Improvement Program (CIP)

  In conjunction with the Group's introduction of Six Sigma in 2018, we have developed the Continuous Improvement Program (CIP) to provide employees with the concepts and tools they need to improve their work performance. Through a series of curriculum designs, coupled with the implementation of projects under the Continuous Improvement Program (CIP), employees are assisted in translating the knowledge and skills learned in the courses into practical workflows.

3. Retirement system

From Jul. 1, 2005, Company has withdrawn not less than 6% of the monthly salary to the personal pension account of the labor insurance bureau for the new employees and the existing employees who chose to apply the new pension regulations in accordance with the decrees. Meanwhile, the Company continues maintaining the seniority under the old system for the existing employees who chose to apply the old pension measures and the existing employees who chose to apply the new pension measures, and withdraws appropriate amount of pension to the special account with Taiwan banks based on the pension payment standards under the original retirement measures. Peers who are transferred to the affiliated enterprises by the organization shall be entitled to continuous seniority and more benefit security, so as to achieve the Group's talent turnover purpose. Pension of the overseas subsidiary shall be withdrawn according to the regulations of the local government. Pension, medical and various social security funds shall be paid every month.

4. Protection measures for employee's personal safety and work environment, and implementation thereof

DFI regards the employees as the most important assets, and pay great importance to the work environment and safety of the employees. DFI expects to fulfill its social responsibility and move towards sustainability while growing up. The Company complies with relevant domestic laws and regulations related to the employee's personal safety and work environment protection, and promote the occupational safety and health management system (ISO45001), and passes certification. The relevant management is as follows: formulate and implement the safety and management plan, and regularly implement the operation environment monitoring, safety and health patrol inspection and audit, safety and health education and training, fire education and training; the Company facilitates four management plans: maternity protection, human factors engineering, unlawful infringement and abnormal work load. Every year, the Company will identify the safety and health hazards, and do the safety and health related things so as to improve the work environment, and safety and health performance.

In addition to protection of the safety of the work environment for the employee, health of the employee is also one of the management items. Every year, the Company will organize physical examination for the employees. The Company will remind the employees of any abnormal items in the form of Highlight and BBS based on the physical examination results, to assist the employees to know their physical conditions and provide subsequent medical advice and services. In the future, the Company will make continuous improvement through running of the occupational safety and health management system.

5. Code of Conduct for Employees

The Company has established the Integrity Handbook as the highest code of conduct for employees and regularly trained employees around the world through formal education and training courses, which covers "Conflicts of Interest", "Compliance with Regulations", "Trade Secrets and Company Assets" and "Involvement in Political Activities".

Employees of the Company shall comply with the following integrity declaration:

- We hold all ethical code according to the highest standards
- We respect both official laws and the company's regulations
- We must act with honesty in all our words and deeds.
- We strictly prohibit the abuse of privileges for illegal misconduct.
- We do our best to avoid being suspected for any tunneling.
- We will never engage in any violation of ethics.
- We will ask for help when we don't know how to choose.
- We will fully cooperate in the investigation of violations
- We will reported any illegal incidents discovered immediately.
- We will develop business partners based on our Integrity Handbook.

6. Other benefits

According to the law, employees can take maternity leave, paternity leave and parental leave, etc., the situation in 2022 is as follows:

Unpaid Parental Leave	Number of Males	Number of Females	Total
Number of employees who applied for parental leave in 2022 (A)	0	6	6
Employees who was expected to return to work from parental leave in 2022 (B)	0	3	3
Employees who actually returned to work from parental leave in 2022 (C)	0	3	3
Employees who actually returned to work from parental leave in 2021 (D)	1	0	1
Employees who were still in-service 12 months after returning to work from parental leave in 2021 (E)	0	0	0
Reinstatement Rate (C/B)	0%	100%	100%
Retention Rate (E/D)	0%	0%	0%

(II) List the losses arising out of labor disputes during the most recent fiscal year and up to the date of publication of the annual report and disclose the estimated amounts that may be incurred in the present and future and the countermeasures; if it is not possible to make a reasonable estimate, explain the fact that it cannot be reasonably estimated.

1. Losses arising out of labor disputes during the most recent fiscal year and up to the date of publication of the annual report: None.
2. Possible estimated amounts at present and in the future and solutions: None.

V. Important contracts

(I) As of the date of publication of this annual report, the important long-term loan contracts and technical cooperation contracts of the Company that are still valid and expired in the most fiscal year are listed as follows:

2022.04.01

Nature of the contract	Party to the contract	Effective date of the contract	Main contents	Restriction clause
Software authorization	Inysde Taiwan	2021.03.09-2023.03.09	NDA to share BIOS code between both of DFI/Juniper	None

VI. Litigation or non-litigation events

(I) Major litigation, non-litigation or administrative dispute events that have been adjudicated or are pending during the most recent two fiscal years and up to the date of publication of the annual report: None.

(II) Major litigation, non-litigation or administrative dispute events of the Company's directors, supervisors, President, and shareholders holding more than 10% of shares, and the affiliated companies that have been adjudicated or are pending during the most recent two fiscal years and up to the date of publication of the annual report: None.

Financial Overview

I. Concise balance sheet and consolidated income statement for the last five years

(I) International Financial Reporting Standard

Concise Consolidated Balance Sheet

Unit: NT$ 1000

Item \ Year		Financial data for the last five years (Note 1)				
		2022	2021(restated)	2020	2019	2018
Current assets		8,628,410	8,462,476	5,546,713	6,017,867	3,422,103
Property, Plant and Equipment		2,793,096	2,477,339	1,911,589	1,972,002	964,362
Intangible assets		1,121,027	974,453	113,770	129,325	13,262
Other Assets		601,787	479,673	511,932	512,569	322,420
Total Assets		13,144,320	12,393,941	8,084,004	8,631,763	4,722,147
Current liabilities	Before distribution	5,190,715	4,597,964	2,771,923	3,029,053	1,389,652
	After distribution	5,648,670(Note 2)	5,010,124	3,115,390	3,601,497	1,994,153
Non-current liabilities		2,128,815	2,267,694	278,442	241,912	115,706
Total Liabilities	Before distribution	7,319,530	6,865,658	3,050,365	3,270,965	1,505,358
	After distribution	7,777,485(Note 2)	7,277,818	3,393,832	3,843,409	2,109,859
Equity attributable to owners of parent company		3,247,431	3,057,279	2,975,103	3,194,797	3,216,789
Share capital		1,144,889	1,144,889	1,146,889	1,146,889	1,146,889
Capital surplus	Before distribution	608,586	655,744	679,735	679,644	673,775
	After distribution	608,586(Note 2)	609,948	656,837	679,644	673,775
Retained earnings	Before distribution	1,531,997	1,371,470	1,235,993	1,435,439	1,461,650
	After distribution	1,074,042(Note 2)	1,005,106	915,424	862,995	857,149
Other equity		(38,041)	(114,824)	(74,607)	(54,268)	(52,616)
Treasury shares		-	-	(12,907)	(12,907)	(12,909)
Non-controlling interests		2,577,359	2,450,694	2,058,536	2,166,001	
Total equity	Before distribution	5,824,790	5,528,283	5,033,639	5,360,798	3,216,789
	After distribution	5,366,835(Note 2)	5,116,123	4,690,172	4,788,354	2,612,288

Note 1: The financial data of the last five years has been audited by the CPAs. As of the date of publication of this annual report, there is no financial data for 2023 that has not been audited by the CPAs.
Note 2: Amount resolved at the board meeting dated Mar. 2, 2023.

Concise Consolidated Income Statement

Unit: NT$ 1000

Item \ Year	Financial data for the last five years (Note)				
	2022	2021(restated)	2020	2019	2018
Operating revenue	16,189,529	13,312,180	8,349,522	7,031,784	5,211,122
Gross Profit	3,281,875	2,542,170	2,109,099	1,994,172	1,540,791
Operating Income	731,193	526,612	648,125	783,787	781,647
Non-operating income and expenses	28,274	459,496	(34,448)	4,486	8,523
Net income before tax (loss)	759,467	986,108	613,677	788,273	790,170
Income from continuing operations	597,000	783,861	477,833	622,657	605,337
Profit or loss on discontinued operations	-	-	-	-	-
Net profit (loss) in the current period	597,000	783,861	477,833	622,657	605,337
Other comprehensive income/(loss) for the period (net after tax)	135,819	(42,113)	(27,971)	(8,548)	8,461
Total comprehensive income/(loss) for the period	732,819	741,748	449,862	614,109	613,798
Net income attributable to owners of the parent company	528,230	615,903	405,046	630,403	605,337
Net income attributable to non-controlling interests	65,376	166,335	72,787	(7,746)	-

Item \ Year	Financial data for the last five years (Note)				
	2022	2021(restated)	2020	2019	2018
Comprehensive income attributable to owners of the parent company	603,957	575,471	382,109	627,674	613,798
Comprehensive income attributable to non-controlling interests	125,468	164,654	67,753	(13,565)	-
Earnings per share (NT$)	4.61	5.38	3.54	5.51	5.28

Note: The financial data of the last five years has been audited by the CPAs. As of the date of publication of this annual report, there is no financial data for 2023 that has not been audited by the CPAs.

Concise parent company only balance sheet

Unit: NT$ 1000

Item \ Year		Financial data for the last five years (Note 1)				
		2022	2021(restated)	2020	2019	2018
Current assets		2,631,614	2,054,854	1,505,695	1,801,030	2,775,422
Funds and investments		2,975,611	3,145,141	2,196,984	2,021,692	809,901
Fixed assets		1,061,807	1,066,375	936,096	972,400	949,213
Intangible assets		12,655	10,522	7,256	7,257	13,262
Other Assets		248,986	227,480	87,883	91,229	112,317
Total Assets		6,930,673	6,504,372	4,733,914	4,893,608	4,660,115
Current liabilities	Before distribution	2,362,269	1,867,673	1,627,612	1,574,881	1,328,588
	After distribution	2,820,224(Note 2)	2,279,833	1,971,079	2,147,325	1,933,089
Other liabilities		1,320,973	1,559,110	131,199	123,930	114,738
Total Liabilities	Beforedistribution	3,683,242	3,426,783	1,758,811	1,698,811	1,443,326
	After distribution	4,141,197(Note 2)	3,838,943	2,102,278	2,271,255	2,047,827
Share capital		1,144,889	1,144,889	1,146,889	1,146,889	1,146,889
Capital surplus	Before distribution	608,586	655,744	679,735	679,644	673,775
	After distribution	608,586(Note 2)	609,948	656,837	679,644	673,775
Retained earnings	Before distribution	1,531,997	1,371,470	1,235,993	1,435,439	1,461,650
	After distribution	1,074,042(Note 2)	1,005,106	915,424	862,995	857,149
Other equity		(38,041)	(114,824)	(74,607)	(54,268)	(52,616)
Treasury shares		-	-	(12,907)	(12,907)	(12,909)
Total equity	Before distribution	3,247,431	3,077,589	2,975,103	3,194,797	3,216,789
	After distribution	2,789,476(Note 2)	2,665,429	2,631,636	2,622,353	2,612,288

Note 1: The financial data of the last five years has been audited by the CPAs. As of the date of publication of this annual report, there is no financial data for 2023 that has not been audited by the CPAs.
Note 2: Amount resolved at the board meeting dated Mar. 2, 2023.

Concise parent company only income statement

Unit: NT$ 1000

Year / Item	Financial data for the last five years (Note)				
	2022	2021(restated)	2020	2019	2018
Operating revenue	5,422,148	3,460,880	3,777,182	4,804,917	4,819,574
Gross Profit	1,075,694	662,185	939,852	1,245,733	1,217,521
Operating Income	431,808	86,891	392,528	671,090	672,886
Non-operating income and expenses	197,363	613,498	100,770	112,019	84,669
Net profit (loss) before tax	629,171	700,389	493,298	783,109	757,555
Income from continuing operations	531,624	617,526	405,046	630,403	605,337
Profit or loss on discontinued operations	-	-	-	-	-
Net profit in the current period	531,624	617,526	405,046	630,403	605,337
Other comprehensive income/(loss) for the period (net after tax)	75,727	(40,432)	(22,937)	(2,729)	14,109
Total comprehensive income/(loss) for the period	607,351	577,094	382,109	627,674	613,798
Net income attributable to owners of the parent company	528,230	615,903	405,046	630,403	605,337
Net income attributable to non-controlling interests	-	-	-	-	-
Comprehensive income attributable to owners of the parent company	603,957	575,471	382,109	627,674	613,798
Comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share (NT$)	4.61	5.38	3.54	5.51	5.28

Note: The financial data of the last five years has been audited by the CPAs. As of the date of publication of this annual report, there is no financial data for 2023 that has not been audited by the CPAs.

(II) Name and audit opinion of CPA during the most recent five fiscal years

Year	Name of Accountant	Audit Opinion
2018	Deloitte Taiwan: Ming-Hsin Zhou; Kei-Chang Wu	Unqualified opinion
2019	Deloitte Taiwan: Ming-Hsin Zhou; Shu-Chuan Yeh (Note 1)	Unqualified opinion
2020	Deloitte Taiwan: Shu-Chuan Yeh; Ming-Hsin Zhou	Unqualified opinion
2021	KPMG Taiwan: Hui-Chen Chang; Ching-Wen Kao(Note 2)	Unqualified opinion
2022	KPMG Taiwan: Hui-Chen Chang; Ching-Wen Kao	Unqualified opinion

Note 1: Due to internal business adjustment of Deloitte Taiwan, the CPAs were changed to Ming-Hsin Zhou and Shu-Chuan Yeh from Q3, 2019.

Note 2: In order to cooperate with the actual needs of the Company, CPAs Chang, Hui-Chen and Kao, Ching-Min from KPMG Taiwan are appointed for the purpose of audit since the second quarter of 2021 in accordance with Articles 20 and 29 of the Company Act.

II. Financial analysis during the most recent fiscal years

(I) International Financial Reporting Standard - Consolidated Financial Analysis

Analysis item / Year		Financial analysis for the last five years (Note 1)				
		2022	2021 (restated)	2020	2019	2018
Financial structure	Debt ratio (%)	55.69	55.40	37.73	37.89	31.88
	Ratio of long-term capital to property, plant, and equipment (%)	192.48	214.95	170.20	174.28	345.56
Debt paying ability	Current ratio (%)	166.23	184.05	200.10	198.67	246.26
	Quick Ratio (%)	85.37	98.98	130.90	126.57	173.36
	Interest coverage ratio (times)	13.38	40.80	41.43	84.18	-
Operation capacity	Accounts receivable turnover ratio (times)	5.61	5.47	4.00	4.38	6.07
	Average days for cash receipts	65.06	66.72	91.25	83.33	60.13
	Inventory turnover ratio (times)	3.23	3.75	3.09	3.19	4.11
	Accounts payable turnover ratio (times)	5.87	6.20	4.43	3.91	4.56
	Average days for sale of goods	113.00	97.33	118.12	114.42	88.81
	Property, plant and equipment turnover ratio (times)	6.14	6.03	4.30	4.79	6.71
	Total assets turnover ratio (times)	1.27	1.30	1.00	1.05	1.17
Profitability	Return on assets (%)	5.05	7.82	5.86	9.44	13.64
	Return on equity (%)	10.52	14.81	9.19	14.52	19.17
	Ratio of income before tax to paid-in capital (%)	66.34	86.13	53.51	68.73	68.90
	Net profit margin (%)	3.69	5.89	5.72	8.85	11.62
	Earnings per share (NT$)	4.61	5.38	3.54	5.51	5.28
Cash Flows	Cash flow ratio (%)	11.98	(22.47)	18.13	52.88	79.18
	Cash flow adequacy ratio (%)	36.13	34.28	84.46	86.33	92.39
	Cash reinvestment ratio (%)	2.91	(19.02)	(1.30)	17.37	17.94
Leverage	Operating leverage	1.71	1.75	1.43	1.29	1.12
	Financial leverage	1.09	1.05	1.02	1.01	1.00

Note: The financial data of above-mentioned years has been audited by the CPAs. As of the date of publication of this annual report, there is no financial data for 2023 that has not been audited by the CPAs.

(II) International Financial Reporting Standards - Parent Company Only Financial Analysis

Analysis item \ Year			Financial analysis for the last five years (Note 1)				
			2022	2021 (restated)	2020	2019	2018
Financial structure	Debt ratio (%)		53.14	52.68	37.15	34.71	30.97
	Ratio of long-term capital to property, plant, and equipment (%)		430.25	434.81	331.84	341.29	350.98
Debt paying ability	Current ratio (%)		111.40	110.02	92.51	114.36	208.90
	Quick Ratio (%)		66.12	46.90	60.87	74.11	147.41
	Interest coverage ratio (times)		24.15	61.91	136.08	578.09	-
Operation capacity	Accounts receivable turnover ratio (times)		6.21	5.03	4.73	5.01	5.27
	Average days for cash receipts		58.78	72.56	77.17	72.85	69.26
	Inventory turnover ratio (times)		3.92	3.34	5.03	4.97	5.11
	Accounts payable turnover ratio (times)		5.25	4.00	3.76	3.87	4.85
	Average days for sale of goods		93.11	109.28	72.56	73.44	71.43
	Property, plant and equipment turnover ratio (times)		5.13	3.25	4.04	4.94	5.08
	Total assets turnover ratio (times)		0.79	0.53	0.80	0.98	1.03
Profitability	Return on assets (%)		8.17	11.10	8.47	13.22	13.81
	Return on equity (%)		16.70	20.29	13.13	19.66	19.17
	As a percentage of paid-in capital (%)	Operating Income	37.72	7.59	34.23	58.51	58.67
		Income before tax	54.95	61.18	43.01	68.28	66.05
	Net profit margin (%)		9.71	17.80	10.72	13.12	12.56
	Earnings per share (NT$)		4.61	5.38	3.54	5.51	5.28
Cash Flows	Cash flow ratio (%)		10.54	(16.81)	19.05	82.15	81.73
	Cash flow adequacy ratio (%)		63.89	65.14	98.40	104.91	95.29
	Cash reinvestment ratio (%)		3.74	(14.74)	(8.56)	18.79	16.47
Leverage	Operating leverage		1.47	2.28	1.29	1.15	1.11
	Financial leverage		1.10	1.20	1.00	1.00	1.00

Note: The financial data of above-mentioned years has been audited by the CPAs. As of the date of publication of this annual report, there is no financial data for 2023 that has not been audited by the CPAs.

The formula for calculation is as follows:

1. Financial structure
   (1) Debt-asset ratio = Total liabilities/Total assets.
   (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities)/net amount of property, plant and equipment.

2. Debt paying ability
   (1) Current ratio = Current assets/Current liabilities.
   (2) Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liabilities.
   (3) Times interest earned ratio = Earnings before interest and taxes/Interest expenses of the period.

3. Operation capacity
   (1) Receivables turnover rate (including accounts receivable and bills receivable from business activities) = Net sales/Balance of average receivables of each period (including accounts receivable and bills receivable from business activities).
   (2) Average days for cash receipts = 365/ receivables turnover.
   (3) Inventory turnover rate= Cost of sales/Average inventory.
   (4) Payables turnover rate (including accounts payable and bills payable from business activities) = Cost of sales/Balance of average payables of each period (including accounts payable and bills payable from business activities).
   (5) Average days for sale of goods = 365/Inventory turnover.

(6) Property, plant, and equipment turnover ratio = net sales/average net amount of property, plant and equipment.
(7) Total asset turnover rate = Net sales/Average total assets.

4. Profitability
   (1) Asset return ratio = (Profit or loss after tax + Interest expenses × (1 - tax rate))/Average total assets.
   (2) Return on equity = after-tax profit or loss/total of average equity.
   (3) Net profit ratio = Profit or loss after tax/Net sales.
   (4) Earnings per share = (profit or loss attributable to owners of the parent company - preference dividend)/weighted average issued shares.

5. Cash Flows
   (1) Cash flow ratio = Net cash flows from operating activities/Current liabilities.
   (2) Net cash flow sufficiency ratio = Net cash flow from operating activities for the most recent five years/(Capital expenditures + Inventory increment + Cash dividends) for the most recent five years.
   (3) Cash reinvestment ratio = (net cash flows from operating activities - cash dividends) / (gross amount of property, plant and equipment + long-term investments + other non-current assets + working capital).

6. Leverage:
   (1) Operating leverage = (net operating revenue - variable operating costs and expenses) / operating income.
   (2) Financial leverage = Operating income/(Operating income - Interest expenses).

III. Audit Report of the Audit Committee

Audit Report of the Audit Committee

The Certified Public Accountants entrusted by the Board of Directors, Chang, Hui-Chen and Kao, Ching-Min of KPMG Taiwan, jointly issued the audit report on the 2022 financial statements prepared by the Board of Directors of the Company. The foregoing financial statements, business report, audit report and earnings distribution proposal have been examined by the Audit Committee, and are founded to be in conformity with the provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. This report is hereby submitted for your reference.

Yours Sincerely
The 2023 Annual General Shareholders' Meeting of DFI Inc.

Audit Committee Convener: Kuang-Jen Chou

March 2, 2023

IV. Consolidated financial report for the most recent fiscal year and the auditor's report: Please refer to Appendix I (P100)

V. Individual financial report for the most recent fiscal year and the auditor's report: Please refer to Appendix II (P202)

VI. Financial difficulties of the Company and its affiliated companies, if any, during the most recent fiscal year and up to the date of publication of the annual report, and its impact on the Company's financial position: None

Review and Analysis of Financial Position & Performance and Risks

I. Financial position

Financial Position Comparison and Analysis Table

Unit: NT$ 1000

Item \ Year	2022	2021(restated)	Difference	
			Amount	%
Current assets	8,628,410	8,462,476	165,934	2%
Non-current assets	4,515,910	3,931,465	584,445	15%
Total Assets	13,144,320	12,393,941	750,379	6%
Current liabilities	5,190,715	4,597,964	592,751	13%
Non-current liabilities	2,128,815	2,267,694	(138,879)	-6%
Total Liabilities	7,319,530	6,865,658	453,872	7%
Share capital	1,144,889	1,144,889	-	0%
Capital surplus	608,586	655,744	(47,158)	-7%
Retained earnings	1,531,997	1,371,470	160,527	12%
Other equity	(38,041)	(114,824)	76,783	-67%
Treasury shares	-	-	-	-
Non-controlling interests	2,577,359	2,450,694	126,665	-5%
Total shareholders' equity	5,824,790	5,528,283	296,507	5%
Analysis of the increase and decrease in the ratios in the last two years: 1. Increase in current liabilities is mainly due to the increase in short-term borrowings.				

II. Financial Performance

Comparative Analysis of Financial Performance

Unit: NT$ 1000

Item \ Year	2022	2021(restated)	Amount of increase (decrease)	Change (%)
Net operating revenue	16,189,529	13,312,180	2,877,349	22%
Operating costs	12,907,654	10,770,010	2,137,644	20%
Gross Profit	3,281,875	2,542,170	739,705	29%
Operating expenses	2,550,682	2,015,558	535,124	27%
Net operating income	731,193	526,612	204,581	39%
Non-operating income and expenses	28,274	459,496	(431,222)	94%
Net profit before tax	759,467	986,108	(226,641)	-23%
Income tax expense	162,467	202,247	(39,780)	-20%
Net profit in the current period	597,000	783,861	(186,861)	-24%
Analysis of the increase and decrease in the ratios: The decrease in net profit after tax is mainly due to the gain on disposal of assets recognized in the sale of plant in the last year.				

III. Cash Flows

(I) Changes in consolidated cash flows in 2022

Unit: NT$ 1000

Opening balance of cash in 2021	Cash inflow (outflow) in 2022	Cash surplus (deficit)
1,549,815	140,659	1,690,474

(II) Analysis on changes in consolidated cash flows in 2022

Unit: NT$ 1000

	2022	2021 (Restated)	Change by amount	Change %
Net cash flows from operating activities	622,021	(1,033,047)	1,655,068	-160%
Net cash flows from investing activities	(291,028)	(540,814)	249,786	-46%
Net cash flows from financing activities	(332,808)	1,242,287	(1,575,095)	127%

1. Operating activities: mainly due to net cash inflows from increased operating growth in the current year.
2. Investing activities: mainly due to the net cash outflow for the acquisition of property, plant and equipment in 2021.
3. Financing activities: mainly due to the net cash outflow from repayment of loans in the current year.

(III) Improvement plan for insufficient liquidity: No cash shortfall.

(IV) Liquidity analysis of cash in the next year: On the premise of maintaining stable cash liquidity, the Company will measure the financial market conditions and make prudent planning based on the cash balance on the books and the cash flows from the operating and investment activities.

IV. Impact of significant capital expenditures of the most recent fiscal year on the financial business

(I) Application of significant capital expenditures and capital source: None.

(II) Expected possible earnings: None.

V. Main reasons for reinvestment policies and profit or loss in the most recent fiscal year, and its improvement plan and the investment plan for the next year

The Company's reinvestment policy is in line with the Company's business development strategy and the operational needs. In 2022, the Company made profits from reinvestment in the subsidiary, amounting NT$177,345,000. In the coming year, the Company will continue focus on the business development and long-term strategic investment related to the industry, and continue to carefully evaluate the reinvestment plan.

VI. Risk Management

(I) Risk Management Policies and Procedure:

On March 2, 2023, the Company revised the Risk Management Policy and Procedure, which has been approved by the Board of Directors as the highest guiding principle of the Company's risk management. In accordance with the Company's risk management policy, a Risk Management Committee was established and risk management procedures were formulated to produce risk radar maps based on risk identification, risk analysis and risk assessment steps to identify relevant risks that may affect the sustainable development of the Company.

(II) Scope of Risk Management:

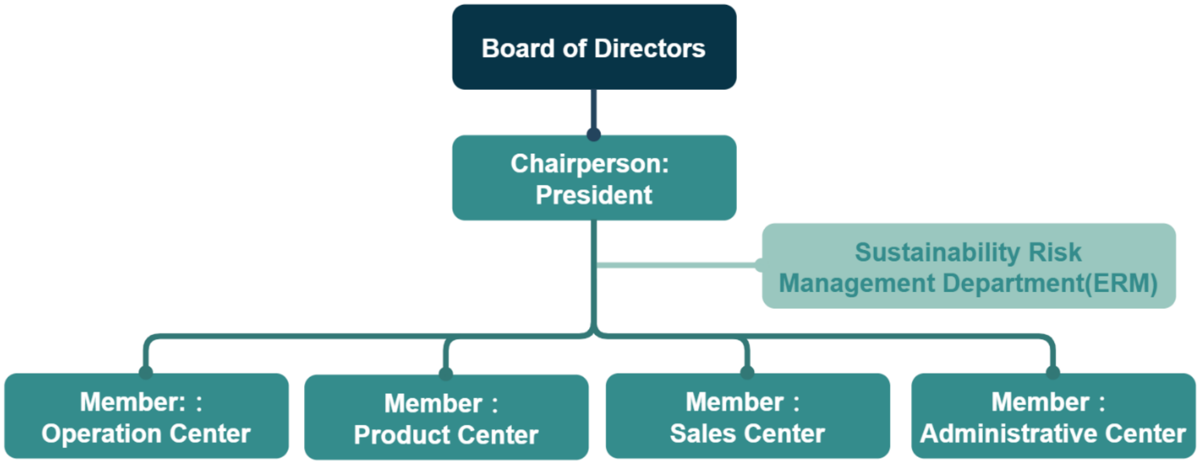
The risk management system that focuses on corporate governance and risk transfer planning include strategic, financial, operational and hazard risks, which are managed by the Risk Management Committee. The Company's risk management policies and procedures are clearly defined to effectively manage risks that exceed the Company's risk tolerance and to use risk management tools to optimize the total cost of risk management.

1. Commitment to continue to provide products and services to create long-term value for customers, shareholders, employees and the society.
2. Risk management requires systematic risk management procedures and organizations to identify, evaluate, handle, report and monitor timely and effective significant risks affecting the viability of the company, and to enhance the risk awareness of all employees.
3. Risk management is not the pursuit of "zero" risk, but the pursuit of maximum benefits to optimize the cost of risk management in the context of acceptable risks.
4. Risks should be identified and controlled before the accident occurs, losses should be suppressed when the accident occurs, and the supply of products and services should be quickly restored after the accident. A Continuity of Operations Management Plan and Emergency Response Handbook are developed and regularly updated for major risk scenarios identified by the Risk Management Committee.
5. For risks that do not exceed the risk tolerance, the risk management costs should be considered and different management tools should be used to deal with them, except for the following cases.
   - It has negative impacts on the safety of employees.
   - Causes violations of laws and regulations.
   - It has negative impacts on the company's reputation.

(III) Organization and Structure:

In 2020, the Company consolidated the risk management divisions into a management committee, with the general manager as the chairman, the supervisor of Sustainability Risk Management Department as the director-general; and the head of the first-level departments of the company as the member. After referring to major internal and external events and external professional reports, the Director-General of Sustainability Risk Management Committee regularly identifies, evaluates, handles, reports and monitors the risks that may have a negative impact on the Company's operational objectives on an annual basis according to the four major risk categories (strategy, finance, operations and hazards), reports the risk exposure situation and risk identification to the Risk Management Committee on an annual basis, and regularly reports the risk assessment situation and risk management operation of the previous year to the Audit Committee and the Board of Directors in the first quarter of each year.

Organization of Risk Management Committee



(IV) Operations:

The Company actively promotes the implementation of the risk management mechanism, holds Risk Management Committee meetings regularly and reports to the Audit Committee and the Board of Directors on its operation once a year. The main operations in 2022 are as follows:

The Sustainability Risk Management Committee of the Company reports the "Risk Management Work Report" at the beginning of each year, and reports to the committee chairman on January 18, 2023. The report includes a summary of the previous risk management matters, with a total of 22 risks under control, in which the operational risk accounts for 64%, financial risk 9%, strategic risk 23% and hazard risk 4%. The risks faced by the Company in 2023 has also been assessed, including the risk environment, risk management priorities, risk assessment and countermeasures; the assessment indicates there are 27 risks to be controlled in 2023, in which the operational risk accounts for 59%, financial risk 11% , strategic risk 30%; the operations implemented by the Risk Management Committee of the Company have been reported to the Audit Committee and the Board of Directors on March 2, 2023, including the assessment of risk factors, the risk control measures adopted and the operation of risk management.

VII. Risk matters to be analyzed and evaluated

(I) Impact of interest and exchange rate changes, and inflation on the Company's profit or loss, and future countermeasures:

1. Impact of interest rate changes in the most recent fiscal year on the company's profit or loss and future countermeasures

   The bank loans of the Company and the subsidiaries are subject to the floating interest rate. Countermeasures taken by the Company and the subsidiary against the interest change risks include regular evaluation on the loan interest rate of bank in each currency, maintenance of good relationship with the financial institutions, to obtain lower financing costs, and cooperation with the working capital management method to reduce interdependence on the bank loans, and disperse the interest change risks.

2. Impact of exchange rate changes of the most recent fiscal year on the company's profit or loss and future countermeasures

   As the Company's export transactions are mainly presented in USD, any changes to the exchange rate will have certain impact on the Company's profits. The following countermeasures are taken for any possible exchange risks from USD amounts:

(1) The financial department will keep contact with the financial institutions and collect real-time exchange rate information based on the international political and economic situation and development, in order to fully master the exchange rate trend.

(2) The Company executes the forward foreign exchange contracts and the exchange rate swap contract to control the exchange rate risks arising from net foreign-currency amounts of the incurred sales and purchases. In addition to estimation of the future trend of the exchange rate to maintain appropriate foreign currency position for future foreign currency payment, the Company also settles and sells the foreign currency net position as appropriate to reduce the impact of exchange rate change on the Company.

(3) The Company has formulated express foreign exchange operation strategies, and strictly controls the process. The Company has signed the forward foreign exchange contracts with the financial institutions to avoid the risks, but not make profits through active operation.

3. Impact of inflation on the company's profit or loss and future countermeasures:

In response to the price rising in the recent years, the Company and the subsidiaries will still pay close attention to the situation of inflation, adjust the product selling price and the inventory as appropriate to reduce impact of inflation on the Company and the subsidiary, and sign purchase contracts with the major raw material manufacturers.

(II) Policies regarding high-risk and high-leverage investments, loans to others, endorsement and guarantee, and derivative commodity trade, reasons for profit or loss, and future countermeasures.

The Company and its subsidiaries have always adhered to the policy of not engaging in high-risk and high-leverage investments. Risk avoidance is the strategy of the derivative commodity trade. The Company never engages in speculative trade.

In 2022, the Company and its subsidiaries engaged in derivative commodity trade on a risk-averse basis, and did not have any relevant operating risks. In the future, the Company will continue engaging in derivative commodity trade on the principles of avoiding risks from exchange rate and interest rate fluctuations, and continue regularly evaluating the foreign exchange and its risks to reduce the Company's operating risks.

Forward foreign exchange contracts and exchange contracts of the Company and the subsidiaries are mainly designed to avoid the risks arising from exchange rate fluctuation of the assets or liabilities in foreign currencies. The derivative financial commodities that are highly negatively correlated with the change in fair value of the risk-averse projects are regarded as the risk-averse tools, and will be regularly evaluated. As the risk-averse accounting conditions are not met, the above items are classified as financial assets or liabilities at FVTPL.

When the Company and its subsidiaries lend capital to others, provides endorsement and guarantee, or engages in derivative commodity trade, in addition to compliance with the relevant operation procedures, the Company shall also make announcement regularly according to the relevant rules of the competent authorities. Up to the date of publication of the annual report, loans to others and endorsement of the Company and its subsidiaries are only targeted at the Company and its subsidiaries.

(III) Future R&D plan and estimated investments in R&D expenses:

1. Future R&D plan:

- Industrial computer motherboards
- Embedded computer module
- Industrial system
- Application field system
- Industrial tablet PC
- Intelligent in-vehicle systems and tablets
- Intelligent medical systems and tablets

2. Estimated investments in R&D expenses: about 5% of the turnover; in the future, adjustment will be made based on the global industry development trend and the Company's actual operation status.
3. Estimated time of achieving the mass production: It is expected that mass production will be achieved in 2023.
4. Main influence factors for success of the future research and development:

   With years of experience, the Company has fully grasped the technology trend and have strong ability of integration and the ability to cope with the future technology changes. In addition to continuous and active recruitment of professionals and cultivation of senior technical talents, the Company also cooperates with the institutions that have know-how through projects. It is the main factor for the Company's success in the future research and development.

(IV) Impact of changes to domestic and foreign important policies and laws, and countermeasures.

The Company's relevant units always pay close attention to and grasp the policies and decrees that might affect the Company's operation, and cooperates to adjust the Company's internal systems to guarantee smooth operation. There have been no significant impact of the changes to the domestic and foreign important policies on the Company's financial affairs in the recent years.

(V) Impact of changes to technology and industry on the Company's financial affairs and countermeasures.

The information industry is always changing and fast. Over the years, the Company has been making changes to the products and strategies in response to the industry evolution, to find the opportunities for growth and making profits. The Company has made profit every year for many years. The management team has adapted well to the changes in technology and industry, which has no significant impact on the Company's financial affairs.

(VI) Impact of change to enterprise image on the enterprise crisis management, and countermeasures.

The Company adheres to going concern on the principle of integrity and stability, attaches importance to the corporate image, and continues improving the quality management ability. In order to perfect the Company's governance and strengthen the relevant functions of the Board of Directors, the Company has established the Remuneration Committee in March 2012 assisting the Board of Directors to exercise the remuneration management function, and has appointed 3 independent directors on Dec. 28, 2017 in accordance with the provisions of Article 14-2 of the Securities and Exchange Act. Thus, there have been no significant changes to the corporate image of the Company, nor any reports adverse to the corporate image in the most recent fiscal year and up to the date of publication of the annual report. There is no danger of such crisis.

(VII) Expected benefits, possible risks and countermeasures of acquisition.

There are no ongoing mergers and acquisitions, so there are no benefits or risks.

(VIII) Expected benefits, possible risks and countermeasures of expansion of factories.

The main focus of the company and its subsidiaries at the current stage with regard to the plant and equipment is to make full use of the existing production capacity and give full play to the maximum economic scale, so there is no high demand for expansion of the plant in the short term.

(IX) Risks arising from centralized purchases or sales, and countermeasures.

The Company's main domestic and foreign raw materials suppliers and customers are scattered, and the Company has established long-term and stable cooperation relationship with them. Thus, there are no problems and risks from over-concentration of purchases and sales. The Company keeps track of the payment status of the customers, and controls it through the insurance company to protect the Company's interest.

(X) Impact and risks of substantial equity transfer or replacement of the directors, supervisors or shareholders holding more than 10% of shares in the Company on the Company.

There is no substantial equity transfer or replacement of the directors.

(XI) Impacts and risks of changes in the management power on the company.

It is inapplicable as there is no substantial changes to the Company's Board of Directors and management team.

(XII) The Company shall list the significant litigation, non-litigation or administrative dispute events that have been adjudicated or are pending in relation to the Company and its directors, supervisors, President, actual responsible person, shareholders holding more than 10% of shares, and affiliated companies. If the results might have significant influence on the shareholders' equity or securities price, please disclose the dispute facts, the amount of the subject matter, the commencement date of the litigation, the main parties involved, and the actions taken up to the date of publication of the annual report.

Up to the date of publication of the annual report, there are no other significant litigation, non-litigation or administrative dispute events that have been adjudicated or are pending and of which the results might have significant influence on the shareholders' equity or securities price.

(XIII) Other important risks and countermeasures:

1. Information Security Management Structure

    (1) The Information Division is responsible for the Company's information security management, planning, executing and promoting the information security management related matters, and intensifying the information security awareness of all peers.

    (2) The Audit Division is responsible for the Company's information security audit. In case of any missing at the time of audit, the audited unit shall propose the relevant improvement plan, and regularly trace the improvement effect to reduce the information security risks.

    (3) Facilitate implementation, effective operation and continuous improvement of the Company's information security management, and protect the confidentiality, integrity and availability of the Company's core information system, so as to achieve the goal of sustainable operation.

2. Information Security Management Policy

    In order to maintain effective operation of the Company's information management system, and maintain the confidentiality, integrity and availability of the important information system, the Company's information security management policy is composed of the following three aspects.

    (1) Establishment of system: formulate the Company's information security management code and comply with the internal and external laws and decrees.

    (2) Use of equipment: build and acquire the relevant security management devices, and implement the information security management measures.

    (3) Education and training: organize information security education and training for the personnel, and strengthen the information security awareness of all employees.

3. Information Security Management Measures

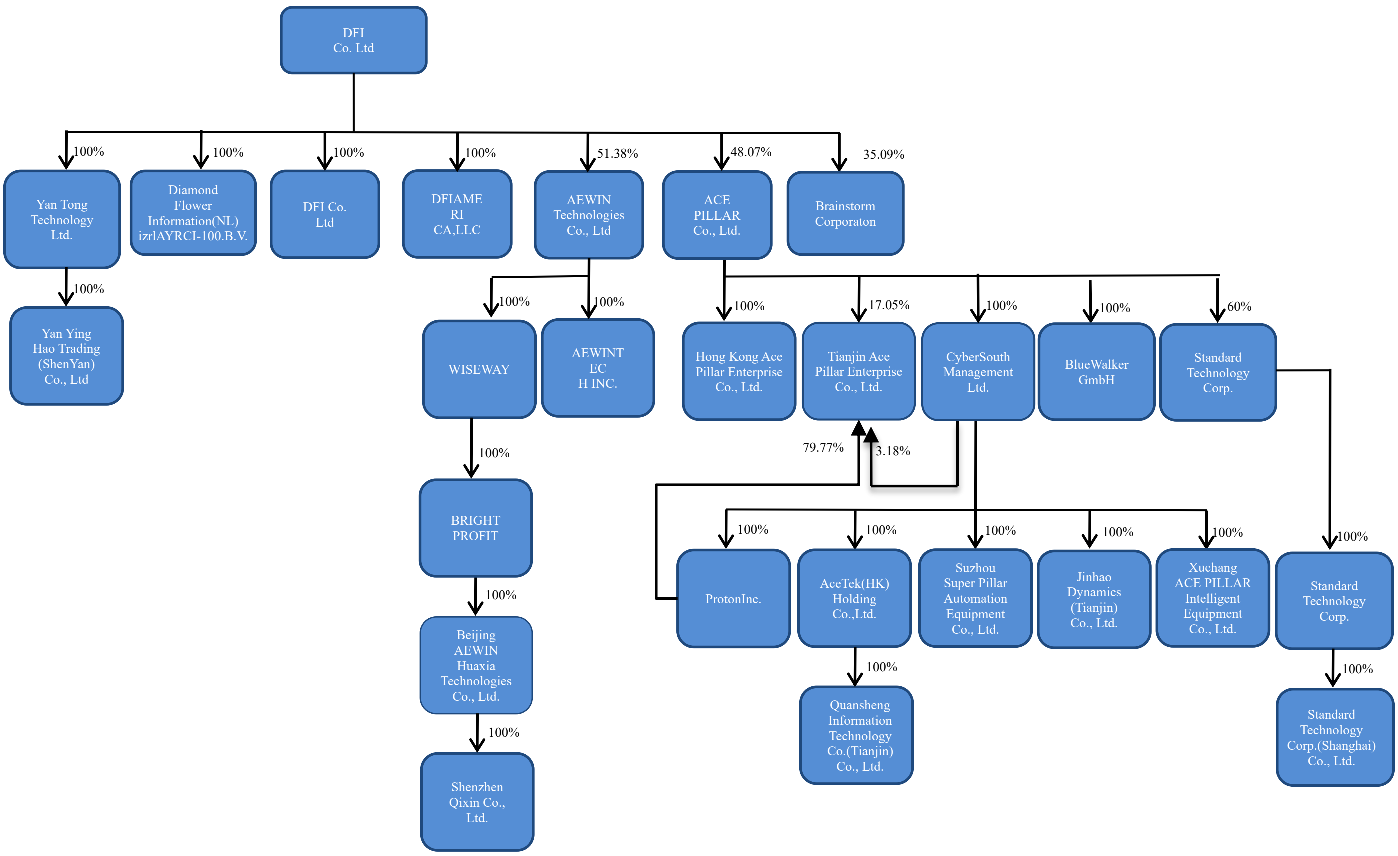
Type	Description	Relevant operation
Authority management	Personnel account, authority management and system operation management measures	1. Personnel account authority management and audit 2. Periodic review of personnel account authority
Access control	Measures for control on personnel's access to the internal and external systems and data transmission	1. Internal/ external access control measures
External threat	Potential security weakness and vulnerabilities of the information system, and the corresponding protective measures	1. Receive the external latest information security threats 2. Regularly detect and remedy the information system vulnerability 3. Regularly update the computer virus protection and virus code
Availability	Availability status of information services and measures to deal with service interruption	1. Mechanism for monitoring and notification of the availability status of the network and system 2. Countermeasures for information service interruption 3. Regular data backup mechanism 4. Regular disaster recovery drills
Information security awareness	Deepen the information security awareness of all peers, cooperate with the regular drills, and intensify the information security	1. Regularly implement the information security use advocacy 2. Regularly implement the network social engineering drills

VIII. Other important matters: None

Special Notes

I. Relevant data and information of the affiliated enterprises

(I) Organization chart of the affiliated enterprise



Note: Acquired AEWIN Technologies Co., Ltd. in March 2019, acquired ACE PILLAR CO., LTD. in October 2019 and acquired Brainstorm Corporation in May 2021; the subsidiary ACE PILLAR CO., LTD. acquired Standard Technology Corp.in March 2022, acquired BlueWalker GmbH in April 2022, and acquired 100% equity of ACE Energy Co., Ltd., a subsidiary of Qisda Corporation, by cash on July 1, 2022. The above transaction is an organizational reorganization under common control and shall be deemed to have been acquired from the beginning. The information of the organization chart of the above affiliates is updated as of December 31, 2022.

