

DFI Inc. and its subsidiaries
Consolidated Financial Statements and
Independent Auditors' Review Report
For the Nine Months Ended September 30, 2022 and 2021

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

Address: 10F, No. 97, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City
Tel: (02)26972986

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

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Independent Auditors' Review Report

The Board of Directors and Shareholders DFI Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of DFI Inc. and its subsidiaries as of September 30, 2022 and 2021 (restated), the consolidated statements of comprehensive income for the three months ended September 30, 2022 and 2021 (restated), and for the nine months ended September 30, 2022 and 2021 (restated), the related consolidated statements of changes in equity and of cash flows for the nine months ended September 30, 2022 and 2021 (restated), and the related notes to the consolidated financial statements, including a summary of significant accounting policies. 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 International Accounting Standard No. 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except for matters described in the following paragraph titled "Basis for Qualified Conclusion," we conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As described in Note IV (III) of the consolidated financial statements, the financial statements for the same periods of immaterial subsidiaries that have been included in the consolidated financial statements were not reviewed by the independent auditors. As of September 30, 2022 and 2021 (restated), these financial statements reflected total assets in New Taiwan Dollars (same as below) of \$1,309,626,000 and \$1,003,141,000, representing 9.78% and 8.63% of total consolidated assets respectively; total liabilities of \$228,754,000 and \$131,445,000, representing 2.99% and 2.01% of total consolidated liabilities respectively as of September 30, 2022 and 2021 (restated); its total comprehensive

As of September 30, 2022 and 2021 (Reviewed only, Not Audited in accordance with Generally Accepted Auditing Standards)

DFI Inc. and its subsidiaries

Consolidated Balance Sheets

September 30, 2022, December 31 and September 30, 2021

Unit: In Thousands of New Taiwan Dollars

Assets	2022.9.30		2021.12.31 (Restated)		2021.9.30 (Restated)		
	Amount	%	Amount	%	Amount	%	
Current assets:							
1100	Cash and cash equivalents (Note VI (I))	\$ 1,557,332	12	1,549,815	13	1,563,657	13
1110	Financial assets at fair value through profit or loss - current (Note VI (II))	32,805	-	28,528	-	26,015	-
1136	Financial assets at amortized cost - current (Notes VI (IV) & VIII)	15,918	-	19,708	-	10,708	-
1170	Net of notes receivable and accounts receivable (Notes VI (V), (XXI) & VIII)	2,669,733	20	2,604,256	21	2,580,747	23
1180	Accounts receivable from related parties (Notes VI (V), (XXI) & VII)	284,294	2	182,138	1	154,986	1
1200	Other receivables (Notes VI (V) & VII)	38,095	-	32,159	-	36,543	-
130X	Inventories (Notes VI (VI))	4,086,812	31	3,583,295	29	3,284,672	29
1410	Prepayments	144,799	1	133,749	1	98,935	1
1460	Non-current assets held for sale (Notes VI (VII) and (IX))	350,482	3	312,601	3	146,337	1
1470	Other current assets	19,050	-	16,227	-	21,449	-
	Total current assets	<u>9,199,320</u>	<u>69</u>	<u>8,462,476</u>	<u>68</u>	<u>7,924,049</u>	<u>68</u>
Non-current assets:							
1517	Financial assets at fair value through other comprehensive income - non-current (Notes VI (III))	74,185	1	42,547	-	33,705	-
1535	Financial assets at amortized cost - non-current (Note VI (IV))	3,344	-	-	-	-	-
1600	Property, plant and equipment (Notes VI (IX), VII & VIII)	2,461,407	18	2,477,339	20	2,205,915	19
1755	Right-of-use assets (Notes VI (X) & VII)	330,109	2	267,778	2	296,789	2
1780	Intangible assets (Notes VI (VIII), (XI) & VII)	1,155,262	8	974,453	8	990,616	9
1840	Deferred income tax assets	95,112	1	78,856	1	78,339	1
1990	Other non-current assets	72,334	1	90,492	1	92,488	1
	Total non-current assets	<u>4,191,753</u>	<u>31</u>	<u>3,931,465</u>	<u>32</u>	<u>3,697,852</u>	<u>32</u>
	Total assets	<u>\$ 13,391,073</u>	<u>100</u>	<u>12,393,941</u>	<u>100</u>	<u>11,621,901</u>	<u>100</u>

(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

As of September 30, 2022 and 2021 (Reviewed only, Not Audited in accordance with Generally Accepted Auditing Standards)

DFI Inc. and its subsidiaries

Consolidated Balance Sheets (Continued from the previous page)

September 30, 2022, December 31 and September 30, 2021

Unit: In Thousands of New Taiwan Dollars

	2022.9.30		2021.12.31 (Restated)		2021.9.30 (Restated)	
	Amount	%	Amount	%	Amount	%
Liabilities and equity						
Current liabilities:						
2100 Short-term borrowings (Notes VI (XII) & VIII)	\$ 2,070,792	16	1,311,304	11	2,554,941	22
2120 Financial liabilities at fair value through profit or loss - current (Note VI (II))	17,361	-	821	-	3,430	-
2130 Contract liabilities - current (Note VI (XXI))	226,356	2	194,558	1	203,694	2
2170 Notes and accounts payables	2,126,905	16	2,218,331	18	2,319,840	20
2180 Accounts payables to related parties (Note VII)	179,250	1	63,053	-	79,639	1
2200 Other payables (Note VII)	524,820	4	562,316	5	450,951	4
2230 Current income tax liabilities	166,358	1	86,768	1	104,203	1
2250 Provisions - current (Note VI (XV))	48,551	-	46,247	-	45,057	-
2280 Lease liabilities - current (Notes VI (XIV) & VII)	87,372	1	75,933	1	78,929	-
2322 Long-term borrowings - current portion (Notes VI (XIII) & VIII)	243	-	20,000	-	-	-
2399 Other current liabilities	24,163	-	18,633	-	70,910	1
Total current liabilities	5,472,171	41	4,597,964	37	5,911,594	51
Non-current liabilities:						
2540 Long-term borrowings (Notes VI (XIII) & VIII)	1,550,466	12	1,730,000	14	104,176	1
2570 Deferred income tax liabilities	353,796	3	315,669	3	281,810	2
2580 Lease liabilities - non-current (Notes VI (XIV) & VII)	240,309	1	181,441	1	199,095	2
2640 Net defined benefit liabilities - non-current	39,584	-	40,584	-	39,711	-
2670 Other non-current liabilities	787	-	-	-	343	-
Total non-current liabilities	2,184,942	16	2,267,694	18	625,135	5
Total liabilities	7,657,113	57	6,865,658	55	6,536,729	56
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	1,146,889	10
3200 Capital surplus	608,577	5	655,744	6	656,837	6
3300 Retained earnings	1,397,980	10	1,371,470	11	965,471	8
3400 Other equity	(23,087)	-	(114,824)	(1)	(114,813)	(1)
3500 Treasury shares	-	-	-	-	(12,907)	-
Total equity attributable to owners of parent company	3,128,359	24	3,057,279	25	2,641,477	23
35XX Equity attributable to former owner of business combination under common control	-	-	20,310	-	17,101	-
36XX Non-controlling interests (Note VI (VIII) and (XVIII))	2,605,601	19	2,450,694	20	2,426,594	21
Total equity	5,733,960	43	5,528,283	45	5,085,172	44
Total liabilities and equity	\$ 13,391,073	100	12,393,941	100	11,621,901	100

(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hung, Chen

President: Chia-Hung, Su

Accounting Supervisor: Li-Min, Huang

Reviewed only, Not Audited in accordance with Generally Accepted Auditing Standards

DFI Inc. and its subsidiaries

Consolidated Statements of Comprehensive Income

July 1 to September 30, 2022 and 2021 and January 1 to September 30, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