(II) Summary of organization of the affiliated enterprises

1. Development history of each affiliated company

(1) DFI Inc. (parent company) is a listed company incorporated in 1981, has engaged in manufacturing and sale of computer motherboards since 1997, and has entered design, manufacturing and sale of industrial computers since 2002.

(2) Diamond Flower Information (NL) B.V. is the former subsidiary of Diamond Flower Service (NL) B.V. On Dec. 28, 2011, the above two companies were merged, and the later was the surviving company, and was renamed as Diamond Flower Information (NL) B.V.

(3) DFI Co.,Ltd. was previously a shareholder of DFI established in 2004, and was mainly responsible for developing the Japanese industrial computer market for DFI. YouTong purchased 100% of the shares from this shareholder in October 2006.

(4) DFI-ITOX,LLC is a subsidiary that engages in industrial computer marketing in the United States. The Company previously held 34.23% of equity in DFI-ITOX,LLC , and fully repurchased the rest of shares in December 2007, holding 100% of shares. This subsidiary was renamed as DFI AMERICA, LLC. in May 2019.

(5) Yan Tong Technology Ltd. is a new investment company added in February 2008, and is mainly to integrate the subsidiary investments.

(6) Yan Ying Hao Trading (ShenYan) Co., Ltd. is a sub-subsidiary founded and established in August 2014, and is mainly a sales outlet in China.

(7) AEWIN Technologies Co., Ltd. was acquired in March 2019.

(8) ACE PILLAR CO., LTD. was acquired in October 2019.

(9) Brainstorm Corporation was acquired in May 2021.

2. Details of relationship between the companies controlled by the affiliated enterprises and the subsidiary company

Company Name	Controlled (subsidiary)	Controlled (subsidiary)	Business activities and division of labor of the affiliated enterprises
Diamond Flower Information (NL)B.V.	Subsidiary company	Control by holding shares	Assistance in development of the industrial computer market in Europe
DFI Co.,Ltd.	Subsidiary company	Control by holding shares	Assistance in development of the industrial computer market in Japan
DFI AMERICA, LLC..	Subsidiary company	Control by holding shares	Assistance in development of the industrial computer market in the United States
Yan Tong Technology Ltd.	Subsidiary company	Control by holding shares	Consolidation of the parent company's investments
Yan Ying Hao Trading (ShenYan) Co., Ltd	Subsidiary company	Control by holding shares	Assistance in development of the industrial computer market in Mainland China
AEWIN Technologies Co., Ltd.	Subsidiary company	Control by holding shares	Cybersecurity Marketplace
ACE PILLAR Co., Ltd.	Subsidiary company	Control by holding shares	Factory automation
Brainstorm Corporation	Subsidiary company	Control by holding shares	Accelerate the growth in the US market

Note: Details of the affiliates of the Company's subsidiaries AEWIN Technologies Co., Ltd. and ACE PILLAR Co., Ltd. is set out in the company's 2022 Annual Report.

3. General information of the affiliated enterprises

Company Name	Date of Incorporation	Address	Paid-in Capital	Principal Activities or Production Project
Diamond Flower Information (NL)B.V.	2000.10.24	Klompenmakerstraat 89, 3194 DD Rotterdam Hoogvliet, The Netherlands	1,632	Sales of industrial computers
DFI Co.,Ltd.	2002.07.01	5F Dai2 Denpa Bldg. 2-14-10 Sotokanda Chiyoda-ku, Tokyo, 101-0021, Japan	88,430	Sales of industrial computers
DFI AMERICA, LLC..	1987.12.01	197 Route 18 South , STE 108 East Brunswick, NJ 08816, U.S.A.	77,176	Sales of industrial computers
Yan Tong Technology Ltd.	2002.04.25	2nd Floor, Felix House, 24 Dr. Joseph Riviere Street, Port Louis, Mauritius	107,198	Reinvestments
Yan Ying Hao Trading (ShenYan) Co., Ltd	2014.06.04	Room 1819, 18F, Hongyu Building, Longguan Road, Shidouling,Yucui Community, Longhua Street, Longhua District, Shenzhen	15,393	Sales of industrial computers
AEWIN Technologies Co., Ltd.	2000.10.24	32F, No.97, Sec.1, Xintai 5th Rd, Xizhi Dist., New Taipei City	591,231	Design, manufacturing and sale of industrial computers
ACE PILLAR Co., Ltd.	1984.03.31	12F, No.558, Zhongyuan Rd, Xinzhuang District, New Taipei City	1,122,505	Sales and purchase of transmission mechanical components
Brainstorm Corporation	2005.08.19	1620 Proforma Avenue, Ontario CA 91761. United States	422,825	Computer components

Note: General information of the affiliated enterprises of the Company's subsidiaries AEWIN Technologies Co., Ltd. and ACE PILLAR Co., Ltd. is set out in the company's 2022 Annual Report.

(III) Information of the same shareholder of the persons presumed to have control and affiliation: None.

(IV) Industries covered by the business operations of affiliates (explain the division of labor between them):

1. Diamond Flower Information (NL) B.V. was established for the purpose of establishing a sales office for industrial computers in Europe.
2. DFI Co., Ltd. was established for the purpose of establishing a sales office for industrial computers in Japan.
3. DFI America, LLC. was established for the purpose of establishing a sales office for industrial computers in the United States.
4. Yan Tong Technology Ltd. was established for the purpose of integrating the parent company's reinvestment.
5. Yan Ying Hao Trading (ShenZhen) Co., Ltd. was established for the purpose of selling industrial computers in China.
6. AEWIN Technologies Co., Ltd. was acquired for the purpose of enabling the Company to enter the cybersecurity market, and grasp the future development opportunities of the cybersecurity market by combining the resources of both parties.
7. ACE PILLAR CO., LTD. was acquired for the purpose of expanding the market share of Embedded in factory automation, integrate the Group's investments in ICT, and realize the value and market position of the Group in IT+OT future digital transformation services.
8. Brainstorm Corporation was acquired for the purpose of accelerating the market development of DFI in the United States.

(V) Data of the directors, supervisors and the General Managers of each affiliate

2023.03.31Unit: Shares

Name of Enterprise	Title	Name or Representative	Shares held (Note 1)	
			Shares	Shareholding ratio
Diamond Flower Information (NL) B.V.	Director	Corporate Representatives of DFI Inc.: Chia-Hung Su; Li-Min Huang	12.001	100%
DFI Co.,Ltd.	Director Supervisor	Corporate Representatives of DFI Inc.: Chia-Hung Su; Li-Min Huang; Chia-I Chang Corporate Representative: Ya-Chun Huang	6,200	100%
DFI AMERICA, LLC.	Director	Corporate Representatives of DFI Inc.: Chia-Hung Su; Li-Min Huang	1,209,000	100%
Yan Tong Technology Ltd	Director	Corporate Representatives of DFI Inc.: Chia-Hung Su; Li-Min Huang	3,500,000	100%
Yan Ying Hao Trading (ShenYan) Co., Ltd	Director Supervisor President	Yan Tong Technology Ltd. Corporate Representative: Han-Chung Hsu Corporate Representative: Li-Min Huang Han-Chung Hsu		
AEWIN Technologies Co., Ltd. (Note)	Director President	Corporate Representatives of DFI Inc.: Chang-Hung Li; Chih-Ying Tien; Li-Min Huang; Chia-Hung Su; Chang-An Lin Corporate Representatives of Chi Hsin Co., Ltd.: His-Kuang Fan Independent Directors: Po-Feng Lin; Jung-Kuei Chiang; Chien-Wei Chen Chang-An Lin	30,376,000	51.38%
ACE PILLAR CO., LTD. (Note)	Director President	Corporate Representatives of DFI Inc.: Chang-Hung Li; Chia-Hung Su; Li-Min Huang; Chih-Cheng Lin; Chang- Chien Li Corporate Representatives of Han Yu Investment Ltd.: Hui-Ling Yang Independent Directors: Sheng-Fa Yeh; Chi-Hang Yang; Liang-Yu Li Chang- Chien Li	53,958,069	48.07%
Brainstorm Corporation	Director President	Corporate Representatives of DFI Inc.: Chang-Hung Li; Tao-Kai Wu; Li-Min Huang Sherman Lee; Kevin Hsu; Grace Hsu Kevin Hsu	233,000	35.09%

Note: Please refer to the 2022 Annual Report for the data of the directors, supervisors and President of the affiliated enterprises of the Company's subsidiaries AEWIN Technologies and ACE PILLAR.

VI. Overview of the operations of each affiliate

2022.12.31 Unit: NT$ 1,000

Name of Enterprise	Capital	Total Asset Value	Total Liabilities	Net worth	Operating revenue	Operating Income	Profit or loss in this period (after tax)	Earnings per share (NT$) (after tax)
Diamond Flower Information (NL) B.V.	1,632	233,535	114,097	119,438	653,305	43,872	38,775	3,231.00
DFI Co.,Ltd.	88,430	152,484	34,870	117,614	317,637	32,307	17,927	2,891.38
DFI America, LLC.	77,176	450,206	206,893	243,313	924,583	21,671	20,781	17.19
Yang Tong Technology Ltd.	107,198	177,011	52,438	124,573	217,091	7,803	20,233	3.14
Yan Tong Infotech (Dongguan) Co., Ltd.	73,927	61,629	4,387	57,242	-	(84)	5,116	N/A
Yan Ying Hao Trading (ShenYan) Co., Ltd	15,393	97,601	48,051	49,550	217,091	8,126	2,338	N/A
AEWIN Technologies Co., Ltd. (Notes 1 and 4)	591,231	2,959,649	1,680,452	1,279,197	2,463,236	212,327	153,743	2.60
Ace Pillar Co., Ltd. (Notes 2 and 4)	1,122,505	3,318,266	1,180,757	2,137,509	3,762,421	95,726	97,574	0.70
Brainstorm Corporation(Note 3)	422,825	1,511,824	807,300	704,524	5,197,642	(51,148)	(32,667)	(49.20)

Note 1. The company was merged into affiliates on March 4, 2019. As of December 31, 2022, the shareholding was 51.38%.

Note 2. The company was merged into affiliates on October 1, 2019. As of December 31, 2022, the shareholding was 48.07%.

Note 3. The company was merged into affiliates on May 1, 2021. As of December 31, 2025, the shareholding was 35.09%.

Note 4. Please refer to "Operating status of affiliates" of the Company's 2022 annual report for the operating status of the Company' subsidiaries: AEWIN Technologies Co., Ltd. and Ace Pillar Co., Ltd.

II. Private placement of the securities during the most recent fiscal year and up to the date of publication of the annual year: None.

III. The Company's Shares held or disposed by the subsidiaries during the most recent fiscal year and up to the date of publication of the annual report: None.

IV. Other necessary supplementary matters: None.

V. Matters under Sub-paragraph 2, Paragraph 2, Article 36 of the Securities and Exchange Act with significant influence on the shareholders' equity or the securities price during the most recent fiscal year and up to the date of publication of the annual report: None.

Appendix I Consolidated financial statements of the parent company and subsidiary audited by CPAs during the most recent fiscal year

Statement of Declaration

The entities of the Company that are required to be included in the consolidated financial statements of affiliates as of and for the year ended December 31, 2022 (from January 1 to December 31, 2022), under the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those included in the consolidated financial statements of parent company and its subsidiary prepared in conformity with the International Financial Reporting Standard 10 endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the consolidated financial statements of affiliates is included in the consolidated financial statements of parent company and its subsidiary. Consequently, we do not prepare a separate set of consolidated financial statements of affiliates.

Hereby certify,

Company name: DFI Inc.

Chairman of the Board of Directors: Chi-Hung, Chen

Date: March 2, 2023

Independent Auditors’ Report

The Board of Directions and Shareholders DFI Inc.

Audit Opinion

We have audited the accompanying consolidated balance sheet as of December 31, 2022 and the restated consolidated balance sheet as of December 31, 2021 of DFI Inc. and its subsidiaries (hereinafter collectively the “Group”), which comprise the consolidated income statement, consolidated statement of changes in equity, and consolidated statement of cash flow from January 1 to December 31, 2022 and the restated ones from January 1 to December 31, 2021, as well as the notes to the consolidated financial report (including the summary of significant accounting policies).

In our opinion which based on our audit results and the other certified public accountants' audit reports (please refer to the paragraph of other matter), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and their restated consolidated financial position as of December 31, 2021, as well as their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for opinion

We conducted audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards of the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audit results and other certified public accountants' audit reports, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's consolidated financial reports for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters that we judge should be communicated in the audit reports are stated as follows:

I. Business Combination

For accounting policies related to business combinations, please refer to Note IV (XV) of the consolidated financial statements; for description of business combinations, please refer to Note VI (VIII) of the consolidated financial statements.

Key audit matters are stated as follows:

Ace Pillar Co., Ltd., a subsidiary of DFI Inc., acquired 60% of the equity of Standard Technology Corporation and 100% of the equity of Blue Walker GmbH in 2022, thus obtaining control over these companies. Due to the accounting treatment of business combination, the management needs to determine the fair value of identifiable acquired assets and liabilities assumed; the process involves many assumptions and estimates with complexity, so the business combination is one of the material evaluation matters for us to perform the audit of the consolidated financial reports of the Group.

The audit procedures to process for the above:

Our main audit procedures for the above-mentioned key audit matters include obtaining the fair value assessment and the purchase price allocation of intangible assets reports entrusted by the management to external experts, and assessing the assets and liabilities identified by management at the acquisition date and the reasonableness of their evaluations; appointing our experts of evaluation to assist in assessing the reasonableness of the evaluation methods and material assumptions used in the evaluation; we also assess the correctness of the accounting of the Group and whether the relevant information about the acquisition has been properly disclosed.

II. Impairment Assessment of Goodwill

For accounting policies related to impairment of non-financial assets, please refer to Note IV (XIII) of the consolidated financial statements; for description of the uncertainty of accounting estimates and assumptions of impairment assessment of goodwill, please refer to Note V (II) of the consolidated financial statements; for description of impairment test of goodwill, please refer to Note VI (XI) of the consolidated financial statements.

Key audit matters are stated as follows:

The goodwill of the Group arising from business combinations should be tested for impairment annually, or whenever there is an indication of impairment. Due to assessing the recoverable amount of the cash-generating unit to which goodwill belongs involves a number of management assumptions and estimates, the goodwill impairment assessment is one of the important assessment matters for us to perform the audit of the consolidated financial report of the Group.

The audit procedures to process for the above:

Our main audit procedures for the above key audit matters include obtaining a goodwill impairment assessment test form self-assessed by the management; evaluating the basis of estimates and key assumptions used by the management to measure the recoverable amount, including reasonableness of discount rates, expected revenue growth rates, and future cash flow forecast, etc.; processing sensitivity analysis for key assumptions, and checking whether the Group have properly disclosed relevant information on goodwill impairment assessment.

Emphasis of Matter

As stated in Notes IV (II) and (III), the subsidiary of the Company, Ace Pillar Co., Ltd., acquired 100% equity interests in the subsidiary of Qisda Corporation, ACE Energy Co., Ltd., on July 1, 2022. Pursuant to the Interpretations (2012) No.301 issued by Accounting Research and Development Foundation and the Discussion Paper of IFRS 3 “Q&A on Accounting Treatments for Business Combinations under Common Control” dated on October 26, 2018, which is an organizational reorganization under common control and should be regarded as a combination from the beginning. The Group has prepared the consolidated financial statements of 2022 and the restated consolidated financial report of 2021 accordingly. Our audit opinions are not modified in respect of this matter.

Other Matters

Among the subsidiaries listed in the Group's consolidated financial statements, partial subsidiary's financial statements were not audited by us but by other certified public accountants. Therefore, our opinions expressed in the consolidated financial statements regarding the amounts of that partial subsidiary are according to other certified public accountants' audit reports. That subsidiary's total assets for the years ended December 31, 2022 and 2021 amounted to NT $411,046 thousand and NT $277,176 thousand (same as below), respectively, accounting for 3.13% and 2.24% of the consolidated total assets, and its net operating revenue was NT $920,196 thousand and NT $739,706 thousand for the years from January 1 to December 31, 2022 and 2021, respectively, accounting for 5.68% and 5.60% of the consolidated net operating revenue.

DFI Inc. has prepared the financial statements for parent company only for 2022 and 2021 on which we have individually issued an audit report with unqualified opinion plus emphasis of matter and other matter paragraph and an audit report with unqualified opinion plus other matter paragraph.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statement

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statement that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial reports, the management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If the individual amounts or sums that the material misstatement involved may be reasonably expected to affect the financial decision making of users of the consolidated financial statements, such misstatement will be considered material.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the related notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtained sufficient and appropriate audit proof of the financial information of the Group's constituents so as to express opinions on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our opinion to the Group.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine the key audit matters of the Group's consolidated financial reports for 2022. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Taiwan

CPA:

Assurance Document Number Approved by Securities Regulator	:	(88) Taiwan-Finance-Securities-VI-18311 Financial-Supervisory-Securities-Audit-1060005191

March 2, 2023

Notes to Readers

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

The independent auditors' audit 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' audit report and financial statements, the Chinese version shall prevail.

DFI Inc. and its subsidiaries

Consolidated Balance Sheets

As of December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

	Assets	**2022.12.31 Amount**	**%**	**2021.12.31 (Restated) Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note VI (I))	$ 1,690,474	13	1,549,815	13
1110	Financial assets at fair value through profit or loss - current (Notes VI (II))	27,458	-	28,528	-
1136	Financial assets at amortized cost - current (Notes VI (IV) & VIII)	9,557	-	19,708	-
1170	Net of notes receivable and accounts receivable (Notes VI (V), (XXI) & VIII)	2,611,791	20	2,604,256	21
1180	Accounts receivable from related parties (Notes VI (V), (XXI) & VII)	272,306	2	182,138	1
1200	Other receivables (Notes VI (V) & VII)	56,945	-	32,159	-
130X	Inventories (Notes VI (VI))	3,816,596	29	3,583,295	29
1410	Prepayments	125,313	1	133,749	1
1460	Non-current assets held for sale (Notes VI (VII) and (IX))	-	-	312,601	3
1470	Other current assets	17,970	-	16,227	-
	Total current assets	8,628,410	65	8,462,476	68
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes VI (III))	71,064	1	42,547	-
1535	Financial assets at amortized cost - non-current (Note VI (IV))	3,212	-	-	-
1600	Property, plant and equipment (Notes VI (IX), VII & VIII)	2,793,096	21	2,477,339	20
1755	Right-of-use assets (Notes VI (X) & VII)	355,617	3	267,778	2
1780	Intangible assets (Notes VI (VIII), (XI) & VII)	1,121,027	9	974,453	8
1840	Deferred income tax assets (Notes VI (XVII)	125,982	1	78,856	1
1990	Other Non-current assets (Notes VI (XVI))	45,912	-	90,492	1
	Total non-current assets	4,515,910	35	3,931,465	32
	Total assets	$ 13,144,320	100	12,393,941	100

(Continued on the next page)

(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hung, Chen **President: Chia-Hung, Su** **Accounting Supervisor: Li-Min, Huang**

DFI Inc. and its subsidiaries

Consolidated Balance Sheets

As of December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

		2022.12.31		2021.12.31 (Restated)	
	Liabilities and equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (Notes VI (XII) & VIII)	$ 1,886,020	14	1,311,304	11
2120	Financial liabilities at fair value through profit or loss - current (Notes VI (II))	5,020	-	821	-
2130	Contract liabilities - current (Note VI (XXI))	205,241	2	194,558	1
2170	Notes and accounts payables	1,996,670	15	2,218,331	18
2180	Accounts payables to related parties (Note VII)	117,185	1	63,053	-
2200	Other payables (Note VII)	576,411	5	562,316	5
2230	Current income tax liabilities	234,692	2	86,768	1
2250	Provisions - current (Note VI (XV))	51,236	-	46,247	-
2280	Lease liabilities - current (Note VI (XIV) & VII)	86,451	1	75,933	1
2322	Long-term borrowings - Current portion (Notes VI (XIII) & VIII)	653	-	20,000	-
2399	Other current liabilities	31,136	-	18,633	-
	Total current liabilities	5,190,715	40	4,597,964	37
	Non-current liabilities:				
2540	Long-term borrowings (Notes VI (XIII) & VIII)	1,550,000	12	1,730,000	14
2570	Deferred tax liabilities (Notes VI (XVII)	305,948	2	315,669	3
2580	Lease liabilities - non-current (Note VI (XIV) & VII)	241,693	2	181,441	1
2640	Net defined benefit liabilities - non-current (Note VI (XVI))	31,174	-	40,584	-
	Total non-current liabilities	2,128,815	16	2,267,694	18
	Total liabilities	7,319,530	56	6,865,658	55
	Equity attributable to the owners of the parent company (Note VI (VIII) and (XVIII)):				
3110	Share capital - Ordinary shares	1,144,889	9	1,144,889	9
3200	Capital surplus	608,586	5	655,744	6
3300	Retained earnings	1,531,997	11	1,371,470	11
3400	Other equity	(38,041)	(1)	(114,824)	(1)
	Total equity attributable to owners of parent company	3,247,431	24	3,057,279	25
35XX	**Former owner of business combination under common control**	-	-	20,310	-
36XX	**Non-controlling interests (Note VI (VIII) and (XVIII))**	2,577,359	20	2,450,694	20
	Total equity	5,824,790	44	5,528,283	45
	Total liabilities and equity	**$ 13,144,320**	**100**	**12,393,941**	**100**

(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hung, Chen **President: Chia-Hung, Su** **Accounting Supervisor: Li-Min, Huang**

DFI Inc. and its subsidiaries

Consolidated Statements of Comprehensive Income

January 1 to December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

		2022 Amount	2022 %	2021 (Restated) Amount	2021 (Restated) %
4000	**Net operating revenue (Notes VI (VIII), (XXI), VII & XIV)**	$ 16,189,529	100	13,312,180	100
5000	**Operating, costs (Note VI (VI), (IX), (X), (XI), (XIV), (XVI), (XXII), VII & XII)**	(12,907,654)	(80)	(10,770,010)	(81)
	Gross Profit	3,281,875	20	2,542,170	19
	Operating expenses (Note VI (V), (IX), (X), (XI), (XIV), (XVI), (XXII), VII & XII):				
6100	Selling and marketing expenses	(1,608,761)	(9)	(1,184,807)	(9)
6200	General and administrative expenses	(463,276)	(3)	(406,573)	(3)
6300	Research and development expenses	(462,335)	(3)	(430,347)	(3)
6450	Expected credit loss reversal benefit (impairment loss)	(16,310)	-	6,169	-
6000	**Total operating expenses**	(2,550,682)	(15)	(2,015,558)	(15)
	Net operating income	731,193	5	526,612	4
	Non-operating income and expenses (Notes VI (VII), (XIV), (XVI), (XXIII) & VII)				
7100	Interest income	5,786	-	2,672	-
7010	Other income	43,720	-	22,092	-
7020	Other gain and loss	40,116	-	459,508	3
7050	Finance costs	(61,348)	-	(24,776)	-
	Total non-operating income and expenses	28,274	-	459,496	3
7900	**Profit before tax**	759,467	5	986,108	7
7950	**Less: Income tax expense (Note VI (XVII))**	(162,467)	(1)	(202,247)	(1)
8200	**Net profit for the period**	597,000	4	783,861	6
	Other comprehensive income (Note VI (XVI) and (XVIII)):				
8310	**Items that will not be reclassified to profit or loss**				
8311	Remeasurement of defined benefit plans	(2,814)	-	270	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	10,984	-	11,740	-
8349	Income tax relating to items that will not be reclassified	563	-	(55)	-
		8,733	-	11,955	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translating the financial statements of foreign operations	127,086	1	(54,068)	-
8399	Income tax relating to items that may be reclassified	-	-	-	-
		127,086	1	(54,068)	-
	Other comprehensive income (loss) for the period	135,819	1	(42,113)	-
8500	**Total comprehensive income (loss) for the period**	**$ 732,819**	**5**	**741,748**	**6**
	Net profit in current period attributable to:				
8610	Owners of the parent company	$ 528,230	4	615,903	5
8615	Former owner of business combination under common control	3,394	-	1,623	
8620	Non-controlling interests	65,376	-	166,335	1
		$ 597,000	**4**	**783,861**	**6**
	Total comprehensive income (loss) attributable to:				
8710	Owners of the parent company	$ 603,957	4	575,471	5
8715	Former owner of business combination under common control	3,394	-	1,623	-
8720	Non-controlling interests	125,468	1	164,654	1
		$ 732,819	**5**	**741,748**	**6**
	Earnings per Share (Unit: In New Taiwan Dollars, Note VI (XX))				
9750	**Basic earnings per share**	**$**	**4.61**		**5.38**
9850	**Diluted earnings per share**	**$**	**4.58**		**5.33**

(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hung, Chen **President: Chia-Hung, Su** **Accounting Supervisor: Li-Min, Huang**

DFI Inc. and its subsidiaries

Consolidated Statements of Changes in Equity

January 1 to December 31, 2022 and 2021

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	Unappropriated earnings	Total	Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) of financial assets at fair value through other comprehensive income	Total	Treasury shares	Total equity attributable to owners of the parent company	Former owner of business combination under common control	Non-controlling interest	Total equity
Balance as of January 1, 2021 (Restated)	$ 1,146,889	679,735	788,518	54,268	393,207	1,235,993	(83,110)	8,503	(74,607)	(12,907)	2,975,103	18,687	2,062,364	5,056,154
Net profit for the period	-	-	-	-	615,903	615,903	-	-	-	-	615,903	1,623	166,335	783,861
Other comprehensive income (loss) for the period	-	-	-	-	(215)	(215)	(51,761)	11,544	(40,217)	-	(40,432)	-	(1,681)	(42,113)
Total comprehensive income (loss) for the period	-	-	-	-	615,688	615,688	(51,761)	11,544	(40,217)	-	575,471	1,623	164,654	741,748
Profit distribution:														
Legal reserve	-	-	37,246	-	(37,246)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	20,339	(20,339)	-	-	-	-	-	-	-	-	-
Cash dividends for common shares	-	-	-	-	(320,569)	(320,569)	-	-	-	-	(320,569)	-	-	(320,569)
Cash dividends distributed by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(52,225)	(52,225)
Cash dividend distributed from capital surplus	-	(22,898)	-	-	-	-	-	-	-	-	(22,898)	-	-	(22,898)
Cancellation of treasury shares	(2,000)	(1,093)	-	-	(9,814)	(9,814)	-	-	-	12,907	-	-	-	-
Differences between the actual price for acquisition or disposal of the subsidiaries and their carrying amount	-	-	-	-	(149,828)	(149,828)	-	-	-	-	(149,828)	-	(365,532)	(515,360)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	641,433	641,433
Balance as of December 31, 2021 (Restated)	1,144,889	655,744	825,764	74,607	471,099	1,371,470	(134,871)	20,047	(114,824)	-	3,057,279	20,310	2,450,694	5,528,283
Net profit for the period	-	-	-	-	528,230	528,230	-	-	-	-	528,230	3,394	65,376	597,000
Other comprehensive income (loss) for the period	-	-	-	-	(1,056)	(1,056)	65,556	11,227	76,783	-	75,727	-	60,092	135,819
Total comprehensive income (loss) for the period	-	-	-	-	527,174	527,174	65,556	11,227	76,783	-	603,957	3,394	125,468	732,819
Profit distribution:														
Legal reserve	-	-	61,568	-	(61,568)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	40,215	(40,215)	-	-	-	-	-	-	-	-	-
Cash dividends for common shares	-	-	-	-	(366,364)	(366,364)	-	-	-	-	(366,364)	-	-	(366,364)
Cash dividends distributed by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(69,711)	(69,711)
Cash distributed from capital surplus	-	(45,796)	-	-	-	-	-	-	-	-	(45,796)	-	-	(45,796)
Differences between the actual price for acquisition or disposal of the subsidiaries and their carrying amount	-	-	-	-	(283)	(283)	-	-	-	-	(283)	-	(5,157)	(5,440)
Reorganization	-	(1,371)	-	-	-	-	-	-	-	-	(1,371)	(23,704)	(1,485)	(26,560)
Changes in percentage of ownership interests in subsidiaries	-	5	-	-	-	-	-	-	-	-	5	-	235	240
Disposition of unearned funds of employee stock ownership trust	-	4	-	-	-	-	-	-	-	-	4	-	-	4
Non-controlling interests adjustments	-	-	-	-	-	-	-	-	-	-	-	-	(2,060)	(2,060)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	79,375	79,375
Balance as of December 31, 2022	**$ 1,144,889**	**608,586**	**887,332**	**114,822**	**529,843**	**1,531,997**	**(69,315)**	**31,274**	**(38,041)**	**-**	**3,247,431**	**-**	**2,577,359**	**5,824,790**

(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hung, Chen **President: Chia-Hung, Su** **Accounting Supervisor: Li-Min, Huang**

DFI Inc. and its subsidiaries
Consolidated Statements of Cash Flows
January 1 to December 31, 2022 and 2021
Unit: In Thousands of New Taiwan Dollars

	2022	2021 (Restated)
Cash flows from operating activities:		
Net profit before tax for the period	$ 759,467	986,108
Adjustment item:		
Adjustments for		
Depreciation expenses	217,978	192,516
Amortization expenses	101,348	67,378
Expected credit (impairment loss) gain on reversal	16,310	(6,169)
Evaluation losses of financial assets measured at fair value through gains and losses	72	829
Interest expense	61,348	24,776
Interest income	(5,786)	(2,672)
Dividend income	(3,941)	(999)
Loss (gain) on disposal of property, plant and equipment	(156)	1,854
Relisting expenses of property, plant and equipment	235	-
Gain on disposal of non-current assets held for sale	(14,624)	(469,360)
Loss on liquidation of subsidiary	391	-
Gain on lease amendment	(1,280)	(5)
Total revenue, expense and loss items	371,895	(191,852)
Changes in assets/liabilities related to business activities:		
Net changes in assets related to operating activities:		
Decrease (increase) in financial assets mandatorily classified as at fair value through profit or loss	998	(2,117)
Decrease (increase) in notes receivable and accounts receivable	113,341	(548,014)
Increase in accounts receivable from related parties	(74,833)	(37,127)
Increase in other receivables	(23,774)	(16,786)
Increase in inventories	(48,085)	(1,251,608)
Decrease (increase) in prepayments	15,135	(78,592)
Decrease in other current assets	1,531	1,500
Total net changes in assets related to operating activities	(15,687)	(1,932,744)
Net change in liabilities related to operating activities:		
Increase (decrease) in financial liabilities held for trading	4,199	(8,947)
Increase (decrease) in contract liabilities	(2,010)	70,798
Increase (decrease) in notes and accounts payables	(320,175)	339,481
Increase (decrease) in accounts payables to related parties	54,132	(41,685)
Decrease in other payables	(49,072)	(19,408)
Increase (decrease) in provisions	4,989	(10,580)
Increase (decrease) in other current liabilities	12,327	(2,596)
Decrease in net defined benefit liabilities	(15,164)	(517)
Decrease in other non-current liabilities	(827)	-
Total net changes in liabilities related to business activities	(311,601)	326,546
Total net changes in assets and liabilities related to operating activities	(327,288)	(1,606,198)
Total adjustment items	44,607	(1,798,050)
Cash generated from (used in) operations	804,074	(811,942)
Interest received	5,430	2,673
Interest paid	(58,658)	(24,515)
Income tax paid	(128,825)	(199,263)
Net cash generated from (used in) operating activities	622,021	(1,033,047)

(Continued on the next page)

(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hung, Chen **President: Chia-Hung, Su** **Accounting Supervisor: Li-Min, Huang**

DFI Inc. and its subsidiaries

Consolidated Statements of Cash Flows (Continued from the previous page)

January 1 to December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

	2022	2021 (Restated)
Cash flows from investing activities:		
Purchase of financial assets at amortized cost	(10)	(6,000)
Proceeds from sale of financial assets at amortized cost	28,343	-
Purchase of financial assets at fair value through other comprehensive income	(16,098)	-
Proceeds from sale of financial assets at fair value through profit or loss	-	981
Acquisition of subsidiaries (less cash obtained)	(141,309)	(41,201)
Proceeds from disposal of non-current assets held for sale	46,401	542,245
Purchase of property, plant and equipment	(178,614)	(993,714)
Proceeds from disposal of property, plant and equipment	349	1,677
Decrease in refundable deposits	2,899	1,056
Purchase of intangible assets	(48,155)	(15,396)
Decrease (increase) in other non-current assets	11,225	(31,461)
Dividends received	3,941	999
Net cash used in investing activities	(291,028)	(540,814)
Cash flows from financing activities:		
Proceeds from short-term borrowings	7,312,311	5,982,178
Repayments of short-term borrowings	(6,877,426)	(5,494,381)
Proceeds from long-term borrowings	1,450,432	2,200,000
Repayments of long-term borrowings	(1,650,565)	(454,170)
Repayment of the principal portion of lease	(80,493)	(80,288)
Cash dividends distributed	(412,160)	(343,467)
Acquisition of ownership interests in subsidiaries	(5,440)	(515,360)
Changes in non-controlling interests	(69,471)	(52,225)
Disposition of unearned funds of employee stock ownership trust	4	-
Net cash (used in) generated from financing activities	(332,808)	1,242,287
Effect of changes in exchange rate	142,474	(58,342)
Increase (decrease) in cash and cash equivalents for the current period	140,659	(389,916)
Cash and cash equivalents at the beginning of the period	1,549,815	1,939,731
Cash and cash equivalents at the end of the period	$ 1,690,474	1,549,815

(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hung, Chen **President: Chia-Hung, Su** **Accounting Supervisor: Li-Min, Huang**

DFI Inc. and Its Subsidiaries
Notes to Consolidated Financial Statements
For the years ended December 31, 2022 and 2021
(The amount shall be dominated in thousands of NTD, unless otherwise specified)

I. Company History

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

II. Date and Procedures of Authorization of Financial Statements

The accompanying consolidated financial statements were approved and issued by the board of directors on March 2, 2023.

III. Application of Newly Issued and Revised Standards and Interpretations

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

As of January 1, 2022, 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 16, "Property, Plant and Equipment - Price before reaching Intended Use".
- Amendments to IAS 37, "Loss-making Contracts - Costs to Perform".
- Annual Improvements to IFRSs for the 2018-2020 Cycle
- Amendments to IFRS 3, "References to Conceptual Framework".

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

Based on the Group's assessment, the adoption of the following newly revised IFRSs effective from January 1, 2023 will not have a significant impact on the consolidated financial statements.

- Amendments to IAS 1, "Disclosure of Accounting Policies".
- Amendments to IAS 8, "Definition of Accounting Estimates".
- Amendments to IAS 12, "Deferred Income Taxes on Assets and Liabilities Arising from a Single Transaction".

(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
Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"	Current IAS 1 states that liabilities in which a business does not have an unconditional right to extend their maturity to at least twelve months after the reporting period should be classified as current. The amendments remove the requirement that the right should be unconditional and instead requires that the right must exist at the end of the reporting period and must be material. The amendments clarify how an enterprise should classify liabilities that are settled by the issuance of its own equity instruments (e.g., convertible bonds).	January 1, 2024
Amendments to IAS 1 "Non-current liabilities with contractual provision"	After reconsidering certain aspects of the 2020 amendments to IAS 1, the new amendments clarify that only contractual terms followed on or before the reporting date will affect the classification of a liability as current or non-current. Contractual terms (i.e., future terms) that an enterprise is required to follow after the reporting date do not affect the classification of a liability at that date. However, when non-current liabilities are subject to future contractual terms, companies are required to disclose information to help users of their financial statements learn about the risk that these liabilities may be settled within 12 months of the reporting date	January 1, 2024

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

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

- Amendments to IFRS 10 and IAS 28 "Disposal of or Contribution to Assets between an Investor and its Affiliates or Joint Ventures
- Amendments to IFRS 17, "Insurance Contracts" and IFRS 17
- Amendments to IFRS 16, "Provisions for Sale and Leaseback Transactions

IV. Summary of Significant Accounting Policies

The significant accounting policies adopted in the consolidated financial statements are summarized below. The following accounting policies have been applied consistently to all periods presented in the consolidated financial statements.

(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 Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations and Interpretations issued by the FSC ("IFRSs"), which have been endorsed by the FSC and put into effect.

(II) Basis of Preparation

1. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following significant balance sheet items.

(1) Financial instruments (including derivative financial instruments) measured at fair value through profit or loss.

(2) Financial assets at fair value through other comprehensive income; and

(3) Net defined benefit liabilities (or assets), which are measured at the present value of the defined benefit obligation less the fair value of pension fund assets.

2. Functional and presentation currencies

The functional currency of each entity is the currency of the primary economic environment in which the entity operates. The consolidated financial statements of the Company are presented in the New Taiwan dollars, the functional currency of the Company. All financial information dominated in New Taiwan dollars shall be dominated in thousands of NTD, unless otherwise specified.

3. Organizational reorganization under common control

The transaction of the Group’s acquisition of 100% equity in ACE Energy Co., Ltd., a subsidiary of the parent company, Qisda Corporation, in accordance with the Accounting Research and Development Foundation’s Letter (101) J.M.Z. No. 301 and the IFRS 3 Q&A set "Doubts about the Accounting for Business Combinations under

Common Control" dated October 26, 2018 was an organizational reorganization under common control. The Group deems that the acquisition occurred during the earliest comparable period expressed in the financial statements or on the date of establishment of the common control, whichever the later, and restated the comparative information accordingly. The above assets and liabilities acquired under common control are recognized on the basis of the carrying amount in the consolidated financial statements of the controlling shareholder.

In preparing the consolidated balance sheet, the equity under common control prior to acquisition is classified as "Equity attributable to former owner of business combination under common control"; In preparing the consolidated statement of comprehensive income, the profit or loss belong to former controlling shareholders record as "net profit (loss) attributable to former owner of business combination under common control".

(III) Basis of Consolidation

1. Principles for Preparation of Consolidated Financial Statements

The consolidated financial statements are prepared by the Company and entities controlled by the Company (i.e., subsidiaries). When the Company is exposed to, or has rights to, variable compensation resulting from participation in an investee, and has the ability to influence such compensation through its power over the investee, the Company controls the entity.

From the date of acquisition of control of the subsidiary, its financial statements are included in the consolidated financial statements until the date of loss of control. Internal transactions, balances and any unrealized gain or loss of the Group are eliminated in their entirety at the time of preparing the consolidated financial statements. The total consolidated income or loss of the subsidiaries is attributable separately to the owner and non-controlling interest of the Company, even if the non-controlling interest becomes a loss balance as a result.

The financial statements of the subsidiaries have been adjusted to bring their accounting policies in line with those used by the Company.

Where the change in the Group's ownership interest in the subsidiary does not result in the loss of control, it shall be treated as an equity transaction with the owner. The difference between the adjustment- of non-controlling interests and the fair value of consideration paid or collected shall be directly recognized in equity attributable to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal is the difference between. (1) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (2) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

The remaining investment in a subsidiary is recognized as the fair value at the date of loss of control, either as a financial asset measured at fair value through other comprehensive income or as the cost of an investment in a related party.

2. Subsidiaries included in the consolidated financial statements

			Comprehensive shareholding %		
Name of investor	**Name of subsidiary**	**Nature of business**	**2022.12.31**	**2021.12.31**	**Description**
The Company	DFI AMERICA, LLC (DFI US)	Sales of industrial computer cards	100.00%	100.00%	-
The Company	DFI Co., Ltd.	Sales of industrial computer cards	100.00%	100.00%	-
The Company	Yan Tong Technology Ltd. (Yan Tong)	Investment business	100.00%	100.00%	-
The Company	Diamond Flower Information (NL) B.V.	Sales of industrial computer cards	100.00%	100.00%	-
The Company	Brainstorm Corporation (Brainstorm)	Wholesale and retail of computer and peripheral devices	35.09%	35.09%	Note 1
Yan Tong	Yan Tong Infotech (Dongguan) Co., Ltd.	Manufacturing and sales of computer cards, board cards, host computer, electronic parts and components	100.00%	100.00%	-
Yan Tong	Yan Ying Hao Trading (Shenzhen) Co., Ltd.	Wholesale, import and export of computer cards, board cards, host computer, electronic parts and components	100.00%	100.00%	-
The Company	AEWIN Technologies Co., Ltd. (AEWIN)	Design, manufacture and sale of industrial computer cards and related products	51.38%	51.38%	-
AEWIN	Wise Way	Investment business	51.38%	51.38%	-
AEWIN	Aewin Tech Inc.	Wholesale of computer and peripheral equipment and software	51.38%	51.38%	-
Wise Way	Bright Profit	Investment business	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%	-
Beijing AEWIN	Aewin(Shenzhen)Technologies Co., Ltd.	Wholesale of computer and peripheral equipment and software	51.38%	51.38%	-

Name of investor	Name of subsidiary	Nature of business	Comprehensive shareholding % 2022.12.31	Comprehensive shareholding % 2021.12.31	Description
The Company	Ace Pillar Co., Ltd. (Ace Pillar)	Automated control and testing, processing, sales, repair, and mechanical and electrical integration of industrial transmission systems	48.07%	48.07%	-
Ace Pillar	Cyber South Management Ltd. (Cyber South)	Holding Company	48.07%	48.07%	-
Ace Pillar	Hong Kong Ace Pillar Enterprise Company Limited (Hong Kong ACE Pillar)	Trade of transmission mechanical components	48.07%	48.07%	-
Ace Pillar/Proton/Cyber South	Tianjin Ace Pillar Co., Ltd. (Tianjin Ace Pillar)	Trade of transmission mechanical components	48.07%	48.07%	-
Cyber South	Proton Inc.(Proton)	Holding Company	48.07%	48.07%	-
Cyber South	Ace Tek (HK) Holding Co., Ltd. (Ace Tek)	Holding Company	48.07%	48.07%	-
Ace Tek	ADVANCEDTEK ACE (TJ) INC. (Quansheng Information)	Electronic system integration	48.07%	48.07%	-
Cyber South	Suzhou Super Pillar Automation Equipment Co., Ltd. (Suzhou Super Pillar)	Processing and technical services of mechanical transmission and control products	48.07%	48.07%	
Cyber South	Grace Transmission (Tianjin) Co., Ltd. (Tianjin Jinhao)	Manufacturing and processing of machinery transmission products	48.07%	48.07%	
Cyber South	Xuchang Ace AI Equipment Co.,Ltd.	Wholesale and retail of industrial robotic related products	-	48.07%	Note 4
Ace Pillar	ACE Energy Co., Ltd. (ACE Energy)	Energy Service Company	48.00%	39.90%	Note 5
Ace Pillar	Standard Technology Corporation (Standard Co.)	Trading of semiconductor optoelectronic equipment and consumables and equipment maintenance services	28.84%	-	Note 2
Standard Co.	Standard Technology Corp. (STCBVI)	Holding Company	28.84%	-	Note 2
STCBVI	Standard International Trading (Shanghai) Co., Ltd. (Shanghai Standard)	Trading of semiconductor optoelectronic equipment and consumables and equipment maintenance services	28.84%	-	Note 2
ACE Energy	BlueWalker GmbH (BWA)	Trading and services of energy management products	48.00%	-	Note 3

Note 1: As stated in Note VI (VIII), on May 1, 2021, the Company acquired 35.09% equity in Brainstorm, and according to the equity purchase agreement and the Articles of Association of Brainstorm, the Company has acquired 55.29% of the voting rights and more than half of the seats at the Board of Directors of Brainstorm. Therefore, the Company has taken control of Brainstorm.