	July to September 2022		July to September 2021 (Restated)		January to September 2022		January to September 2021 (Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Net operating revenue (Notes VI (VIII), (XXI), VII & XIV)	\$ 4,093,050	100	3,748,324	100	11,842,778	100	9,048,526	100
5000 Operating costs (Note VI (VI), (IX), (X), (XI), (XIV), (XVI), (XXII), VII & XII)	(3,199,645)	(78)	(3,060,739)	(82)	(9,453,828)	(80)	(7,180,742)	(79)
Gross Profit	893,405	22	687,585	18	2,388,950	20	1,867,784	21
Operating expenses (Note VI (V), (IX), (X), (XI), (XIV), (XVI), (XXII), VII & XII):								
6100 Selling and marketing expenses	(426,796)	(11)	(329,084)	(8)	(1,158,923)	(10)	(802,264)	(10)
6200 General and administrative expenses	(118,854)	(3)	(103,609)	(3)	(347,129)	(3)	(295,377)	(3)
6300 Research and development expenses	(124,999)	(3)	(103,867)	(3)	(344,838)	(3)	(300,505)	(3)
6450 Expected credit losses	(339)	-	7,227	-	(9,312)	-	5,222	-
6000 Total operating expenses	(670,988)	(17)	(529,333)	(14)	(1,860,202)	(16)	(1,392,924)	(16)
Net operating income	222,417	5	158,252	4	528,748	4	474,860	5
Non-operating income and expenses (Notes VI (VII), (XIV), (XXIII) & VII)								
7100 Interest income	1,238	-	509	-	2,890	-	2,001	-
7010 Other income	11,454	-	10,520	-	34,956	-	23,245	-
7020 Other gain and loss	41,889	1	(5,079)	-	74,479	1	(9,030)	-
7050 Finance costs	(17,462)	-	(6,514)	-	(43,107)	-	(16,408)	-
Total non-operating income and expenses	37,119	1	(564)	-	69,218	1	(192)	-
7900 Profit before tax	259,536	6	157,688	4	597,966	5	474,668	5
7950 Less: Income tax expense (Note VI (XVII))	(59,516)	(1)	(44,680)	(1)	(136,434)	(1)	(131,569)	(1)
8200 Net profit for the period	200,020	5	113,008	3	461,532	4	343,099	4
Other comprehensive income (Note VI (XVIII)):								
8310 Items that will not be reclassified to profit or loss								
8316 Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	17,052	-	2,397	-	14,106	-	2,898	-
8349 Income tax relating to items that will not be reclassified	-	-	-	-	-	-	-	-
	<u>17,052</u>	<u>-</u>	<u>2,397</u>	<u>-</u>	<u>14,106</u>	<u>-</u>	<u>2,898</u>	<u>-</u>
8360 Items that may be reclassified subsequently to profit or loss								
8361 Exchange differences on translating the financial statements of foreign operations	80,220	2	(9,052)	-	161,119	1	(47,360)	-
8399 Income tax relating to items that may be reclassified	-	-	-	-	-	-	-	-
	<u>80,220</u>	<u>2</u>	<u>(9,052)</u>	<u>-</u>	<u>161,119</u>	<u>1</u>	<u>(47,360)</u>	<u>-</u>
Other comprehensive income (loss) for the period	97,272	2	(6,655)	-	175,225	1	(44,462)	-
8500 Total comprehensive income (loss) for the period	\$ 297,292	7	106,353	3	636,757	5	298,637	4
Net profit in current period attributable to:								
8610 Owners of the parent company	\$ 194,205	5	71,116	2	393,157	3	199,875	2
8615 Former owner of business combination under common control	-	-	(1,713)	-	3,394	-	(1,586)	-
8620 Non-controlling interests	5,815	-	43,605	1	64,981	1	144,810	2
	<u>\$ 200,020</u>	<u>5</u>	<u>113,008</u>	<u>3</u>	<u>461,532</u>	<u>4</u>	<u>343,099</u>	<u>4</u>
Total comprehensive income (loss) attributable to:								
8710 Owners of the parent company	\$ 253,075	6	65,542	2	484,894	4	159,669	2
8715 Former owner of business combination under common control	-	-	(1,713)	-	3,394	-	(1,586)	-
8720 Non-controlling interests	44,217	1	42,524	1	148,469	1	140,554	2
	<u>\$ 297,292</u>	<u>7</u>	<u>106,353</u>	<u>3</u>	<u>636,757</u>	<u>5</u>	<u>298,637</u>	<u>4</u>
Earnings per share (Unit: In New Taiwan Dollars and Note VI (XX))								
9750 Basic earnings per share	\$ 1.69		0.62		3.43		1.75	
9850 Diluted earnings per share	\$ 1.69		0.62		3.41		1.74	

(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hung, Chen

President: Chia-Hung, Su

Accounting Supervisor: Li-Min, Huang

Reviewed only, Not Audited in accordance with Generally Accepted Auditing Standards

**DFI Inc. and its subsidiaries
Consolidated Statements of Changes in Equity
January 1 to September 30, 2022 and 2021**

Unit: In Thousands of New Taiwan Dollars

Equity attributable to owners of parent company

	Retained earnings						Other equity items				Total equities attributable to owners of parent company	Equity attributable to former owner of business combination under common control	Non-controlling interests	Total equity
	Share capital - ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriate earnings	Total	Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Total	Treasury shares				
Balance after restated as of January 1, 2021	\$ 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	-	-	-	-	199,875	199,875	-	-	-	-	199,875	(1,586)	144,810	343,099
Other comprehensive income (loss) for the period	-	-	-	-	-	-	(42,909)	2,703	(40,206)	-	(40,206)	-	(4,256)	(44,462)
Total comprehensive income (loss) for the period	-	-	-	-	199,875	199,875	(42,909)	2,703	(40,206)	-	159,669	(1,586)	140,554	298,637
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 dividends distributed from capital surplus	-	(22,898)	-	-	-	-	-	-	-	-	(22,898)	-	-	(22,898)
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 after restated as of September 30, 2021	\$ 1,146,889	656,837	825,764	74,607	65,100	965,471	(126,019)	11,206	(114,813)	(12,907)	2,641,477	17,101	2,426,594	5,085,172
Balance after restated as of January 1, 2022	\$ 1,144,889	655,744	825,764	74,607	471,099	1,371,470	(134,871)	20,047	(114,824)	-	3,057,279	20,310	2,450,694	5,528,283
Net profit for the period	-	-	-	-	393,157	393,157	-	-	-	-	393,157	3,394	64,981	461,532
Other comprehensive income (loss) for the period	-	-	-	-	-	-	77,388	14,349	91,737	-	91,737	-	83,488	175,225
Total comprehensive income (loss) for the period	-	-	-	-	393,157	393,157	77,388	14,349	91,737	-	484,894	3,394	148,469	636,757
Profit distribution:														
Legal reserve	-	-	61,568	-	(61,568)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	40,215	(40,215)	-	-	-	-	-	-	-	-	-
Cash dividends for 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	-	-	-	-	-	-	-	-	-	-	-	-	1	1
Non-controlling interests adjustments	-	-	-	-	-	-	-	-	-	-	-	-	3,415	3,415
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	79,375	79,375
Balance as of September 30, 2022	\$ 1,144,889	608,577	887,332	114,822	395,826	1,397,980	(57,483)	34,396	(23,087)	-	3,128,359	-	2,605,601	5,733,960

(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hung, Chen

President: Chia-Hung, Su

Accounting Supervisor: Li-Min, Huang

Reviewed only, Not Audited in accordance with Generally Accepted Auditing Standards