Note 2: As stated in Note VI (VIII), Ace Pillar acquired 60% equity in Standard Co. and its subsidiaries on March 1, 2022 and gained control since then.

Note 3: As described in Note VI (VIII), Ace Pillar acquired 100% equity in BlueWalker GmbH on April 1, 2022, and subsequently, on December 1, 2022, the organizational structure was adjusted and ACE Energy acquired 100% equity of BWA from Ace Pillar with cash.

Note 4: It has been fully liquidated on June 21, 2022 and deregistration has been completed.

Note 5: As mentioned in Note VI (VIII), Ace Pillar acquired 100% equity in ACE Energy, a subsidiary of Qisda Corporation, on July 1, 2022. The aforementioned transaction is an organizational reorganization under common control and should be regarded as a combination from the beginning. The Group has retroactively restated the consolidated financial statements for the year ended December 31, 2022 when preparing the consolidated financial statements for the year ended December 31, 2021.

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

(IV) Foreign currency

1. Foreign currency transactions

   Foreign currency transactions are translated into functional currencies at the exchange rates prevailing on the dates of transactions. At the end of each subsequent reporting period (hereinafter referred to as the "reporting date"), monetary items denominated in foreign currencies are translated into the functional currency using the exchange rates prevailing on that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rates prevailing on the date of measurement of the fair value, while non-monetary items measured at historical cost in foreign currencies are translated at the exchange rates prevailing on the date of the transaction.

   Translation differences arising from foreign currency translations are generally recognized in profit or loss, except for equity instruments designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

2. Foreign Operations

   Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency of the consolidated financial statements at the exchange rates prevailing on the reporting date; income and expense items are translated into the presentation currency of the consolidated financial statements at the average exchange rates for the period, with the resulting exchange differences recognized in other comprehensive income.

   When the disposal of a foreign operating entity results in a loss of control, joint control or significant influence, the cumulative translation differences related to the foreign operating entity are reclassified to profit or loss. When the disposal includes a subsidiary of a foreign operating entity, the related cumulative translation differences are re-attributed to non-controlling interests on a pro rata basis. When the disposal component includes investments in affiliates or joint ventures of foreign operating entities, the related cumulative translation differences are reclassified proportionately to profit or loss.

   When there is no plan to settle a monetary receivable or payable from a foreign operation and it is not likely to be settled in the foreseeable future, the resulting foreign currency translation gain or loss is recognized in other comprehensive income as part of the net investment in the foreign operation.

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

Assets that meet one of the following criteria are classified as current assets, while all other assets that are not current assets are classified as non-current assets:

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

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

1. The liability is expected to be settled in the normal course of business;
2. The liability is held primarily for trading purposes;
3. The liability is due for settlement within twelve months after the reporting period; or
4. The liability does not have an unconditional right to defer settlement for at least twelve months after the reporting period. The terms of the liabilities do not affect the classification of the liabilities that may be settled by issuing equity instruments at the option of the counter-parties.

(VI) Cash and cash equivalents

Cash includes cash on hand, checking deposits and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible into fixed amounts of cash and subject to an insignificant risk of changes in value. Time deposits that meet the above definition and are held to meet short-term cash commitments rather than for investment or other purposes are reported as cash equivalents.

(VII) Financial instruments

Accounts receivable and debt securities issued are recognized as they are incurred. All other financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instruments. Financial assets (excluding accounts receivable that do not include significant financial components) or financial liabilities measured at fair value through profit or loss were originally measured at fair value plus transaction costs directly attributable to the acquisition or issuance. Accounts receivable that do not include significant financial components are originally measured at transaction prices.

1. Financial assets

   Financial assets at the time of initial recognition is classified as follows: Financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss. Purchase or sale of financial assets in accordance with transaction practices is subject to accounting treatment on the transaction date.

   The Group only reclassifies all affected financial assets from the first day of the next reporting period when it changes its business model for managing financial assets.

   (1) Financial assets measured at amortized cost

   Financial assets that simultaneously meet the following conditions and are not designated as measured at fair value through profit or loss are measured at amortized cost:

   - The financial asset is held under a business model for the purpose of receiving contractual cash flows.
   - The contractual terms of the financial asset generate cash flow on a specific date, which is entirely the interest on the payment of principal and outstanding principal amounts.

   After initial recognition, these financial assets are measured using the effective interest rate method at amortized cost less impairment losses. Interest income, foreign currency exchange gain or loss, and impairment losses are recognized in profit or loss. When de-recognized, profit or loss is included in profit or loss.

   (2) Financial assets measured at fair value through other comprehensive income

   When a debt instrument investment simultaneously meets the following conditions and is not designated as measured at fair value through profit or loss, it is measured at fair value through other comprehensive income:

   - The financial asset is held under a business model for the purpose of receiving contractual cash flows and selling.
   - The contractual terms of the financial asset generate cash flow on a specific date, which is entirely the interest on the payment of principal and outstanding principal amounts.

Upon initial recognition, the Group may make an irrevocable option to report subsequent changes in the fair value of equity instrument investments not held for trading in other comprehensive income. The above selections were made on a tool by tool basis.

Debt instrument investments are subsequently measured at fair value. Interest income, foreign currency exchange gain or loss, and impairment losses calculated using the effective interest method are recognized in profit or loss, while the remaining net profits or losses are recognized in other comprehensive income. Upon derecognition, the accumulated amount of other comprehensive income under equity is reclassified to profit or loss.

Equity instrument investments are subsequently measured at fair value. Dividend income (unless it clearly represents the recovery of some investment costs) is recognized in profit or loss. The remaining net profits or losses are recognized as other comprehensive income. When derecognized, the accumulated other comprehensive income under equity is reclassified to retained earnings, not to profit or loss. Dividend income from equity investments is recognized on the date on which the Group is entitled to receive dividends (usually the ex-dividend date).

(3) Financial assets measured at fair value through profit or loss

Financial assets that are not measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss, including derivative financial assets. At the time of initial recognition, in order to eliminate or significantly reduce accounting mismatch, the Group may irrevocably designate financial assets that meet the criteria for measurement at amortized cost or fair value through other comprehensive income as financial assets measured at fair value through profit or loss.

These assets are subsequently measured at fair value, and the net gains or losses (including any dividends and interest income) arising from remeasurement are recognized as profit or loss.

(4) Impairment of financial assets

The Group recognizes an allowance for expected credit losses on financial assets measured at amortized cost, including cash and equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivables, and deposits.

The following financial assets are measured as allowance losses based on the expected amount of credit losses over a twelve-month period, while the remaining financial assets are measured based on the expected amount of credit losses during their lifetime:

- The credit risk of bank deposits (i.e., the risk of default during the expected lifetime of a financial instrument) has not significantly increased since the initial recognition.

The allowance for losses on accounts receivable is measured by the expected amount of credit losses during the period of existence.

The expected credit loss during the expected lifetime of a financial instrument refers to the expected credit loss caused by all possible default events during the expected lifetime of the financial instrument. "12 month expected credit loss" refers to the expected credit loss caused by a possible default event of a financial instrument within 12 months after the reporting date (or a shorter period, if the expected duration of the financial instrument is less than 12 months).

The maximum period for measuring expected credit losses is the longest contractual period during which the Group is exposed to credit risk.

In determining whether the credit risk has significantly increased since the initial recognition, the Group considers reasonable and verifiable information (available without excessive cost or investment), including qualitative and quantitative information, and analysis based on the historical experience, credit evaluation, and forward-looking information of the Group.

The expected credit loss is a weighted estimate of the probability of credit loss during the expected lifetime of a financial instrument. Credit losses are measured at the present value of all cash shortfalls, which is the difference between the cash flows that the Group can receive under the contract and the cash flows that the Group expects to receive. Expected credit losses are discounted at the effective interest rate of the financial assets.

Allowance for losses on financial assets measured at amortized cost is deducted from the carrying amount of the assets.

When the Group does not have a reasonable expectation of recovering all or part of a financial asset, the total carrying amount of the financial asset is directly reduced. The Group analyzes the timing and amount of write-offs individually on the basis of whether recovery is reasonably expected. The Group does not expect any material reversal of the amount written off. However, financial assets that have been written off are still enforceable in order to comply with the Group's procedures for recovering overdue amounts.

(5) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset cease, or when the financial asset has been transferred and substantially all the risks and rewards of ownership of the asset have been transferred to other enterprises, or when substantially all the risks and rewards of ownership of the asset have neither been transferred nor retained and control of the financial asset has not been retained.

If the Group enters into a transaction to transfer a financial asset, the financial asset is continuously recognized in the balance sheet if all or substantially all the risks and rewards of ownership of the transferred asset are retained.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

The debt and equity instruments issued by the Group are classified as financial liabilities or equity according to the substance of the contractual agreement and the definition of financial liabilities and equity instruments.

(2) Equity transactions

An equity instrument is any contract that recognizes the Company's remaining interest in an asset less all of its liabilities. Equity instruments issued by the Group shall be recognized at the amount equal to the consideration acquired less the direct costs of issuance.

(3) Treasury stock

Upon repurchase of equity instruments recognized by the Company, the consideration paid, including directly attributable costs, is recognized as a reduction of equity. Shares repurchased are classified as treasury stock. On subsequent sales or reissues of treasury stock, the amount received is recognized as an increase in equity and the residual or deficit arising from the transaction is recognized as capital surplus or retained earnings (if capital surplus is not sufficient to offset it).

(4) Financial liabilities

Financial liabilities are classified as being measured at amortized cost or at fair value through profit or loss. Financial liabilities are classified as being measured at fair value through profit or loss if they are held for trading, derivative instruments or designated at initial recognition. Financial liabilities measured at fair value through profit or loss are measured at fair value, and the related net gain or loss, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and exchange gain or loss are recognized in profit or loss. Any gain or loss on derecognization is also recognized in profit or loss.

(5) Derecognition of financial liabilities

The Group derecognizes financial liabilities when the contractual obligations are fulfilled, canceled or expired. When the terms of a financial liability are modified and the cash flows of the modified liability are materially different, the original financial liability is derecognized and the new financial liability is recognized at fair value based on the modified terms. When a financial liability is derecognized, the difference between the carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3. Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and presented in the balance sheet on a net basis only when the Group has a legally enforceable right to do so and intends to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

4. Derivative financial instruments

The Group holds derivative financial instruments to hedge the risk of foreign currency exposure. Derivatives are initially recognized at fair value, with transaction costs recognized in profit or loss; subsequently, they are measured at fair value, with gains or losses arising from remeasurement recognized directly in profit or loss. When its fair value is positive, the derivative is recognized as a financial asset; when its fair value is negative, the derivative is recognized as a financial liability.

(VIII) Inventories

Inventories are measured at the lower of cost or net realizable value. Inventories include acquisition, production or processing costs and other costs incurred in bringing them to the place and condition in which they are available for use and are measured using the weighted-average method. Fixed manufacturing costs are allocated to finished goods and work in process based on the higher of normal production capacity or actual production of the production equipment, while variable manufacturing costs are allocated on the basis of actual production. Net realizable value is the estimated selling price under normal operations less estimated costs of completion and selling expenses required to complete the sale.

(IX) Non-current assets held for sale

Non-current assets or disposal groups consisting of assets and liabilities are classified as non-current assets held for sale when their carrying amount is expected to be recovered principally through sale rather than through continuing use. Non-current assets or disposal groups that meet this classification must be available for immediate sale in their current condition and it is highly probable that the sale will be completed within one year. The components of the asset or disposal group are remeasured in accordance with the accounting policies of the Group prior to their original classification as non-current assets held for sale. After classification as a non-current asset held for sale, it is measured at the lower of its carrying amount or fair value less costs to sell. The impairment loss of any disposal group is first allocated to goodwill and then to the remaining assets and liabilities on a pro rata basis, except that the loss is not allocated to assets that are not within the scope of IAS 36, Impairment of Assets, which continue to be measured in accordance with the accounting policies of the Group. Gain or loss arising from the recognition of impairment losses and subsequent remeasurement of assets and liabilities originally classified as held for sale is recognized in profit or loss, provided that the gain of recovery shall not exceed the accumulated impairment loss that has been recognized.

When intangible assets and property, plant and equipment are classified as non-current assets held for sale, they are no longer depreciated or amortized. In addition, the equity method is discontinued when the investments recognized using the equity method are classified as non-current assets held for sale.

(X) Property, plant and equipment

1. Recognition and measurement

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

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

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

2. Subsequent costs

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

3. Depreciation

Depreciation is calculated on the basis of the cost of an asset less its residual value and is recognized in profit or loss over the estimated useful life of each component using the straight-line method. Except for land, which is not subject to depreciation, the estimated useful lives of the remaining components are. Machinery equipment: 2 to 10 years; office and other equipment. 3 to 10 years. In addition, buildings and structures are depreciated over the estimated useful lives of their significant components. The estimated useful lives of the main building and auxiliary buildings are 20 to 60 years; the estimated useful lives of other auxiliary electrical and mechanical equipment and engineering systems are 3 to 10 years.

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

(XI) Leases

The Group assesses whether a contract is or comprises a lease at the inception date of the contract. A contract is or comprises a lease if it transfers control over the use of an identified asset for a period of time in exchange for consideration.

1. Lessees

The Group recognizes a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is measured initially at cost, which includes the original measurement of the lease liability, adjusted for any lease payments made on or before the commencement date of the lease, plus the original direct costs incurred and the estimated costs to disassemble, remove and restore the subject asset to its location or to the subject asset, less any lease incentives received. The lease payments are added to the original direct costs incurred and the estimated costs of dismantling, removing and restoring the subject asset to its location or to the subject asset, less any incentives received.

Right-of-use assets are subsequently depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the Group periodically assesses whether a right-of-use asset is impaired and addresses any impairment loss incurred, and adjusts the right-of-use asset when the lease liability is remeasured.

Lease liabilities are measured initially at the present value of the lease payments outstanding at the inception date of the lease. If the implied interest rate of the lease is readily determinable, the discount rate is that rate; If it is not readily determinable, the Group's incremental borrowing rate is used. In general, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of lease liabilities include:

(1) Fixed payments, including real fixed payments:
(2) Variable lease payments that depend on an index or rate, using the index or rate at the inception date of the lease as the original measure:
(3) The amount of the residual value guarantee expected to be paid; and
(4) The exercise price or penalty to be paid if it is reasonably certain that the option to purchase or the option to terminate the lease will be exercised.

Lease liabilities are subsequently accrued for using the effective interest method and are remeasured when the following occurs:

(1) There is a change in future lease payments as a result of a change in the index or rate used to determine lease payments;
(2) There is a change in the amount of the residual value guarantee expected to be paid;
(3) There is a change in the evaluation of the purchase option on the subject asset;
(4) There is a change in the estimate of whether to exercise the option to extend or terminate the lease, resulting in a change in the evaluation of the lease term;
(5) There is a change in the subject matter, scope or other terms of the lease.

When a lease liability is remeasured as a result of changes in the index or rate used to determine lease payments, changes in the residual value guarantee amount and changes in the evaluation of the purchase, extension or termination option as described above, the carrying amount of the right-of-use asset is adjusted accordingly and the remaining remeasurement amount is recognized in profit or loss when the carrying amount of the right-of-use asset is reduced to zero.

For lease modifications that reduce the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between the carrying amount and the remeasurement amount of the lease liability is recognized in profit or loss.

The Group presents right-of-use assets and lease liabilities that do not meet the definition of investment property as separate line items in the balance sheet.

For short-term leases and leases of low-value underlying assets, the Group chooses not to recognize right-of-use assets and lease liabilities, and instead recognizes the related lease payments as expenses on a straight-line basis over the lease term.

2. Lessors

Transactions in which the Group is the lessor are classified as finance leases on the inception date of the lease based on whether the lease contracts transfer substantially all the risks and rewards incidental to the ownership of the subject assets, and otherwise are classified as operating leases. In its evaluation, the Group considers specific indicators, including whether the lease period covers a significant portion of the economic life of the subject asset.

If the Group is the lessor of a sublease, it treats the main lease and the sublease transaction separately and assesses the classification of the sublease transaction using the right-of-use assets arising from the main lease. If a master lease is a short-term lease and the recognition exemption applies, the sublease transaction should be classified as an operating lease.

For operating leases, the Group recognizes the lease payments received as rental income over the lease term on a straight-line basis.

(XII) Intangible assets

1. Goodwill

Goodwill arising from the acquisition of a subsidiary is recognized as an intangible asset. Please refer to Note IV (XV) for the original measurement of goodwill recognition. Goodwill is not amortized and is measured at cost less accumulated impairment.

2. Other intangible assets

Acquisitions of software, trademark rights and customer relationships are measured at cost less accumulated amortization and accumulated impairment. Amortization is provided on a straight-line basis over the following estimated useful lives and is recognized in profit or loss. For purchased software, 1 to 5 years; for trademark rights, 10 years; and for customer relationships, 4 to 11 years.

The Group reviews the residual value, useful life and amortization method of intangible assets at each reporting date, and makes appropriate adjustments when necessary.

(XIII) Impairment of non-financial assets

The Group assesses at each reporting date whether there is any indication that the carrying amount of non-financial assets (other than inventories, deferred income tax assets and assets for employee benefits) may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. Goodwill is tested for impairment annually or whenever there is an indication of impairment.

The purpose of the impairment test is to identify a group of assets as the smallest identifiable group of assets for which a significant portion of the cash inflows are separate from other individual assets or groups of assets. Goodwill acquired on a business combination is allocated to each cash-generating unit or group of cash-generating units that is expected to benefit from the combined effect.

The recoverable amount is the higher of the fair value of the individual asset or cash-generating unit, less costs to dispose, and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognized if the recoverable amount of an individual asset or cash-generating unit is less than its carrying amount. The impairment loss is recognized immediately in profit or loss and reduces the carrying amount of the goodwill amortized for the cash-generating unit first, and then reduces the carrying amount of each asset in proportion to the carrying amount of the other assets in the unit.

The impairment loss on goodwill is not subject to reversal. Non-financial assets other than goodwill are reversed only to the extent that the carrying amount of the asset, net of depreciation or amortization, would have been determined had no impairment loss been recognized in prior years.

(XIV) Provision for liabilities

Provisions for liabilities are recognized when the Group has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation in the future, and the amount of the obligation can be reliably estimated.

The provision for product warranty liability is recognized when the product is sold. The provision for this liability is measured based on historical warranty information and all probable outcomes weighted by their respective probabilities.

(XV) Business combinations

The Group uses the acquisition method of accounting to account for business combinations. Goodwill is measured at the fair value of the consideration transferred at the acquisition date, including the amount attributable to any non-controlling interest in the acquiree, less the net amount of the identifiable assets acquired and liabilities assumed, which is generally the fair value. If the resulting balance is negative, the Group reassesses whether all assets acquired and liabilities assumed have been properly recognized before recognizing the benefit of the bargain purchase in profit or loss.

Transaction costs associated with a business combination are recognized as expenses of the combining company as soon as they are incurred, except when they relate to the issuance of debt or equity instruments.

The non-controlling interests in the acquiree that are presently owned and whose holders are entitled to a proportionate share of the net assets of the business at the time of liquidation are measured, at the option of the Group, on a transaction-by-transaction basis, at either the acquisition date fair value or at the present ownership instrument's proportionate share of the recognized amount of the acquiree's identifiable net assets. Other non-controlling interests are measured at their fair values at the acquisition date or on other bases in accordance with IFRSs recognized by the FSC.

In a business combination entered into in stages, the Group remeasures its previously held interest in the acquiree at its acquisition-date fair value, and any resulting gain or loss is recognized in profit or loss. Changes in the value of the acquiree's interest that were recognized in other comprehensive income before the acquisition date should be treated in the same manner as if the Group had directly disposed of its previously held interest, and if it is appropriate to reclassify the interest to profit or loss upon disposal, the amount is reclassified to profit or loss.

If the original accounting for a business combination is not completed before the reporting date of the combination transaction, the Group reports the outstanding accounting items at provisional amounts and makes retroactive adjustments or recognizes additional assets or liabilities during the measurement period to reflect new information obtained during the measurement period about facts and circumstances existing at the acquisition date. The measurement period does not exceed one year from the date of acquisition.

(XVI) Revenue recognition

Revenue is measured at the consideration to which the Group is expected to be entitled as a result of the transfer of goods or services. The Group recognizes revenue when control of goods or services is transferred to customers to satisfy performance obligations. The Group explains the main revenue items as follows:

1. Sales of goods

   The Group recognizes revenue when control of goods is transferred to customers. Transfer of control of goods means that the goods has been delivered to the customer, the customer is able to determine the sales channel and price of the product, and there are no outstanding obligations that would affect the customer's acceptance of the goods. Delivery occurs when the product is delivered to a specific location, the risk of obsolescence and loss has been transferred to the customer, the customer has accepted the product in accordance with the terms of the transaction, and the Group has objective evidence that all acceptance conditions have been met.

   The Group has a refund obligation for defective products sold and has recognized a provision for warranty liability for this obligation.

   The Group recognizes accounts receivable upon delivery of goods because the Group has the unconditional right to receive the consideration at that point in time.

2. Financial components

   The Group does not adjust the time value of money of the transaction price because the time interval between the expected transfer of goods to customers and the payment of goods or services by customers does not exceed one year.

(XVII) Employee benefits

1. Defined contribution plans

   The contribution obligation of the defined contribution pension plan is recognized as employee benefit expense in profit or loss during the period in which the employees render service.

2. Defined benefit plans

   The net obligation under the defined benefit pension plan is calculated as the discounted value of the future benefit amounts to be earned by each plan for each employee's current or prior service, less the fair value of any plan assets. The discount rate is based on the market yield rate at the reporting date for government bonds with maturity dates approximating the term of the Group's net obligation and denominated in the same currency as the expected benefit payments. The net obligation of the defined benefit plans is actuarially determined annually by a qualified actuary using the projected unit benefit method.

   When benefits under a plan are improved, the related expense is recognized immediately in profit or loss for the portion of the benefit increase attributable to employees' past service.

   The remeasurement of the net defined benefit obligation (asset) consists of (1) actuarial gain or loss; (2) compensation on plan assets, excluding the amount included in net interest on the net defined benefit obligation (asset); and (3) any change in the asset ceiling effect, excluding the amount included in net interest on the net defined benefit obligation (asset). The remeasurement of the net defined benefit liability (asset) is recognized in other comprehensive income and is transferred to other equity in the current period.

   The Group recognizes a gain or loss on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The curtailment or settlement gain or loss includes the change in the fair value of any plan assets and the change in the present value of the defined benefit obligation.

3. Short-term employee benefits

   Short-term employee benefit obligations are measured on an undiscounted basis and are recognized as an expense when the related services are rendered. The amount expected to be paid under short-term cash bonus or dividend plans is recognized as a liability when the Group has a present legal or constructive obligation to pay for the services rendered by employees and the obligation can be reliably estimated.

(XVIII) Share-based payment transactions

Equity-settled share-based payment agreements are measured at fair value at the date of grant, and the expense is recognized over the vesting period of the award and increases relative equity. The expense recognized is adjusted for the number of awards that are expected to meet the service condition and the non-market vesting condition, and the final amount recognized is measured based on the number of awards that meet the service condition and the non-market vesting condition on the vesting date.

The non-vested conditions regarding share-based payment awards are reflected in the measurement of the fair value of share-based payment awards at the date of grant and no adjustment is required to be made to verify the difference between the expected and actual results.

The grant date of the Group's share-based payment is the date the Group notifies its employees of the subscription price and the number of shares to be subscribed.

(XIX) Income taxes

Income tax expense includes current and deferred income taxes. Current and deferred income taxes are recognized in profit or loss, except when they relate to business combinations, items recognized directly in equity or other comprehensive income.

Current income taxes include estimated income taxes payable or refunds receivable based on current year's taxable income (loss) and any adjustments to prior years' income taxes payable or refunds receivable. The amount reflects the best estimate of the amount expected to be paid or received, measured at the statutory tax rate at the reporting date or the tax rate of substantive legislation, after reflecting uncertainties, if any, related to income taxes.

Deferred income taxes are recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred income tax is not recognized for temporary differences arising from:

1. Assets or liabilities that are not part of the original recognition of a business combination transaction and do not affect the accounting profit or taxable income (loss) at the time of the transaction;
2. Temporary differences arising from investments in subsidiaries, affiliates and joint ventures where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and
3. Taxable temporary differences arising from the original recognition of goodwill.

Deferred income tax assets are recognized for unused tax losses and unused tax credits in subsequent periods, together with deductible temporary differences, to the extent that it is probable that future taxable income will be available for use. Deferred income tax assets are reassessed at each reporting date and reduced to the extent that it is not probable that the related income tax benefit will be realized or to the extent that it becomes probable that sufficient taxable income will be available to allow the reversal of the original reduction.

Deferred income taxes are measured at the tax rates that are expected to apply to the reversal of temporary differences, based on the statutory tax rate at the reporting date or the tax rate of substantive legislation, and reflecting uncertainties, if any, related to income taxes.

The Group shall offset deferred income tax assets and deferred income tax liabilities only if the following conditions are met at the same time:

1. There is a legally enforceable right to offset current income tax assets and current income tax liabilities; and
2. The deferred income tax assets and deferred income tax liabilities relate to one of the following taxable entities that are subject to income tax by the same taxing authority:
   (1) The same taxable entity; or
   (2) Different taxable entities, provided that each entity intends to settle current income tax liabilities and assets on a net basis, or to realize assets and settle liabilities simultaneously, in each future period in which significant amounts of deferred income tax assets are expected to be recovered and deferred income tax liabilities are expected to be settled.

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.

(XX) Earnings per share

The Group presents basic and diluted earnings per share attributable to equity holders of the Company's common stock. Basic earnings per share of the Group is calculated by dividing the profit or loss attributable to the holders of the Company's common stock by the weighted-average number of common shares outstanding during the period. Diluted earnings per share is calculated by adjusting the profit or loss attributable to equity holders of the Company's common stock and the weighted-average number of common shares outstanding, respectively, for the effect of all potentially dilutive common shares. The potential diluted common stock of the Group is the employee compensation that may be issued in stock.

(XXI) Segment information

Operating segments are units of the Group that engage in operating activities that may generate revenues and expenses, including revenues and expenses related to intercompany transactions with other components of the Group. The operating results of all operating divisions are reviewed regularly by the Group's chief operating decision maker to make decisions about the allocation of resources to the division and to evaluate its performance. Separate financial information is available for each operating segment.

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 IFRSs recognized by the FSC, the management shall make judgments, estimates and assumptions, which will affect the adoption of accounting policies and the reported amounts of assets, liabilities, incomes and expenses. Actual results may differ from estimates.

The Management has continuously reviewed the estimates and basic assumptions, and changes in accounting estimate are recognized in the period of change and in the future periods affected.

The uncertainties in the following assumptions and estimates have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities in the next fiscal year and reflect the impact of COVID-19, as follows:

(I) Valuation of Inventories

Inventories are measured at the lower of cost or net realizable value. The Group assesses the amount of inventories that are normally worn out, obsolete or have no marketable value at the reporting date and reduces the cost of inventories to net realizable value. This inventory valuation is primarily based on estimates of product demand in specific periods in the future and is subject to significant changes due to rapid changes in the industry. Please refer to Note VI (VI) for the valuation of inventories.

(II) Goodwill impairment assessment

The process of assessing goodwill impairment relies on the Group's subjective judgment, which includes identifying cash-generating units, allocating goodwill to the relevant cash-generating units, and determining the recoverable amount of the relevant cash-generating units. Any changes in economic conditions or corporate strategy may cause significant changes in the results of the assessment.

VI. Description of Significant Accounting Items

(I) Cash and cash equivalents

	2022.12.31	2021.12.31
Cash on hand and petty cash	$ 589	360
Demand deposits and check deposits	1,689,885	1,471,951
Time deposits with original maturity date within three months	-	77,504
	$ 1,690,474	1,549,815

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

	2022.12.31	2021.12.31
Financial assets mandatorily classified as at fair value through profit or loss:		
Non-hedging derivative instruments:		
Forward foreign exchange contracts	$ 1,353	74
Foreign exchange SWAP contracts	34	2,311
	1,387	2,385
Non-derivative financial assets:		
Fund beneficiary certificates	26,071	26,143
	$ 27,458	28,528
Financial liabilities held for trading:		
Derivative financial instruments:		
Forward foreign exchange contracts	$ 1,106	821
Foreign exchange SWAP contracts	3,914	-
	$ 5,020	821

Please refer to Note VI (XXIII) 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 outstanding derivative financial instruments as of the reporting date is as follows:

1. Forward foreign exchange contracts

2022.12.31

Currency	Contractual amount (In thousands of NTD)	Maturity period
Buy JPY/Sell USD	USD 916	2023.01
Buy USD/Sell RMB	RMB 146,756	2023.01
Buy RMB/Sell USD	USD 2,800	2023.01
Buy NTD/Sell USD	USD 6,660	2023.01
Buy USD/Sell Euro	USD 800	2023.01
Buy Euro/Sell in USD	USD 1,100	2023.01

2021.12.31

Currency	Contractual amount (In thousands of NTD)	Maturity period
Buy JPY/Sell USD	JPY 34,034	2022.01
Buy USD/Sell RMB	RMB 110,410	2022.01
Buy RMB/Sell USD	RMB 6,156	2022.01
Buy Euro/Sell in USD	USD 1,422	2022.01

2. Foreign exchange SWAP contracts

2022.12.31

Currency	Contractual amount (In thousands of NTD)	Maturity period
Swap in NTD/swap out USD	USD 30,630	2023.01
Swap in NTD/swap out RMB	RMB 47,000	2023.01

2021.12.31

Currency	Contractual amount (In thousands of NTD)	Maturity period
Swap in NTD/swap out USD	USD 22,130	2022.01

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

		2022.12.31	2021.12.31
Equity instruments measured at fair value through other comprehensive income:			
Stocks of domestic listed (OTC) companies	$	68,840	41,259
Foreign unlisted (OTC) stocks		2,224	1,288
	$	71,064	42,547

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

The Group did not dispose of the above-mentioned strategic investments in 2022 and 2021, and the gain or loss accumulated during those periods were not transferred to equity.

(IV) Financial assets carried at amortized cost

		2022.12.31	2021.12.31
Financial assets measured at amortized cost - current:			
Pledged certificate of deposit	$	2,325	1,708
Time deposits with original maturity date over 3 months		7,232	18,000
	$	9,557	19,708
Financial assets measured at amortized cost - non-current:			
Corporate bonds	$	3,212	-

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

Please refer to Note VIII for details of the aforesaid financial assets used by the Group to provide guarantees.

(V) Notes and accounts receivable and other receivables

		2022.12.31	2021.12.31
Notes receivable	$	336,104	305,492
Accounts receivable		2,343,503	2,330,999
Accounts receivable from related parties		272,306	182,138
Less: Allowance for loss		(67,816)	(32,235)
	$	2,884,097	2,786,394
Other receivables	$	56,389	31,661
Other receivables from related parties		556	498
	$	56,945	32,159

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

	2022.12.31			
		Book-entry amounts of accounts receivable	Weighted average expected credit loss rate	Allowance for expected credit losses for the duration of the period
Not overdue	$	2,042,659	0.06%	1,321
1-30 days overdue		196,504	1.71%	3,368
31-60 days overdue		26,676	8.78%	2,342
61-90 days overdue		13,545	16.12%	2,184
Overdue more than 90 days		64,119	91.39%	58,601
	$	2,343,503		67,816

	2021.12.31			
		Book-entry amounts of accounts receivable	Weighted average expected credit loss rate	Allowance for expected credit losses for the duration of the period
Not overdue	$	2,122,094	0.06%	1,170
1-30 days overdue		159,426	3.25%	5,185
31-60 days overdue		16,337	9.85%	1,609
61-90 days overdue		5,188	17.85%	926
Overdue more than 90 days		27,954	83.51%	23,345
	$	2,330,999		32,235

The Group has assessed the counterparties of notes receivable, accounts receivable from related parties and other receivables (including related parties) in respect of past default record, current financial position and future economic situation forecast, and concluded that the expected recoverable amounts of these items are equivalent to their originally presented amounts. Thus, it is unnecessary to recognize the allowance for the losses.

The statement of changes in the allowance for losses of the Group's accounts receivable is listed as follows:

	2022	2021
Beginning Balance	$ 32,235	46,661
Recovery of amounts written off in current period	-	100
Provision (reversal) of impairment loss for the period	16,310	(6,169)
Impact from initial consolidation of subsidiary	3,143	-
Unrecoverable amount written off for current year	(7,793)	(8,481)
Estimated insurance claims on accounts receivable	23,434	-
Effect of exchange rate changes	487	124
Ending balance	**$ 67,816**	**32,235**

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

(VI) Inventories

	2022.12.31	2021.12.31
Raw materials	$ 1,737,449	2,058,371
Work in progress	228,553	143,287
Manufactured goods and commodities	1,490,591	1,246,458
Goods in Transit	235,442	67,907
Outsourced processing products	124,561	67,272
	$ 3,816,596	**3,583,295**

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

	2022	2021
Cost of inventory sold	$ 12,820,141	10,813,277
Inventory falling price loss (recovery benefit)	40,815	(92,052)
Inventory scrap loss and inventory gain	46,698	48,785
	$ 12,907,654	**10,770,010**

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

(VII) Non-current assets held for sale

On May 21, 2021, the consolidated subsidiary Ace Pillar adopted a resolution by the board of directors to sell the land and property in Sanchong District. Therefore, the carrying value of such property was transferred to the non-current assets held for sale, amounting to NTD73,452 thousand. Some of the aforementioned assets have been sold in January and June 2022 with a net sale price of NTD46,401 thousand with a carrying amount of NTD31,777 thousand for the assets sold and a gain on disposal of NTD14,624 thousand.

On December 23, 2021, the consolidated subsidiary Tianjin Ace Pillar adopted a resolution by the board of directors to sell the plant and land use rights in Tianjin Ace Pillar Pilot Free Trade Zone. Therefore, the total amount of such plant of NTD239,149 thousand was transferred to non-current assets held for sale.

At the end of 2022, the management authority assessed that due to the impact of the COVID-19 and the overall external economic environment, the above assets no longer meet the conditions for being classified as assets held for sale, so the amount of these assets was NTD346,592 thousand, which was reclassified under the assets of property, plant and equipment, and use rights. This reclassification had no significant impact on the operation and finance of the Group in 2022 and 2021.

The Company passed the resolution of the board of directors on August 6, 2021 to sell the plant and buildings in Xizhi District, and has signed a contract for the relevant sale. The total sale price was NTD550,000 thousand (including tax), and the carrying amount of such property amounted to NTD72,885 thousand was listed in "non-current assets held for sale.” The transfer of the real estate was completed on November 11, 2021, and a disposal gain of NTD469,360 thousand was recognized.

(VIII) Subsidiaries and non-controlling interests

1. Acquisition of a subsidiary - Brainstorm Corporation (Brainstorm)

   (1) Consideration transferred for acquisition of the subsidiary

   On May 1, 2021 (acquisition date), the Company acquired 35.09% equity, including ordinary shares and special shares, in Brainstorm, and according to the investment agreement between both parties and the Articles of Association of Brainstorm, the Company has acquired 55.29% of the voting rights and more than half of the seats at the Board of Directors of Brainstorm. Therefore, the Company has taken control of Brainstorm and included Brainstorm in the consolidated entities as of the acquisition date. The Group has acquired Brainstorm mainly in order to implement the channel first strategy and accelerate the development in the American market.

(2) Net identifiable assets acquired

The fair values of the identifiable assets and liabilities of Brainstorm acquired on May 1, 2021 (acquisition date) are detailed as follows:

Transfer consideration:		
Cash		$ 501,582
Plus: Non-controlling interests (measured by the proportion of non-controlling interests in net identifiable assets)		641,433
Less: Fair value of net identifiable assets acquired:		
Cash and cash equivalents	$ 460,381	
Net accounts receivable	191,888	
Inventories	803,582	
Prepayments and other current assets	4,613	
Property, plant and equipment	7,026	
Right-of-use assets	51,212	
Intangible assets - Trademark	562,692	
Intangible assets - Computer Software	129	
Refundable deposits	4,573	
Accounts payable	(784,344)	
Other payables	(143,260)	
Current income tax liabilities	(2,055)	
Other current liabilities	(311)	
Lease liabilities (including current and non-current)	(51,212)	
Deferred income tax liabilities	(112,538)	
Long-term borrowings	(4,187)	988,189
Goodwill		**$ 154,826**

The Group constantly reviewed the above matters during the measurement period and adjusted the amounts of above-mentioned intangible assets and goodwill in the first quarter of 2022 as follows:

Increase in intangible assets - trademark	$	6,577
Increase in deferred income tax liabilities		(1,315)
Increase in non-controlling interests		(3,415)
Decrease in goodwill	**$**	**1,847**

(3) Intangible assets

The intangible asset - trademark is evenly amortized with the straight-line method based on its economic benefit life of 10 years.

The goodwill mainly comes from Brainstorm’s profitability, premium from the control over it, the synergy of the merger, future development in the American market and value of its human resource team. It is expected to have no income tax effect.

2. Acquisition of subsidiaries - Standard Technology Corporation and its subsidiaries

(1) Consideration transferred for acquisition of the subsidiary

On March 1, 2022 (the acquisition date), Ace Pillar, the combined subsidiary, acquired 4,680 thousand ordinary shares of Standard Technology Corporation (Standard Co.) for a cash consideration of NTD187,000 thousand and acquired a 60% equity interest, thereby obtaining control over this company and has included Standard Co. and its subsidiaries in the consolidated entities since the acquisition date. Standard Co. and its subsidiaries are principally engaged in the trading of semiconductor optoelectronic equipment and consumables and equipment maintenance services. Standard Co. was acquired by the Group for the purpose of optimizing the layout of the semiconductor business, expanding its business and providing customers with comprehensive products and services.

(2) Net identifiable assets acquired

The fair values of the identifiable assets acquired and liabilities assumed of Standard Co. and its subsidiaries on March 1, 2022 (acquisition date) are detailed as follows:

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

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

(3) Intangible assets

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

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

(4) Proposed information on operating results

The operating results of Standard Co. and its subsidiaries from the acquisition date to December 31, 2022 have been consolidated into the consolidated comprehensive income statements of the Consolidated Company, and they contributed a net operating revenue and a net after-tax profit (including amortization of intangible assets obtained by acquisition) of NTD548,580 thousand and NTD36,298 thousand, respectively. If the acquisition had occurred on January 1, 2022, the pro-forma net operating revenue and net after-tax profit of the Group from January 1 to December 31, 2022 would have been NTD16,302,706 thousand and NTD600,577 thousand, respectively.

3. Acquisition of subsidiary - BlueWalker GmbH

(1) Consideration transferred for acquisition of the subsidiary

On April 1, 2022 (the acquisition date), the merged subsidiary Ace Pillar acquired 100% equity of BlueWalker GmbH (hereinafter referred to as BWA) with cash of NTD127,200 thousand (EUR 4000 thousand), thereby obtaining control over the company and incorporating it into the Group from the acquisition date. BWA is primarily engaged in the trading and services of energy management products. The Group acquired BWA mainly to enhance product diversification and expand product sales regions for the purpose of improving overall economic efficiency.

(2) Net identifiable assets acquired

The fair values of the identifiable assets and liabilities of BWA acquired on April 1, 2022 (acquisition date) are detailed as follows:

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

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

(3) Intangible assets

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

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

(4) Proposed information on operating results

From the acquisition date to December 31, 2022, BWA's operating results were incorporated into the consolidated comprehensive income statement of the Group, contributing net operating income and net profit after tax of NTD256,336 thousand and NTD13,896 thousand, respectively. If the acquisition had occurred on January 1, 2022, the pro-forma net operating revenue and net after-tax profit (including amortization of intangible assets obtained by acquisition) of the Consolidated Company for 2022 would have been NTD16,267,422 thousand and NTD597,206 thousand respectively.

4. Acquisition of subsidiary - ACE Energy Co., Ltd.

(1) Consideration transferred for acquisition of the subsidiary

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

(2) Net assets acquired

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

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

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

5. Changes in ownership interests of subsidiaries have not resulted in loss of control.

   As mentioned in paragraph 4 above, the Group acquired the equity of its subsidiary ACE Energy from the related party AUO for NTD5,440 thousand in 2022; and acquired the additional equity interests of Ace Pillar and AEWIN at a cost of NTD515,360 thousand in 2021. Please refer to Note IV (II) for changes in the shareholding ratio.