**DFI Inc. and its subsidiaries
Consolidated Statements of Cash Flows
January 1 to September 30, 2022 and 2021**

Unit: In Thousands of New Taiwan Dollars

	<u>January to September 2022</u>	<u>January to September 2021 (Restated)</u>
Cash flows from operating activities:		
Net profit before tax for the period	\$ 597,966	474,668
Adjustment item:		
Adjustments for		
Depreciation expenses	160,400	134,311
Amortization expenses	73,675	45,859
Expected credit losses (or gains on reversal)	9,312	(5,222)
Evaluation losses of financial assets measured at fair value through profit or loss	187	1,362
Interest expense	43,107	16,408
Interest income	(2,890)	(2,001)
Dividend income	(3,941)	(999)
Loss (gain) on disposal of property, plant and equipment	(72)	929
Gain on disposal of non-current assets held for sale	(14,624)	-
Loss on liquidation of subsidiary	391	-
Gain on lease amendment	(1,216)	(1)
Total revenue, expense and loss items	<u>264,329</u>	<u>190,646</u>
Changes in assets/liabilities related to business activities:		
Net changes in assets related to operating activities:		
Increase in financial assets mandatorily classified as at fair value through profit or loss	(4,464)	(137)
Decrease (increase) in notes receivable and accounts receivable	62,118	(525,452)
Increase in accounts receivable from related parties	(86,821)	(9,833)
Other receivables	(4,924)	(21,170)
Increase in inventories	(318,301)	(952,985)
Increase in prepayments	(4,465)	(43,778)
Decrease (increase) in other current assets	2,286	(3,722)
Increase in net defined benefit assets	(248)	-
Total net changes in assets related to operating activities	<u>(354,819)</u>	<u>(1,557,077)</u>
Net change in liabilities related to operating activities:		
Increase (decrease) in financial liabilities held for trading	16,540	(6,338)
Increase in contract liabilities	19,105	79,933
Increase (decrease) in notes and accounts payables	(189,940)	445,617
Increase (decrease) in accounts payables to related parties	116,197	(25,568)
Decrease in other payables	(101,394)	(132,042)
Increase (decrease) in provisions	2,304	(11,770)
Increase (decrease) in other current liabilities	5,354	(2,937)
Decrease in net defined benefit liabilities	(6,671)	(478)
Decrease in other non-current liabilities	-	(1,031)
Total net changes in liabilities related to business activities	<u>(138,505)</u>	<u>345,386</u>
Total net changes in assets and liabilities related to operating activities	<u>(493,324)</u>	<u>(1,211,691)</u>
Total adjustment items	<u>(228,995)</u>	<u>(1,021,045)</u>
Cash generated from (used in) operations	368,971	(546,377)
Interest received	2,837	2,003
Interest paid	(41,040)	(16,008)
Income tax paid	(104,844)	(146,846)
Net cash generated from (used in) operating activities	<u>225,924</u>	<u>(707,228)</u>

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(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hung, Chen

President: Chia-Hung, Su

Accounting Supervisor: Li-Min, Huang

Reviewed only, Not Audited in accordance with Generally Accepted Auditing Standards
DFI Inc. and its subsidiaries

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

January 1 to September 30, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

	<u>January to September 2022</u>	<u>January to September 2021 (Restated)</u>
Cash flows from investing activities:		
Purchase of financial assets at amortized cost	(10)	-
Proceeds from sale of financial assets at amortized cost	21,982	3,000
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	-
Purchase of Property, plant and equipment	(151,005)	(461,552)
Proceeds from disposal of property, plant and equipment	100	1,019
Increase in advance receipts from disposal of assets	-	55,000
Decrease in refundable deposits	2,419	626
Purchase of intangible assets	(42,660)	(10,040)
Decrease (increase) in other non-current assets	5,930	(34,211)
Dividend received	3,941	999
Net cash used in investing activities	<u>(270,309)</u>	<u>(485,379)</u>
Cash flows from financing activities:		
Proceeds from short-term borrowings	5,601,343	4,699,739
Repayments of short-term borrowings	(4,990,597)	(2,967,835)
Proceeds from long-term borrowings	1,150,000	400,000
Repayments of long-term borrowings	(1,350,120)	(300,000)
Repayment of the principal portion of lease	(55,891)	(61,419)
Cash dividends paid	(412,160)	(343,467)
Acquisition of ownership interests in subsidiaries	(5,440)	(515,360)
Changes in non-controlling interests	(69,711)	(52,225)
Net cash generated from (used in) financing activities	<u>(132,576)</u>	<u>859,433</u>
Effect of changes in exchange rate	<u>184,478</u>	<u>(42,900)</u>
Increase (decrease) in cash and cash equivalents for the current period	7,517	(376,074)
Cash and cash equivalents at the beginning of the period	<u>1,549,815</u>	<u>1,939,731</u>
Cash and cash equivalents at the end of the period	<u>\$ 1,557,332</u>	<u>1,563,657</u>

(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hung, Chen

President: Chia-Hung, Su

Accounting Supervisor: Li-Min, Huang

Reviewed only, Not Audited in accordance with Generally Accepted Auditing Standards

DFI Inc. and its subsidiaries

Notes to Consolidated Financial Statements

For the Nine Months Ended September 30, 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 “Consolidated Company”) 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 November 3, 2022.

III. Application of New and Amended Standards and Interpretations

(I) Effect of adopted newly issued and revised standards and interpretations endorsed by the Financial Supervisory Commission (hereafter referred to as the “FSC”)

As of January 1, 2022, the Consolidated Company began to apply the following newly revised International Financial Reporting Standards (IFRS), which has not had a significant impact on the consolidated financial statements.

- Amendment to IAS 16 “Property, plant, and equipment: price before fulfillment of expected usage state”
- Amendment to IAS 37 “Loss-making contract - cost of contract performance”
- Annual Improvement to IFRS Standards 2018-2020
- Amendment to IFRS 3 “Reference to the Conceptual Framework”

(II) Effect of IFRSs endorsed by the FSC but not yet adopted by the Consolidated Company

Based on the Consolidated Company'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.

- Amendment to IAS 1 "Disclosure of Accounting Policies"
- Amendment to IAS 8 "Definition of Accounting Estimates"
- Amendment to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

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

(III) New and amended standards and interpretations not acknowledged 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 consolidated 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”	The amendment was made to improve consistency in the application of these standards to assist companies in determining whether debt or other liabilities with an indefinite maturity date should be classified as current (due or likely to be due within one year) or non-current on the balance sheet. The amendment also clarifies the classification of debt that may be settled by conversion into equity.	January 1, 2023

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

The consolidated 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 consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- Amendments to IFRS 17 “Insurance Contracts” and IFRS 17
- Amendments to IFRS 16 “Rules in a Sale and Leaseback Transaction”

IV. Summary of Significant Accounting Policies

(I) Statement of Compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereafter referred to as the “Preparation Regulations”) and International Accounting Standard No. 34 “Interim Financial Reporting” endorsed and issued into effect by the FSC. The consolidated financial statements do not present all the disclosures required for a complete set of annual consolidated financial statements prepared under the IFRS, IAS, IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the FSC (hereafter referred to as the “IFRSs”).

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

(II) Basis of Consolidation

1. Subsidiaries included in consolidated financial statements

Name of investor company	Name of subsidiary	Nature of business	Comprehensive shareholding %			Description
			2022.9.30	2021.12.31	2021.9.30	
The Company	DFI AMERICA, LLC (DFI US)	Sales of industrial computer cards	100.00%	100.00%	100.00%	Note 5
The Company	DFI Co., Ltd.	Sales of industrial computer cards	100.00%	100.00%	100.00%	Note 5
The Company	Yan Tong Technology Ltd. (Yan Tong)	Investment business	100.00%	100.00%	100.00%	Note 5
The Company	Diamond Flower Information (NL) B.V.	Sales of industrial computer cards	100.00%	100.00%	100.00%	Note 5
The Company	Brainstorm Corporation (Brainstorm)	Wholesale and retail of computer and peripheral devices	35.09%	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%	100.00%	Note 5
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%	100.00%	Note 5
The Company	AEWIN Technologies Co., Ltd. (AEWIN)	Design, manufacture and sale of industrial computer cards and related products	51.38%	51.38%	51.38%	-
AEWIN	Wise Way	Investment business	51.38%	51.38%	51.38%	-
AEWIN	Aewin Tech Inc.	Wholesale of computer and peripheral equipment and software	51.38%	51.38%	51.38%	-
Wise Way	Bright Profit	Investment business	51.38%	51.38%	51.38%	-
Bright Profit	Aewin Beijing Technologies Co., Ltd. (Beijing AEWIN)	Wholesale of computer and peripheral equipment and software	51.38%	51.38%	51.38%	-
Beijing AEWIN	Aewin(Shenzhen)Technologies Co., Ltd.	Wholesale of computer and peripheral equipment and software	51.38%	51.38%	51.38%	-
The Company	Ace Pillar Co., Ltd. (Ace Pillar)	Automated control and testing, processing, sales, repair, and mechanical and electrical integration of industrial transmission systems	48.07%	48.07%	48.07%	-
Ace Pillar	Cyber South Management Ltd.	Holding Company	48.07%	48.07%	48.07%	-
Ace Pillar	Hong Kong Ace Pillar Enterprise Company Limited (Hong Kong ACE Pillar)	Sales and Purchases of transmission mechanical components	48.07%	48.07%	48.07%	-
Ace Pillar/Proton/Cyber South	Tianjin Ace Pillar Co., Ltd. (Tianjin Ace Pillar)	Sales and Purchases of transmission mechanical components	48.07%	48.07%	48.07%	-
Cyber South	Proton Inc.(Proton)	Holding Company	48.07%	48.07%	48.07%	-
Cyber South	Ace Tek (HK) Holding Co., Ltd. (Ace Tek)	Holding Company	48.07%	48.07%	48.07%	-
Ace Tek	ADVANCEDTEK ACE (TJ) INC. (Quansheng Information)	Electronic system integration	48.07%	48.07%	48.07%	-
Cyber South	Suzhou Super Pillar Automation Equipment Co., Ltd. (Suzhou Super Pillar)	Processing and technical services of mechanical transmission and control products	48.07%	48.07%	48.07%	-
Cyber South	Grace Transmission (Tianjin) Co., Ltd. (Tianjin Jinhao)	Manufacturing and processing of machinery transmission products	48.07%	48.07%	48.07%	-