   The changes in the ownership interest of the Group in the subsidiaries have produced the following impact on the owners' equity attributable to the parent company:

	2022	2021
Retained earnings	$ (283)	(149,828)

6. Subsidiaries with material non-controlling interests

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

Name of subsidiary	Primary business premises/country of registration	Proportion of non-controlling interests in ownership interests 2022.12.31	2021.12.31
Ace Pillar	Taiwan	51.93%	51.93%
AEWIN	Taiwan	48.62%	48.62%
Brainstorm	USA	64.91%	64.91%

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

(1) Summary financial information of Ace Pillar:

	2022.12.31	2021.12.31
Current assets	$ 2,359,687	2,681,399
Non-current assets	1,172,156	687,369
Current liabilities	(955,535)	(974,694)
Non-current liabilities	(238,230)	(97,251)
Net assets	**$ 2,338,078**	**2,296,823**
Ending balance of non-controlling interests	**$ 1,253,258**	**1,180,342**
Former owner of business combination under common control	**$ -**	**20,310**

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

	2022	2021
Net operating revenue	$ 3,762,421	3,658,704
Net profit for the period	$ 78,883	139,435
Other comprehensive income	21,256	1,452
Total comprehensive income	$ 100,139	140,887
Net profit for the period attributable to non-controlling interests	$ 46,521	84,085
Total comprehensive income attributable to non-controlling interests	$ 57,885	85,016

	2022	2021
Cash flows from operating activities	$ (1,331)	13,983
Cash flows from investing activities	(90,978)	(285,345)
Cash flows from financing activities	(12,931)	(101,673)
Effect of changes in exchange rate	20,201	225
Decrease in cash and cash equivalents	$ (85,039)	(372,810)
Dividends paid to non-controlling interests	$ (52,463)	(34,976)

(2) Summary financial information on AEWIN

	2022.12.31	2021.12.31
Current assets	$ 1,884,646	1,614,052
Non-current assets	1,077,127	968,544
Current liabilities	(1,234,006)	(952,890)
Non-current liabilities	(446,924)	(458,709)
Net assets	$ 1,280,843	1,170,997
Carrying amount of non-controlling interests, ending	$ 620,453	567,059

	2022	2021
Operating revenue	$ 2,463,236	2,016,727
Net profit for the period	$ 143,686	34,560
Other comprehensive income	1,634	2,006
Total comprehensive income	$ 145,320	36,566
Net profit for the period attributable to non-controlling interests	$ 69,848	16,810
Total comprehensive income attributable to non-controlling interests	$ 70,642	17,781

		2022	2021
Cash flows from operating activities	$	305,371	(232,114)
Cash flows from investing activities		(73,031)	(488,725)
Cash flows from financing activities		(46,291)	705,523
Effect of changes in exchange rate		5,027	1,186
Increase (decrease) in cash and cash equivalents	$	**191,076**	**(14,130)**
Dividends paid to non-controlling interests	$	**(17,248)**	**(17,249)**

(3) Summary financial information on Brainstorm:

		2022.12.31	2021.12.31
Current assets	$	1,412,116	1,528,818
Non-current assets		727,077	748,712
Current liabilities		(788,169)	(898,830)
Non-current liabilities		(114,009)	(140,385)
Net assets	$	**1,237,015**	**1,238,315**
Ending balance of non-controlling interests	$	**703,648**	**703,293**

		2022	May to December 2021
Net operating revenue	$	**5,197,642**	**4,336,531**
Net profit (loss) for the period	$	**(78,559)**	**100,816**
Net profit (loss) for the period attributable to non-controlling interests	$	**(50,993)**	**65,440**

		2022	May to December 2021
Cash flows from operating activities	$	90,349	(516,663)
Cash flows from investing activities		(29,410)	(5,871)
Cash flows from financing activities		(75,084)	123,537
Effect of changes in exchange rate		6,237	541
Decrease in cash and cash equivalents	$	**(7,908)**	**(398,456)**
Dividends paid to non-controlling interests	$	-	-

(IX) Property, plant and equipment

	Land	Buildings	Machinery equipment	Office equipment	Other equipment	Unfinished construction	Total
Costs:							
Balance as of January 1, 2022	$ 932,159	1,411,272	483,635	65,225	371,456	23,649	3,287,396
Acquired through business combination	-	-	22	9,554	5,826	-	15,402
Addition	-	52,116	22,418	11,215	61,020	32,358	179,127
Disposal	-	-	(5,633)	(6,429)	(9,173)	-	(21,235)
Reclassification for the period	30,821	247,967	6,188	1,494	33,854	(55,380)	264,944
Effect of changes in exchange rate	-	4,295	574	953	3,723	189	9,734
Balance as of December 31, 2022	$ 962,980	1,715,650	507,204	82,012	466,706	816	3,735,368
Balance as of January 1, 2021	$ 739,888	1,087,518	353,962	57,234	233,312	243,175	2,715,089
Acquired through business combination	-	-	4,299	502	10,503	-	15,304
Addition	268,766	454,092	124,505	11,964	25,572	135,846	1,020,745
Disposal	-	-	(8,192)	(4,429)	(8,323)	-	(20,944)
Reclassification for the period	(76,495)	(130,425)	9,126	215	110,995	(356,886)	(443,470)
Effect of changes in exchange rate	-	87	(65)	(261)	(603)	1,514	672
Balance as of December 31, 2021	$ 932,159	1,411,272	483,635	65,225	371,456	23,649	3,287,396
Accumulated depreciation and impairment loss:							
Balance as of January 1, 2022	$ -	248,703	300,302	50,864	210,188	-	810,057
Acquired through business combination	-	-	22	7,630	4,273	-	11,925
Depreciation	-	42,708	42,470	6,776	36,308	-	128,262
Disposal	-	-	(5,655)	(6,359)	(9,028)	-	(21,042)
Reclassification for the period	-	6,398	46	-	(46)	-	6,398
Effect of changes in exchange rate	-	2,987	258	818	2,609	-	6,672
Balance as of December 31, 2022	$ -	300,796	337,443	59,729	244,304	-	942,272
Balance as of January 1, 2021	$ -	276,711	261,093	49,939	189,241	-	776,984
Acquired through business combination	-	-	1,612	205	6,461	-	8,278
Depreciation	-	39,341	44,079	5,224	21,557	-	110,201
Disposal	-	-	(6,474)	(4,315)	(6,624)	-	(17,413)
Reclassification for the period	-	(67,423)	-	-	-	-	(67,423)
Effect of changes in exchange rate	-	74	(8)	(189)	(447)	-	(570)
Balance as of December 31, 2021	$ -	248,703	300,302	50,864	210,188	-	810,057
Book value:							
December 31, 2022	$ 962,980	1,414,854	169,761	22,283	222,402	816	2,793,096
December 31, 2021 (Restated)	$ 932,159	1,162,569	183,333	14,361	161,268	23,649	2,477,339

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

(X) Right-of-use assets

		Land	Buildings	Transportation equipment	Total
Cost of right-of-use assets:					
Balance as of January 1, 2022	$	21,238	339,968	9,044	370,250
Acquired through business combination		-	6,237	443	6,680
Addition		-	171,631	-	171,631
Decrease		-	(87,521)	(663)	(88,184)
Reclassification from non-current assets held for sale		27,075	-	-	27,075
Effect of changes in exchange rate		1,376	10,229	671	12,276
Balance as of December 31, 2022	$	49,689	440,544	9,495	499,728
Balance as of January 1, 2021	$	31,714	176,860	4,124	212,698
Acquired through business combination		-	46,527	4,685	51,212
Addition		-	167,829	3,707	171,536
Decrease		-	(47,679)	(3,322)	(51,001)
Reclassification to non-current assets held for sale		(10,429)	-	-	(10,429)
Effect of changes in exchange rate		(47)	(3,569)	(150)	(3,766)
Balance as of December 31, 2021	$	21,238	339,968	9,044	370,250
Accumulated depreciation of right-of-use assets:					
Balance as of January 1, 2022	$	2,138	97,888	2,446	102,472
Acquired through business combination		-	1,132	27	1,159
Depreciation		560	85,527	3,629	89,716
Decrease		-	(56,661)	(276)	(56,937)
Reclassification from non-current assets held for sale		1,712	-	-	1,712
Effect of changes in exchange rate		872	4,887	230	5,989
Balance as of December 31, 2022	$	5,282	132,773	6,056	144,111
Balance as of January 1, 2021	$	2,098	63,136	2,887	68,121
Depreciation		776	79,012	2,527	82,315
Decrease		-	(43,022)	(2,913)	(45,935)
Reclassification to non-current assets held for sale		(716)	-	-	(716)
Effect of changes in exchange rate		(20)	(1,238)	(55)	(1,313)
Balance as of December 31, 2021	$	2,138	97,888	2,446	102,472
Book value:					
December 31, 2022	$	44,407	307,771	3,439	355,617
December 31, 2021	$	19,100	242,080	6,598	267,778

(XI) Intangible assets

	Goodwill	Trademark	Client relationship	Computer software	Total
Cost:					
Balance as of January 1, 2022	$ 349,846	562,692	129,493	90,061	1,132,092
Acquisition through business combination (Notes VI (VIII)	86,633	12,822	104,736	2,535	206,726
Business combinations adjusted during the measurement period	9,793	6,577	(22,794)	-	(6,424)
Separate Acquisition	-	-	-	48,155	48,155
Disposal	-	-	-	(725)	(725)
Effects of exchange rate changes	-	-	-	993	993
Balance as of December 31, 2022	**$ 446,272**	**582,091**	**211,435**	**141,019**	**1,380,817**
Balance as of January 1, 2021	$ 195,020	-	129,493	75,999	400,512
Acquisition through business combination (Notes VI (VIII)	154,826	562,692	-	678	718,196
Separate Acquisition	-	-	-	15,396	15,396
Write-off for the current period	-	-	-	(2,002)	(2,002)
Effects of exchange rate changes	-	-	-	(10)	(10)
Balance as of December 31, 2021	**$ 349,846**	**562,692**	**129,493**	**90,061**	**1,132,092**
Accumulated amortization:					
Balance as of January 1, 2022	$ -	37,513	51,820	68,306	157,639
Acquisition through business combination (Notes VI (VIII)	-	-	-	1,478	1,478
Amortization	-	58,327	26,072	16,949	101,348
Disposal	-	-	-	(725)	(725)
Effects of exchange rate changes	-	-	-	50	50
Balance as of December 31, 2022	**$ -**	**95,840**	**77,892**	**86,058**	**259,790**
Balance as of January 1, 2021	$ -	-	32,048	59,674	91,722
Acquisition through business combination (Notes VI (VIII)	-	-	-	549	549
Amortization	-	37,513	19,772	10,093	67,378
Write-off for the current period	-	-	-	(2,002)	(2,002)
Effects of exchange rate changes	-	-	-	(8)	(8)
Balance as of December 31, 2021	**$ -**	**37,513**	**51,820**	**68,306**	**157,639**
Book value:					
Balance as of December 31, 2022	**$ 446,272**	**486,251**	**133,543**	**54,961**	**1,121,027**
Balance as of December 31, 2021 (Restated)	**$ 349,846**	**525,179**	**77,673**	**21,755**	**974,453**

1. The amortization charges for intangible assets for the years ended December 31, 2022 and 2021 are reported sequentially in the comprehensive income statement as follows:

	2022	2021
Operating costs	$ 2,348	1,781
Operating expenses	99,000	65,597
	$ 101,348	67,378

2. Impairment test of goodwill
   As of December 31, 2022 and 2021, the goodwill generated by the merger and acquisition of the Group was allocated to the following cash generating units (or groups of cash generating units) expected to benefit from the comprehensive effects of the merger:

	2022.12.31	2021.12.31
DFI America, LLC	$ 177,874	177,874
Brainstorm Corporation	152,979	154,826
Standard Technology Corporation	76,149	-
Other cash generating units with non-significant goodwill amortized	39,270	17,146
	$ 446,272	349,846

   The above cash generating units are the smallest units under the management's supervision of investment returns on goodwill containing assets. According to the results of goodwill impairment testing conducted by the Group, the recoverable amounts as of December 31, 2022 and 2021 were higher than their carrying value, so there is no need to recognize impairment losses. The recoverable amounts of the cash generating units are determined based on value in use, with key assumptions as follows:

	2022.12.31	2021.12.31
DFI America, LLC:		
Operating revenue growth rate	(3)%~4.47%	10.62%~33.44%
Discount rate	11.61%	7.79%
Brainstorm Corporation:		
Operating revenue growth rate	(6.39)%~23.2%	0%~8%
Discount rate	13.35%	7.56%
Standard Co.:		
Operating revenue growth rate	5.78%~15%	
Discount rate	12.92%	

(1) The estimated future cash flow used is a five-year financial budget estimated by the management based on future operating plans. Cash flows over five years are extrapolated using an annual growth rate of 2%.

(2) The discount rate for determining the value in use is based on the weighted average cost of capital as the estimation basis.

(XII) Short-term borrowings

	2022.12.31	2021.12.31
Unsecured bank loans	$ 1,774,218	1,293,108
Secured bank loans	111,802	18,196
	$ 1,886,020	1,311,304
Unused lines of credit	$ 5,584,243	4,394,526
Range of interest rate	1.50%~7.00%	0.62%~4.25%

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

(XIII) Long term borrowings

	2022.12.31	2021.12.31
Unsecured bank loans	$ 1,300,653	1,420,000
Secured bank loans	250,000	330,000
Less: Part due within one year	(653)	(20,000)
	$ 1,550,000	1,730,000
Unused lines of credit	$ 100,000	-
Year of maturity	2023~2024	2022~2024
Range of interest rate	1.72%~5.83%	0.94%~1.12%

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

(XIV) Lease liabilities

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

	2022.12.31	2021.12.31
Current	$ 86,451	75,933
Non-current	$ 241,693	181,441

Please refer to Note VI (XXV) Financial Risk Management for the maturity analysis of lease liabilities.

The amounts recognized as profit and loss are as follows:

	2022	2021
Interest expense on lease liabilities	$ 6,933	5,335
Short-term leases expenses and lease expenses of low-value assets	$ 39,882	26,656
COVID-19-related rent concessions (recognized as a decrease in lease expense)	$ (4,574)	(1,463)

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

	2022	2021
Total cash outflow for leases	$ 122,734	110,816

Important lease clauses:

1. Lease of land, buildings and structures

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

2. Other leases

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

(XV) Provisions - current

	Provision for product warranty
Balance as of January 1, 2022	$ 46,247
Provisions increase for the period	15,296
Provisions reverse for the period	(10,307)
Balance as of December 31, 2022	$ 51,236
Balance as of January 1, 2021	$ 56,827
Provisions increase for the period	10,615
Provisions decrease for the period	(21,195)
Balance as of December 31, 2021	$ 46,247

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

(XVI) Employee benefits

1. Defined benefit plans

The adjustment between the present value of defined benefit obligations of the Company and its domestic subsidiaries and the fair value of plan assets is as follows:

	2022.12.31	2021.12.31
Present value of defined benefit obligation	$ 104,756	97,925
Fair value of plan assets	(75,452)	(61,943)
	$ 29,304	35,982
Net defined benefit assets (accounted under other non-current assets)	$ (1,870)	(4,602)
Net defined benefit liabilities	$ 31,174	40,584

The defined benefit plans of the Company and its domestic subsidiaries are allocated to the special account for labor pension reserves of the Bank of Taiwan. The pension payment for each employee subject to the *Labor Standards Act* is calculated based on the base obtained through service years and the average salary for the six months prior to retirement.

(1) Composition of plan assets

The pension funds allocated by the Company and its domestic subsidiaries in accordance with the *Labor Standards Act* are administrated by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as “BLF”). In accordance with the "Regulations on the Custody and Utilization of Income and Expenditure of Labor Pension Funds", the minimum income for the annual final distribution of the funds shall not be lower than the income calculated based on the two-year fixed deposit rate of the local bank.

As of December 31, 2022 and 2021, the balances in the special accounts for labor pension reserves of the Company and its domestic subsidiaries in the Bank of Taiwan were NTD75,452 thousand and NTD61,943 thousand, respectively. Information on the use of labor pension fund assets, including fund returns and fund asset allocation, can be found on the website of the BLF.

(2) Changes in the present value of defined benefit obligations

	2022	2021
Defined benefit obligations as of January 1	$ 97,925	103,956
Effects of business mergers and acquisitions	29,692	-
Current service cost and interest	939	755
Remeasurement of net defined benefit liabilities (assets)		
- Effects of changes in demographic assumptions	127	2,162
- Actuarial gain or loss arising from experience adjustments	6,994	(396)
- Actuarial gain or loss arising from changes in financial assumptions	904	(1,188)
Plans and benefits paid by the Company	(5,011)	(7,364)
Gain or loss on settlement	(26,814)	-
Defined benefit obligations as of December 31	**$ 104,756**	**97,925**

(3) Changes in fair value of plan assets

	2022	2021
Fair value of plan assets as of January 1	$ 61,943	67,186
Effects of business mergers and acquisitions	24,021	-
Interest income	500	338
Remeasurement of net defined benefit liabilities (assets)		
- Compensation of plan assets (excluding current interest)	5,211	848
Amount contributed to the plan	9,911	935
Benefits paid under the plan	(2,002)	(7,364)
Gain or loss on settlement	(24,132)	-
Fair value of plan assets as of December 31	**$ 75,452**	**61,943**

(4) Change in asset ceiling effects

The Group did not have defined benefit plan asset ceiling effects in the years 2022 and 2021.

(5) Expenses recognized as profit or loss

	2022	2021
Service costs for the current period	$ 327	235
Net interest on net defined benefit liabilities (assets)	112	182
Gain on settlement	(2,682)	-
	$ (2,243)	417
Operating costs	$ 439	434
Operating expenses	-	(17)
Other gains	(2,682)	-
	$ (2,243)	417

(6) Actuarial assumptions

The significant actuarial assumptions used by the Group at the reporting date to determine the present value of the defined benefit obligations are as follows:

	2022.12.31	2021.12.31
Discount rate	1.5%	0.625%
Future salary increases	2.00%~3.250%	2.00%~2.50%

The Group expects to make a contribution of NTD9,936 thousand to the defined benefit plan within one year after the reporting date of the fiscal year 2022. The weighted average duration of the defined benefit plan is 8.6 to 9.5 years.

(7) Sensitivity analysis

The effect of changes in the main actuarial assumptions used on the present value of defined benefit obligations is as follows:

	Effect on defined benefit obligations	
	Increase by 0.25%	Decrease by 0.25%
December 31, 2022		
Discount rate	$ (2,414)	2,500
Future salary increases	2,418	(2,347)
December 31, 2021		
Discount rate	(2,356)	2,444
Future salary increases	2,358	(2,287)

The sensitivity analysis described above is based on analyzing the impact of changes in a single assumption while other assumptions remain unchanged. In practice, many hypothetical changes may be sequential. The sensitivity analysis is consistent with the method used to calculate the net defined benefit liabilities on the balance sheet date. The methods and assumptions used in preparing the sensitivity analysis in this period are the same as those used in the previous period.

2. Defined contribution plans

The defined contribution plan of the Company and its domestic subsidiaries is made in accordance with the provisions of the Labor Pension Ordinance at a contribution rate of 6% of the monthly salary of the laborers to the individual pension account of the Bureau of Labor Insurance (BLI). There is no statutory or presumptive obligation to pay additional amount after the Company and its domestic subsidiaries have made a defined contribution under these plans. Foreign subsidiaries contribute their pensions in accordance with local laws and regulations.

The pension expenses under the defined pension contribution measures of the Group in 2022 and 2021 were NTD63,001 thousand and NTD45,504 thousand, respectively.

(XVII) Income tax

1. Income tax expenses

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

		2022	2021
Current income tax expense:			
Current income tax expense	$	265,366	164,474
Prior period adjustment of current income tax		(5,458)	(324)
Surtax on unappropriated earnings		2,333	664
Current income tax expense	$	262,241	164,814
Deferred income tax expenses (benefits)		(99,774)	37,433
	$	**162,467**	**202,247**

The details of income tax expenses (benefits) recognized by the Group under other comprehensive income in 2022 and 2021 are as follows:

		2022	2021
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit plans	**$**	**(563)**	**55**

The reconciliation of income tax expenses and income before tax was as follows:

	2022	2021
Profit before tax	$ 759,467	986,108
Income tax at the Company's domestic tax rate	$ 151,894	197,222
Effects of tax rate differences in foreign jurisdictions	6,840	46,013
Exemption from business income tax on land exchanges	(4,188)	(92,777)
Prior period adjustment of income tax	(5,458)	(324)
Non-deductible expenses	8,291	1,201
Value-added tax on land	169	45,975
Changes in unrecognized temporary differences and loss deductions	11,788	(12,971)
Surtax on unappropriated earnings	2,333	664
Tax exemption for domestic investment income	(28,512)	(14,587)
Others	19,310	31,831
	$ 162,467	202,247

2. Deferred income tax assets and liabilities

(1) Unrecognized deferred income tax assets

	2022.12.31	2021.12.31
loss carryforward	$ 82,858	71,070

The Group has assessed that it is not likely to have sufficient taxable income for loss deduction in the future, so it has not recognized relevant deferred income tax assets.

As of December 31, 2022, the Group's losses not recognized as deferred income tax assets and their tax deduction periods are as follows:

Losses not yet deducted	The last year for which a deduction was allowed
$ 22,472	For the year ended December 31, 2023
126,076	For the year ended December 31, 2024
61,014	For the year ended December 31, 2025
56,845	For the year ended December 31, 2026
59,004	For the year ended December 31, 2027
2,893	For the year ended December 31, 2028
14,200	For the year ended December 31, 2029
1,604	For the year ended December 31, 2030
$ 344,108	

(2) Unrecognized deferred income tax liabilities

	2022.12.31	2021.12.31
Income from investment in subsidiaries	$ 10,191	10,191

Deferred income tax liabilities have not been recognized for taxable temporary differences associated with investments in subsidiaries because the Group can control the timing of the reversal of the temporary differences and is confident that the temporary differences will not reverse in the foreseeable future.

(3) Deferred income tax assets and liabilities recognized

The changes in deferred tax assets and liabilities are as follows:

Deferred income tax assets:

	Allowance for inventory loss	Provisions	Defined benefit plans	Investments in subsidiaries	Financial assets at fair value through profit or loss	Others	Total
January 1, 2022	$ 20,857	9,249	7,460	12,693	-	28,597	78,856
Recognized in profit or loss	6,333	998	(3,694)	21,668	-	18,179	43,484
Recognized in other comprehensive income	-	-	563	-	-	-	563
Acquired through business combination	637	-	1,133	-	-	465	2,235
Effect of changes in exchange rate	-	-	-	-	-	844	844
December 31, 2022	**$ 27,827**	**10,247**	**5,462**	**34,361**	**-**	**48,085**	**125,982**
January 1, 2021	$ 22,108	11,365	7,558	19,084	2,877	24,696	87,688
Recognized in profit or loss	(1,251)	(2,116)	(43)	(6,391)	(2,877)	3,802	(8,876)
Recognized in other comprehensive income	-	-	(55)	-	-	-	(55)
Effect of changes in exchange rate	-	-	-	-	-	99	99
December 31, 2021	**$ 20,857**	**9,249**	**7,460**	**12,693**	**-**	**28,597**	**78,856**

Deferred income tax liabilities:

	Investments in subsidiaries	Property, Plant and Equipment	Others	Total
January 1, 2022	$ 190,545	1,872	123,252	315,669
Recognized in profit or loss	(44,354)	-	(11,936)	(56,290)
Acquired through business combination	26,288	-	20,268	46,556
Effect of changes in exchange rate	-	-	13	13
December 31, 2022	**$ 172,479**	**1,872**	**131,597**	**305,948**
January 1, 2021	$ 149,161	3,224	22,199	174,584
Recognized in profit or loss	41,384	(1,352)	(11,475)	28,557
Acquired through business combination	-	-	112,538	112,538
Effect of changes in exchange rate	-	-	(10)	(10)
December 31, 2021	**$ 190,545**	**1,872**	**123,252**	**315,669**

3. Circumstances of income tax approval

   The Company's profit-seeking enterprise income tax has been approved by the tax authority to the year of 2020.

(XVIII) Capital and other equities

1. Ordinary shares and treasury shares

   As on December 31, 2022 and 2021, the total authorized capital of the Company was NTD1,772,000 thousand, which was divided into 177,200 thousand shares at NTD10 per share. The number of issued shares were both 114,489 thousand shares. The share capital reserved for the issuance of the exercise of employee share options was 20,000 thousand shares.

   From November 2018 to January 2019, the Company bought back 200 thousand ordinary shares of the Company at an average buyback price of NTD64.53 each from the centralized trading market. The Company may transfer the shares bought back this time to others, including employees of the controlled subsidiaries or affiliates of the Company who satisfy certain conditions, once or in multiple transactions within three years after the buyback date. Treasury shares held by the Company shall not be pledged as collateral in accordance with the Securities and Exchange Act, nor shall it be entitled to dividend distribution and voting rights.

   On November 5, 2021, the Board of Directors of the Company adopted the resolution to implement capital reduction by canceling 200 thousand shares of treasury stock yet to be transferred to employees pursuant to the Securities and Exchange Act. With December 28, 2021 as the base date, the capital reduction involved the cancellation of 200 thousand shares amounting to NTD2,000 thousand, and the amount of paid-in capital after capital reduction was NTD1,144,889 thousand. The relevant change registration has been completed.

2. Capital surplus

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

	2022.12.31	2021.12.31
Share premium	$ 578,204	625,371
Recognized changes in percentage of ownership interests in subsidiaries	5,967	5,962
Gain on asset disposal	808	808
Others	23,607	23,603
	$ 608,586	**655,744**

Pursuant to the provisions of the Company Act, the capital reserve shall be first used to recover the loss before it is distributed as the realized capital reserve to the shareholders based on their respective shareholding ratios in the form of new shares or cash. The Board of Directors is authorized to make a resolution to distribute and report to the Shareholders’ Meeting if which as mentioned in the preceding paragraph shall be in the form of cash. The 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 the processing standard for negotiable securities offering and issuance by issuers, the capital surplus shall be accrued out of the capital, and the total amount accrued every year shall be no higher than ten percent of the paid-in capital.

3. Retained earnings and dividend policy

Pursuant to the provision of Articles of Association of the Company, if there is any surplus in the final accounts, it shall first accrue the tax, recover 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 is any surplus after the special surplus reserve is set aside or reversed in accordance with the law, the Board of Directors shall make the profit distribution plan for the surplus together with the accumulated undistributed profit and submit it 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.

Pursuant to the provisions of the Articles of Association of the Company, the profit distribution plan made by the Board of Directors shall consider the general dividend level in the industry, adopt the balanced dividend policy and follow the principle of prudence in distribution, but the cash dividend to the shareholders shall be no lower than 15% of the total dividend to the shareholders, pursuant to the provisions of the Articles of Association of the Company. According to the amended Articles of Association of the Company on August 20, 2021, if a surplus totaling up to 2% of capital is recorded in the annual final accounts of the Company, the amount of dividends distributed shall be no lower than 10% of the distributable earnings for the year, and the amount of annual cash dividend distributed shall be no lower than 10% of the total amount of cash and stock dividends distributed for the year.

(1) Legal reserve

Pursuant to the provision of the Company Act, when the Company makes no loss, the Company shall distribute the legal surplus reserve in the form of new shares or in cash to the extent that such legal reserve exceeds 25% of the total paid-in capital. The Board of Directors is authorized to make a resolution to distribute and report to the Shareholders' Meeting if which as mentioned in the preceding paragraph shall be in the form of cash.

(2) Special reserve

Pursuant to the regulations issued by the Financial Supervisory Commission, when distributing the profit available for distribution, for the difference between the net deductibles of other shareholders' equity incurred in the current year and the balance of special surplus reserve stated in the account, the Company shall accrue the special surplus reserve in the same amount out of the profit in the current period and the undistributed profit in the previous period, and for the deductibles of other shareholders' equity accumulated in the previous period, the Company shall not distribute the special surplus reserve in the same amount accrued out of the undistributed profit in the previous period. If other deductibles of shareholders' equity are reversed in future, the Company shall distribute the profit with the reversed part.

4. Distribution of earnings

On March 3, 2022 and May 6, 2021, the Board of Directors of the Company resolved the amount of cash dividends and cash distributions from capital reserves in the profit distribution proposal for the years ended December 31, 2021 and 2020, respectively. The amounts of dividends distributed to owners of ordinary shares are as follows:

	2021		**2020**	
	Dividend per share (NTD)	**Amount**	**Dividend per share (NTD)**	**Amount**
Dividends distributed to owners of common stock:				
Cash dividends	**$ 3.2**	**366,364**	**2.8**	**320,569**
Cash distribution from capital surplus	**0.4**	**45,796**	**0.2**	**22,898**

On March 2, 2023, the Board of Directors resolved to distribute the following cash dividends from the 2022 earnings.

	2022	
	Dividend per share (NTD)	Amount
Cash dividends	$ 4.0	457,955

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

5. Other equities (net amount after tax)

	Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Total
Balance as of January 1, 2022	$ (134,871)	20,047	(114,824)
Exchange difference from conversion of net assets of foreign operating organizations	65,556	-	65,556
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	11,227	11,227
Balance as of December 31, 2022	$ (69,315)	31,274	(38,041)
Balance as of January 1, 2021	$ (83,110)	8,503	(74,607)
Exchange difference from conversion of net assets of foreign operating organizations	(51,761)	-	(51,761)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	11,544	11,544
Balance as of December 31, 2021	$ (134,871)	20,047	(114,824)

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

		2022	2021
Beginning Balance	$	2,450,694	2,062,364
Shares attributable to non-controlling interests:			
Net profit for the period		65,376	166,335
Exchange differences on translating the financial statements of foreign operations		61,530	(2,307)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income		(242)	196
Remeasurement of defined benefit plans		(1,495)	539
Income taxes related to other comprehensive income		299	(109)
Non-controlling interests adjustments		(2,060)	-
Cash dividends distributed by subsidiaries to non-controlling interests		(69,711)	(52,225)
Increase in non-controlling interests in subsidiaries acquired		79,375	641,433
Changes in percentage of ownership interests in subsidiaries		235	-
Acquisition of additional equity in subsidiaries		(5,157)	(365,532)
Organizational reorganization under common control		(1,485)	-
Ending balance	$	2,577,359	2,450,694

(XIX) Share-based payment

1. The employee stock option plans of the consolidated subsidiaries are as follows.

	Employee share options plan of AEWIN in 2016
Grant date	June 2016
Number of units granted (units)	1,350,000
Subscription price per share at issuance	NTD53.10
Common shares available for subscription per unit	1 share
Contract period	5.00 years
Vesting conditions	Two years from the date of grant, exercisable in accordance with the ratio set forth in the issuance regulations
Target	Eligible employees of AEWIN and its subsidiaries

2. Related information on the employee stock warrants of the subsidiary AEWIN is as follows:

	2021	
	Quantity (In thousands of units)	Weighted average exercise price (NT$)
Outstanding at the beginning of the period	761	$ 37.70
Invalid in current period	(761)	37.70
Outstanding at the end of the period	-	-
Executable quantity at end of period	-	-

The employee stock options plan of AEWIN has been terminated after the term of contract expired in June 2021.

(XX) Earnings per share

1. Basic earnings per share

	2022	2021
Net profit attributable to ordinary shareholders of the Company	$ 528,230	615,903
Weighted average number of outstanding ordinary shares (in thousands of shares)	114,489	114,489
Basic earnings per share (NTD)	$ 4.61	5.38

2. Diluted earnings per share

	2022	2021
Net profit attributable to ordinary shareholders of the Company	$ 528,230	615,903
Weighted average number of outstanding ordinary shares (in thousands of shares)	114,489	114,489
Effects of potential ordinary shares with dilution effect (in thousands of shares):		
Effects of employee stock compensation	960	1,003
Weighted average number of outstanding ordinary shares (after adjusting the number of dilution potential common shares) (in thousands of shares)	115,449	115,492
Diluted earnings per share (NTD)	$ 4.58	5.33

(XXI) Revenue from customer contracts

1. Breakdown of revenue

	2022	2021
Main products and services:		
Industrial computer cards and systems	$ 6,635,957	4,817,324
Industrial automation control	2,837,995	3,532,123
Computer components	5,197,642	4,336,531
Others	1,517,935	626,202
	$ 16,189,529	13,312,180

2. Balance of contracts

	2022.12.31	2021.12.31	2021.1.1
Notes and accounts receivable (including related parties)	$ 2,951,913	2,818,629	2,049,858
Less: Allowance for loss	(67,816)	(32,235)	(46,661)
	$ 2,884,097	2,786,394	2,003,197
Contract liabilities	$ 205,241	194,558	123,760

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

The contract 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, 2022 and 2021 were recognized as income of NTD160,715 thousand and NTD96,081 thousand, respectively, for the years ended December 31, 2022 and 2021.

(XXII) Compensation of employees and directors

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

For the years ended December 31, 2022 and 2021, the estimated employee compensations of the Company were NTD47,852 thousand and NTD53,437 thousand, respectively, and the estimated director compensations were NTD5,091 thousand and NTD5,685 thousand, respectively, which were estimated based on the Company's pre-tax net income before deducting the compensations for employees and directors multiplied by the Company's proposed distribution rate of compensations for 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 amounts of compensations for employees and directors of the Company as of March 2, 2023 and March 3, 2022, as determined by the Board of Directors, are not different from the amounts estimated in the Company's consolidated financial statements for the fiscal years 2022 and 2021, and are paid entirely in cash. The relevant information can be found at the MOPS.

(XXIII) Non-operating income and expenses

1. Interest income

	2022	2021
Interest on bank deposit	$ 4,881	2,157
Interest income from financial assets measured at amortized cost	90	26
Interest on finance leases	279	-
Interest on deposits	2	2
Interest income from financial assets at fair value through profit or loss	534	487
	$ 5,786	**2,672**

2. Other income

	2022	2021
Rental income	$ 6,481	6,160
Dividend income	3,941	999
Others	33,298	14,933
	$ 43,720	**22,092**

3. Other gains and losses

	2022	2021
Gain (loss) on disposal of property, plant and equipment	$ 156	(1,854)
Loss on liquidation of subsidiary	(391)	-
Gain on disposal of non-current assets held for sale(Note VI (VII))	14,624	469,360
Net gain on foreign exchange	85,446	3,052
Loss (gain) on financial instruments at fair value through profit or loss	(55,354)	(9,103)
Other expenditures	(4,365)	(1,947)
	$ 40,116	**459,508**

4. Finance costs

	2022	2021
Bank interest expenses	$ 54,415	19,441
Financial expenses on lease liabilities	6,933	5,335
	$ 61,348	**24,776**

(XXIV) Financial instruments

1. Types of financial instruments

(1) Financial assets

	2022.12.31	2021.12.31
Financial assets at fair value through profit or loss - current	$ 27,458	28,528
Financial assets at fair value through other comprehensive income - non-current	71,064	42,547
Financial assets measured at amortized cost:		
Cash and cash equivalents	1,690,474	1,549,815
Financial assets at amortized cost - current	9,557	19,708
Notes receivable, accounts receivable, and other receivables (including related parties)	2,941,042	2,818,553
Financial assets at amortized cost - non-current	3,212	-
Refundable deposits	32,641	34,610
Subtotal	4,676,926	4,422,686
Total	**$ 4,775,448**	**4,493,761**

(2) Financial liabilities

	2022.12.31	2021.12.31
Financial liabilities at fair value through profit or loss:		
Held-for-trading	$ 5,020	821
Financial liabilities measured by amortized cost:		
Short-term borrowings	1,886,020	1,311,304
Notes payable, accounts payable and other payables (including related parties)	2,690,266	2,843,700
Long-term borrowings (including the part due within one year)	1,550,653	1,750,000
Lease liabilities (including current and non-current)	328,144	257,374
Subtotal	6,455,083	6,162,378
Total	**$ 6,460,103**	**6,163,199**

2. Fair Value

(1) Financial instruments not measured at fair value

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

(2) Financial instruments measured at fair value

The Group’s financial assets/liabilities measured by fair value through profit and loss and the financial assets measured by fair value through other comprehensive profit and loss are measured by fair value on the basis of repeatability. The following table provides relevant analysis of the financial instruments measured by fair value after initial recognition and classifies these assets into 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).

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

	2021.12.31			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
Derivative financial instruments - Forward foreign exchange contracts	$ -	74	-	74
Derivative financial instruments - Foreign exchange swaps contract	-	2,311	-	2,311
Fund beneficiary certificates	26,143	-	-	26,143
	$ 26,143	2,385	-	28,528
Financial assets at fair value through other comprehensive income:				
Domestic listed stocks	$ 41,259	-	-	41,259
Foreign unlisted stocks	-	-	1,288	1,288
	$ 41,259	-	1,288	42,547
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments - Forward foreign exchange contract	$ -	(821)	-	(821)

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

A. Non-derivative financial instruments

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

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

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

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

The Group employs the asset approach to estimate fair values of unlisted stocks without active market and infers their fair values with total market values of individual assets and individual liabilities covered by the valuation subject as well as other factors.

B. Derivative financial instruments

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

(4) Transfer between fair value levels

There were no transfers of fair value levels of any financial asset and financial liability for the years ended 2022 and 2021.

(5) Detailed statement on changes in level 3

Financial assets at fair value through other comprehensive income:

		2022	2021
Beginning Balance	$	1,288	887
Impact from initial consolidation of subsidiary		1,434	-
Changes recognized in other comprehensive incomes in current period		(498)	401
Ending balance	**$**	**2,224**	**1,288**

(XXV) Financial risk management

The Group is exposed to credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and equity instrument price risk) as a result of its business activities. This note presents the Group's policies and procedures for measuring and managing each of these risks and the quantitative disclosure of the risks.

The Group's Board of Directors is responsible for developing and controlling the Group's risk management policy. The risk management policy is established to identify and analyze the risks faced by the Group, set appropriate risk limits and controls, and monitor compliance with the risks and risk limits. Risk management policies and systems are periodically reviewed to reflect changes in market conditions and the operations of the Group.

The financial management department of the Group monitors and manages the financial risks related to the operations of the Group through internal risk reports.

1. Credit risk

Credit risk refers to the risk of financial losses incurred by the Group due to the failure of counterparties to perform contractual obligations with respect to financial assets, mainly arising from cash and equivalents, derivative instrument transactions, accounts receivable from customers, and other receivables. The carrying value of financial assets of the Group represents the maximum credit exposure amount.

The transaction counterparties of cash and cash equivalents of the Group and the beneficiary certificates of the fund held by the Group are all financial institutions with good credit and therefore should not generate significant credit risk.

The policies adopted by the Group are to only conduct transactions with reputed counterparties, and to obtain sufficient collateral under necessary circumstances to reduce the risk of financial losses. The Group conducts transactions with enterprises whose ratings is equivalent to or higher than investment level. The information is provided by independent rating agencies. If such information is not available, the Group will use other publicly available financial information and transaction records of each other to rate major clients. The Group continuously monitors credit exposure and the credit ratings of its counterparties, and distributes the total transaction amount to qualified customers with credit ratings. It controls credit exposure through counterparty credit limit limits reviewed and approved by the risk management unit annually, and also reduces possible losses through insurance.

To mitigate the credit risk, the management of the Group appoints a team solely responsible for determination of credit lines, credit approvals and other monitoring procedures to ensure that appropriate action has been taken for the collection of overdue receivables. In addition, the Group will review the recoverable amount of the receivables one by one on the balance sheet date to ensure that the unrecoverable receivables have been recognized with appropriate impairment loss. Accordingly, the management of the Group believes that the Group's credit risk is significantly reduced. The Group had no centralized accounts receivable balances as of December 31, 2022 and 2021.

2. Liquidity risk

Liquidity risk refers to the risk that the Group cannot deliver cash or other financial assets to settle financial liabilities and fails to fulfill relevant obligations. The Group manages and maintains sufficient cash positions to support operations and mitigate the impact of cash flow fluctuations. The management of the Group monitors the use of bank facility and ensures compliance with the terms of the loan contract.

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
December 31, 2022					
Non-derivative financial liabilities:					
Short-term borrowings (floating rates)	$ 1,895,352	1,895,352	-	-	-
Long-term borrowings (floating rates)	1,576,485	31,155	1,545,330	-	-
Notes payable, accounts payable and other payables (including related parties; no interest)	2,690,266	2,690,266	-	-	-
Lease liabilities	345,324	92,984	77,718	128,867	45,755
Subtotal	6,507,427	4,709,757	1,623,048	128,867	45,755
Derivative financial instruments:					
Forward foreign exchange contracts - gross delivery					
Outflow	1,024,820	1,024,820	-	-	-
Inflow	(1,025,067)	(1,025,067)	-	-	-
Foreign exchange SWAP contracts - gross delivery					
Outflow	1,147,274	1,147,274	-	-	-
Inflow	(1,143,394)	(1,143,394)	-	-	-
Subtotal	3,633	3,633	-	-	-
	$ 6,511,060	4,713,390	1,623,048	128,867	45,755

	Contractual cash flows	Within 1 year	1-2 years	2-5 years	5 years and above
December 31, 2021					
Non-derivative financial liabilities:					
Short-term borrowings (floating rates)	$ 1,318,223	1,318,223	-	-	-
Long-term borrowings (floating rates)	1,776,288	37,375	1,325,596	413,317	-
Notes payable, accounts payable and other payables (including related parties; no interest)	2,843,700	2,843,700	-	-	-
Lease liabilities	267,351	79,652	57,687	69,418	60,594
Subtotal	6,205,562	4,278,950	1,383,283	482,735	60,594
Derivative financial instruments:					
Forward foreign exchange contracts - gross delivery					
Outflow	553,511	553,511	-	-	-
Inflow	(552,764)	(552,764)	-	-	-
Foreign exchange SWAP contracts - gross delivery					
Outflow	612,731	612,731	-	-	-
Inflow	(615,042)	(615,042)	-	-	-
Subtotal	(1,564)	(1,564)	-	-	-
	$ 6,203,998	4,277,386	1,383,283	482,735	60,594

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. Market risk

Market risk refers to the risk that changes in market prices, such as exchange rates, interest rates and the price of equity instruments, and may affect the earnings of the Group or the value of the financial instruments it holds. The goal of market risk management is to control the degree of exposure to market risk within an acceptable range, and to optimize investment returns.

(1) Exchange rate risk

The Group is exposed to exchange rate fluctuation risks arising from sales and purchase transactions denominated in non-functional currencies, the main currency of which is USD. The management of exchange rate risk in the Group is to use forward foreign exchange contracts and foreign exchange swap contracts to manage exchange rate risk within the scope permitted by policy.

The exchange rate risk of the Group arises primarily from the receivables and payables of the Group dominated in currencies such as USD, RMB and JPY that are still in circulation on the balance sheet date. The carrying value of significant 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):

	2022.12.31				
	Foreign Currency	**Exchange rate**	**NTD**	**Changes in exchange rates**	**Profit and loss influence (before tax)**
Financial assets					
Monetary items					
USD (Note 1)	$ 83,777	30.7300	2,574,482	1%	25,745
USD (Note 2)	5,293	6.9750	162,660	1%	1,627
RMB	47,649	4.4057	209,928	1%	2,099
JPY	35,611	0.2330	8,297	1%	83
Financial liabilities					
Monetary items					
USD (Note 1)	37,432	30.7300	1,150,278	1%	11,503
USD (Note 2)	24,608	6.9750	756,188	1%	7,562
JPY	44,051	0.2330	10,264	1%	103

	2021.12.31				
	Foreign Currency	**Exchange rate**	**NTD**	**Changes in exchange rates**	**Profit and loss influence (before tax)**
Financial assets					
Monetary items					
USD (Note 1)	$ 67,168	27.6800	1,859,210	1%	18,592
USD (Note 2)	2,093	6.3700	57,934	1%	579
RMB	4,687	4.3454	20,367	1%	204
JPY	31,879	0.2404	7,664	1%	77
Financial liabilities					
Monetary items					
USD (Note 1)	30,710	27.6800	850,053	1%	8,501
USD (Note 2)	26,447	6.3700	732,064	1%	7,321
JPY	11,453	0.2404	2,753	1%	28

Note 1: Exchange rate between USD and NTD.

Note 2: Exchange rate between USD and RMB.

Due to the wide variety of functional currencies of the Group, the exchange gain or loss of monetary items are disclosed through consolidation. Please refer to Note VI (XXIII) for details of foreign currency exchange (loss) gain (including realized and unrealized) for the years 2022 and 2021.

(2) Interest rate risk

The bank borrowings of the Group are based on a floating rate basis. The measures taken by the Group to address the risk of interest rate changes mainly include regularly assessing the borrowing interest rate of banks, maintaining good relationship with financial institutions to achieve lower financing costs, and strengthening working capital management to reduce the dependence on bank borrowings and the risk of interest rate changes.