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

Name of investor company	Name of subsidiary	Nature of business	Comprehensive shareholding %			Description
			2022.9.30	2021.12.31	2021.9.30	
Cyber South	Xuchang Ace AI Equipment Co.,Ltd.	Wholesale and retail of industrial robotic related products	-	48.07%	48.07%	Note 4
Ace Pillar	BlueWalker GmbH (BWA)	Trading and services of energy management products	48.07%	-	-	Note 3 and 5
Ace Pillar	ACE Energy Co., Ltd. (ACE Energy)	Energy Service Company	48.07%	39.90%	39.90%	Note 6
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

Note 1: As stated in Note VI (VIII), on May 1, 2021, the Company acquired 35.09% of the equities 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% of the equities in Standard Co. and its subsidiaries on March 1, 2022 and gained control since then.

Note 3: As stated in Note VI (VIII), Ace Pillar acquired 100% of the equities in BlueWalker GmbH on April 1, 2022.

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

Note 5: It is an immaterial subsidiary and its financial statements have not been reviewed by the accountants.

Note 6: Ace Pillar Co., Ltd., acquired 100% equity interests in the subsidiary of Qisda Corporation, ACE Energy Co., Ltd., with a cash acquisition on July 1, 2022. The aforementioned transaction is an organizational reorganization under common control and regarded as a combination from the beginning. The Group had already restated the consolidated financial statements for the period ended September 30, 2021 and for the year ended December 31, 2021 while it prepared the consolidated financial statements for the period ended September 30, 2022.

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

(III) Organizational reorganization under common control

When a business combination arises from the transfer of the interests of the company controlled by the controlling shareholder of the Group, the Group considers that the acquisition occurred in the earliest comparable period expressed in the financial statements or the date of the establishment under common control, whichever is later, to restate the comparative information accordingly. The above-mentioned assets and liabilities acquired under common control shall be recognized according to their carrying amounts in the consolidated financial statements of the former controlling shareholders of the Group, and shall not be recognized in the consolidated financial statements for any goodwill or any acquirer's share of the acquiree's equity in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities, which exceeds the portion of the carrying amount under common control.

In preparing the consolidated balance sheet, the relevant equity from acquisition record as "Equity attributable to former owner of business combination under common control" ; In

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

preparing the consolidated statements 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”.

(IV) Employee benefits

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

(V) Income taxes

The Group measures and discloses income tax expenses for the interim period in accordance with paragraph B12 of IAS 34 “Interim Financial Reporting.”

Income tax expense is measured at the amount by which the net profit before tax during the reporting period multiplied by the management’s best estimate of the expected effective tax rate for the year, it is apportioned into current income tax expenses and deferred income tax expenses according to the estimated proportion of current income tax expenses and deferred income tax expenses for the whole year.