The interest rate exposure of financial liabilities of the Group is described in the liquidity risk management section of this Note. The following sensitivity analysis is based on the interest rate exposure of non-derivative instruments at the reporting date. For floating rate liabilities, the analysis assumes that the amount of liabilities outstanding at the reporting date is outstanding throughout the year. The rate of change used by the Group to report interest rates to the main management is an increase or decrease of 1% in annual interest rates, which also represents the management's assessment of the reasonable and possible range of changes in interest rates.

If the annual interest rate on bank borrowings of the Group increases/decreases by 1%, and all other variables remain unchanged, based on the estimated balance of bank borrowings of the Group as of December 31, 2022 and 2021, the net profit before tax of the Group for the years 2022 and 2021 will decrease/increase by NTD34,367 thousand and NTD30,613 thousand, respectively,

(3) Other market price risks

The Group is exposed to the risk of price changes of equity instruments arising from the equity securities investment measured at fair value. The Group manages and monitors the investment performance on a fair value basis.

The sensitivity analysis of the price risk of equity instruments is based on the changes in fair value as at the reporting date. If the price of equity instruments increases/decreases by 1%, based on the estimated balance of equity securities investments held by the Group as of December 31, 2022 and 2021, the amount of other comprehensive incomes for the years 2022 and 2021 will increase/decrease by NTD711 thousand and NTD425 thousand, respectively.

(XXVI) Capital management

The Group conducts management of risks in capital to ensure that each enterprise of the group would continue as a going concern with the premise of optimizing the balances of debt and equity, and to maximize shareholders' equity.

The Group's capital structure consists of its net debt, which is borrowings less cash and cash equivalent, and equity attributable to the owners of the Company, which is equity, capital reserve, retained earnings and other equity items.

The Group is not subject to other external capital requirements.

The Group's key management annually reviews the group's capital structure, and the content of the review includes costs of various capital and related risks. According to the key management's suggestions, the Group will balance the overall capital structure through the payment of dividends, issuance of new shares, and buy-back of shares.

The way of capital management of the Group did not change in 2022 and 2021.

(XXVII) Investment and financing activities not in cash

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

			Non-cash change			
	2022.1.1	Cash Flows	Impact from initial consolidation of subsidiary	Increase or decrease in lease liabilities	Exchange rate changes	2022.12.31
Short-term borrowings	$ 1,311,304	434,885	122,161	-	17,670	1,886,020
Long-term borrowings (including the part due within one year)	1,750,000	(200,133)	792	-	(6)	1,550,653
Lease liabilities	257,374	(80,493)	5,464	139,104	6,695	328,144
Total liabilities from financing activities	$ 3,318,678	154,259	128,417	139,104	24,359	3,764,817

			Non-cash change			
	2021.1.1	Cash Flows	Impact from initial consolidation of subsidiary	Increase or decrease in lease liabilities	Exchange rate changes	2021.12.31
Short-term borrowings	$ 823,701	487,797	-	-	(194)	1,311,304
Long-term borrowings (including the part due within one year)	-	1,745,830	4,187	-	(17)	1,750,000
Lease liabilities	122,518	(80,288)	51,212	166,465	(2,533)	257,374
Total liabilities from financing activities	$ 946,219	2,153,339	55,399	166,465	(2,744)	3,318,678

VII. Related Party Transactions

(I) Parent company and ultimate controller

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

(II) Names and relationships of related parties

The related parties having transactions with the Group during the period under the consolidated balance sheet are as follows:

Name of related party	Relationship with the Group
Qisda Corporation (Qisda)	Parent company of the Company
Other related parties:	
Partner Technology Co., Ltd.	Directly/indirectly controlled subsidiary of Qisda
Alpha Networks Inc.	Directly/indirectly controlled subsidiary of Qisda
BenQ Materials Corporation	Directly/indirectly controlled subsidiary of Qisda
BenQ Asia Pacific Corporation	Directly/indirectly controlled subsidiary of Qisda
BenQ Healthcare Corporation	Directly/indirectly controlled subsidiary of Qisda
Metaguru Corporation	Directly/indirectly controlled subsidiary of Qisda
BenQ Guru Software Corporation	Directly/indirectly controlled subsidiary of Qisda
BenQ Corporation	Directly/indirectly controlled subsidiary of Qisda
BenQ Co., Ltd (BQC)	Directly/indirectly controlled subsidiary of Qisda (Note 3)
BenQ (Shanghai) Co., Ltd.	Directly/indirectly controlled subsidiary of Qisda
BenQ Intelligent Technology (Shanghai) Co., Ltd.	Directly/indirectly controlled subsidiary of Qisda
Suzhou BenQ Hospital Co., Ltd.	Directly/indirectly controlled subsidiary of Qisda
BenQ America Corp.	Directly/indirectly controlled subsidiary of Qisda

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

Name of related party	Relationship with the Group
Simula Technology Inc.	Directly/indirectly controlled subsidiary of Qisda
Golden Spirit Co., Ltd.	Directly/indirectly controlled subsidiary of Qisda
Data Image Corporation	Directly/indirectly controlled subsidiary of Qisda
DIVA Laboratories, Ltd.	Directly/indirectly controlled subsidiary of Qisda
Metaage Corporation (formerly SYSAGE Technology Co., Ltd.)	Directly/indirectly controlled subsidiary of Qisda
AdvancedTEK International Corp.	Directly/indirectly controlled subsidiary of Qisda
Global Intelligence Network Co., Ltd.	Directly/indirectly controlled subsidiary of Qisda
Asiaconnect International Company Ltd.	Directly/indirectly controlled subsidiary of Qisda
Concord Medical Co. Ltd.	Directly/indirectly controlled subsidiary of Qisda
Webest Solution Corporation	Directly/indirectly controlled subsidiary of Qisda
Qisda Optronics (Suzhou) Co., Ltd.	Directly/indirectly controlled subsidiary of Qisda
Qisda (Suzhou) Co., Ltd.	Directly/indirectly controlled subsidiary of Qisda
BenQ Medical Technology Corporation	Directly/indirectly controlled subsidiary of Qisda
Darly Venture, lnc.	Directly/indirectly controlled subsidiary of Qisda
Darly2 Venture, lnc.	Directly/indirectly controlled subsidiary of Qisda
Darly Consulting Corporation	Directly/indirectly controlled subsidiary of Qisda
AU Optronics Corporation (AUO)	Related enterprise of Qisda/Corporate director valuing Qisda under equity approach (Note 1)
AU Optronics (Kunshan) Co., Ltd.	Direct/indirect subsidiary of AUO
AU Optronics (Xiamen) Co., Ltd.	Direct/indirect subsidiary of AUO
AU Optronics (Suzhou) Co., Ltd.	Direct/indirect subsidiary of AUO
AUO Digitech Taiwan Inc.	Direct/indirect subsidiary of AUO
AUO Display Plus Corp.	Direct/indirect subsidiary of AUO
AUO Crystal Corporation	Direct/indirect subsidiary of AUO
Darwin Precisions (Xiamen) Corporation	Direct/indirect subsidiary of AUO

Name of related party	Relationship with the Group
Darwin Precisions Corporation	Direct/indirect subsidiary of AUO
Ta Chi Education Development Co., Ltd.	Direct/indirect subsidiary of AUO
Visco Vision Inc.	Related enterprise of Qisda
Darfon Electronics Corporation (Darfon)	Related enterprise of Qisda
Unictron Technologies Corporation	Direct/indirect subsidiary of Darfon
Darfon Electronics (Suzhou) Co., Ltd.	Direct/indirect subsidiary of Darfon
San Jose Technology, Inc.	Direct/indirect subsidiary of Darfon (Note 2)
BenQ Foundation	Substantive related party of Qisda
Suzhou BenQ Foundation	Substantive related party of Qisda
Aewin Korea Technologies Co., Ltd.	Substantive related party of AEWIN
Giantech Corp.	Substantial related party of Brainstorm
Dolica Corporation	Substantial related party of Brainstorm

Note 1: AUO was previously a related enterprise of Qisda. However, AUO is no longer a related enterprise of Qisda starting May 12, 2021, and AUO has valued Qisda under the equity approach as of January 2021.

Note 2: It was written off and dissolved on March 30, 2021.

Note 3: BenQ Corporation has disposed of 100% equity interest in BenQ Co., Ltd on September 30, 2022, so it is no longer a related party of the Group since that date.

(III) Material transactions with related party

1. Net operating income

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

	2022	2021
Parent company	$ 125,408	89,356
Other related parties	445,329	198,013
	$ 570,737	**287,369**

Sales of the Group to related parties involve customary products made to order based on the customer demand, so the price is determined by both parties through negotiation. The credit term for related parties is 60-120 days after shipment, and 30-180 days for non-related parties.

2. Purchases

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

	2022	2021
Parent company	$ 656,098	351,317
Other related parties	16,281	24,801
	$ 672,379	**376,118**

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 provided by related parties is 60-90 days after shipment, and 30-105 days after monthly settlement for non-related parties.

3. Lease

The Group has leased plants and offices from the parent company and other related parties respectively and signed the lease contracts based on the rent prices in the adjacent areas. The increased right-of-use assets in 2022 and 2021 were NTD664 thousand and NTD135,488 thousand, respectively.

The Group has recognized interest expenses of NTD1,427 thousand and NTD1,615 thousand for the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022 and 2021, the balances of related lease liabilities were NTD114,094 thousand and NTD130,047 thousand, respectively.

4. Property transactions

Category of related party	Item	2022	2021
Other related parties	Property, plant and equipment	$ 334	6,562
Parent company	Intangible assets	-	1,789
Other related parties	Intangible assets	3,841	288
		$ 4,175	**8,639**

5. Acquisition of subsidiaries

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

6. Operating costs, expenses, and other income

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

Item	Category of related party	2022	2021
Operating costs	Parent company	$ 19,137	9,316
	Other related parties	16,143	3,890
Operating expenses	Parent company	5,829	6,231
	Other related parties	23,696	11,511
Other income	Parent company	238	-
	Other related parties	5,439	5,581

7. Receivables from related parties

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

Item	Category of related party	2022.12.31	2021.12.31
Accounts receivable from related parties	Parent company	$ 147,835	125,249
	Other related parties	124,471	56,889
		272,306	182,138
Other receivables	Parent company	55	-
	Other related parties	501	498
		556	498
		$ 272,862	**182,636**

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. To prevent repeated calculation of the purchases and sales above, the Group did not recognize the amount of raw materials provided to the parent company as operating income. Furthermore, the accounts receivable and payable arising from the sale of raw materials and the purchase of semi-finished products above were not collected and paid on a net basis; therefore, they were not expressed as mutual offset.

8. Accounts payable to related parties

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

Item	Category of related party	2022.12.31	2021.12.31
Accounts payable to related parties	Parent company	$ 115,348	51,668
	Other related parties	1,837	11,385
		117,185	63,053
Other payables	Parent company	4,298	3,660
	Other related parties	3,711	4,018
		8,009	7,678
Lease liabilities - current	Parent company	13,763	13,482
	Other related parties	-	2,158
Lease liabilities - non-current	Parent company	100,331	113,483
	Other related parties	-	924
		114,094	130,047
		$ 239,288	**200,778**

(IV) Compensation of main managerial officers

	2022	2021
Short-term employee benefits	**$ 47,017**	**46,767**

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	2022.12.31	2021.12.31
Pledged certificate of deposit	Performance bond for release before tax to customs house	$ 2,325	1,708
Notes receivable	Bank loan guarantee	11,802	18,196
Property, plant and equipment	Bank loan guarantee	454,165	461,112
Property, plant and equipment	Performance guarantee for purchases	29,979	-
		$ 498,271	**481,016**

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

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

X. Significant Disaster Losses: None.

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

XII. Miscellaneous

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

By function / By Nature	2022			2021		
	Attributable to operating cost	Attributable to operating expenses	Total	Attributable to operating cost	Attributable to operating expenses	Total
Employee benefits expenses						
Salary expense	317,230	1,229,853	1,547,083	257,135	997,588	1,254,723
Labor and health insurance expenses	26,415	109,736	136,151	23,606	88,426	112,032
Pension expense	12,620	50,820	63,440	8,613	37,308	45,921
Other employee benefit expenses	19,231	41,108	60,339	16,660	40,141	56,801
Depreciation expense	91,449	126,529	217,978	81,987	110,529	192,516
Amortization expense	2,348	99,000	101,348	1,781	65,597	67,378

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

(II) Reinvestment and related information: Please refer to Table 7.

(III) Information on investments in mainland China: Please refer to Table 8.

(IV) Information on major shareholders:

Unit: Share

Shares Name of major shareholder	Number of shares	Shareholding ratio
Qisda Corporation	51,609,986	45.07%
Gordias Investments Limited of British Virgin Islands Merchant	15,734,441	13.74%
Darly2 Venture, lnc.	9,175,109	8.01%
Hyllus Investments Limited of British Virgin Islands Merchant	8,559,818	7.47%

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

XIV. Segment Information

(I) General information

After acquiring the control of Brainstorm in May 2021, a new reporting segment, Computer Components, was added to the existing two reporting segments of the Group. These segments are the strategic management units of the Group. Each strategic operating unit offers different products and services and is managed separately depending on the technology and marketing strategies required. The Group's chief operating decision maker reviews the internal management reports of each strategic business unit at least quarterly. The operations of each reportable segment of the Group are summarized as follows.

1. Board cards and system segment: Engaged in the research and development, manufacturing and sales of boards and motherboards for industrial computers.
2. Industrial automation control segment: Engaged in testing, processing, trading, repairing and electromechanical integration of automation control and industrial transmission systems.
3. Computer components: Engaged in the sale of computers and peripheral equipment.

(II) Reportable segment profit or loss, assets and liabilities, and their measurement basis and reconciliation information

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

	2022					
	Board cards and system segment	**Industrial automation control segment**	**Computer components**	**Others**	**Adjustment and elimination**	**Total**
Revenue from external clients	$ 7,229,470	2,864,206	5,197,642	898,211	-	16,189,529
Inter-departmental income	24,018	1,809	-	-	(25,827)	-
Total income	$ 7,253,488	2,866,015	5,197,642	898,211	(25,827)	16,189,529
Reportable department profit or loss	$ 752,300	12,801	(108,513)	71,800	2,805	731,193

	2021					
	Board cards and system segment	**Industrial automation control segment**	**Computer components**	**Others**	**Adjustment and elimination**	**Total**
Revenue from external clients	$ 5,319,883	3,550,704	4,336,531	105,062	-	13,312,180
Inter-departmental income	23,258	4,282	-	2,750	(30,290)	-
Total income	$ 5,343,141	3,554,986	4,336,531	107,812	(30,290)	13,312,180
Reportable department profit or loss	$ 203,395	177,883	141,546	282	3,506	526,612

(III) Geographical information

The geographical information of the Group is as follows, with revenues classified based on the geographical location of customers and non-current assets classified based on the geographical location of assets.

By geographical location	**2022**	**2021**
Revenue from external clients:		
Asia	$ 6,598,814	6,384,086
America	7,178,520	5,647,502
Europe	2,291,723	1,220,183
Others	120,472	60,409
	$ 16,189,529	13,312,180

By geographical location	2022.12.31	2021.12.31
Non-current assets:		
Asia	$ 3,339,842	2,829,635
America	891,500	937,514
Europe	49,801	8,303
	$ 4,281,143	**3,775,452**

The above non-current assets do not include financial instruments, deferred income tax assets and pension benefits assets.

(IV) Sales to major customers

For the years ended December 31, 2022 and 2021, the Group did not have any single customer that amounted to more than 10% of the consolidated net sales revenue.

DFI Inc. and its subsidiaries

Loan of funds to others

From January 1 to December 31, 2022

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 for 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 from related parties	Yes	166,808	125,836	125,836	-	1	525,259	Business Interaction	-	-	-	255,839	511,679
2	Ace Pillar	Tianjin ACE Pillar	Other receivables from related parties	Yes	309,505	220,285	176,228	-	2	-	Operating capital fund	-	-	-	409,634	819,268
2	Ace Pillar	Suzhou Super Pillar	Other receivables from related parties	Yes	121,278	88,114	30,840	-	2	-	Operating capital fund	-	-	-	409,634	819,268
3	Standard Co.	Intelligent fluids GmbH	Other receivables	No	625	-	-	20.00%	1	659	Business Interaction	-	-	-	16,803	33,605
4	Cyber South	Tianjin ACE Pillar	Other receivables from related parties	Yes	22,551	21,511	21,511	-	2	-	Operating capital fund	-	-	-	580,218	580,218
5	Proton Inc.	Tianjin ACE Pillar	Other receivables from related parties	Yes	12,886	12,292	12,292	-	2	-	Operating capital fund	-	-	-	459,880	459,880

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 object 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 Standard Technology Corporation to all others and to each individual object were 20% and 10%, respectively, of the net value of the company's most recent financial statements.

Note 4: The limits of funds lent by Cyber South to all others and to each individual object 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 Proton Inc. to all others and to each individual object 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 6: “1” for those with the nature for financing arising from business transaction; “2” for those have a need for short-term financing.

Note 7: The transactions of the Company’s loans to subsidiaries had been written off when the consolidated financial statements were prepared.

Table 2

DFI Inc. and its subsidiaries

Endorsement and guarantee for others

From January 1 to December 31, 2022

Unit: In Thousands of New Taiwan Dollars

No.	Company Name of Endorser	Company name of endorsee		Endorsement limit for a single enterprise	Maximum endorsement guarantee balance for current period	Ending balance of endorsement guarantee	Amount Actually Drawn	Amount of endorsements secured by the property	The ratio of accumulated endorsement amount to the net worth of the latest financial report	Maximum amount of endorsement	Endorsement of the parent company to a subsidiary	Endorsement of a subsidiary to the parent company	Endorsement for Mainland China
		Company Name	Relationship										
1	AEWIN	Beijing AEWIN	2	255,839	130,608	-	-	-	-	639,599	Y	N	Y
2	Ace Pillar	Tianjin ACE Pillar	2	819,268	190,125	-	-	-	-	1,024,085	Y	N	Y

Note 1: The maximum lines of credit provided by AEWIN for other persons and individual enterprise are 50% and 20% of the company’s net value in the financial statements for the most recent period.
Note 2: The maximum lines of credit provided by Ace Pillar for other persons and individual enterprise are 50% and 40% of the company’s net value in the financial statements for the most recent period.
Note 3: Relationship between the endorser and the endorsee: (2) A subsidiary holding more than 50% of ordinary shares.

Table 3

DFI Inc. and its subsidiaries
Marketable securities held at the end of the period (excluding the investments in subsidiaries, related enterprises and equity joint ventures)
From January 1 to December 31, 2022

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

Holder	Type and name of marketable securities	Relationship with the issuer of securities	Item	End of period				Maximum shareholding during the period		Remarks
				Number of shares/units	Carrying amount	Shareholding ratio	Fair value	Number of shares/units	Shareholding ratio	
The Company	Beneficiary certificates: Cathay No.1 REIT	-	Financial assets at fair value through profit or loss - current	1,442	26,071	-	26,071	1,442	-	-
The Company	Stock: APLEX Technology Inc.	-	Financial assets at fair value through other comprehensive income - non-current	1,487	68,840	4.10%	68,840	1,487	4.10%	-
AEWIN	Stock: AEWIN KOREA TECHNOLOGIES CO., LTD	Substantial related party	Financial assets at fair value through other comprehensive income - non-current	10	790	16.67%	790	10	16.67%	-
AEWIN	Stock: Authentrend Technology Inc.	-	Financial assets at fair value through profit or loss - non-current	300	-	1.42%	-	300	1.42%	-
Standard Co.	Stock: Intelligent fluids GmbH	-	Financial assets at fair value through other comprehensive income - non-current	27	-	2.64%	-	27	2.64%	-
Standard Co.	Stock: COMPITEK CORP PTE LTD (CPL)	-	Financial assets at fair value through other comprehensive income - non-current	36	1,434	6.28%	1,434	36	6.28%	-
STCBVI	Bonds: Biogen Inc.	-	Financial assets measured at amortized cost - non-current	USD 100	3,212	-	3,212	USD 100	-	-

DFI Inc. and its subsidiaries
The amount of purchases or sales with related parties reached NTD100 million
or 20% and above of the paid-in capital
From January 1 to December 31, 2022

Table 4

Unit: In thousands of New Taiwan Dollars

Purchaser/Seller	Name of Counterparty	Relationship	Transaction status				Situation and reason for difference between the trading terms and the general trading		Notes and accounts receivable (payable)		Remarks
			Purchase/ Sales	Amount	Proportion to total purchase/ sales	Credit period	Unit price	Credit period	Balance	Proportion to total notes and accounts receivable (payable)	
The Company	Qisda	Parent company and subsidiary	Purchases	560,220	13.04%	60-90 days to collect	-	30-90 days to collect	(77,471)	(8.81)%	-
Qisda	The Company	Parent company and subsidiary	(Sales)	(560,220)	(0.54%)	60-90 days to collect	-	30-90 days to collect	77,471	0.33%	-
DFI US	The Company	Parent company and subsidiary	Purchases	863,502	98.76%	60-90 days to collect	-	30-90 days to collect	(143,030)	(100)%	Note 2
The Company	DFI US	Parent company and subsidiary	(Sales)	(863,502)	(15.87%)	60-90 days to collect	-	30-90 days to collect	143,030	12.70%	Note 2
Diamond Flower Information (NL) B.V	The Company	Parent company and subsidiary	Purchases	613,421	100%	60-90 days to collect	-	30-90 days to collect	(61,796)	(100)%	Note 2
The Company	Diamond Flower Information (NL) B.V.	Parent company and subsidiary	(Sales)	(613,421)	(11.27%)	60-90 days to collect	-	30-90 days to collect	61,796	5.49%	Note 2
DFI Co.,Ltd.	The Company	Parent company and subsidiary	Purchases	251,518	100%	60-90 days to collect	-	30-90 days to collect	(17,232)	(96.82)%	Note 2
The Company	DFI Co.,Ltd.	Parent company and subsidiary	(Sales)	(251,518)	(4.62%)	60-90 days to collect	-	30-90 days to collect	17,232	1.53%	Note 2
Yan Ying Hao Trading (Shenzhen) Co. Ltd.	The Company	Parent company and subsidiary	Purchases	215,125	97.79%	60-90 days to collect	-	30-90 days to collect	(44,109)	(99.44)%	Note 2
The Company	Yan Ying Hao Trading (Shenzhen) Co. Ltd.	Parent company and subsidiary	(Sales)	(215,125)	(3.95%)	60-90 days to collect	-	30-90 days to collect	44,109	3.92%	Note 2
The Company	Qisda Optronics (Suzhou)	Affiliate	(Sales)	(199,357)	(3.66%)	60-90 days to collect	-	30-90 days to collect	66,393	5.89%	Note 2
Qisda Optronics (Suzhou)	The Company	Affiliate	Purchases	199,357	0.96%	60-90 days to collect	-	30-90 days to collect	(66,393)	(2.21)%	Note 2
AEWIN	The Company	Parent company and subsidiary	Purchases	808,108	44.13%	Payment term of 90 days	At agreed price	Payment term of 60-90 days to collect	(205,300)	(53.44)%	Note 2
The Company	AEWIN	Parent company and subsidiary	(Sales)	(808,108)	(14.85%)	Payment term of 90 days	At agreed price	Payment term of 60-90 days to collect	205,300	18.23%	Note 2
AEWIN	Beijing AEWIN	Parent company and subsidiary	(Sales)	(525,259)	(26.12%)	150 days after shipment	-	120 days after shipment (Note 1)	523,434	59.53%	Note 2
Beijing AEWIN	AEWIN	Parent company and subsidiary	Purchases	525,259	57.91%	150 days after shipment	-	120 days after shipment (Note 1)	(523,434)	(70.45)%	Note 2
AEWIN	Aewin Tech Inc.	Parent company and subsidiary	(Sales)	(321,308)	(15.98%)	120 days after shipment	-	120 days after shipment (Note 1)	109,473	12.45%	Note 2
Aewin Tech Inc.	AEWIN	Parent company and subsidiary	Purchases	321,308	100%	120 days after shipment	-	120 days after shipment (Note 1)	(109,473)	(100)%	Note 2
Quansheng Information	Tianjin ACE Pillar	Affiliate	(Sales)	(374,578)	(99.84%)	T/T 30 days	-	-	12,555	88.77%	Note 2
Tianjin ACE Pillar	Quansheng Information	Affiliate	Purchases	374,578	34.35%	T/T 30 days	-	-	(12,555)	(14.39)%	Note 2
The Company	AEWIN	Parent company and subsidiary	Purchases	368,641	8.58%	Payment term of 60 days	-	30-90 days to collect	(71,812)	(6.39)%	Note 2
AEWIN	The Company	Parent company and subsidiary	(Sales)	- (Note 3)	-	Payment term of 60 days	-	120 days after shipment (Note 1)	71,812	8.17%	Note 2

Note 1: 120 days after shipment and subject to extension according to market conditions.
Note 2: The above transactions have been written off when preparing the consolidated financial report.
Note 3: The amount of sales of raw materials after processing and repurchase has been deducted.

Table 5

DFI Inc. and its subsidiaries
Receivables from related parties reached NTD 100 million or 20% and above of paid-in capital
From January 1 to December 31, 2022

Unit: In thousands of New Taiwan Dollars

Company of receivables	Name of Counterparty	Relationship	Balance of receivable 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		
The Company	Qisda	Parent company and subsidiary	112,190	0.77	-	-	47,354	-
The Company	AEWIN	Parent company and subsidiary	205,300	5.09	-	-	78,101	-
The Company	DFI US	Parent company and subsidiary	143,030	8.13	-	-	122,920	-
AEWIN	Beijing AEWIN	Parent company and subsidiary	523,434	1.14	385,498	Strengthen collection	-	-
AEWIN	Beijing AEWIN	Parent company and subsidiary	125,836	-	-	-	107,456	-
Ace Pillar	Tianjin ACE Pillar	Parent company and subsidiary	176,228	-	-	-	-	-

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
From January 1 to December 31, 2022

Table 6

Unit: In thousands of New Taiwan Dollars

No. (Note 1)	Name of trader	Name of counterparty	Relationship with trader (Note 2)	Transaction situation			
				Item	Amount	Transaction terms	Proportion to consolidated revenue or asset (Note 5)
0	The Company	DFI US	1	(Sales)	(863,502)	60~90 days to collect	5.33%
0	The Company	DFI US	1	Accounts receivable	143,030	60~90 days to collect	1.09%
0	The Company	Diamond Flower Information (NL) B.V.	1	(Sales)	(613,421)	60~90 days to collect	3.79%
0	The Company	DFI Co., Ltd.	1	(Sales)	(251,518)	60~90 days to collect	1.55%
0	The Company	Yan Ying Hao Trading (Shenzhen) Co., Ltd.	1	(Sales)	(215,125)	60~90 days to collect	1.33%
0	The Company	AEWIN	1	(Sales)	(808,108)	Payment term of 90 days	4.99%
0	The Company	AEWIN	1	Accounts receivable	205,300	Payment term of 90 days	1.56%
1	Quansheng Information	Tianjin ACE Pillar	3	(Sales)	(374,578)	T/T 30 days	2.31%
2	AEWIN	Beijing AEWIN	3	(Sales)	(525,259)	(Note 5)	3.24%
2	AEWIN	Beijing AEWIN	3	Accounts receivable	523,434	(Note 5)	3.98%
2	AEWIN	Aewin Tech Inc.	3	(Sales)	(321,308)	(Note 6)	1.98%
3	Ace Pillar	Tianjin ACE Pillar	3	Other receivables-borrowings	176,228	One year	1.34%

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 December 31, 2022

Table 7

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

Investor	Name of investee	Location	Primary business	Original investment amount		Ending shareholding			Maximum shareholding during the period		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	Number of shares	Shareholding ratio			
The Company	DFI US	USA	Sales of industrial computer cards	254,683	254,683	1,209	100%	382,317	1,209	100%	20,781	20,781	Subsidiary of the Company
The Company	Yan Tong	Mauritius	General investment business	187,260	187,260	3,500	100%	113,895	6,000	100%	20,233	21,229	Subsidiary of the Company
The Company	DFI CO., Ltd	Japan	Sales of industrial computer cards	104,489	104,489	6	100%	124,308	6	100%	17,927	17,927	Subsidiary of the Company
The Company	Diamond Flower Information (NL) B.V	Netherlands	Sales of industrial computer cards	35,219	35,219	12	100%	91,541	12	100%	38,775	38,775	Subsidiary of the Company
The Company	AEWIN	Taiwan	Design, manufacturing and sale of industrial computer mainboards and related products	564,191	564,191	30,376	51.38%	646,126	30,376	51.38%	153,743	73,838	Subsidiary of the Company
The Company	Ace Pillar	Taiwan	Testing, processing, sales, repairing and electromechanical integration of automation control and industrial transmission systems	1,301,359	1,301,359	53,958	48.07%	1,084,057	53,958	48.07%	78,953	32,362	Subsidiary of the Company
The Company	Brainstorm	USA	Wholesale and retail of computer and peripheral devices	501,582	501,582	233	35.09%	533,367	233	35.09%	(32,667)	(27,567)	Subsidiary of the Company
AEWIN	Wise Way	Anguilla	Investment business	46,129	46,129	1,500	100%	133,823	1,500	100%	(6,400)	(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%	2,885	2,560	100%	23,338	(Note 1)	Subsidiary indirectly controlled by the Company
Wise Way	Bright Profit	Hong Kong	Investment business	46,129	46,129	1,500	100%	188,031	1,500	100%	(6,400)	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	Cyber South	Samoa	Holding Company	107,041	107,041	4,669	100%	580,218	4,669	100%	(56,336)	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	Hong Kong ACE Pillar	Hong Kong	Trade of transmission mechanical components	5,120	5,120	1,200	100%	47,336	1,200	100%	3,068	(Note 1)	Subsidiary indirectly controlled by the Company
Cyber South	Proton	Samoa	Holding Company	527,665	527,665	17,744	100%	459,880	17,744	100%	(61,249)	(Note 1)	Subsidiary indirectly controlled by the Company
Cyber South	Ace Tek	Hong Kong	Holding Company	4,938	4,938	150	100%	2,176	150	100%	2,787	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	Standard Co.	Taiwan	Trading and equipment maintenance of semiconductor optoelectronic equipment and consumables	187,000	-	4,680	60%	209,788	4,680	60%	45,262	(Note 1)	Subsidiary indirectly controlled by the Company
Standard Co.	Standard Technology Corp.	BVI	Holding Company	21,727	-	600	100%	114,895	600	100%	19,354	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	ACE Energy	Taiwan	Energy Service Company	166,760	-	4,993	99.86%	175,085	10,000	100%	12,782	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	BlueWalker GmbH	Germany	Trading and services of energy management products	-	-	(Note 3)	100%	-	(Note 3)	100%	15,766	(Note 1)	Subsidiary indirectly controlled by the Company
ACE Energy	BlueWalker GmbH	Germany	Trading and services of energy management products	138,804	-	(Note 3)	100%	144,174	(Note 3)	100%	15,766	(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 December 31, 2022

Table 8
1. Information on Reinvestment in Mainland China:

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

Investee in mainland China	Primary businesses	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	Maximum shareholding during the period		Investment profit (loss) recognized in the period	Ending carrying value of investment	Repatriated investment income as of the end of the period
					Remitted	Repatriated				Number of shares	Shareholding ratio			
Yan Tong Infotech (Dongguan) Co., Ltd.	Manufacturing and sales of computer cards, board cards, host computer, electronic parts and components	69,200 (USD 2,500)	(Note 1)	-	-	-	-	5,116	100%	(Note 2)	100%	5,116 (Note 3)	57,242	33,306
Yan Ying Hao Trading (Shenzhen) Co., Ltd.	Wholesale, import and export of computer cards, board cards, host computers, electronic parts and components	13,840 (USD 500)	(Note 1)	-	-	-	-	2,338	100%	(Note 2)	100%	2,338 (Note 3)	49,551	-
Beijing AEWIN	Wholesale of computer and peripheral equipment and software	46,129 (USD 1,500)	(Note 1)	46,129 (USD 1,500)	-	-	46,129 (USD 1,500)	(6,400)	100%	(Note 2)	100%	(6,400) (Note 3)	188,026	-
Aewin (Shenzhen)	Wholesale of computers and peripheral equipment and software	15,265 (RMB 3,500)	(Note 5)	-	-	-	-	(2,541) (RMB (569))	100%	(Note 2)	100%	(2,541) (RMB (569) (Note 3)	(2,160) (RMB (490))	-
Tianjin ACE Pillar	Trade of transmission mechanical components	1,084,677 (USD 35,297)	(Note 1)	59,924 (USD 1,950)	-	-	59,924 (USD 1,950)	(74,508)	100%	(Note 2)	100%	(74,508) (Note 3)	545,110	125,533
Tianjin Jinhao	Manufacturing and processing of machinery transmission products	7,358 (RMB 1,670)	(Note 1)	4,917 (USD 160)	-	-	4,917 (USD 160)	(2,951)	100%	(Note 2)	100%	(2,951) (USD (106) (Note 3)	4,163 (USD 135)	-
Quansheng Information	Electronic system integration	9,219 (USD 300)	(Note 1)	4,610 (USD 150)	-	-	4,610 (USD 150)	2,787	100%	(Note 2)	100%	2,787 (USD 98 (Note 3)	2,149 (USD 70)	-
Suzhou Super Pillar	Processing and technical services of mechanical transmission and control products	44,559 (USD 1,450)	(Note 1)	- (Note 4)	-	-	- (Note 4)	7,917	100%	(Note 2)	100%	7,917 (USD 268 (Note 3)	107,855 (USD 3,510)	-
Xuchang Ace AI Equipment Co.,Ltd.	Wholesale and retail of industrial robotic related products	9,219 (USD 300)	(Note1)	- (Note 4)	-	-	- (Note 4)	(75)	(Note 6)	(Note 2)	(Note 6)	(75) (USD (3) (Note 3)	-	-
Shanghai Standard	Trading of semiconductor photoelectric equipment and consumables	14,750 (USD 480)	(Note I)	14,750 (USD 480)	-	-	14,750 (USD 480)	21,485	100%	(Note 2)	100%	17,309 (Note 3)	111,566	118,686

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.
Note 3: It is recognized in line with the financial report prepared by the investee and reviewed by the accountant of the parent company in Taiwan.
Note 4: It was reinvested and established by Cyber South.
Note 5: It is a mainland China-based company reinvested by Beijing AEWIN.
Note 6: Xuchang Ace AI Equipment Co., Ltd. was liquidated and deregistered on June 21, 2022.

2. Limit of investment in mainland China:

Name of investor	The cumulative amount of investment remitted from Taiwan to the Mainland Chinese at the end of the current period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Upper Limit on Investment in mainland China regulated by the Investment Commission of the Ministry of Economic Affairs (Note 2)
DFI	0 (Note 1)	62,072 (Note 3 and Note 4) (USD 2,085)	3,494,873
AEWIN	46,129 (USD 1,500)	61,460 (USD 2,000)	767,518
Ace Pillar	157,307 (USD 5,119)	157,307 (USD 5,119)	1,282,505
Standard Co.	14,750 (USD 480)	14,750 (USD 480)	100,816

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

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

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

Note 4: Repatriated amount of earnings after the cancellation of Yan Tong Infotech (Dongguan) Co., Ltd. approved by the Investment Commission in February 2017.

3. Material transactions with investees in mainland China:

Please refer to the statement under the "Information on Significant Transactions" for the direct or indirect material transactions between the Group and the investees in mainland China from January 1 to December 31, 2022 (these transactions had been written off when the consolidated financial statements were prepared).

Independent Auditors' Report

The Board of Directions and Shareholders DFI Inc.

Audit Opinion

We have audited the accompanying parent company only financial statements of DFI Inc. (hereinafter "the Company"), which comprise the balance sheet as of December 31, 2022 and the restated balance sheet as of December 31, 2021, and the income statement, statement of changes in equity, and statement of cash flow from January 1 to December 31, 2022 and the restated ones from January 1 to December 31, 2021, as well as the notes to the parent company only financial statements (including the summary of significant accounting policies).

In our opinion which based on our audit results and the other certified public accountants' audit reports (please refer to the paragraph of other matter), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and its restated financial position as of December 31, 2021, as well as its financial performance and consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards of the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audit results and other certified public accountants' audit reports, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's parent company only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters that we judge should be communicated in the audit reports are stated as follows:

I. Investments in subsidiaries

For accounting policies related to investments in subsidiaries and business combinations, please refer to Note IV (IX) and (XVIII) of the Company's financial statements.

Key audit matters are stated as follows:

Ace Pillar Co., Ltd., a subsidiary of DFI Inc., acquired 60% of the equity of Standard Technology Corporation and 100% of the equity of Blue Walker GmbH in 2022. Due to the accounting treatment of business combination, the management needs to determine the fair value of the acquisition consideration transferred and the identifiable acquired assets and liabilities assumed; the process involves many assumptions and estimates with complexity, so the addition of investments in subsidiaries for this period is one of the material evaluation matters for us to perform the parent company only financial statements of the Company.

The audit procedures to process for the above:

Our main audit procedures for the above-mentioned key audit matters include obtaining the fair value assessment and the purchase price allocation of intangible assets reports entrusted by the management to external experts, and assessing the assets and liabilities identified by management at the acquisition date and the reasonableness of their evaluations; appointing our experts of evaluation to assist in assessing the reasonableness of the evaluation methods and material assumptions used in the evaluation; we also assess the correctness of the relevant accounting and whether the relevant information about the acquisition has been properly disclosed.

II. Impairment Assessment of Goodwill Arising from Investments in Subsidiaries

For accounting policies related to impairment of non-financial assets, please refer to Note IV (XIII) of the parent company only financial statements; for description of the uncertainty of accounting estimates and assumptions of impairment assessment of goodwill, please refer to Note V (II) of the parent company only financial statements; for description of impairment test of goodwill, please refer to Note VI (VIII) of the parent company only financial statements.

Key audit matters are stated as follows:

The Company's goodwill arising from acquisition of subsidiaries was included in the book value of the investment accounted for using the equity method in the parent company only financial statements, and the goodwill should be tested for impairment annually, or whenever there is an indication of impairment. Due to assessing the recoverable amount of the cash-generating unit to which goodwill belongs involves a number of management assumptions and estimates, the goodwill impairment assessment is one of the important assessment matters for us to perform the audit of the parent company only financial report of the Company.

The audit procedures to process for the above:

Our main audit procedures for the above key audit matters include obtaining a goodwill impairment assessment test form self-assessed by the management; evaluating the basis of estimates and key assumptions used by the management to measure the recoverable amount, including reasonableness of discount rates, expected revenue growth rates, and future cash flow forecast, etc.; processing sensitivity analysis for key assumptions, and checking whether the Company have properly disclosed relevant information on goodwill impairment assessment.

Emphasis of Matter

As stated in Notes IV (XIX) and VI (VIII), the subsidiary of the Company, Ace Pillar Co., Ltd., acquired 100% equity interests in the subsidiary of Qisda Corporation, ACE Energy Co., Ltd., on July 1, 2022 by way of cash acquisition. Pursuant to the Interpretations (2012) No.301 issued by Accounting Research and Development Foundation and the Discussion Paper of IFRS 3 “Q&A on Accounting Treatments for Business Combinations under Common Control” dated on October 26, 2018, which is an organizational reorganization under common control and should be regarded as an acquisition from the beginning. The Company has prepared the parent company only financial statements of 2022 and the restated parent company only financial report of 2021 accordingly. Our audit opinions are not modified in respect of this matter.

Other Matters

The financial statements of partial investment accounted for using the equity method listed in the Company’s parent company only financial statements were not audited by us but by other certified public accountants. Therefore, our opinions expressed in the parent company only financial statements regarding the amounts of that investee company are according to other certified public accountants’ audit reports. On December 31, 2022 and 2021, the amount of investment in the investee company recognized by the equity method was NT $382,317 thousand and NT $363,409 thousand, accounting for 5.52% and 5.59% of the total assets, respectively. For the periods from January 1 to December 31, 2022 and 2021, the shares of subsidiary profits and losses under the equity method were $20,781 thousand and $4,624 thousand, accounting for 3.30% and 0.66% of net profit before tax, respectively.

Responsibility of the Management and the Governance Units for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statement that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including Audit Committee) are responsible for overseeing DFI Inc.’s financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If the individual amounts or sums that the material misstatement involved may be reasonably expected to affect the financial decision making of users of the parent company only financial statements, such misstatement will be considered material.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the DFI Inc.'s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the DFI Inc.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause DFI Inc. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the related notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtained sufficient and appropriate audit proof of the financial information of the investee company accounted for using the equity method so as to express opinions on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our opinion to the Company.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine the key audit matters of the Company's parent company only financial statements for the year ended December 31, 2022. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Taiwan

CPA:

Assurance Document Number Approved by Securities Regulator	:	(88) Taiwan-Finance-Securities-VI-18311 Financial-Supervisory-Securities-Audit-1060005191

March 2, 2023

Notes to Readers

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

The independent auditors' audit 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' audit report and financial statements, the Chinese version shall prevail.

DFI Inc.
Balance Sheets
As of December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

		2022.12.31		2021.12.31 (Restated)	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note VI (I))	$ 452,905	7	240,866	4
1110	Financial assets at fair value through profit or loss - current (Notes VI (II))	26,995	-	27,137	-
1136	Financial assets at amortized cost - current (Notes VI (IV) & VIII)	1,500	-	1,500	-
1170	Net of notes receivable and accounts receivable (Notes VI (V) & (XX))	452,413	7	244,269	4
1180	Accounts receivable from related parties (Notes VI (V), (XX) & VII)	672,077	10	382,231	6
1200	Other receivables (Notes VI (V) & VII)	31,162	-	22,692	-
130X	Inventories (Notes VI (VI))	972,940	14	1,104,949	17
1410	Prepayments	20,341	-	30,619	1
1470	Other current assets	1,281	-	591	-
	Total current assets	2,631,614	38	2,054,854	32
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes VI (III))	68,840	1	41,259	1
1550	Investment under equity approach (Note VI (VIII)	2,975,611	43	3,145,141	48
1600	Property, plant and equipment (Notes VI (IX) & VII)	1,061,807	15	1,066,375	16
1755	Right-of-use assets (Notes VI (X) & VII)	121,799	2	123,454	2
1780	Intangible assets (Notes (XI) & VII)	12,655	-	10,522	-
1840	Deferred income tax assets (Notes VI (XVII)	55,827	1	39,170	1
1990	Other non-current assets	2,520	-	23,597	-
	Total non-current assets	4,299,059	62	4,449,518	68
	Total assets	**$ 6,930,673**	**100**	**6,504,372**	**100**

(Please refer to notes to parent company only financial statements)

Chairman: Chi-Hung, Chen **President: Chia-Hung, Su** **Accounting Supervisor: Li-Min, Huang**

DFI Inc.

Balance Sheets (Continued from the previous page)

As of December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

		2022.12.31		2021.12.31 (Restated)	
	Liabilities and equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (Notes VI (XII))	$ 1,055,000	15	700,000	11
2120	Financial liabilities at fair value through profit or loss - current (Notes VI (II))	1,083	-	65	-
2130	Contract liabilities - current (Note VI(XX))	21,708	-	36,729	1
2170	Accounts payables	728,435	11	694,084	11
2180	Accounts payables to related parties (Note VII)	151,096	2	89,898	1
2200	Other payables (Note VI (XXI) & VII)	199,018	3	269,196	4
2230	Current income tax liabilities	122,938	2	12,682	-
2250	Provisions - current (Note VI (XV))	51,236	1	46,247	1
2280	Lease liabilities - current (Note VI (XIV) & VII)	18,889	-	14,282	-
2399	Other current liabilities	12,866	-	4,490	-
	Total current liabilities	2,362,269	34	1,867,673	29
	Non-current liabilities:				
2540	Long-term borrowings (Notes VI (XIII))	1,100,000	16	1,300,000	20
2570	Deferred income tax liabilities (Notes VI (XVII)	81,948	1	104,503	2
2580	Lease liabilities - non-current (Note VI (XIV) & VII)	107,851	2	114,023	2
2640	Net defined benefit liabilities - non-current (Note (XVI))	31,174	-	40,584	-
	Total non-current liabilities	1,320,973	19	1,559,110	24
	Total liabilities	3,683,242	53	3,426,783	53
	Equity (Note VI (VIII) and (XVIII)):				
3110	Share capital - Ordinary shares	1,144,889	17	1,144,889	18
3200	Capital surplus	608,586	9	655,744	10
3300	Retained earnings	1,531,997	22	1,371,470	21
3400	Other equity	(38,041)	(1)	(114,824)	(2)
		3,247,431	47	3,057,279	47
35XX	Former owner of business combination under common control	-	-	20,310	-
	Total equity	3,247,431	47	3,077,589	47
	Total liabilities and equity	**$ 6,930,673**	**100**	**6,504,372**	**100**

(Please refer to notes to parent company only financial statements)

Chairman: Chi-Hung, Chen **President: Chia-Hung, Su** **Accounting Supervisor: Li-Min, Huang**

DFI Inc.

Statement of Comprehensive Income

January 1 to December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

		2022		2021 (Restated)	
		Amount	**%**	**Amount**	**%**
4000	**Net operating revenue (Notes VI (XX), VII and XIV)**	$ 5,442,148	100	3,460,880	100
5000	**Operating costs (Note VI (VI) (IX) (X) (XI) (XIV)(XV) (XVI) (XXI), VII & XII)**	(4,366,454)	(80)	(2,798,695)	(81)
	Gross Profit	1,075,694	20	662,185	19
5910	Gain on realized (unrealized) sales	(60,265)	(1)	18,792	1
	Gross Profit	1,015,429	19	680,977	20
	Operating expenses (Note VI (V), (IX), (X), (XI), (XIV), (XVI), (XXI), VII & XII):				
6100	Selling and marketing expenses	(180,818)	(4)	(187,585)	(5)
6200	General and administrative expenses	(122,476)	(2)	(142,804)	(4)
6300	Research and development expenses	(278,529)	(5)	(268,180)	(8)
6450	Expected credit (impairment loss) gain on reversal	(1,798)	-	4,483	-
6000	**Total operating expenses**	(583,621)	(11)	(594,086)	(17)
	Net operating income	431,808	8	86,891	3
	Non-operating income and expenses (Notes VI (VII), (XIV), (XXII) & VII)				
7100	Interest income	2,236	-	744	-
7010	Other income	29,039	1	19,156	-
7020	Other gain and loss	15,920	-	459,837	13
7050	Finance costs	(27,177)	-	(11,499)	-
7070	Shares of profit (loss) of subsidiaries accounted for using the equity method	177,345	3	145,260	4
	Total non-operating income and expenses	197,363	4	613,498	17
7900	**Profit before tax**	629,171	12	700,389	20
7950	**Less: Income tax expense (Note VI (XVII))**	(97,547)	(2)	(82,863)	(2)
8200	**Net profit for the period**	531,624	10	617,526	18
	Other comprehensive income (Note VI(XVII) and(XVIII)):				
8310	**Items that will not be reclassified to profit or loss**				
8311	Remeasurement of defined benefit plans	260	-	(839)	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	11,483	-	11,339	-
8330	Shares of other comprehensive income of subsidiaries accounted for using the equity method	(1,520)	-	661	-
8349	Income tax relating to items that will not be reclassified	(52)	-	168	-
		10,171	-	11,329	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translating the financial statements of foreign operations	65,556	1	(51,761)	(1)
8399	Income tax relating to items that may be reclassified	-	-	-	-
		65,556	1	(51,761)	(1)
	Other comprehensive income (loss) for the period	75,727	1	(40,432)	(1)
8500	**Total comprehensive income (loss) for the period**	$ 607,351	11	577,094	17
	Net profit in current period attributable to:				
8610	Owners of the parent company	$ 528,230	10	615,903	18
	Former owner of business combination under common control	3,394	-	1,623	
		$ 531,624	10	617,526	18
	Total comprehensive income (loss) attributable to:				
8710	Owners of the parent company	$ 603,957	11	575,471	17
	Former owner of business combination under common control	3,394	-	1,623	-
		$ 607,351	11	577,094	17
	Earnings per Share (Unit: In New Taiwan Dollars, Note VI (XIX))				
9750	**Basic earnings per share**	$	4.61		5.38
9850	**Diluted earnings per share**	$	4.58		5.33

(Please refer to notes to parent company only financial statements)

Chairman: Chi-Hung, Chen **President: Chia-Hung, Su** **Accounting Supervisor: Li-Min, Huang**

DFI Inc.

Statement of Changes in Equity

January 1 to December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

	Share capital - Ordinary shares	Capital surplus	Retained earnings				Other Equity Items			Treasury shares	Former owner of business combination under common control	Total equity
			Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) of financial assets at fair value through other comprehensive income	Total			
Balance as of January 1, 2021 (Restated)	$ 1,146,889	679,735	788,518	54,268	393,207	1,235,993	(83,110)	8,503	(74,607)	(12,907)	18,687	2,993,790
Net profit for the period	-	-	-	-	615,903	615,903	-	-	-	-	1,623	617,526
Other comprehensive income (loss) for the period	-	-	-	-	(215)	(215)	(51,761)	11,544	(40,217)	-	-	(40,432)
Total comprehensive income (loss) for the period	-	-	-	-	615,688	615,688	(51,761)	11,544	(40,217)	-	1,623	577,094
Profit distribution:												
Legal reserve	-	-	37,246	-	(37,246)	-	-	-	-	-	-	-
Special reserve	-	-	-	20,339	(20,339)	-	-	-	-	-	-	-
Cash dividends for common shares	-	-	-	-	(320,569)	(320,569)	-	-	-	-	-	(320,569)
Cash dividends distributed from capital surplus	-	(22,898)	-	-	-	-	-	-	-	-	-	(22,898)
Cancellation of treasury shares	(2,000)	(1,093)	-	-	(9,814)	(9,814)	-	-	-	12,907	-	-
Differences between the actual price for acquisition or disposal of the subsidiaries and their carrying amount	-	-	-	-	(149,828)	(149,828)	-	-	-	-	-	(149,828)
Balance as of December 31, 2021 (Restated)	1,144,889	655,744	825,764	74,607	471,099	1,371,470	(134,871)	20,047	(114,824)	-	20,310	3,077,589
Net profit for the period	-	-	-	-	528,230	528,230	-	-	-	-	3,394	531,624
Other comprehensive income (loss) for the period	-	-	-	-	(1,056)	(1,056)	65,556	11,227	76,783	-	-	75,727
Total comprehensive income (loss) for the period	-	-	-	-	527,174	527,174	65,556	11,227	76,783	-	3,394	607,351
Profit distribution:												
Legal reserve	-	-	61,568	-	(61,568)	-	-	-	-	-	-	-
Special reserve	-	-	-	40,215	(40,215)	-	-	-	-	-	-	-
Cash dividends for common shares	-	-	-	-	(366,364)	(366,364)	-	-	-	-	-	(366,364)
Cash distributed from capital surplus	-	(45,796)	-	-	-	-	-	-	-	-	-	(45,796)
Reorganization	-	(1,371)	-	-	-	-	-	-	-	-	(23,704)	(25,075)
Changes in percentage of ownership interests in subsidiaries	-	5	-	-	-	-	-	-	-	-	-	5
Differences between the actual price for acquisition or disposal of the subsidiaries and their carrying amount	-	-	-	-	(283)	(283)	-	-	-	-	-	(283)
Disposition of unearned funds of employee stock ownership trust	-	4	-	-	-	-	-	-	-	-	-	4
Balance as of December 31, 2022	$ 1,144,889	608,586	887,332	114,822	529,843	1,531,997	(69,315)	31,274	(38,041)	-	-	3,247,431

(Please refer to notes to parent company only financial statements)

Chairman: Chi-Hung, Chen **President: Chia-Hung, Su** **Accounting Supervisor: Li-Min, Huang**

DFI Inc.

Statements of Cash Flows

January 1 to December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

	2022	2021 (Restated)
Cash flows from operating activities:		
Net profit before tax for the period	$ 629,171	700,389
Adjustment item:		
Adjustments for		
Depreciation expenses	82,094	74,567
Amortization expenses	5,409	5,089
Expected credit impairment loss (gain on reversal)	1,798	(4,483)
Evaluation losses of financial assets measured at fair value through gains and losses	72	829
Interest expense	27,177	11,499
Interest income	(2,236)	(744)
Dividend income	(2,997)	(999)
Shares of profit of subsidiaries accounted for using the equity method	(177,345)	(145,260)
Loss on disposal of property, plant and equipment	-	1,652
Relisting expenses of property, plant and equipment	235	-
Gain on disposal of non-current assets held for sale	-	(469,360)
Unrealized (realized) gain (loss) on sales	60,265	(18,792)
Gain on lease amendment	-	(4)
Total revenue, expense and loss items	(5,528)	(546,006)
Changes in assets/liabilities related to business activities:		
Net changes in assets related to operating activities:		
Decrease (increase) in financial assets mandatorily classified as at fair value through profit or loss	70	(726)
Decrease (increase) in notes receivable and accounts receivable	(209,942)	36,746
Decrease (increase) in accounts receivable from related parties	(289,846)	86,349
Increase in other receivables	(8,470)	(12,766)
Decrease (increase) in inventories	132,009	(658,412)
Decrease (increase) in prepayments	10,278	(12,057)
Increase in other current assets	(690)	(155)
Total net changes in assets related to operating activities	(366,591)	(561,021)
Net change in liabilities related to operating activities:		
Increase (decrease) in financial liabilities held for trading	1,018	(3,760)
Increase (decrease) in contract liabilities	(15,021)	31,492
Increase in accounts payables	34,351	221,913
Increase (decrease) in accounts payables to related parties	61,198	(53,311)
Increase (decrease) in other payables	(43,096)	47,976
Increase (decrease) in provisions	4,989	(10,580)
Increase in other current liabilities	8,376	831
Decrease in net defined benefit liabilities	(9,150)	(217)
Total net changes in liabilities related to business activities	42,665	234,344
Total net changes in assets and liabilities related to operating activities	(323,926)	(326,677)
Total adjustment items	(329,454)	(872,683)
Cash generated from (used in) operations	299,717	(172,294)
Interest received	2,236	744
Interest paid	(26,425)	(11,238)
Income tax paid	(26,555)	(131,170)
Net cash generated from (used in) operating activities	248,973	(313,958)

(Continued on the next page)

(Please refer to notes to parent company only financial statements)

Chairman: Chi-Hung, Chen **President: Chia-Hung, Su** **Accounting Supervisor: Li-Min, Huang**

DFI Inc.

Statements of Cash Flows (Continued from the previous page)

January 1 to December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

	2022	2021 (Restated)
Cash flows from investing activities:		
Purchase of financial assets at fair value through other comprehensive income	(16,098)	-
Proceeds from sale of financial assets at fair value through profit or loss	-	981
Acquisition of investments accounted for using the equity method	-	(1,016,944)
Refund of share capital due to capital decrease of subsidiaries accounted for using the equity method	80,063	-
Proceeds from disposal of non-current assets held for sale	-	542,245
Purchase of property, plant and equipment	(70,722)	(239,046)
Proceeds from disposal of property, plant and equipment	-	1,470
Decrease (increase) in refundable deposits	(892)	243
Purchase of intangible assets	(7,542)	(8,355)
Decrease (increase) in other non-current assets	3,026	(18,597)
Dividends received	248,227	51,597
Net cash (used in) generated from investment activities	236,062	(686,406)
Cash flows from financing activities:		
Proceeds from short-term borrowings	4,985,000	4,810,000
Repayments of short-term borrowings	(4,630,000)	(4,770,000)
Proceeds from long-term borrowings	1,000,000	1,750,000
Repayments of long-term borrowings	(1,200,000)	(450,000)
Repayment of the principal portion of lease	(15,840)	(10,704)
Cash dividends distributed	(412,160)	(343,467)
Disposition of unearned funds of employee stock ownership trust	4	-
Net cash (used in) generated from financing activities	(272,996)	985,829
Increase (decrease) in cash and cash equivalents for the current period	212,039	(14,535)
Cash and cash equivalents at the beginning of the period	240,866	255,401
Cash and cash equivalents at the end of the period	$ **452,905**	**240,866**

(Please refer to notes to parent company only financial statements)

Chairman: Chi-Hung, Chen **President: Chia-Hung, Su** **Accounting Supervisor: Li-Min, Huang**

DFI Inc.
Notes to Parent Company Only Financial Statements
For the years ended December 31, 2022 and 2021
(The amount shall be dominated in thousands of NTD, unless otherwise specified)

I. Company History

On July 14, 1981, DFI Inc. (the "Company") was established and registered under the approval from the Ministry of Economic Affairs, having the registered address of 10F, No. 97, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City. The Company is principally engaged in the manufacturing and sales of boards and computer components for industrial computers.

II. Date and Procedures of Authorization of Financial Statements

The accompanying parent company only financial statements were approved and issued by the board of directors on March 2, 2023.

III. Application of Newly Issued and Revised Standards and Interpretations

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

As of January 1, 2022, the Company began to apply the following newly revised International Financial Reporting Standards (IFRS), which has not had a significant impact on the parent company only financial statements.

- Amendments to IAS 16, "Property, Plant and Equipment - Price before reaching Intended Use".
- Amendments to IAS 37, "Loss-making Contracts - Costs to Perform".
- Annual Improvements to IFRSs for the 2018-2020 Cycle
- Amendments to IFRS 3, "References to Conceptual Framework".

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

Based on the Company's assessment, the adoption of the following newly revised IFRSs effective from January 1, 2023 will not have a significant impact on the parent company only financial statements.

- Amendments to IAS 1, "Disclosure of Accounting Policies".
- Amendments to IAS 8, "Definition of Accounting Estimates".
- Amendments to IAS 12, "Deferred Income Taxes on Assets and Liabilities Arising from a Single Transaction".

(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 Company are as follows:

New issued or amended standards	**Main amendments**	**Effective date of issuance by IASB**
Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"	Current IAS 1 states that liabilities in which a business does not have an unconditional right to extend their maturity to at least twelve months after the reporting period should be classified as current. The amendments remove the requirement that the right should be unconditional and instead requires that the right must exist at the end of the reporting period and must be material. The amendments clarify how an enterprise should classify liabilities that are settled by the issuance of its own equity instruments (e.g., convertible bonds).	January 1, 2024
Amendments to IAS 1 'Non-current liabilities with contractual provisions'	After reconsidering certain aspects of the 2020 amendments to IAS 1, the new amendments clarify that only contractual terms followed on or before the reporting date will affect the classification of a liability as current or non-current. Contractual terms (i.e., future terms) that an enterprise is required to follow after the reporting date do not affect the classification of a liability at that date. However, when non-current liabilities are subject to future contractual terms, companies are required to disclose information to help users of their financial statements learn about the risk that these liabilities may be settled within 12 months of the reporting date	January 1, 2024

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

The Company expects that the following newly issued and amended standards that have not been endorsed by the FSC yet will not deliver a material impact on the parent company only financial statements.

- Amendments to IFRS 10 and IAS 28 "Disposal of or Contribution to Assets between an Investor and its Affiliates or Joint Ventures
- Amendments to IFRS 17, "Insurance Contracts" and IFRS 17
- Amendments to IFRS 16, "Provisions for Sale and Leaseback Transactions

IV. Summary of Significant Accounting Policies

The significant accounting policies adopted in the parent company only financial statements are summarized below. The following accounting policies have been applied consistently to all periods presented in the parent company only financial statements.

(I) Statement of Compliance

These accompanying financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of Preparation

1. Basis of measurement

   The parent company only financial statements have been prepared on the historical cost basis, except for the following significant balance sheet items.

   (1) Financial instruments (including derivative financial instruments) measured at fair value through profit or loss.

   (2) Financial assets at fair value through other comprehensive income; and

   (3) Net defined benefit liabilities, which are measured at the present value of the defined benefit obligation less the fair value of pension fund assets.

2. Functional and presentation currencies

   The functional currency of the Company is the currency of the primary economic environment in which the Company operates. The accompanying parent company only financial statements of the Company are presented in the Company's functional currency, New Taiwan dollar. All financial information dominated in New Taiwan dollars shall be dominated in thousands of NTD, unless otherwise specified.

(III) Foreign currency

1. Foreign currency transactions

   Foreign currency transactions are translated into functional currencies at the exchange rates prevailing on the dates of transactions. At the end of each subsequent reporting period (hereinafter referred to as the “reporting date”), monetary items denominated in foreign currencies are translated into the functional currency using the exchange rates prevailing on that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rates prevailing on the date of measurement of the fair value, while non-monetary items measured at historical cost in foreign currencies are translated at the exchange rates prevailing on the date of the transaction.

   Translation differences arising from foreign currency translations are generally recognized in profit or loss, except for equity instruments designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

2. Foreign Operations

   Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency of the parent company only financial statements at the exchange rates prevailing on the reporting date; income and expense items are translated into the presentation currency of the parent company only financial statements at the average exchange rates for the period, with the resulting exchange differences recognized in other comprehensive income.

   When the disposal of a foreign operating entity results in a loss of control, joint control or significant influence, the cumulative translation differences related to the foreign operating entity are reclassified to profit or loss. When the disposal includes a subsidiary of a foreign operating entity, the related cumulative translation differences are re-attributed to non-controlling interests on a pro rata basis. When the disposal component includes investments in affiliates or joint ventures of foreign operating entities, the related cumulative translation differences are reclassified proportionately to profit or loss.

   When there is no plan to settle a monetary receivable or payable from a foreign operation and it is not likely to be settled in the foreseeable future, the resulting foreign currency translation gain or loss is recognized in other comprehensive income as part of the net investment in the foreign operation.

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

Assets that meet one of the following criteria are classified as current assets, while all other assets that are not current assets are classified as non-current assets:

1. The asset is expected to be realized in the normal course of business or is intended to be sold or consumed;
2. The asset is held primarily for trading purposes.
3. The asset is expected to be realized within 12 months after the reporting period; or
4. The asset is cash or cash equivalents, unless the asset is otherwise restricted from being exchanged or used to settle a liability at least twelve months after the reporting period.

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

1. The liability is expected to be settled in the normal course of business;
2. The liability is held primarily for trading purposes;
3. The liability is due for settlement within 12 months after the reporting period; or
4. The liability does not have an unconditional right to defer settlement for at least twelve months after the reporting period. The terms of the liabilities do not affect the classification of the liabilities that may be settled by issuing equity instruments at the option of the counter-parties.

(V) Cash and cash equivalents

Cash includes cash on hand, checking deposits and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible into fixed amounts of cash and subject to an insignificant risk of changes in value. Time deposits that meet the above definition and are held to meet short-term cash commitments rather than for investment or other purposes are reported as cash equivalents.

(VI) Financial instruments

Accounts receivable and debt securities issued are recognized as they are incurred. All other financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instruments. Financial assets (excluding accounts receivable that do not include significant financial components) or financial liabilities measured at fair value through profit or loss were originally measured at fair value plus transaction costs directly attributable to the acquisition or issuance. Accounts receivable that do not include significant financial components are originally measured at transaction prices.

1. Financial assets

   Financial assets at the time of initial recognition is classified as follows: Financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss. Purchase or sale of financial assets in accordance with transaction practices is subject to accounting treatment on the transaction date.

   The Company only reclassifies all affected financial assets from the first day of the next reporting period when it changes its business model for managing financial assets.

   (1) Financial assets measured at amortized cost

   Financial assets that simultaneously meet the following conditions and are not designated as measured at fair value through profit or loss are measured at amortized cost:

   - The financial asset is held under a business model for the purpose of receiving contractual cash flows.
   - The contractual terms of the financial asset generate cash flow on a specific date, which is entirely the interest on the payment of principal and outstanding principal amounts.

   After initial recognition, these financial assets are measured using the effective interest rate method at amortized cost less impairment losses. Interest income, foreign currency exchange gain or loss, and impairment losses are recognized in profit or loss. When de-recognized, profit or loss is included in profit or loss.

   (2) Financial assets measured at fair value through other comprehensive income

   When a debt instrument investment simultaneously meets the following conditions and is not designated as measured at fair value through profit or loss, it is measured at fair value through other comprehensive income:

   - The financial asset is held under a business model for the purpose of receiving contractual cash flows and selling.
   - The contractual terms of the financial asset generate cash flow on a specific date, which is entirely the interest on the payment of principal and outstanding principal amounts.

   Upon initial recognition, the Company may make an irrevocable option to report subsequent changes in the fair value of equity instrument investments not held for trading in other comprehensive income. The above selections were made on a tool by tool basis.

Debt instrument investments are subsequently measured at fair value. Interest income, foreign currency exchange gain or loss, and impairment losses calculated using the effective interest method are recognized in profit or loss, while the remaining net profits or losses are recognized in other comprehensive income. Upon derecognition, the accumulated amount of other comprehensive income under equity is reclassified to profit or loss.

Equity instrument investments are subsequently measured at fair value. Dividend income (unless it clearly represents the recovery of some investment costs) is recognized as profit or loss, and the remaining net profits or losses are recognized as other comprehensive income. When derecognized, the accumulated other comprehensive income under equity are reclassified to retained earnings, not to profit or loss. Dividend income from equity investments is recognized on the date on which the Company is entitled to receive dividends (usually the ex-dividend date).

(3) Financial assets measured at fair value through profit or loss

Financial assets that are not measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss, including derivative financial assets. At the time of initial recognition, in order to eliminate or significantly reduce accounting mismatch, the Company may irrevocably designate financial assets that meet the criteria for measurement at amortized cost or fair value through other comprehensive income as financial assets measured at fair value through profit or loss.

These assets are subsequently measured at fair value, and the net gains or losses (including any dividends and interest income) arising from remeasurement are recognized as profit or loss.

(4) Impairment of financial assets

The Company recognizes an allowance for expected credit losses on financial assets measured at amortized cost, including cash and equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivables, and deposits.

The following financial assets are measured as allowance losses based on the expected amount of credit losses over a twelve-month period, while the remaining financial assets are measured based on the expected amount of credit losses during their lifetime:

- The credit risk of bank deposits (i.e., the risk of default during the expected lifetime of a financial instrument) has not significantly increased since the initial recognition.

The allowance for losses on accounts receivable is measured by the expected amount of credit losses during the period of existence.

The expected credit loss during the expected lifetime of a financial instrument refers to the expected credit loss caused by all possible default events during the expected lifetime of the financial instrument. "12 month expected credit loss" refers to the expected credit loss caused by a possible default event of a financial instrument within 12 months after the reporting date (or a shorter period, if the expected duration of the financial instrument is less than 12 months).

The maximum period for measuring expected credit losses is the longest contractual period during which the Company is exposed to credit risk.

In determining whether the credit risk has significantly increased since the initial recognition, the Company considers reasonable and verifiable information (available without excessive cost or investment), including qualitative and quantitative information, and analysis based on the historical experience, credit evaluation, and forward-looking information of the Company.

The expected credit loss is a weighted estimate of the probability of credit loss during the expected lifetime of a financial instrument. Credit losses are measured at the present value of all cash shortfalls, which is the difference between the cash flows that the Company can receive under the contract and the cash flows that the Company expects to receive. Expected credit losses are discounted at the effective interest rate of the financial assets.

Allowance for losses on financial assets measured at amortized cost is deducted from the carrying amount of the assets.

When the Company does not have a reasonable expectation of recovering all or part of a financial asset, the total carrying amount of the financial asset is directly reduced. The Company analyzes the timing and amount of write-offs individually on the basis of whether recovery is reasonably expected. The Company does not expect any material reversal of the amount written off. However, financial assets that have been written off are still enforceable in order to comply with the Company's procedures for recovering overdue amounts.

(5) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset cease, or when the financial asset has been transferred and substantially all the risks and rewards of ownership of the asset have been transferred to other enterprises, or when substantially all the risks and rewards of ownership of the asset have neither been transferred nor retained and control of the financial asset has not been retained.

If the Company enters into a transaction to transfer a financial asset, the financial asset is continuously recognized in the balance sheet if all or substantially all the risks and rewards of ownership of the transferred asset are retained.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(2) Equity transactions

An equity instrument is any contract that recognizes the Company's remaining interest in an asset less all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received less the cost of direct issuance.

(3) Treasury stock

Upon repurchase of equity instruments recognized by the Company, the consideration paid, including directly attributable costs, is recognized as a reduction of equity. Shares repurchased are classified as treasury stock. On subsequent sales or reissues of treasury stock, the amount received is recognized as an increase in equity and the residual or deficit arising from the transaction is recognized as capital surplus or retained earnings (if capital surplus is not sufficient to offset it).

(2) Financial liabilities

Financial liabilities are classified as being measured at amortized cost or at fair value through profit or loss. Financial liabilities are classified as being measured at fair value through profit or loss if they are held for trading, derivative instruments or designated at initial recognition. Financial liabilities measured at fair value through profit or loss are measured at fair value, and the related net gain or loss, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and exchange gain or loss are recognized in profit or loss. Any gain or loss on derecognization is also recognized in profit or loss.

(3) Derecognition of financial liabilities

The Company derecognizes financial liabilities when the contractual obligations are fulfilled, canceled or expired. When the terms of a financial liability are modified and the cash flows of the modified liability are materially different, the original financial liability is derecognized and the new financial liability is recognized at fair value based on the modified terms. When a financial liability is derecognized, the difference between the carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(4) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and presented in the balance sheet on a net basis only when the Company has a legally enforceable right to do so and intends to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

3. Derivative financial instruments

The Company holds derivative financial instruments to hedge the risk of foreign currency exposure. Derivatives are initially recognized at fair value, with transaction costs recognized in profit or loss; subsequently, they are measured at fair value, with gains or losses arising from remeasurement recognized directly in profit or loss. When its fair value is positive, the derivative is recognized as a financial asset; when its fair value is negative, the derivative is recognized as a financial liability.

(VII) Inventories

Inventories are measured at the lower of cost or net realizable value. Inventories include acquisition, production or processing costs and other costs incurred in bringing them to the place and condition in which they are available for use and are measured using the weighted-average method. Fixed manufacturing costs are allocated to finished goods and work in process based on the higher of normal production capacity or actual production of the production equipment, while variable manufacturing costs are allocated on the basis of actual production. Net realizable value is the estimated selling price under normal operations less estimated costs of completion and selling expenses required to complete the sale.

(VIII) Non-current assets held for sale

Non-current assets or disposal groups consisting of assets and liabilities are classified as non-current assets held for sale when their carrying amount is expected to be recovered principally through sale rather than through continuing use. Non-current assets or disposal groups that meet this classification must be available for immediate sale in their current condition and it is highly probable that the sale will be completed within one year. The components of the asset or disposal group are remeasured in accordance with the accounting policies of the Company prior to their original classification as non-current assets held for sale. After classification as a non-current asset held for sale, it is measured at the lower of its carrying amount or fair value less costs to sell. An impairment loss on any disposal group is first allocated to goodwill and then to the remaining assets and liabilities on a pro rata basis. However, the loss is not allocated to assets not within the scope of IAS 36, Impairment of Assets, which continue to be measured in accordance with the Company's accounting policies. Gain or loss arising from the recognition of impairment losses and subsequent remeasurement of assets and liabilities originally classified as held for sale is recognized in profit or loss, provided that the reversal of such gain or loss does not exceed the cumulative impairment losses already recognized.

When intangible assets and property, plant and equipment are classified as non-current assets held for sale, they are no longer depreciated or amortized. In addition, the equity method is discontinued when the investments recognized using the equity method are classified as non-current assets held for sale.

(IX) Investment in subsidiaries

In the preparation of the parent company only financial statements, the Company adopts the equity method to evaluate the investee companies under its control. The carrying amount of an investment in a subsidiary includes goodwill recognized at the time of the original investment, less any accumulated impairment loss, which is recognized as a decrease in carrying amount of investment. Under the equity method, the current gains or losses and other composite gains or losses of the financial statements shall be the same as the share of the current gains or losses and other composite gains or losses attributable to the owners of the parent company in the financial statements prepared on a consolidated basis. Equity attributable to the owners of financial statements should be the same as the equity attributable to the owners of the parent company in the financial statements prepared on a consolidated basis.

Where the change in the Company's ownership interest in the subsidiary does not result in the loss of control, it shall be treated as an equity transaction with the owner.

(X) Property, plant and equipment

1. Recognition and measurement

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

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

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

2. Subsequent costs

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

3. Depreciation

   Depreciation is calculated on the basis of the cost of an asset less its residual value and is recognized in profit or loss over the estimated useful life of each component using the straight-line method. Except for land, which is not subject to depreciation, the estimated useful lives of the remaining components are. Machinery equipment: 3 to 10 years; office and other equipment. 2 to 10 years. In addition, buildings and structures are depreciated over their estimated useful lives based on their significant components: 20 to 50 years for main and auxiliary buildings, and 3 to 10 years for other auxiliary electrical and mechanical equipment and engineering systems.

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

(XI) Lease

The Company assesses whether a contract is or comprises a lease at the inception date of the contract. A contract is or comprises a lease if it transfers control over the use of an identified asset for a period of time in exchange for consideration.

1. Lessees

The Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is measured initially at cost, which includes the original measurement of the lease liability, adjusted for any lease payments made on or before the commencement date of the lease, plus the original direct costs incurred and the estimated costs to disassemble, remove and restore the subject asset to its location or to the subject asset, less any lease incentives received. The lease payments are added to the original direct costs incurred and the estimated costs of dismantling, removing and restoring the subject asset to its location or to the subject asset, less any incentives received.

Right-of-use assets are subsequently depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the Company periodically assesses whether a right-of-use asset is impaired and addresses any impairment loss incurred, and adjusts the right-of-use asset when the lease liability is remeasured.

Lease liabilities are measured initially at the present value of the lease payments outstanding at the inception date of the lease. If the implied interest rate of the lease is readily determinable, the discount rate is that rate; If it is not readily determinable, the Company's incremental borrowing rate is used. In general, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of lease liabilities include:

(1) Fixed payments, including real fixed payments:

(2) Variable lease payments that depend on an index or rate, using the index or rate at the inception date of the lease as the original measure:

(3) The amount of the residual value guarantee expected to be paid; and

(4) The exercise price or penalty to be paid if it is reasonably certain that the option to purchase or the option to terminate the lease will be exercised.

Lease liabilities are subsequently accrued for using the effective interest method and are remeasured when the following occurs:

(1) There is a change in future lease payments as a result of a change in the index or rate used to determine lease payments;
(2) There is a change in the amount of the residual value guarantee expected to be paid.
(3) There is a change in the evaluation of the purchase option on the subject asset; and
(4) There is a change in the estimate of whether to exercise the option to extend or terminate the lease, resulting in a change in the evaluation of the lease term;
(5) There is a change in the subject matter, scope or other terms of the lease.

When a lease liability is remeasured as a result of changes in the index or rate used to determine lease payments, changes in the residual value guarantee amount and changes in the evaluation of the purchase, extension or termination option as described above, the carrying amount of the right-of-use asset is adjusted accordingly and the remaining remeasurement amount is recognized in profit or loss when the carrying amount of the right-of-use asset is reduced to zero.

For lease modifications that reduce the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between the carrying amount and the remeasurement amount of the lease liability is recognized in profit or loss.

The Company presents right-of-use assets and lease liabilities that do not meet the definition of investment property as separate line items in the balance sheet.

For short-term leases and leases of low-value underlying assets, the Company chooses not to recognize right-of-use assets and lease liabilities, and instead recognizes the related lease payments as expenses on a straight-line basis over the lease term.

2. Lessors

Transactions in which the Company is the lessor are classified as finance leases on the inception date of the lease based on whether the lease contracts transfer substantially all the risks and rewards incidental to the ownership of the subject assets, and otherwise are classified as operating leases. In its evaluation, the Company considers specific indicators, including whether the lease period covers a significant portion of the economic life of the subject asset.

If the Company is the lessor of a sublease, it treats the main lease and the sublease transaction separately and assesses the classification of the sublease transaction using the right-of-use assets arising from the main lease. If a master lease is a short-term lease and the recognition exemption applies, the sublease transaction should be classified as an operating lease.

For operating leases, the Company recognizes the lease payments received as rental income over the lease term on a straight-line basis.

(XII) Intangible assets

The Company's acquisition of purchased software is measured at cost less accumulated amortization and accumulated impairment. Amortization is provided on a straight-line basis over the estimated useful lives of 3 to 5 years and is recognized in profit or loss.

The Company reviews the residual value, useful life and amortization method of intangible assets at each reporting date, and makes appropriate adjustments when necessary.

(XIII) Impairment of non-financial assets

The Company assesses at each reporting date whether there is any indication that the carrying amount of non-financial assets (other than inventories and deferred income tax assets) may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. Goodwill is tested for impairment annually or whenever there is an indication of impairment.

The purpose of the impairment test is to identify a group of assets as the smallest identifiable group of assets for which a significant portion of the cash inflows are separate from other individual assets or groups of assets. Goodwill acquired on a business combination is allocated to each cash-generating unit or group of cash-generating units that is expected to benefit from the combined effect.

The recoverable amount is the higher of the fair value of the individual asset or cash-generating unit, less costs to dispose, and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognized if the recoverable amount of an individual asset or cash-generating unit is less than its carrying amount. The impairment loss is recognized immediately in profit or loss and reduces the carrying amount of the goodwill amortized for the cash-generating unit first, and then reduces the carrying amount of each asset in proportion to the carrying amount of the other assets in the unit.

The impairment loss on goodwill is not subject to reversal. Non-financial assets other than goodwill are reversed only to the extent that the carrying amount of the asset, net of depreciation or amortization, would have been determined had no impairment loss been recognized in prior years.

(XIV) Provision for liabilities

Provisions for liabilities are recognized when the Company has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation in the future, and the amount of the obligation can be reliably estimated.

The provision for product warranty liability is recognized when the product is sold. The provision for this liability is measured based on historical warranty information and all probable outcomes weighted by their respective probabilities.

(XV) Revenue recognition

Revenue is measured at the consideration to which the Group is expected to be entitled as a result of the transfer of goods or services. The Company recognizes revenue when control of goods or services is transferred to customers to satisfy performance obligations. The Company explains the main revenue items as follows:

1. Sales of goods

   The Company recognizes revenue when control of the goods is transferred to customers. Transfer of control of goods means that the goods has been delivered to the customer, the customer is able to determine the sales channel and price of the product, and there are no outstanding obligations that would affect the customer's acceptance of the goods. Delivery occurs when the product is delivered to a specific location, the risk of obsolescence and loss has been transferred to the customer, the customer has accepted the product in accordance with the terms of the transaction, and the Company has objective evidence that all acceptance conditions have been met.

   The Company has a refund obligation for defective products sold and has recognized a provision for warranty liability for this obligation.

   The Company recognizes accounts receivable upon delivery of goods because the Company has the unconditional right to receive the consideration at that point in time.

2. Financial components

   The Company does not adjust the time value of money of the transaction price because the time interval between the expected transfer of goods to customers and the payment of goods or services by customers does not exceed one year.

(XVI) Employee benefits

1. Defined contribution plans

   The contribution obligation of the defined contribution pension plan is recognized as employee benefit expense in profit or loss during the period in which the employees render service.

2. Defined benefit plans

   The net obligation under the defined benefit pension plan is calculated as the discounted value of the future benefit amounts to be earned by each plan for each employee's current or prior service, less the fair value of any plan assets. The discount rate is based on the market yield rate at the reporting date for government bonds with maturity dates approximating the term of the Company's net obligation and denominated in the same currency as the expected benefit payments. The net obligation of the defined benefit plans is actuarially determined annually by a qualified actuary using the projected unit benefit method.

   When benefits under a plan are improved, the related expense is recognized immediately in profit or loss for the portion of the benefit increase attributable to employees' past service.

   The remeasurement of the net defined benefit obligation (asset) consists of (1) actuarial gain or loss; (2) compensation on plan assets, excluding the amount included in net interest on the net defined benefit obligation (asset); and (3) any change in the asset ceiling effect, excluding the amount included in net interest on the net defined benefit obligation (asset). The remeasurement of the net defined benefit liability (asset) is recognized in other comprehensive income and is transferred to other equity in the current period.

   The Company recognizes a gain or loss on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The curtailment or settlement gain or loss includes the change in the fair value of any plan assets and the change in the present value of the defined benefit obligation.

3. Short-term employee benefits

   Short-term employee benefit obligations are measured on an undiscounted basis and are recognized as an expense when the related services are rendered. The amount expected to be paid under short-term cash bonus or dividend plans is recognized as a liability when the Company has a present legal or constructive obligation to pay for the services rendered by employees and the obligation can be reliably estimated.

(XVII) Income tax

Income tax expense includes current and deferred income taxes. Current and deferred income taxes are recognized in profit or loss, except when they relate to business combinations, items recognized directly in equity or other comprehensive income.

Current income taxes include estimated income taxes payable or refunds receivable based on current year's taxable income (loss) and any adjustments to prior years' income taxes payable or refunds receivable. The amount reflects the best estimate of the amount expected to be paid or received, measured at the statutory tax rate at the reporting date or the tax rate of substantive legislation, after reflecting uncertainties, if any, related to income taxes.

Deferred income taxes are recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred income tax is not recognized for temporary differences arising from:

1. Assets or liabilities that are not part of the original recognition of a business combination transaction and do not affect the accounting profit or taxable income (loss) at the time of the transaction;
2. Temporary differences arising from investments in subsidiaries, affiliates and joint ventures where the timing of the reversal of the temporary differences is controlled by the Company and it is probable that the temporary differences will not reverse in the foreseeable future; and
3. Taxable temporary differences arising from the original recognition of goodwill.

Deferred income tax assets are recognized for unused tax losses and unused tax credits in subsequent periods, together with deductible temporary differences, to the extent that it is probable that future taxable income will be available for use. Deferred income tax assets are reassessed at each reporting date and reduced to the extent that it is not probable that the related income tax benefit will be realized or to the extent that it becomes probable that sufficient taxable income will be available to allow the reversal of the original reduction.

Deferred income taxes are measured at the tax rates that are expected to apply to the reversal of temporary differences, based on the statutory tax rate at the reporting date or the tax rate of substantive legislation, and reflecting uncertainties, if any, related to income taxes.

The Company shall offset deferred income tax assets and deferred income tax liabilities only if the following conditions are met at the same time:

1. There is a legally enforceable right to offset current income tax assets and current income tax liabilities; and
2. The deferred income tax assets and deferred income tax liabilities relate to one of the following taxable entities that are subject to income tax by the same taxing authority:
   (1) the same taxable entity; or
   (2) different taxable entities, provided that each entity intends to settle current income tax liabilities and assets on a net basis, or to realize assets and settle liabilities simultaneously, in each future period in which significant amounts of deferred income tax assets are expected to be recovered and deferred income tax liabilities are expected to be settled.

(XVIII) Business combinations

The Company uses the acquisition method of accounting to account for the combined subsidiaries. Goodwill is measured at the fair value of the consideration transferred at the acquisition date, including the amount attributable to any non-controlling interest in the acquiree, less the net amount of the identifiable assets acquired and liabilities assumed, which is generally the fair value. If the resulting balance is negative, the Company reassesses whether all assets acquired and liabilities assumed have been properly recognized before recognizing the benefit of the bargain purchase in profit or loss.

The non-controlling interests in the acquiree that are presently owned and whose holders are entitled to a proportionate share of the net assets of the business at the time of liquidation are measured, at the option of the Company, on a transaction-by-transaction basis, at either the acquisition date fair value or at the present ownership instrument's proportionate share of the recognized amount of the acquiree's identifiable net assets. Other non-controlling interests are measured at their fair values at the acquisition date or on other bases in accordance with IFRSs recognized by the FSC.

Transaction costs associated with a business combination are recognized as expenses of the combining company as soon as they are incurred, except when they relate to the issuance of debt or equity instruments.

If the original accounting for a business combination is not completed before the reporting date of the combination transaction, the Company reports the outstanding accounting items at provisional amounts and makes retroactive adjustments or recognizes additional assets or liabilities during the measurement period to reflect new information obtained during the measurement period about facts and circumstances existing at the acquisition date. The measurement period does not exceed one year from the date of acquisition.

In a business combination entered into in stages, the Company remeasures its previously held interest in the acquiree at its acquisition-date fair value, and any resulting gain or loss is recognized in profit or loss. Changes in the value of the acquiree's interest that were recognized in other comprehensive income before the acquisition date should be treated in the same manner as if the Company had directly disposed of its previously held interest, and if it is appropriate to reclassify the interest to profit or loss upon disposal, the amount is reclassified to profit or loss.

(XIX) Organizational reorganization under common control

The transaction of the acquisition of 100% equity in ACE Energy Co., Ltd., a subsidiary of the Company’s parent company, Qisda Corporation, by Ace Pillar Co., Ltd., a subsidiary of the Company, in accordance with the Accounting Research and Development Foundation’s Letter (101) J.M.Z. No. 301 and the IFRS 3 Q&A set "Doubts about the Accounting for Business Combinations under Common Control" dated October 26, 2018 was an organizational reorganization under common control. The Company deems that the acquisition occurred during the earliest comparable period expressed in the financial statements or on the date of establishment of the common control, whichever the later, and restated the comparative information accordingly. The above assets and liabilities acquired under common control are recognized on the basis of the carrying amount in the parent company only financial statements of the controlling shareholder. In preparing the balance sheet, the equity under common control prior to acquisition is classified as “attributable to former owner of business combination under common control.” In preparing the comprehensive income statement, the profit or loss belong to former controlling shareholders record as “net profit (loss) attributable to former owner of business combination under common control.”

(XX) Earnings per share

The Company presents basic and diluted earnings per share attributable to equity holders of the Company's common stock. Basic earnings per share of the Company is calculated by dividing the profit or loss attributable to the holders of the Company's common stock by the weighted-average number of common shares outstanding during the period. Diluted earnings per share is calculated by adjusting the profit or loss attributable to equity holders of the Company's common stock and the weighted-average number of common shares outstanding, respectively, for the effect of all potentially dilutive common shares. The potential diluted common stock of the Company is the employee compensation that may be issued in stock.

(XXI) Segment information

The Company has disclosed segment information in the consolidated financial statements and therefore does not disclose segment information in the parent company only financial statements.

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

When preparing the parent company only financial statements in conformity with the Guidelines, the management shall make judgments, estimates and assumptions, which will affect the adoption of accounting policies and the reported amounts of assets, liabilities, incomes and expenses. Actual results may differ from estimates.

The Management has continuously reviewed the estimates and basic assumptions, and changes in accounting estimate are recognized in the period of change and in the future periods affected.

Information about the following assumptions and estimates, which are uncertain and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and which reflect the impact of the COVID-19 outbreak, is as follows.

(I) Valuation of inventories

Inventories are measured at the lower of cost or net realizable value. The Company assesses the amount of inventories that are normally worn out, obsolete or have no marketable value at the reporting date and reduces the cost of inventories to net realizable value. This inventory valuation is primarily based on estimates of product demand in specific periods in the future and is subject to significant changes due to rapid changes in the industry. Please refer to Note VI (VI) for the valuation of inventories.

(II) Impairment assessment of goodwill arising from investment in subsidiaries

The carrying amount of the invested subsidiary includes the goodwill identified at the time of the original investment. The process of assessing goodwill impairment relies on the Company's subjective judgment, which includes identifying cash-generating units, allocating goodwill to the relevant cash-generating units, and determining the recoverable amount of the relevant cash-generating units. Any changes in economic conditions or corporate strategy may cause significant changes in the results of the assessment.

VI. Description of Significant Accounting Items

(I) Cash and cash equivalents

	2022.12.31	2021.12.31
Cash on hand and petty cash	$ 35	23
Demand deposits and check deposits	452,870	240,843
	$ 452,905	**240,866**

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

	2022.12.31	2021.12.31
Financial assets mandatorily classified as at fair value through profit or loss:		
Non-hedging derivative instruments:		
Forward foreign exchange contracts	$ 913	74
Foreign exchange SWAP contracts	11	920
Subtotal	924	994
Non-derivative financial assets:		
Fund beneficiary certificates	26,071	26,143
	$ 26,995	**27,137**
Financial liabilities held for trading:		
Derivative financial instruments:		
Forward foreign exchange contracts	$ 66	65
Foreign exchange SWAP contracts	1,017	-
Subtotal	**$ 1,083**	**65**

Please refer to Note VI (XXII) for the amount recognized in profit or loss measured at fair value.

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

1. Forward foreign exchange contracts

2022.12.31		
Currency	Contractual amount (In thousands of NTD)	Maturity period
Buy Euro/Sell USD	USD 1,100	2023.01
Buy JPY/Sell USD	USD 916	2023.01
Buy NTD/Sell USD	USD 4,360	2023.01
Buy RMB/Sell USD	USD 450	2023.01

2021.12.31		
Currency	Contractual amount (In thousands of NTD)	Maturity period
Buy JPY/Sell USD	JPY 34,033	2022.01
Buy RMB/Sell USD	RMB 6,152	2022.01
Buy Euro/Sell USD	USD 1,422	2022.01

2. Foreign exchange SWAP contracts

2022.12.31		
Currency	Contractual amount (In thousands of NTD)	Maturity period
Swap in NTD/swap out USD	USD 13,330	2023.01

2021.12.31		
Currency	Contractual amount (In thousands of NTD)	Maturity period
Swap in NTD/swap out USD	USD 8,930	2021.01

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

	2022.12.31	2021.12.31
Equity instruments measured at fair value through other comprehensive income:		
Stocks of domestic listed (OTC) companies	$ 68,840	41,259

The Company holds such equity instrument investments for the strategic investment purpose, instead of trading purpose. Therefore, they have been designated as measured at fair value through other consolidated profit or loss.

The Company did not dispose of the above-mentioned strategic investments in 2022 and 2021, and the gain or loss accumulated during those periods were not transferred to equity.

(IV) Financial assets carried at amortized cost - current

	2022.12.31	2021.12.31
Pledged certificate of deposit	$ 1,500	1,500

Please refer to Note VIII for details of the aforesaid financial assets used by the Company to provide guarantees.

(V) Accounts receivable and other receivables

	2022.12.31	2021.12.31
Accounts receivable	$ 454,211	244,269
Accounts receivable from related parties	672,077	382,231
Less: Allowance for loss	(1,798)	-
	$ 1,124,490	626,500
Other receivables	$ 26,976	16,153
Other receivables from related parties	4,186	6,539
	$ 31,162	22,692

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

	2022.12.31		
	Book-entry amounts of accounts receivable	Weighted average expected credit loss rate	Allowance for expected credit losses for the duration of the period
Not overdue	$ 362,894	0%	-
1-30 days overdue	81,155	1.14%	923
31-60 days overdue	10,159	8.58%	872
Overdue more than 90 days	3	100%	3
	$ 454,211		1,798

	2021.12.31		
	Book-entry amounts of accounts receivable	**Weighted average expected credit loss rate**	**Allowance for expected credit losses for the duration of the period**
Not overdue	**$ 244,269**	0%	**-**

The Company has assessed the counterparties of accounts receivable from related parties and other receivables (including related parties) in respect of past default record, current financial position and future economic situation forecast, and concluded that the expected recoverable amounts of these items are equivalent to their originally presented amounts. Thus, it is unnecessary to recognize the allowance for the losses.

The statement of changes in the allowance for losses of the Company's accounts receivable is listed as follows:

	2022	**2021**
Beginning Balance	$ -	4,483
Impairment loss of the period	1,798	-
Reversal of impairment loss for the period	-	(4,483)
Ending balance	**$ 1,798**	**-**

(VI) Inventories

	2022.12.31	**2021.12.31**
Raw materials	$ 624,958	890,009
Work in progress	172,219	110,574
Manufactured goods and commodities	150,194	73,239
Goods in Transit	23,906	23,210
Outsourced processing products	1,663	7,917
	$ 972,940	**1,104,949**

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

	2022	2021
Cost of inventory sold	$ 4,318,781	2,791,432
Inventory price loss	24,080	2,422
Inventory scrap loss and inventory gain	23,593	4,841
	$ 4,366,454	2,798,695

The above inventory price loss was due to the write-down of inventories to net realizable value at the end of the period, thus recognized as loss on inventories.

(VII) Non-current assets held for sale

The Company passed the resolution of the board of directors on August 6, 2021 to sell the plant and buildings in Xizhi District, and has signed a contract for the relevant sale. The total sale price was NTD 550,000 thousand (including tax), and the carrying amount of such property amounted to NTD 72,885 thousand was listed in "non-current assets held for sale." The transfer of the real estate was completed in November 2021, and a net disposal gain of NTD 469,360 thousand was recognized and reported under other gains or losses.

(VIII) Investments accounted for using the equity method

Investments of the Company under equity method at reporting date are listed below:

	2022.12.31	2021.12.31
Subsidiaries	$ 2,975,611	3,145,141

1. Subsidiaries

   On July 1, 2022, Ace Pillar Co., Ltd., a subsidiary of the Company, acquired 100% equity of ACE Energy Co., Ltd. from the subsidiary and other related parties of Qisda Corporation, the parent company of the Company, through a cash acquisition. The aforementioned transaction is an organizational restructuring under common control and should be deemed to have been acquired from the beginning. The Company has retroactively restated the parent company only financial statements for the year ended December 31, 2021 when preparing the parent company only financial statements for the year ended December 31, 2022. For information on subsidiaries, please refer to the consolidated financial report for the year ended December 31, 2022.

2. Acquisition of a subsidiary - Brainstorm Corporation (Brainstorm)

(1) Consideration transferred for acquisition of the subsidiary

On May 1, 2021 (acquisition date), the Company acquired 35.09% equity, including ordinary shares and special shares, in Brainstorm, and according to the investment agreement between both parties and the Articles of Association of Brainstorm, the Company has acquired 55.29% of the voting rights and more than half of the seats at the Board of Directors of Brainstorm. Therefore, the Company has taken control of Brainstorm and included Brainstorm in the consolidated entities as of the acquisition date. The Company has acquired Brainstorm mainly in order to implement the channel first strategy and accelerate the development in the American market.

(2) Net identifiable assets acquired

The fair values of the identifiable assets and liabilities of Brainstorm acquired on May 1, 2021 (acquisition date) are detailed as follows:

Transfer consideration:		
Cash		$ 501,582
Plus: Non-controlling interests (measured by the proportion of non-controlling interests in net identifiable assets)		641,433
Less: Fair value of net identifiable assets acquired:		
Cashandcashequivalents	$ 460,381	
Netaccountsreceivable	191,888	
Inventories	803,582	
Prepaymentsandothercurrentassets	4,613	
Property,plantandequipment	7,026	
Right-of-useassets	51,212	
Intangibleassets-Trademark	562,692	
Intangibleassets-ComputerSoftware	129	
Refundabledeposits	4,573	
Accountspayable	(784,344)	
Otherpayables	(143,260)	
Currentincometaxliabilities	(2,055)	
Othercurrentliabilities	(311)	
Leaseliabilities(includingcurrentandnon-current)	(51,212)	
Deferredincometaxliabilities	(112,538)	
Long-termborrowings	(4,187)	988,189
Goodwill		$ 154,826

The goodwill and intangible assets identified above at the time of investment are included in the carrying value of the investment accounted for using the equity method - subsidiaries.

The Company constantly reviewed the above matters during the measurement period and adjusted the amounts of above-mentioned intangible assets and goodwill in the first quarter of 2022 as follows:

Increase in intangible assets - trademark	$	6,577
Increase in deferred income tax liabilities		(1,315)
Increase in non-controlling interests		(3,415)
Decrease in goodwill	**$**	**1,847**

3. Changes in ownership interests of subsidiaries have not resulted in loss of control.

   The Company acquired additional equity in Ace Pillar and AEWIN at a cost of NTD 515,360 thousand in 2021, and made an adjustment of retained surplus of NTD (149,828) thousand due to changes in ownership interests in subsidiaries.

4. Impairment test of goodwill

   If the investment cost for the Company to acquire a subsidiary exceeds the amount of the net fair value of its share of the identifiable assets and liabilities in the investee on the acquisition date, it shall be listed as goodwill; if the goodwill is impaired, it shall be regarded as a decrease in the carrying value of the investment accounted for using the equity method in the parent company only financial statements. As of December 31, 2022 and 2021, goodwill obtained through mergers and acquisitions was allocated to the following cash generating units (or groups of cash generating units) expected to benefit from the comprehensive effects of the merger:

		2022.12.31	**2021.12.31**
DFI America, LLC.	$	177,874	177,874
Brainstorm		152,979	154,826
Standard Technology Corporation		76,149	-
Other cash generating units with non-significant goodwill amortized		39,270	17,146
	$	**446,272**	**349,846**

The above cash generating units are the smallest units under the management's supervision of investment returns on goodwill containing assets. According to the results of goodwill impairment testing conducted by the Company, the recoverable amount as of December 31, 2022 and 2021 was higher than its carrying value, so there is no need to recognize impairment losses. The recoverable amount of the cash generating units are determined based on value in use, with key assumptions as follows:

The key assumptions used to estimate value in use are as follows:

	2022.12.31	2021.12.31
DFI America, LLC.:		
Operating revenue growth rate	(3%)~4.47%	10.62%~33.44%
Discount rate	11.61%	7.79%

	2022.12.31	2021.12.31
Brainstorm:		
Operating revenue growth rate	(6.39)%~23.2%	0%~8%
Discount rate	13.35%	7.56%
Standard Co.:		
Operating revenue growth rate	5.78%~15%	
Discount rate	12.92%	

(1) The estimated future cash flow used is a five-year financial budget estimated by the management based on future operating plans. Cash flows over five years are extrapolated using an annual growth rate of 2%.

(2) The discount rate for determining the value in use is based on the weighted average cost of capital as the estimation basis.

(IX) Property, plant and equipment

		Land	Buildings	Machinery equipment	Office equipment	Other equipment	Unfinished construction	Total
Costs:								
Balance as of January 1, 2022	$	436,303	394,208	319,630	19,724	145,801	7,290	1,322,956
Addition		-	2,270	21,015	693	31,975	5,878	61,831
Disposal		-	-	(3,341)	-	(301)	-	(3,642)
Reclassification		-	7,812	(75)	-	5,196	(13,168)	(235)
Balance as of December 31, 2022	**$**	**436,303**	**404,290**	**337,229**	**20,417**	**182,671**	**-**	**1,380,910**
Balance as of January 1, 2021	$	461,322	489,494	202,214	10,695	29,577	-	1,193,302
Addition		-	6,840	122,329	9,029	119,821	7,290	265,309
Disposal		-	(20)	(4,913)	-	(3,597)	-	(8,530)
Reclassified to assets held for sale		(25,019)	(102,106)	-	-	-	-	(127,125)
Balance as of December 31, 2021	**$**	**436,303**	**394,208**	**319,630**	**19,724**	**145,801**	**7,290**	**1,322,956**
Accumulated depreciation:								
Balance as of January 1, 2022	$	-	78,186	145,811	10,156	22,428	-	256,581
Depreciation		-	10,348	33,145	3,223	19,448	-	66,164
Disposal		-	-	(3,341)	-	(301)	-	(3,642)
Balance as of December 31, 2022	**$**	**-**	**88,534**	**175,615**	**13,379**	**41,575**	**-**	**319,103**
Balance as of January 1, 2021	$	-	114,464	118,004	7,486	17,252	-	257,206
Depreciation		-	17,982	30,966	2,670	7,405	-	59,023
Disposal		-	(20)	(3,159)	-	(2,229)	-	(5,408)
Reclassification to assets held for sale in the current period		-	(54,240)	-	-	-	-	(54,240)
Balance as of December 31, 2021	**$**	**-**	**78,186**	**145,811**	**10,156**	**22,428**	**-**	**256,581**
Book value:								
December 31, 2022	**$**	**436,303**	**315,756**	**161,614**	**7,038**	**141,096**	**-**	**1,061,807**
December 31, 2021	**$**	**436,303**	**316,022**	**173,819**	**9,568**	**123,373**	**7,290**	**1,066,375**

(X) Right-of-use assets

		Buildings
Cost of right-of-use assets:		
Balance as of January 1, 2022	$	137,092
Addition		14,275
Balance as of December 31, 2022	**$**	**151,367**
Balance as of January 1, 2021	$	5,718
Addition		137,092
Decrease		(5,718)
Balance as of December 31, 2021	**$**	**137,092**
Accumulated depreciation of right-of-use assets:		
Balance as of January 1, 2022	$	13,638
Depreciation		15,930
Balance as of December 31, 2022	**$**	**29,568**
Balance as of January 1, 2021	$	3,431
Depreciation		15,544
Decrease		(5,337)
Balance as of December 31, 2021	**$**	**13,638**
Book value:		
December 31, 2022	**$**	**121,799**
December 31, 2021	**$**	**123,454**

(XI) Intangible assets

		Computer software
Cost:		
Balance as of January 1, 2022	$	63,306
Separate Acquisition		7,542
Balance as of December 31, 2022	$	70,848
Balance as of January 1, 2021	$	54,951
Separate Acquisition		8,355
Balance as of December 31, 2021	$	63,306
Accumulated amortization:		
Balance as of January 1, 2022	$	52,784
Amortization		5,409
Balance as of December 31, 2022	$	58,193
Balance as of January 1, 2021	$	47,695
Amortization		5,089
Balance as of December 31, 2021	$	52,784
Book value:		
Balance as of December 31, 2022	$	12,655
Balance as of December 31, 2021	$	10,522

The amortization charges for intangible assets for the years ended December 31, 2022 and 2021 are reported sequentially in the comprehensive income statement as follows:

		2022	2021
Operating costs	$	1,859	1,108
Operating expenses		3,550	3,981
	$	5,409	5,089

(XII) Short-term borrowings

		2022.12.31	2021.12.31
Unsecured bank loans	$	1,055,000	700,000
Unused lines of credit	$	2,005,000	1,553,600
Range of interest rate		1.69%~1.96%	0.62%~0.65%

(XIII) Long term borrowings

	2022.12.31	2021.12.31
Unsecured bank loans	$ 1,100,000	1,300,000
Unused lines of credit	$ -	-
Year of maturity	2024	2023
Range of interest rate	1.90%~1.95%	0.94%~0.99%

(XIV) Lease liabilities

The book amount of the lease liabilities of the Company is as follows:

	2022.12.31	2021.12.31
Current	$ 18,889	14,282
Non-current	$ 107,851	114,023

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

The amounts recognized as profit and loss are as follows:

	2022	2021
Interest expense on lease liabilities	$ 1,432	1,480
Short-term leases expenses and lease expenses of low-value assets	$ 6,606	6,982

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

	2022	2021
Total cash outflow for leases	$ 23,878	19,166

Important lease clauses:

1. Lease of buildings and structures

   Regarding the buildings and structures leased by the Company as office premises, warehouses and plants, the lease terms are approximately two to ten years, some of which include the option to extend for the same period as the original contract at the end of the lease term.

2. Other lease

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

(XV) Provisions for liabilities - Product warranty

	2022	2021
Balance as of January 1	$ 46,247	56,827
Provision increases for the period	15,296	10,615
Provision reverses for the period	(10,307)	(21,195)
Balance as of December 31	**$ 51,236**	**46,247**

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

(XVI) Employee benefits

1. Defined benefit plans

The adjustment when the present value of the Company's defined benefit obligation is greater than the fair value of the plan assets is as follows:

	2022.12.31	2021.12.31
Present value of defined benefit obligation	$ 92,955	90,202
Fair value of plan assets	(61,781)	(49,618)
Net defined benefit liabilities	**$ 31,174**	**40,584**

The defined benefit plans of the Company are allocated to the special account for labor pension reserves of the Bank of Taiwan. The pension payment for each employee subject to the *Labor Standards Act* is calculated based on the base obtained through service years and the average salary for the six months prior to retirement.

(1) Composition of plan assets

The pension funds allocated by the Company in accordance with the *Labor Standards Act* are administrated by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as “BLF”). In accordance with the "Regulations on the Custody and Utilization of Income and Expenditure of Labor Pension Funds", the minimum income for the annual final distribution of the funds shall not be lower than the income calculated based on the two-year fixed deposit rate of the local bank.

As of December 31, 2022 and 2021, the balances in the special accounts for labor pension reserves of the Company in the Bank of Taiwan were NTD 61,781 thousand and NTD 49,618 thousand, respectively. Information on the use of labor pension fund assets, including fund returns and fund asset allocation, can be found on the website of the BLF.

(2) Changes in the present value of defined benefit obligations

	2022	2021
Defined benefit obligations as of January 1	$ 90,202	95,307
Current service cost and interest	760	712
Remeasurement of net defined benefit liabilities (assets)		
- Effects of changes in demographic assumptions	-	1,965
- Actuarial gain or loss arising from experience adjustments	2,145	695
- Actuarial gain or loss arising from changes in financial assumptions	1,850	(1,113)
Benefits paid under the plan	(2,002)	(7,364)
Defined benefit obligations as of December 31	**$ 92,955**	**90,202**

(3) Changes in fair value of plan assets

	2022	2021
Fair value of plan assets as of January 1	$ 49,618	55,345
Interest income	321	278
Remeasurement of net defined benefit liabilities (assets)		
- Compensation of plan assets (excluding current interest)	4,255	708
Amount contributed to the plan	9,589	651
Benefits paid under the plan	(2,002)	(7,364)
Fair value of plan assets as of December 31	**$ 61,781**	**49,618**

(4) Change in asset ceiling effects

The Company did not have defined benefit plan asset ceiling effects in the years 2022 and 2021.

(5) Expenses recognized as profit or loss

	2022	2021
Service costs for the current period	$ 196	235
Net interest on net defined benefit liabilities (assets)	243	199
	$ 439	**434**
Operating costs	**$ 439**	**434**

(6) Actuarial assumptions

The significant actuarial assumptions used by the Company at the reporting date to determine the present value of the defined benefit obligations are as follows:

	2022.12.31	2021.12.31
Discount rate	1.500%	0.625%
Future salary increases	3.25%	2.50%

The Company expects to make a contribution of NTD 9,590 thousand to the defined benefit plan within one year after the reporting date of the fiscal year 2022.

The weighted average duration of the defined benefit plan is 9.5 years.

(7) Sensitivity analysis

The effect of changes in the main actuarial assumptions used on the present value of defined benefit obligations is as follows:

	Effect on defined benefit obligations	
	Increase by 0.25%	Decrease by 0.25%
December 31, 2022		
Discount rate	$ (2,164)	2,241
Future salary increases	2,165	(2,102)
December 31, 2021		
Discount rate	(2,206)	2,289
Future salary increases	2,208	(2,141)

The sensitivity analysis described above is based on analyzing the impact of changes in a single assumption while other assumptions remain unchanged. In practice, many hypothetical changes may be sequential. The sensitivity analysis is consistent with the method used to calculate the net defined benefit liabilities on the balance sheet date. The method and assumptions used to prepare the sensitivity analysis in the current period are the same as in the previous period.

2. Defined contribution plans

The defined contribution plan of the Company is made in accordance with the provisions of the Labor Pension Ordinance at a contribution rate of 6% of the monthly salary of the laborers to the individual pension account of the Bureau of Labor Insurance (BLI). There is no statutory or presumptive obligation to pay additional amount after the Company has made a defined contribution under these plans.

The pension expenses under the defined pension contribution measures of the Company in 2022 and 2021 were NTD 21,156 thousand and NTD 19,988 thousand, respectively.

(XVII) Income tax

1. Income tax expenses

The income tax expenses of the Company are detailed as follows:

	2022	2021
Current income tax expense		
Current income	$ 140,951	58,531
Prior period adjustment of current income tax	(4,140)	(365)
Current income tax expense	136,811	58,166
Deferred income tax expenses (benefits)	(39,264)	24,697
	$ 97,547	82,863

The details of income tax expenses (benefits) recognized by the Company under other comprehensive income in 2022 and 2021 are as follows:

	2022	2021
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plans	$ (52)	168

The reconciliation of income tax expenses and income before tax was as follows:

	2022	2021
Net profit before tax	$ 629,171	700,389
Income tax at the Company's domestic tax rate	$ 125,834	140,078
Recognition of domestic investment interests under the equity method	(21,240)	(14,620)
Exemption from business income tax on land exchanges	-	(92,777)
Prior period adjustment of income tax	(4,140)	(365)
Other tax-exempt income	(599)	(292)
Value-added tax on land	-	45,800
Surtax on unappropriated earnings	729	-
Others	(3,037)	5,039
	$ 97,547	82,863

2. Deferred income tax assets and liabilities
   (1) Deferred income tax assets and liabilities recognized
   The changes in deferred tax assets and liabilities are as follows:
   Deferred income tax assets:

	Allowance for inventory loss	Provisions-current	Net defined benefit liabilities	Unrealized gross profit on sales between affiliated companies	Financial assets at fair value through profit or loss	Others	Total
January 1, 2022	$ 12,624	9,249	7,299	6,900	-	3,098	39,170
(Debit) Credit Income Statement	4,801	998	(1,830)	12,052	201	487	16,709
(Debit) Credit to other comprehensive income	-	-	(52)	-	-	-	(52)
December 31, 2022	$ 17,425	10,247	5,417	18,952	201	3,585	55,827
January 1, 2021	$ 12,125	11,365	7,175	10,658	3,530	5,580	50,433
(Debit) Credit Income Statement	499	(2,116)	(44)	(3,758)	(3,530)	(2,482)	(11,431)
(Debit) Credit to other comprehensive income	-	-	168	-	-	-	168
December 31, 2021	$ 12,624	9,249	7,299	6,900	-	3,098	39,170

   Deferred income tax liabilities:

	Temporary differences related to investment in subsidiaries	Difference between finance and taxes from fixed assets	Others	Total
January 1, 2022	$ 102,445	1,872	186	104,503
(Debit) Credit Income Statement	(21,460)	(1,078)	(17)	(22,555)
December 31, 2022	$ 80,985	794	169	81,948
January 1, 2021	$ 88,013	3,224	-	91,237
(Debit) Credit Income Statement	14,432	(1,352)	186	13,266
December 31, 2021	$ 102,445	1,872	186	104,503

3. The Company's profit-seeking enterprise income tax has been approved by the tax authority to the year of 2020.

(XVIII) Capital and other equities

1. Ordinary shares and treasury shares
   As on December 31, 2022 and 2021, the total authorized capital of the Company was NTD 1,772,000 thousand, which was divided into 177,200 thousand shares at NTD 10 per share. The number of issued shares were both 114,489 thousand shares. The share capital reserved for the issuance of the exercise of employee share options was 20,000 thousand shares.

From November 2018 to January 2019, the Company bought back 200 thousand ordinary shares of the Company at an average buyback price of NTD 64.53 each from the centralized trading market. The Company will transfer the shares bought back this time to others, including employees of the controlled subsidiaries or affiliates of the Company who satisfy certain conditions, once or in multiple transactions within three years after the buyback date. Treasury shares held by the Company shall not be pledged as collateral in accordance with the Securities and Exchange Act, nor shall it be entitled to dividend distribution and voting rights.

On November 5, 2021, the Board of Directors of the Company adopted the resolution to implement capital reduction by canceling 200 thousand shares of treasury stock yet to be transferred to employees pursuant to the Securities and Exchange Act. With December 28, 2021 as the base date, the capital reduction involved the cancellation of 200 thousand shares amounting to NTD 2,000 thousand, and the amount of paid-in capital after capital reduction was NTD 1,144,889 thousand. The relevant change registration has been completed.

2. Capital surplus

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

	2022.12.31	2021.12.31
Share premium	$ 578,204	625,371
Recognized changes in percentage of ownership interests in subsidiaries	5,967	5,962
Gain on asset disposal	808	808
Others	23,607	23,603
	$ 608,586	**655,744**

In accordance with the *Company Act*, the capital surplus must first be used to cover deficits before new shares or cash can be issued in proportion to the shareholders' original shares. If the foregoing is paid in cash, the board of directors shall be authorized to make a resolution and report 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 the processing standard for negotiable securities offering and issuance by issuers, the capital surplus shall be accrued out of the capital, and the total amount accrued every year shall be no higher than ten percent of the paid-in capital.

3. Retained earnings and dividend policy

   Pursuant to the provision of Articles of Association of the Company, if there is any surplus in the final accounts, it shall first accrue the tax, recover 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 is any surplus after the special surplus reserve is set aside or reversed in accordance with the law, the Board of Directors shall make the profit distribution plan for the surplus together with the accumulated undistributed profit and submit it 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.

   Pursuant to the provisions of the Articles of Association of the Company, the profit distribution plan made by the Board of Directors shall consider the general dividend level in the industry, adopt the balanced dividend policy and follow the principle of prudence in distribution, but the cash dividend to the shareholders shall be no lower than 15% of the total dividend to the shareholders, pursuant to the provisions of the Articles of Association of the Company. According to the amended Articles of Association of the Company on August 20, 2021, if a surplus totaling up to 2% of capital is recorded in the annual final accounts of the Company, the amount of dividends distributed shall be no lower than 10% of the distributable earnings for the year, and the amount of annual cash dividend distributed shall be no lower than 10% of the total amount of cash and stock dividends distributed for the year.

   (1) Legal reserve

   Pursuant to the provision of the Company Act, when the Company makes no loss, the Company shall distribute the legal surplus reserve in the form of new shares or in cash to the extent that such legal reserve exceeds 25% of the total paid-in capital. The Board of Directors is authorized to make a resolution to distribute and report to the Shareholders’ Meeting if which as mentioned in the preceding paragraph shall be in the form of cash.

   (2) Special reserve

   Pursuant to the regulations issued by the Financial Supervisory Commission, when distributing the profit available for distribution, for the difference between the net deductibles of other shareholders' equity incurred in the current year and the balance of special surplus reserve stated in the account, the Company shall accrue the special surplus reserve in the same amount out of the profit in the current period and the undistributed profit in the previous period, and for the deductibles of other shareholders' equity accumulated in the previous period, the Company shall not distribute the special surplus reserve in the same amount accrued out of the undistributed profit in the previous period. If other deductibles of shareholders' equity are reversed in future, the Company shall distribute the profit with the reversed part.

4. Distribution of earnings

On March 3, 2022 and May 6, 2021, the Board of Directors of the Company resolved the amount of cash dividends and cash distributions from capital surplus in the profit distribution proposal for the years ended December 31, 2021 and 2020, respectively. The amounts of dividends distributed to owners of ordinary shares are as follows:

	2021		2020	
	Dividend per share (NTD)	**Amount**	**Dividend per share (NTD)**	**Amount**
Dividends distributed to owners of common stock:				
Cash dividends	$ 3.2	366,364	2.8	320,569
Distribution of cash from capital surplus	0.4	45,796	0.2	22,898

On March 2, 2023, the Board of Directors resolved to distribute the following cash dividends from the 2022 earnings:

	2022	
	Dividend per share (NTD)	**Amount**
Dividends distributed to owners of common stock:		
Cash dividends	$ 4.0	457,955

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

5. Other equities (net amount after tax)

	Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Total
Balance as of January 1, 2022	$ (134,871)	20,047	(114,824)
Exchange difference from conversion of net assets of foreign operating organizations	65,556	-	65,556
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	11,483	11,483
Share of other comprehensive income of the subsidiary recognized using the equity method	-	(256)	(256)
Balance as of December 31, 2022	$ (69,315)	31,274	(38,041)
Balance as of January 1, 2021	$ (83,110)	8,503	(74,607)
Exchange difference from conversion of net assets of foreign operating organizations	(51,761)	-	(51,761)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	11,339	11,339
Share of other comprehensive income of the subsidiary recognized using the equity method	-	205	205
Balance as of December 31, 2021	$ (134,871)	20,047	(114,824)

(XIX) Earnings per share

1. Basic earnings per share

	2022	2021
Net profit attributable to ordinary shareholders of the Company	$ 528,230	615,903
Weighted average number of outstanding ordinary shares (in thousands of shares)	114,489	114,489
Basic earnings per share (NTD)	$ 4.61	5.38

2. Diluted earnings per share

	2022	2021
Net profit attributable to ordinary shareholders of the Company	$ 528,230	615,903
Weighted average number of outstanding ordinary shares (in thousands of shares)	114,489	114,489
Effects of potential ordinary shares with dilution effect (in thousands of shares):		
Effects of employee stock compensation	960	1,003
Weighted average number of outstanding ordinary shares (after adjusting the number of dilution potential common shares) (in thousands of shares)	115,449	115,492
Diluted earnings per share (NTD)	$ 4.58	5.33

(XX) Revenue from customer contracts

1. Breakdown of revenue

	2022	2021
Main products and services:		
Industrial computer cards and systems	$ 5,047,091	3,080,959
Others	395,057	379,921
	$ 5,442,148	3,460,880

2. Balance of contracts

	2022.12.31	2021.12.31	2021.1.1
Notes and accounts receivable (including related parties)	$ 1,126,288	626,500	749,595
Less: Allowance for loss	(1,798)	-	(4,483)
	$ 1,124,490	626,500	745,112
Contract liabilities	$ 21,708	36,729	5,237

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

The contract liabilities mainly come from the difference between the time point of satisfying the performance obligation when the Company transfers goods to a customer and the time point of the customer's payment. The beginning balances of contract liabilities as of January 1, 2022 and 2021 were recognized as income of NTD 34,667 thousand and NTD 4,656 thousand, respectively, for the years ended December 31, 2022 and 2021.

(XXI) Compensation of employees and directors

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

For the years ended December 31, 2022 and 2021, the estimated employee compensations of the Company were NTD 47,852 thousand and NTD 53,437 thousand, respectively, and the estimated director compensations were NTD 5,091 thousand and NTD 5,685 thousand, respectively, which were estimated based on the Company's pre-tax net income before deducting the compensations for employees and directors multiplied by the Company's proposed distribution rate of compensations for 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 amounts of compensations for employees and directors of the Company as of March 3, 2023 and March 2, 2022, as determined by the Board of Directors, are not different from the amounts estimated in the Company's parent company only financial statements for the fiscal years 2022 and 2021, and are paid entirely in cash. The relevant information can be found at the MOPS.

(XXII) Non-operating income and expense

1. Interest income

	2022	2021
Interest on bank deposit	$ 1,689	233
Interest income from financial assets measured at amortized cost	12	24
Interest on deposits	1	-
Interest income from financial assets at fair value through profit or loss	534	487
	$ 2,236	**744**

2. Other income

	2022	2021
Rental income	$ 5,427	5,581
Dividend income	2,997	999
Others	20,615	12,576
	$ 29,039	19,156

3. Other gains and losses

	2022	2021
Loss on disposal of property, plant and equipment	-	(1,652)
Gain on disposal of non-current assets held for sale (Note VI (VII))	-	469,360
Net gain (loss) on foreign exchange	50,985	(7,287)
Evaluating profit (loss) from financial instruments measured at fair value through profit or loss	(31,720)	619
Other expenditures	(3,345)	(1,203)
	$ 15,920	459,837

4. Finance costs

	2022	2021
Bank interest expenses	$ 25,745	10,019
Financial expenses on lease liabilities	1,432	1,480
	$ 27,177	11,499

(XXIII) Financial instruments

1. Types of financial instruments

(1) Financial assets

	2022.12.31	2021.12.31
Financial assets at fair value through profit or loss - current	26,995	27,137
Financial assets at fair value through other comprehensive income - non-current	68,840	41,259
Financial assets measured at amortized cost:		
Cash and cash equivalents	452,905	240,866
Financial assets measured at amortized cost - current	1,500	1,500
Notes receivable, account receivables, and other receivables (including related parties)	1,155,652	649,192
Refundable deposits	1,034	142
Subtotal	1,611,091	891,700
Total	$ 1,706,926	960,096

(2) Financial liabilities

	2022.12.31	2021.12.31
Financial liabilities at fair value through profit or loss:		
Held-for-trading	$ 1,083	65
Financial liabilities measured by amortized cost:		
Short-term borrowings	1,055,000	700,000
Notes payable, accounts payable and other payables (including related parties)	1,078,549	1,053,178
Long-term borrowings	1,100,000	1,300,000
Lease liabilities (including current and non-current)	126,740	128,305
Subtotal	3,360,289	3,181,483
Total	**$ 3,361,372**	**3,181,548**

2. Fair Value

(1) Financial instruments not measured at fair value

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

(2) Financial instruments measured at fair value

The Company's financial assets/liabilities measured by fair value through profit and loss and the financial assets measured by fair value through other comprehensive profit and loss are measured by fair value on the basis of repeatability. The following table provides relevant analysis of the financial instruments measured by fair value after initial recognition and classifies these assets into 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).

	2022.12.31			
	Fair value			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss:				
Derivative financial instruments - Forward foreign exchange contracts	$ -	913	-	913
Derivative financial instruments - Foreign exchange swaps contract	-	11	-	11
Fund beneficiary certificates	26,071	-	-	26,071
	$ 26,071	924	-	26,995
Financial assets at fair value through other comprehensive income:				
Domestic listed stocks	$ 68,840	-	-	68,840
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments - Forward foreign exchange contract	$ -	(66)	-	(66)
Derivative financial instruments - Foreign exchange swaps contract	-	(1,017)	-	(1,017)
Subtotal	$ -	(1,083)	-	(1,083)

	2021.12.31			
	Fair value			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss:				
Derivative financial instruments - Forward foreign exchange contracts	$ -	74	-	74
Derivative financial instruments - Foreign exchange swaps contract	-	920	-	920
Fund beneficiary certificates	26,143	-	-	26,143
	$ 26,143	994	-	27,137
Financial assets at fair value through other comprehensive income:				
Domestic listed stocks	$ 41,259	-	-	41,259
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments - Forward foreign exchange contract	$ -	(65)	-	(65)

(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.

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.

B. Derivative financial instruments

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

(4) Transfer between fair value levels

There were no transfers of fair value levels of any financial asset and financial liability for the years ended 2022 and 2021.

(XXIV) Financial risk management

The Company is exposed to credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and equity instrument price risk) as a result of its business activities. This Note presents the Company's policies and procedures for measuring and managing each of these risks and the quantitative disclosure of the risks.

The Company's Board of Directors is responsible for developing and controlling the Company's risk management policy. The risk management policy is established to identify and analyze the risks faced by the Company, set appropriate risk limits and controls, and monitor compliance with the risks and risk limits. Risk management policies and systems are periodically reviewed to reflect changes in market conditions and the operations of the Company.

The financial management department of the Company monitors and manages the financial risks related to the operations of the Company through internal risk reports.

1. Credit risk

Credit risk refers to the risk of financial losses incurred by the Company due to the failure of counterparties to perform contractual obligations with respect to financial assets, mainly arising from financial assets such as cash and equivalents, derivative instrument transactions, accounts receivable from customers, and other receivables. The carrying value of financial assets of the Company represents the maximum exposure amount.

The transaction counterparties of cash and cash equivalents of the Company and the beneficiary certificates of the fund held by the Company are all financial institutions with good credit and therefore should not generate significant credit risk.

The policies adopted by the Company are to only conduct transactions with reputed counterparties, and to obtain sufficient collateral under necessary circumstances to reduce the risk of financial losses. The Company conducts transactions with enterprises whose ratings is equivalent to or higher than investment level. The information is provided by independent rating agencies. If such information is not available, the Company will use other publicly available financial information and transaction records of each other to rate major clients. The Company continuously monitors credit exposure and the credit ratings of its counterparties, and distributes the total transaction amount to qualified customers with credit ratings. It controls credit exposure through counterparty credit limit limits reviewed and approved by the risk management unit annually, and also reduces possible losses through insurance.

To mitigate the credit risk, the management of the Company appoints a team solely responsible for determination of credit lines, credit approvals and other monitoring procedures to ensure that appropriate action has been taken for the collection of overdue receivables. In addition, the Company will review the recoverable amount of the receivables one by one on the balance sheet date to ensure that the unrecoverable receivables have been recognized with appropriate impairment loss. Accordingly, the management of the Company believes that the Company’s credit risk is significantly reduced.

As of December 31, 2022 and 2021, the accounts receivable balance from single customer amounting to more than 10% of the Company's total accounts receivable are 42% and 45%, respectively, which are composed of three customers, giving the Company a significant concentration of credit risk.

2. Liquidity risk

Liquidity risk refers to the risk that the Company cannot deliver cash or other financial assets to settle financial liabilities and fails to fulfill relevant obligations. The Company manages and maintains sufficient cash positions to support operations and mitigate the impact of cash flow fluctuations. The management of the Company monitors the use of bank facility and ensures compliance with the terms of the loan contract.

The following table shows the contractual maturity dates of financial liabilities, including the impact of estimated interest, based on the earliest date on which the Company may be required to repay and using undiscounted cash flow.

	Contractual cash flows	Within 1 year	1 to 2 years	2-5 years	5 years and above
December 31, 2022					
Non-derivative financial liabilities:					
Short-term borrowings (floating rates)	$ 1,058,294	1,058,294	-	-	-
Long-term borrowings (floating rates)	1,123,329	21,100	1,102,229	-	-
Notes payable, accounts payable and other payables (including related parties; no interest)	1,078,549	1,078,549	-	-	-
Lease liabilities	132,213	20,240	18,056	48,162	45,755
Subtotal	3,392,385	2,178,183	1,120,285	48,162	45,755
Derivative financial instruments:					
Forward foreign exchange contracts - gross delivery					
Outflow	209,344	209,344	-	-	-
Inflow	(210,191)	(210,191)	-	-	-
Foreign exchange SWAP contracts - gross delivery					
Outflow	409,131	409,131	-	-	-
Inflow	(408,125)	(408,125)	-	-	-
Subtotal	159	159	-	-	-
	$ 3,392,544	2,178,342	1,120,285	48,162	45,755
December 31, 2021					
Non-derivative financial liabilities:					
Short-term borrowings (floating rates)	$ 700,808	700,808	-	-	-
Long-term borrowings (floating rates)	1,313,403	12,480	1,300,923	-	-
Notes payable, accounts payable and other payables (including related parties; no interest)	1,053,178	1,053,178	-	-	-
Lease liabilities	134,912	15,654	15,382	43,282	60,594
Subtotal	3,202,301	1,782,120	1,316,305	43,282	60,594
Derivative financial instruments:					
Forward foreign exchange contracts - gross delivery					
Outflow	74,478	74,478	-	-	-
Inflow	(74,487)	(74,487)	-	-	-
Foreign exchange SWAP contracts - gross delivery					
Outflow	247,265	247,265	-	-	-
Inflow	(248,185)	(248,185)	-	-	-
Subtotal	(929)	(929)	-	-	-
	$ 3,201,372	1,781,191	1,316,305	43,282	60,594

The Company 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. Market risk

Market risk refers to the risk that changes in market prices, such as exchange rates, interest rates and the price of equity instruments, and may affect the earnings of the Company or the value of the financial instruments it holds. The goal of market risk management is to control the degree of exposure to market risk within an acceptable range, and to optimize investment returns.

(1) Exchange rate risk

The Company is exposed to the risk of exchange rate fluctuations arising from sales and purchase transactions denominated in non-functional currencies, which are primarily denominated in USD. The management of exchange rate risk of the Company involves using forward foreign exchange contracts and foreign exchange contracts to manage exchange rate risk to the extent permitted by policy. The exchange rate risk of the Company mainly stems from the USD-denominated receivables and payables that are still outstanding at the balance sheet date. The sensitivity analysis of the carrying values of significant monetary assets and liabilities that are not denominated in functional currencies and their related foreign currency movements on the reporting date is as follows in thousands of NTD):

	2022.12.31				
	Foreign Currency	**Exchange rate**	**NTD**	**Changes in exchange rates**	**Profit and loss influence (before tax)**
Financial assets					
Monetary items					
USD	$ 42,014	30.7300	1,291,087	1%	12,911
Financial liabilities					
Monetary items					
USD	20,558	30.7300	631,755	1%	6,318

	2021.12.31				
	Foreign Currency	**Exchange rate**	**NTD**	**Changes in exchange rates**	**Profit and loss influence (before tax)**
Financial assets					
Monetary items					
USD	$ 26,229	27.6800	726,019	1%	7,260
Financial liabilities					
Monetary items					
USD	20,529	27.6800	568,243	1%	5,682

Due to the wide variety of monetary items of the Company, the exchange gain or loss of monetary items are disclosed through consolidation. Please refer to Note VI (XXII) for details of foreign currency exchange (loss) gain (including realized and unrealized) for the years 2022 and 2021.

(2) Interest rate risk

The bank borrowings of the Company are based on a floating rate basis. The measures taken by the Company to address the risk of interest rate changes mainly include regularly assessing the borrowing interest rate of banks, maintaining good relationship with financial institutions to achieve lower financing costs, and strengthening working capital management to reduce the dependence on bank borrowings and the risk of interest rate changes.

The interest rate exposure of financial liabilities of the Company is described in the liquidity risk management section of this Note. The following sensitivity analysis is based on the interest rate exposure of non-derivative instruments at the reporting date. For floating rate liabilities, the analysis assumes that the amount of liabilities outstanding at the reporting date is outstanding throughout the year. The rate of change used by the Company to report interest rates to the main management is an increase or decrease of 1% in annual interest rates, which also represents the management's assessment of the reasonable and possible range of changes in interest rates.

If the annual interest rate on bank borrowings of the Company increases/decreases by 1%, and all other variables remain unchanged, based on the estimated balance of bank borrowings of the Company as of December 31, 2022 and 2021, the net profit before tax of the Company for the years 2022 and 2021 will increase/decrease by NTD 21,550 thousand and NTD 20,000 thousand, respectively,

(3) Other market price risks

The stocks on the TWSE and the TPEx held by the Company are exposed to risk of price changes in equity securities market. The Company manages and monitors the investment performance on a fair value basis.

The sensitivity analysis on price risk of holding stocks on the TWSE and TPEx is based on the changes in fair value as at the reporting date. If the price of equity instruments increases/decreases by 1%, the amount of other comprehensive income for the years 2022 and 2021 will increase/decrease by NTD 688 thousand and NTD 413 thousand, respectively.

(XXV) Capital management

The Company manages its capitalization to ensure that the Company will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The overall strategy of the Company will not change within 3 years.

The capital structure of the Company consists of the net debt (i.e., borrowings less cash) and equity (i.e., capital stock, capital surplus, retained earnings and other equity items) of the Company. The Company is not subject to other external capital requirements.

The Company's key management annually reviews the Company's capital structure, and the content of the review includes costs of various capital and related risks. According to the key management's suggestions, the Company will balance the overall capital structure through the payment of dividends, issuance of new shares, and buy-back of shares.

The way of capital management of the Company did not change in 2022 and 2021.

(XXVI) Investment and financing activities not in cash

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

			Non-cash change		
	2022.1.1	**Cash Flows**	**Increase in lease liabilities**	**Decrease in lease liabilities**	**2022.12.31**
Short-term borrowings	$ 700,000	355,000	-	-	1,055,000
Long-term borrowings	1,300,000	(200,000)	-	-	1,100,000
Lease liabilities	128,305	(15,840)	14,275	-	126,740
Total liabilities from financing activities	**$ 2,128,305**	**139,160**	**14,275**	**-**	**2,281,740**

			Non-cash change		
	2021.1.1	**Cash Flows**	**Increase in lease liabilities**	**Decrease in lease liabilities**	**2021.12.31**
Short-term borrowings	$ 660,000	40,000	-	-	700,000
Long-term borrowings	-	1,300,000	-	-	1,300,000
Lease liabilities	2,302	(10,704)	137,092	(385)	128,305
Total liabilities from financing activities	**$ 662,302**	**1,329,296**	**137,092**	**(385)**	**2,128,305**

VII. Related Party Transactions

(I) Parent company and ultimate controller

Qisda Corporation 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

During the period covered by the parent company only financial statements, the Company's parent company, subsidiaries, and other related parties that have transactions with the Company are as follows:

Name of related party	Relationship with the Company
Qisda Corporation (Qisda)	Parent company of the Company
DFI America, LLC（DFI USA)	Subsidiary of the Company
DFI Co., Ltd.	Subsidiary of the Company
Yan Tong Technology Ltd.	Subsidiary of the Company
Diamond Flower Information (NL) B.V. (DFI BV)	Subsidiary of the Company
Brainstorm Corporation (Brainstorm)	Subsidiary of the Company
Dongguan Yantong Electronic Information Co., Ltd.	Subsidiary of the Company
Yan Ying Hao Trading (Shenzhen) Co., Ltd.	Subsidiary of the Company
AEWIN Technologies Co., Ltd. (AEWIN)	Subsidiary of the Company
Aewin Beijing Technologies Co., Ltd.	Subsidiary of the Company
WISE WAY	Subsidiary of the Company
BRIGHT PROFT	Subsidiary of the Company
Aewin (Shenzhen) Technologies Co., Ltd	Subsidiary of the Company
Ace Pillar Co., Ltd.	Subsidiary of the Company
Standard Technology Corp.	Subsidiary of the Company
Standard Technology Corporation	Subsidiary of the Company
Tianjin Ace Pillar Co., Ltd.	Subsidiary of the Company
Cyber South Management Ltd.	Subsidiary of the Company
Proton Inc.	Subsidiary of the Company
Ace Tek (HK) Holding Co., Ltd.	Subsidiary of the Company
Suzhou Super Pillar Automation Equipment Co., Ltd.	Subsidiary of the Company
Grace Transmission (Tianjin) Co., Ltd.	Subsidiary of the Company
Xuchang Ace AI Equipment Co., Ltd.	Subsidiary of the Company (Note 3)
ADVANCEDTEK ACE (TJ) INC.	Subsidiary of the Company
Standard International Trading (Shanghai) Co., Ltd. (Shanghai Standard)	Subsidiary of the Company

Notes to Parent Company Only Financial Statements of DFI Inc. (Continued)

Name of related party	Relationship with the Company
BlueWalker GmbH (BWA)	Subsidiary of the Company
ACE Energy Co., Ltd.	Subsidiary of the Company (Please refer to Note VI (VIII)
Partner Technology Co., Ltd.	Directly/indirectly controlled subsidiary of Qisda
Alpha Networks Inc.	Directly/indirectly controlled subsidiary of Qisda
BenQ Materials Corporation	Directly/indirectly controlled subsidiary of Qisda
BenQ Asia Pacific Corporation	Directly/indirectly controlled subsidiary of Qisda
BenQ Healthcare Corporation	Directly/indirectly controlled subsidiary of Qisda
BenQ Corporation	Directly/indirectly controlled subsidiary of Qisda
Simula Technology Inc.	Directly/indirectly controlled subsidiary of Qisda
Golden Spirit Co., Ltd.	Directly/indirectly controlled subsidiary of Qisda
Data Image Corporation	Directly/indirectly controlled subsidiary of Qisda
Metaage Corporation (formerly SYSAGE Technology Co., Ltd.)	Directly/indirectly controlled subsidiary of Qisda
AdvancedTEK International Corp.	Directly/indirectly controlled subsidiary of Qisda
DIVA Laboratories, Ltd.	Directly/indirectly controlled subsidiary of Qisda
Metaguru Corporation	Directly/indirectly controlled subsidiary of Qisda
Concord Medical Co. Ltd.	Directly/indirectly controlled subsidiary of Qisda
Webest Solution Corporation	Directly/indirectly controlled subsidiary of Qisda
Global Intelligence Network Co., Ltd.	Directly/indirectly controlled subsidiary of Qisda
Qisda Optronics (Suzhou) Co., Ltd.	Directly/indirectly controlled subsidiary of Qisda
Qisda (Suzhou) Co., Ltd.	Directly/indirectly controlled subsidiary of Qisda
BenQ Foundation	Substantive related party of Qisda
AU Optronics Corporation (AUO)	Related enterprise of Qisda/Corporate director valuing Qisda under equity approach (Note 1)
AUO Digitech Taiwan Inc.	Direct/indirect subsidiary of AUO
Darwin Precisions (Xiamen) Corporation	Direct/indirect subsidiary of AUO
Darwin Precisions Corporation	Direct/indirect subsidiary of AUO
AUO Display Plus Corp.	Direct/indirect subsidiary of AUO
Darfon Electronics Corporation (Darfon)	Related enterprise of Qisda
Unictron Technologies Corporation	Direct/indirect subsidiary of Darfon
San Jose Technology, Inc.	Direct/indirect subsidiary of Darfon (Note 2)

Note 1: AUO was previously a related enterprise of Qisda. However, AUO is no longer a related enterprise of Qisda starting May 12, 2021, and AUO has valued Qisda under the equity approach as of January 2021.

Note 2: It was written off and dissolved on March 30, 2021.

Note 3: It has been fully liquidated on June 21, 2022 and deregistration has been completed.

(III) Material transactions with related party

1. Net operating income

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

	2022	2021
Parent company	$ 82,056	44,780
Subsidiary - DFI USA	863,502	579,172
Subsidiary - AEWIN	808,108	473,425
Subsidiary - DFI BV	613,421	335,051
Other subsidiaries	484,062	373,287
Other related parties	266,331	148,035
	$ 3,117,480	1,953,750

   Sales of the Company 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 period for related parties is 60-90 days after shipment, while for non related parties, it is 30-90 days.

2. Purchases

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

	2022	2021
Parent company	$ 560,220	350,492
Subsidiaries	377,684	228,304
Other related parties	14,218	17,822
	$ 952,122	596,618

   The purchases from related parties by the Company are customized products tailored to the requirements of the order, and, therefore, the selling price is mutually agreed. The payment period for related parties is 60-90 days after the arrival of the goods, while for non-related parties, it is 30-90 days after the monthly settlement.

3. Lease

   The Company 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 increased right-of-use assets in 2021 was NTD 135,488 thousand.

   The Company has recognized interest expenses of NTD 1,358 thousand and NTD 1,461 thousand for the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022 and 2021, the balances of related lease liabilities were NTD 113,483 thousand and NTD 126,965 thousand, respectively.

4. Property transactions

Category of related party	Item	2022	2021
Other related parties	Property, plant and equipment	$ 334	6,114
Parent company	Intangible assets	-	1,789
Subsidiaries	Intangible assets	2,750	-
Other related parties	Intangible assets	2,100	-
		$ 5,184	7,903

5. Operating costs, expenses, and other income

The operating costs and expenses incurred by the Company 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	2022	2021
Operating costs	Parent company	$ 17,465	9,276
	Subsidiaries	87	15
	Other related parties	8,803	3,279
Operating expenses	Parent company	3,768	3,569
	Subsidiaries	-	26
	Other related parties	9,623	4,482
Other income	Parent company	238	-
	Subsidiaries	8,069	3,689
	Other related parties	5,438	5,581

6. Receivables from related parties

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

Item	Category of related party	2022.12.31	2021.12.31
Accounts receivable from related parties	Parent company	$ 112,190	100,233
	Subsidiaries:		
	DFI-USA	143,030	69,313
	AEWIN	205,300	112,266
	Others	124,821	57,644
	Other related parties	86,736	42,775
		672,077	382,231

Item	Category of related party	2022.12.31	2021.12.31
Other receivables	Subsidiaries		
	AEWIN	2,930	4,812
	Others	700	1,229
	Parent company:	55	-
	Other related parties	501	498
		4,186	6,539
		$ 676,263	388,770

The Company provides some of the raw materials to the parent company for manufacturing, while the completed semi-finished products are sold back to the Company for processing and assembly. To prevent repeated calculation of the purchases and sales above, the Company 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. Accounts payable to related parties

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

Item	Category of related party	2022.12.31	2021.12.31
Accounts payable	Parent company	$ 77,471	50,843
	Subsidiaries	71,812	33,429
	Other related parties	1,813	5,626
		151,096	89,898
Other payables	Parent company	3,436	2,894
	Subsidiaries	280	-
	Other related parties	897	2,630
		4,613	5,524
Lease liabilities - current	Parent company	13,634	13,482
Lease liabilities - non-current	Parent company	99,849	113,483
		113,483	126,965
		$ 269,192	222,387

(IV) Compensation of main managerial officers

	2022	2021
Short-term employee benefits	$ 41,846	42,057

VIII. Pledged Assets

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

Asset name	Subject matter of pledge guarantee	2022.12.31	2021.12.31
Pledged certificate of deposit	Performance bond for release before tax to customs house	$ 1,500	1,500

The aforesaid bank deposits are presented under the financial assets measured at amortized cost.

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

X. Significant Disaster Losses: None.

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

XII. Miscellaneous

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

By function / By nature	2022			2021		
	Attributable to operating cost	Attributable to operating expenses	Total	Attributable to operating cost	Attributable to operating expenses	Total
Employee benefits expenses						
Salary expense	236,741	347,715	584,456	188,288	339,992	528,280
Labor and health insurance expenses	19,751	27,317	47,068	16,077	26,840	42,917
Pension expense	7,016	14,579	21,595	5,848	14,574	20,422
Compensation of directors	-	16,561	16,561	-	10,515	10,515
Other employee benefit expenses	12,214	12,050	24,264	9,521	12,084	21,605
Depreciation expense	61,026	21,068	82,094	47,024	27,543	74,567
Amortization expense	1,859	3,550	5,409	1,108	3,981	5,089

Additional information on the number of employees and employee welfare expenses of the Company is as follows:

	2022	2021
Number of employees	661	604
Number of directors not concurrently employed	6	6
Average employee benefit expense	$ 1,034	1,025
Average employee salary expense	$ 892	883
Average employee salary expense adjustment	1.02%	17.73%
Supervisors' compensation	$ -	-

The Company's salary and award policies (for directors, managerial officers, and employees) are as follows:

The compensation of directors of the Company includes the remuneration and award of directors. According to the Articles of Association, if any profit is made, no more than 1% shall be set aside for directors' remuneration. Award shall be proposed by the Human Resources Department in consideration of the competitive environment and operational risks, and shall be evaluated in accordance with the Company's management rules and bonus plan and submitted to the Board of Directors for approval. The compensation composition of the Company's managerial officers and employees consists of fixed wages and variable bonuses, with fixed wages being the basic remuneration of employees and variable bonuses being linked to the Company's operational performance and achievement of strategic goals. The bonus policy shall be proposed by the Human Resources Department in accordance with the Company's salary and award management rules and bonus plan, and shall be submitted to the Board of Directors for approval.

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: Please refer to Table 2.
3. Marketable securities held at the end of the period (excluding the investments in subsidiaries, related enterprises and equity joint ventures): Please refer to Table 3.
4. The cumulative purchase or sale of the same securities amounted to NTD 300 million or 20% and above of the paid-in capital: None.
5. The amount of property acquired reached NTD 300 million or 20% and above of the paid-in capital: None.
6. The amount of property disposal reached NTD 300 million or 20% and above of the paid-in capital: None.
7. The amount of purchases or sales with related parties reached NTD 100 million or 20% and above of the paid-in capital: Please refer to Table 4.
8. Receivables from related parties reached NTD 100 million or 20% and above of paid-in capital: Please refer to Table 5.
9. Engaged in derivative products transactions: Please refer to Note VI (II).

(II) Reinvestment and related information: Please refer to Table 6.

(III) Information on investments in mainland China: Please refer to Table 7.

(IV) Information on major shareholders:

Unit: Share

Shares Name of major shareholder	Number of shares held	Shareholding ratio
Qisda Corporation	51,609,986	45.07%
Gordias Investments Limited of British Virgin Islands Merchant	15,734,441	13.74%
Darly2 Venture, lnc.	9,175,109	8.01%
Hyllus Investments Limited of British Virgin Islands Merchant	8,559,818	7.47%

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

XIV. Segment Information

Please refer to the consolidated financial statements for the year ended December 31, 2022.

DFI Inc. and its subsidiaries
Loan of funds to others
From January 1 to December 31, 2022

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 for 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 from related parties	Yes	166,808	125,836	125,836	-	1	525,259	Business Interaction	-	-	-	255,839	511,679
2	Ace Pillar	Tianjin ACE Pillar	Other receivables from related parties	Yes	309,505	220,285	176,228	-	2	-	Operating capital fund	-	-	-	409,634	819,268
2	Ace Pillar	Suzhou Super Pillar	Other receivables from related parties	Yes	121,278	88,114	30,840	-	2	-	Operating capital fund	-	-	-	409,634	819,268
3	Standard Co.	Intelligent fluids GmbH	Other receivables	No	625	-	-	20.00%	1	659	Business Interaction	-	-	-	16,803	33,605
4	Cyber South	Tianjin ACE Pillar	Other receivables from related parties	Yes	22,551	21,511	21,511	-	2	-	Operating capital fund	-	-	-	580,218	580,218
5	Proton Inc.	Tianjin ACE Pillar	Other receivables from related parties	Yes	12,886	12,292	12,292	-	2	-	Operating capital fund	-	-	-	459,880	459,880

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 object 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 Standard Technology Corporation to all others and to each individual object were 20% and 10%, respectively, of the net value of the company's most recent financial statements.

Note 4: The limits of funds lent by Cyber South to all others and to each individual object 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 Proton Inc. to all others and to each individual object 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 6: “1” for those with the nature for financing arising from business transaction; “2” for those have a need for short-term financing.

Note 7: The transactions of the Company’s loans to subsidiaries had been written off when the consolidated financial statements were prepared.

DFI Inc. and its subsidiaries
Endorsement and guarantee for others
From January 1 to December 31, 2022

Table 2

Unit: In thousands of New Taiwan Dollars

No.	Company Name of Endorser	Company name of endorsee		Endorsement limit for a single enterprise	Maximum endorsement guarantee balance for current period	Ending balance of endorsement guarantee	Amount Actually Drawn	Amount of endorsements secured by the property	The ratio of accumulated endorsement amount to the net worth of the latest financial report	Maximum amount of endorsement	Endorsement of the parent company to a subsidiary	Endorsement of a subsidiary to the parent company	Endorsement for Mainland China
		Company Name	Relationship										
1	AEWIN	Beijing AEWIN	2	255,839	130,608	-	-	-	-	639,599	Y	N	Y
2	Ace Pillar	Tianjin ACE Pillar	2	819,268	190,125	-	-	-	-	1,024,085	Y	N	Y

Note 1: The maximum lines of credit provided by AEWIN for other persons and individual enterprise are 50% and 20% of the company’s net value in the financial statements for the most recent period.
Note 2: The maximum lines of credit provided by Ace Pillar for other persons and individual enterprise are 50% and 40% of the company’s net value in the financial statements for the most recent period.
Note 3: Relationship between the endorser and the endorsee: (2) A subsidiary holding more than 50% of ordinary shares.

DFI Inc. and its subsidiaries

Marketable securities held at the end of the period (excluding the investments in subsidiaries, related enterprises and equity joint ventures)
From January 1 to December 31, 2022

Table 3

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

Holder	Type and name of marketable securities	Relationship with the issuer of securities	Item	End of period				Remarks
				Number of shares/units	Carrying amount	Shareholding ratio	Fair value	
The Company	Beneficiary certificates: Cathay No.1 REIT	-	Financial assets at fair value through profit or loss - current	1,442	26,071	-	26,071	-
The Company	Stock: APLEX Technology Inc.	-	Financial assets at fair value through other comprehensive income - non-current	1,487	68,840	4.10%	68,840	-
AEWIN	Stock: AEWIN KOREA TECHNOLOGIES CO., LTD	Substantial related party	Financial assets at fair value through other comprehensive income - non-current	10	790	16.67%	790	-
AEWIN	Stock: Authentrend Technology Inc.	-	Financial assets at fair value through profit or loss - non-current	300	-	1.42%	-	-
Standard Co.	Stock: Intelligent fluids GmbH	-	Financial assets at fair value through other comprehensive income - non-current	27	-	2.64%	-	-
Standard Co.	Stock: COMPITEK CORP PTE LTD (CPL)	-	Financial assets at fair value through other comprehensive income - non-current	36	1,434	6.28%	1,434	-
STCBVI	Bonds: Biogen Inc.	-	Financial assets measured at amortized cost - non-current	USD 100	3,212	-	3,212	-

Table 4

DFI Inc. and its subsidiaries
The amount of purchases or sales with related parties reached NTD100 million or 20% and above of the paid-in capital
From January 1 to December 31, 2022

Unit: In thousands of New Taiwan Dollars

Purchaser/Seller	Name of Counterparty	Relationship	Transaction status				Situation and reason for difference between the trading terms and the general trading		Notes and accounts receivable (payable)		
			Purchase/Sales	Amount	Proportion to total purchase/ sales	Credit period	Unit price	Credit period	Balance	Proportion to total notes and accounts receivable (payable)	Remarks
The Company	Qisda	Parent company and subsidiary	Purchases	560,220	13.04%	60-90 days to collect	-	30-90 days to collect	(77,471)	(8.81)%	-
Qisda	The Company	Parent company and subsidiary	(Sales)	(560,220)	(0.54%)	60-90 days to collect	-	30-90 days to collect	77,471	0.33%	-
DFI US	The Company	Parent company and subsidiary	Purchases	863,502	98.76%	60-90 days to collect	-	30-90 days to collect	(143,030)	(100)%	Note 2
The Company	DFI US	Parent company and subsidiary	(Sales)	(863,502)	(15.87%)	60-90 days to collect	-	30-90 days to collect	143,030	12.70%	Note 2
Diamond Flower Information (NL) B.V	The Company	Parent company and subsidiary	Purchases	613,421	100.00%	60-90 days to collect	-	30-90 days to collect	(61,796)	(100)%	Note 2
The Company	Diamond Flower Information (NL) B.V	Parent company and subsidiary	(Sales)	(613,421)	(11.27%)	60-90 days to collect	-	30-90 days to collect	61,796	5.49%	Note 2
DFI Co.,Ltd.	The Company	Parent company and subsidiary	Purchases	251,518	100%	60-90 days to collect	-	30-90 days to collect	(17,232)	(96.82)%	Note 2
The Company	DFI Co.,Ltd.	Parent company and subsidiary	(Sales)	(251,518)	(4.62%)	60-90 days to collect	-	30-90 days to collect	17,232	1.53%	Note 2
Yan Ying Hao Trading (ShenZhen) Co. Ltd.	The Company	Parent company and subsidiary	Purchases	215,125	97.79%	60-90 days to collect	-	30-90 days to collect	(44,109)	(99.44)%	Note 2
The Company	Yan Ying Hao Trading (Shenzhen) Co. Ltd.	Parent company and subsidiary	(Sales)	(215,125)	(3.95%)	60-90 days to collect	-	30-90 days to collect	44,109	3.92%	Note 2
The Company	Qisda Optronics (Suzhou)	Affiliate	(Sales)	(199,357)	(3.66%)	60-90 days to collect	-	30-90 days to collect	66,393	5.89%	Note 2
Qisda Optronics (Suzhou)	The Company	Affiliate	Purchases	199,357	0.96%	60-90 days to collect	-	30-90 days to collect	(66,393)	(2.21)%	Note 2
AEWIN	The Company	Parent company and subsidiary	Purchases	808,108	44.13%	Payment term of 90 days	At agreed price	Payment term of 60-90 days to collect	(205,300)	(53.44)%	Note 2
The Company	AEWIN	Parent company and subsidiary	(Sales)	(808,108)	(14.85%)	Payment term of 90 days	At agreed price	Payment term of 60-90 days to collect	205,300	18.23%	Note 2
AEWIN	Beijing AEWIN	Parent company and subsidiary	(Sales)	(525,259)	(26.12%)	150 days after shipment	-	120 days after shipment (Note 1)	523,434	59.53%	Note 2
Beijing AEWIN	AEWIN	Parent company and subsidiary	Purchases	525,259	57.91%	150 days after shipment	-	120 days after shipment (Note 1)	(523,434)	(70.45)%	Note 2
AEWIN	Aewin Tech Inc.	Parent company and subsidiary	(Sales)	(321,308)	(15.98%)	120 days after shipment	-	120 days after shipment (Note 1)	109,473	12.45%	Note 2
Aewin Tech Inc.	AEWIN	Parent company and subsidiary	Purchases	321,308	100%	120 days after shipment	-	120 days after shipment (Note 1)	(109,473)	(100)%	Note 2
Quansheng Information	Tianjin ACE Pillar	Affiliate	(Sales)	(374,578)	(99.84%)	T/T 30 days	-	-	12,555	88.77%	Note 2
Tianjin ACE Pillar	Quansheng Information	Affiliate	Purchases	374,578	34.35%	T/T 30 days	-	-	(12,555)	(14.39)%	Note 2
The Company	AEWIN	Parent company and subsidiary	Purchases	368,641	8.58%	Payment term of 60 days	-	30-90 days to collect	(71,812)	(6.39)%	Note 2
AEWIN	The Company	Parent company and subsidiary	(Sales)	- (Note 3)	-	Payment term of 60 days	-	120 days after shipment (Note 1)	71,812	8.17%	Note 2

Note 1: 120 days after shipment and subject to extension according to market conditions.
Note 2: The above transactions have been written off when preparing the consolidated financial report.
Note 3: The amount of sales of raw materials after processing and repurchase has been deducted.

DFI Inc. and its subsidiaries
Receivables from related parties reached NTD 100 million or 20% and above of paid-in capital
From January 1 to December 31, 2022

Table 5

Unit: In thousands of New Taiwan Dollars

Company of receivables	Name of Counterparty	Relationship	Balance of receivable 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		
The Company	Qisda	Parent company and subsidiary	112,190	0.77	-	-	47,354	-
The Company	AEWIN	Parent company and subsidiary	205,300	5.09	-	-	78,101	-
The Company	DFI US	Parent company and subsidiary	143,030	8.13	-	-	122,920	-
AEWIN	Beijing AEWIN	Parent company and subsidiary	523,434	1.14	385,498	Strengthen collection	-	-
AEWIN	Beijing AEWIN	Parent company and subsidiary	125,836	-	-	-	107,456	-
Ace Pillar	Tianjin ACE Pillar	Parent company and subsidiary	176,228	-	-	-	-	-

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

DFI Inc. and its subsidiaries
Reinvestment and related information
From January 1 to December 31, 2022

Table 6

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

Investor	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 US	USA	Sales of industrial computer cards	254,683	254,683	1,209	100%	382,317	20,781	20,781	Subsidiary of the Company
The Company	Yan Tong	Mauritius	General investment business	187,260	187,260	3,500	100%	113,895	20,233	21,229	Subsidiary of the Company
The Company	DFI CO., Ltd	Japan	Sales of industrial computer cards	104,489	104,489	6	100%	124,308	17,927	17,927	Subsidiary of the Company
The Company	Diamond Flower Information (NL) B.V	Netherlands	Sales of industrial computer cards	35,219	35,219	12	100%	91,541	38,775	38,775	Subsidiary of the Company
The Company	AEWIN	Taiwan	Design, manufacturing and sale of industrial computer mainboards and related products	564,191	564,191	30,376	51.38%	646,126	153,743	73,838	Subsidiary of the Company
The Company	Ace Pillar	Taiwan	Testing, processing, sales, repairing and electromechanical integration of automation control and industrial transmission systems	1,301,359	1,301,359	53,958	48.07%	1,084,057	78,953	32,362	Subsidiary of the Company
The Company	Brainstorm	USA	Wholesale and retail of computer and peripheral devices	501,582	501,582	233	35.09%	533,367	(32,667)	(27,567)	Subsidiary of the Company
AEWIN	Wise Way	Anguilla	Investment business	46,129	46,129	1,500	100%	133,823	(6,400)	(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%	2,885	23,338	(Note 1)	Subsidiary indirectly controlled by the Company
Wise Way	Bright Profit	Hong Kong	Investment business	46,129	46,129	1,500	100%	188,031	(6,400)	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	Cyber South	Samoa	Holding Company	107,041	107,041	4,669	100%	580,218	(56,336)	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	Hong Kong ACE Pillar	Hong Kong	Trade of transmission mechanical components	5,120	5,120	1,200	100%	47,336	3,068	(Note 1)	Subsidiary indirectly controlled by the Company
Cyber South	Proton	Samoa	Holding Company	527,665	527,665	17,744	100%	459,880	(61,249)	(Note 1)	Subsidiary indirectly controlled by the Company
Cyber South	Ace Tek	Hong Kong	Holding Company	4,938	4,938	150	100%	2,176	2,787	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	Standard Co.	Taiwan	Trading and equipment maintenance of semiconductor optoelectronic equipment and consumables	187,000	-	4,680	60%	209,788	45,262	(Note 1)	Subsidiary indirectly controlled by the Company
Standard Co.	Standard Technology Corp.	BVI	Holding Company	21,727	-	600	100%	114,895	19,354	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	ACE Energy	Taiwan	Energy Service Company	166,760	-	4,993	99.86%	175,085	12,782	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	BlueWalker GmbH	Germany	Trading and services of energy management products	-	-	(Note 3)	100%	-	15,766	(Note 1)	Subsidiary indirectly controlled by the Company
ACE Energy	BlueWalker GmbH	Germany	Trading and services of energy management products	138,804	-	(Note 3)	100%	144,174	15,766	(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
Information on Investments in Mainland China
From January 1 to December 31, 2022

Table 7

1. Information on Reinvestment in Mainland China:

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

Investee in mainland China	Primary businesses	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: Remitted	Remitted or repatriated amount of investment for the period: Repatriated	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
Yan Tong Infotech (Dongguan) Co., Ltd.	Manufacturing and sales of computer cards, board cards, host computer, electronic parts and components	69,200 (USD 2,500)	(Note 1)	-	-	-	-	5,116	100%	5,116 (Note 2)	57,242	33,306
Yan Ying Hao Trading (Shenzhen) Co., Ltd.	Wholesale, import and export of computer cards, board cards, host computer, electronic parts and components	13,840 (USD 500)	(Note 1)	-	-	-	-	2,338	100%	2,338 (Note 2)	49,551	-
Beijing AEWIN	Wholesale of computer and peripheral equipment and software	46,129 (USD 1,500)	(Note 1)	46,129 (USD 1,500)	-	-	46,129 (USD 1,500)	(6,400)	100%	(6,400) (Note 3)	188,026	-
Aewin (Shenzhen)	Wholesale of computer and peripheral equipment and software	15,265 (RMB 3,500)	(Note 5)	-	-	-	-	(2,541) (RMB (569))	100%	(2,541) (RMB (569)) (Note 2)	(2,160) (RMB (490))	-
Tianjin ACE Pillar	Trade of transmission mechanical components	1,084,677 (USD 35,297)	(Note 1)	59,924 (USD 1,950)	-	-	59,924 (USD 1,950)	(74,508)	100%	(74,508) (Note 3)	545,110	125,533
Tianjin Jinhao	Manufacturing and processing of machinery transmission products	7,358 (RMB 1,670)	(Note 1)	4,917 (USD 160)	-	-	4,917 (USD 160)	(2,951)	100%	(2,951) (USD (106)) (Note 3)	4,163 (USD 135)	-
Quansheng Information	Electronic system integration	9,219 (USD 300)	(Note 1)	4,610 (USD 150)	-	-	4,610 (USD 150)	2,787	100%	2,787 (USD 98) (Note 3)	2,149 (USD 70)	-
Suzhou Super Pillar	Processing and technical services of mechanical transmission and control products	44,559 (USD 1,450)	(Note 1)	- (Note 4)	-	-	- (Note 4)	7,917	100%	7,917 (USD 268) (Note 3)	107,855 (USD 3,510)	-
Xuchang Ace AI Equipment Co.,Ltd.	Wholesale and retail of industrial robotic related products	9,219 (USD 300)	(Note 1)	- (Note 4)	-	-	- (Note 4)	(75)	(Note 6)	(75) (USD (3)) (Note 3)	-	-
Shanghai Standard	Trading of semiconductor photoelectric equipment and consumables	14,750 (USD 480)	(Note 1)	14,750 (USD 480)	-	-	14,750 (USD 480)	21,485	100%	17,309 (Note 3)	111,566	118,686

Note 1: Reinvest in the companies in mainland China through companies established in third regions.
Note 2: Recognition is based on financial reports prepared by the investee itself and not audited by a certified public accountant.
Note 3: It is recognized in line with the financial report prepared by the investee and reviewed by the accountant of the parent company in Taiwan.
Note 4: It was reinvested and established by Cyber South.
Note 5: It is a mainland China-based company reinvested by Beijing AEWIN.
Note 6: Xuchang Ace AI Equipment Co., Ltd. was liquidated and deregistered on June 21, 2022.

2. Limit of investment in mainland China:

Name of Investor	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)	64,072 (Note 3 and Note 4) (USD 2,085)	3,494,873
AEWIN	46,129 (USD 1,500)	61,460 (USD 2,000)	767,518
Ace Pillar	157,307 (USD 5,119)	157,307 (USD 5,119)	1,282,505
Standard Co.	14,750 (USD 480)	14,750 (USD 480)	100,816

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

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

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

Note 4: Repatriated amount of earnings after the cancellation of Yan Tong Infotech (Dongguan) Co., Ltd. approved by the Investment Commission in February 2017.

3. Material transactions with investees in mainland China:

Please refer to the statement under the “Information on Significant Transactions” for the direct or indirect material transactions between the Group and the investees in mainland China from January 1 to December 31, 2022 (these transactions had been written off when the consolidated financial statements were prepared).

DFI Inc.

Statement of cash and cash equivalent

December 31, 2022

Unit: In thousands of New Taiwan Dollars

Item	Summary	Amount
Petty cash and cash on hand		$ 35
Demand deposits and check deposits		283,689
Foreign currency deposits (Note)	USD: NT$ 5,501,000	169,040
	JPY: 2,000	-
	EUR: 3,000	87
	RMB: 12,000	54
		$ 452,905

Note: Foreign currency deposits are translated at the spot exchange rate on December 31, 2022
USD: NTD=1: 30.73
EUR: NTD=1: 32.82
JPY: NTD=1: 0.2330
RMB: NTD=1: 4.4057

DFI Inc.

Statement of Accounts Receivable

December 31, 2022

Unit: In thousands of New Taiwan Dollars

Client name	Amount
Client A	$ 106,725
Client B	96,000
Client C	41,346
Client D	40,072
Client E	22,817
Others (Note)	147,251
	454,211
Less: Allowance for loss	(1,798)
	$ 452,413

Note: None has reached 5% of the item.

DFI Inc.

Statement of other receivables

December 31, 2022

Unit: In thousands of New Taiwan Dollars

Item	Summary	Amount	Remarks
Business tax refund receivable		$ 26,976	
Others (all less than 5%)		4,186	
		$ 31,162	

Note: None has reached 5% of the item.

Statement of inventories

Item	Amount: Book value	Amount: Net realizable value	Remarks
Raw materials	$ 624,958	802,763	
Work in progress	172,219	230,865	
Manufactured goods and commodities	150,194	162,647	
Goods in Transit	23,906	23,906	
Outsourced processing products	1,663	1,663	
	$ 972,940	**1,221,844**	

DFI Inc.

Statement of prepayments

December 31, 2022

Unit: In thousands of New Taiwan Dollars

Item	Amount
Input tax	$ 9,971
Prepaid expenses	8,828
Prepaid insurance	1,065
Others (Note)	477
	$ 20,341

Note: None has reached 5% of the item.

DFI Inc.

Statement of changes in financial assets at fair value through other comprehensive income - non-current

From January 1 to December 31, 2022 **Unit: In thousands of New Taiwan Dollars**

Name	Beginning		Increase in the period		Decrease in the period		Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Ending		Guarantee or pledge provided	Remarks
	Number of shares (In thousands of shares)	Fair value	Number of shares (In thousands of shares)	Amount	Number of shares (In thousands of shares)	Amount		Number of shares (In thousands of shares)	Fair value		
Shares of OTC company- Aplex Technology Inc.	999	$ 41,259	488	16,098	-	-	11,483	1,487	68,840	-	

DFI Inc.

Statement of changes in investments accounted for using equity method

From January 1 to December 31, 2022

Unit: In thousands of New Taiwan Dollars

Investee	Beginning balance (restated)		Increase in the period		Decrease in the period (Note 2)		Adjustment using the equity method (Note 1)	Ending balance			Market price or net equity		Guarantee or pledge provided
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount		Number of shares	Shareholding ratio Percentage	Amount	Unit price (NT$)	Total	
Diamond Flower Information (NL) B.V.	12,001	$ 75,462	-	-	-	-	43,976	12,001	100%	119,438	9,952.34	119,438	None
DFI America ,LLC.	1,209,000	377,512	-	-	-	-	43,675	1,209,000	100%	421,187	201.25	243,313	None
DFI Co.,Ltd.	6,200	289,652	-	-	-	(178,442)	15,895	6,200	100%	127,105	18,970.05	117,614	None
Yan Tong Technology Ltd.	6,000,000	181,573	-	-	2,500,000	(80,063)	22,556	3,500,000	100%	124,066	35.45	124,066	None
AEWIN	30,376,000	603,938	-	-	-	(18,226)	74,677	30,376,000	51.38%	660,389	21.64	657,251	None
Ace Pillar	53,958,069	1,116,480	-	-	-	(48,562)	16,903	53,958,069	48.07%	1,084,821	18.24	984,556	None
Brainstorm	233,000	535,021	-	-	-	-	(1,654)	233,000	35.09%	533,367	1,061.02	247,217	None
Less: Deferred inter-affiliate gains		(34,497)		(60,265)		-	-			(94,762)			
		$ 3,145,141		(60,265)		(325,293)	216,028			2,975,611			

Note 1: Adjustment using the equity method is as follows:

Shares of profit (loss) of subsidiaries accounted for using the equity method	$ 177,345
Adjustment to exchange difference in financial statement translation of foreign operations	65,556
Adjustment to unrealized gain (loss) on financial assets measured at fair value through other comprehensive income	(256)
Adjustment to re-measurement of defined benefit plan	(1,264)
Differences between the actual price for acquisition or disposal of the subsidiaries and their carrying amount	(283)
Changes in percentage of ownership interests in subsidiaries	5
Organizational reorganization under common control	(25,075)
	$ 216,028

Note 2: The decrease in the period includes YanTong Technology Ltd's capital reduction of NTD 80,063 thousand and cash dividend of NTD 245,230 thousand from the investee.

DFI Inc.

Statement of other non-current assets

December 31, 2022

Unit: In thousands of New Taiwan Dollars

Item	Amount
Refundable deposits	$ 1,034
Prepayments for equipment	512
Others (Note)	974
	$ 2,520

Note: None has reached 5% of the item.

Statement of Short-term Borrowings

Types of borrowing	Details	Ending balance	Term of contract	Financing facilities	Mortgage or guarantee (with promissory note issued)
Credit borrowings	First Bank	$ 195,000	12/16/2022 - 01/16/2023	300,000	None
〃	Mega International Commercial Bank	160,000	11/25/2022 - 05/24/2023	160,000	None
〃	Taishin Bank	400,000	12/07/2022 - 02/03/2023	500,000	None
〃	CTBC Bank	300,000	12/12/2022 - 03/30/2023	300,000	None
		$ 1,055,000			

Note 1: The annual interest rates of the above short-term borrowings are 1.69%~1.96%.

DFI Inc.

Statement of accounts payables

December 31, 2022

Unit: In thousands of New Taiwan Dollars

Supplier	Amount
Company A	$ 149,434
Company B	49,745
Company C	39,882
Others (Note)	489,374
	$ 728,435

Note: Accounts payable to individual supplier, less than 5% of the item.

Statement of other payables

Item	Amount
Salaries and bonuses payable	$ 79,896
Compensation payable to employees and directors	57,493
Others (Note)	61,629
	$ 199,018

Note: None has reached 5% of the item.

DFI Inc.

Statement of other current liabilities

December 31, 2022

Unit: In thousands of New Taiwan Dollars

Item	Amount
Temporary received	$ 5,971
Received on behalf of others	6,895
	$ 12,866

Statement of lease liabilities

Item	Lease term	Discount rate	Ending balance
Buildings	2021.1~2031.3	1.1%~1.43%	**$ 126,740**
Current:			
Related party - Qisda			**$ 13,634**
Non-related party			**$ 5,255**
Non-current:			
Related party - Qisda			**$ 99,849**
Non-related party			**$ 8,002**

DFI Inc.

Statement of long-term borrowings

December 31, 2022

Unit: In thousands of New Taiwan Dollars

Creditor	Summary	Amount of borrowing	Term of contract	Mortgage or pledge
Taishin Bank		$ 300,000	12/07/2022 -02/03/2023	None
Yuanta Bank		500,000	12/27/2022 -02/03/2023	None
KGI Bank		300,000	10/27/2022 -01/18/2023	None
		1,100,000		

Note: The annual interest rates of the above long-term borrowings are 1.90%~1.95%.

DFI Inc.

Statement of Operating Costs

From January 1 to December 31, 2022

Unit: In thousands of New Taiwan Dollars

Item	Amount
Raw materials:	
Beginning stock	$ 964,028
Plus: Net amount of material purchase in the period	3,714,238
Gain on physical raw materials	1,453
Less: Ending raw materials	721,326
Scrapping of raw materials	14,874
Sale of raw materials	213,117
Raw material requisition and others	8,881
Consumption of raw materials in the period	3,721,521
Direct labor	130,686
Manufacturing expense	298,047
Manufacturing cost	4,150,254
Beginning work in process	110,574
Beginning outsourced products	7,917
Outsourcing processing fee	64,843
Less: Ending work in process	172,219
Ending outsourced products	1,663
Scrapping of work in process	171
Work in process costs	4,159,535
Beginning finished goods	85,149
Plus: Net purchase amount for the period	53,942
Less: Ending finished goods	164,531
Scrapping and inventory loss of finished goods	10,001
Sale of semi-finished goods	27,198
Department requisition and others	19,127
Finished goods cost	4,077,769
Loss for inventory obsolescence	24,992
Gain on physical inventory	(1,399)
Cost of selling raw materials and semi-finished goods	240,315
Inventory price loss	24,080
Warranty cost	4,989
Income from scraps	(4,292)
Operating costs	**$ 4,366,454**

DFI Inc.

Statement of Selling and Marketing Expenses

From January 1 to December 31, 2022

Unit: In thousands of New Taiwan Dollars

Item	Amount
Salary expense	$ 100,240
Freight	21,185
Insurance expenses	13,775
Other expenses (Note)	45,618
	$ 180,818

Note: None has reached 5% of the item.

Statement of Management Expenses

Item	Amount
Salary expense	$ 67,940
Depreciation	10,325
Other expenses (Note)	44,211
	$ 122,476

Note: None has reached 5% of the item.

DFI Inc.

Statement of Research and Development Expenses

From January 1 to December 31, 2022

Unit: In thousands of New Taiwan Dollars

Item		Amount
Salary expense	$	179,535
Insurance expenses		15,943
Other expenses (Note)		83,051
	$	**278,529**

Note: None has reached 5% of the item.

Please refer to Note VI (II) of the parent company only financial statements for the Statement of Financial Assets Measured at Fair Value Through Profit or Loss - Current

Please refer to Note VI (IV) of the parent company only financial statements for the Statement of Financial Assets Measured at Amortized Cost - Current

Please refer to Note VII of the parent company only financial statements for the Statement of Accounts Receivable - Related Parties

Please refer to Note VI (IX) of the parent company only financial statements for the Statement of Changes in Property, Plant and Equipment

Please refer to Note VI (IX) of the parent company only financial statements for the Statement of Changes in Accumulated Depreciation of Property, Plant and Equipment

Please refer to Note VI (X) of the parent company only financial statements for the Statement of Changes in Right-of-Use Assets

Please refer to Note VI (XI) of the parent company only financial statements for the Statement of Changes in Intangible Assets

Please refer to Note VI (XVII) of the parent company only financial statements for the Statement of Deferred Income Tax Assets

Please refer to Note VII of the parent company only financial statements for the Statement of Accounts Payables - Related Parties

Please refer to Note VII of the parent company only financial statements for the Statement of Other Payables - Related Parties

Please refer to Note VI (XV) of the parent company only financial statements for the Statement of Provisions

Please refer to Note VI (XVII) of the parent company only financial statements for the Statement of Deferred Income Tax Liabilities

Please refer to Note VI (XVI) of the parent company only financial statements for the Statement of Net Defined Benefit Liabilities

Please refer to Note VI (XX) of the parent company only financial statements for the Statement of Operating Revenue

Please refer to Note VI (XXII) of the parent company only financial statements for the Statement of Interest Income, Other Income, Other Gain and Loss and Financial Costs of Non-Operating Income and Expenses

DFI INC.

Chairman：Chi-Hung Chen