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

V. The Primary Sources of Uncertainties in Major Accounting Judgments, Estimates, and Assumptions

When preparing the consolidated financial statements according to the Preparation Regulations and IAS 34 “Interim Financial Reporting” endorsed and issued into effect by the FSC, the management has to make judgements, estimates and assumptions, which may influence the adoption of accounting policies, and the reporting amount of assets, liabilities, incomes and expenses. Actual results may differ from estimates.

In preparing the consolidated financial statements, the significant judgements and the major sources of estimation uncertainty made by the management in applying the accounting policies of the Group are consistent with Note V to the consolidated financial statements for the year ended December 31, 2021.

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

VI. Details of Significant Accounts

Except as described below, there is no material difference between the details of significant accounts in these consolidated financial statements and the consolidated financial statements for the year ended December 31, 2021. For relevant information, please refer to the consolidated financial statements for the year ended December 31, 2021.

(I) Cash and cash equivalents

	<u>2022.9.30</u>	<u>2021.12.31</u>	<u>2021.9.30</u>
Cash on hand and petty cash	\$ 457	360	672
Demand deposits and check deposits	1,464,975	1,471,951	1,476,033
Time deposits with original maturity date within three months	<u>91,900</u>	<u>77,504</u>	<u>86,952</u>
	<u>\$ 1,557,332</u>	<u>1,549,815</u>	<u>1,563,657</u>

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

	<u>2022.9.30</u>	<u>2021.12.31</u>	<u>2021.9.30</u>
Financial assets mandatorily classified as at fair value through profit or loss:			
Non-hedging derivative instruments:			
Forward foreign exchange contracts	\$ 6,717	74	405
Foreign exchange SWAP contracts	<u>132</u>	<u>2,311</u>	<u>-</u>
	6,849	2,385	405
Non-derivative financial assets:			
Fund beneficiary certificates	<u>25,956</u>	<u>26,143</u>	<u>25,610</u>
	<u>\$ 32,805</u>	<u>28,528</u>	<u>26,015</u>
Financial liabilities held for trading:			
Derivative financial instruments:			
Forward foreign exchange contracts	\$ 4,141	821	1,030
Foreign exchange SWAP contracts	<u>13,220</u>	<u>-</u>	<u>2,400</u>
	<u>\$ 17,361</u>	<u>821</u>	<u>3,430</u>

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

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

The consolidated 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

2022.9.30		
Currency	Contractual amount (NTD in thousands)	Maturity period
Buy JPY/Sell USD	USD 390	2022.10
Buy USD/Sell RMB	USD 589	2022.10
Buy USD/Sell RMB	RMB 121,193	2022.10
Buy RMB/Sell USD	USD 2,250	2022.10
Buy NTD/Sell USD	USD 2,640	2022.10
Buy USD/Sell Euro	USD 909	2022.10
Buy Euro/Sell in USD	USD 1,343	2022.10
2021.12.31		
Currency	Contractual amount (NTD in thousands)	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
2021.9.30		
Currency	Contractual amount (NTD in thousands)	Maturity period
Buy JPY/Sell USD	JPY 96,088	2021.10
Buy USD/Sell RMB	RMB 96,338	2021.10
Buy RMB/Sell USD	RMB 6,813	2021.10
Buy Euro/Sell in USD	USD 1,965	2021.10

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

2. Swap contracts

2022.9.30		
Currency	Contractual amount (NTD in thousands)	Maturity period
Swap in NTD/swap out USD	USD 26,730	2022.10-2022.12
Swap in NTD/swap out RMB	RMB 20,000	2022.12
2021.12.31		
Currency	Contractual amount (NTD in thousands)	Maturity period
Swap in NTD/swap out USD	USD 22,130	2022.01
2021.9.30		
Currency	Contractual amount (NTD in thousands)	Maturity period
Swap in NTD/swap out USD	USD 22,130	2021.10

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

	2022.9.30	2021.12.31	2021.9.30
Equity instruments measured at fair value through other comprehensive income:			
Stocks of domestic listed (OTC) companies	\$ 71,961	41,259	32,417
Foreign unlisted (OTC) stocks	2,224	1,288	1,288
	<u>\$ 74,185</u>	<u>42,547</u>	<u>33,705</u>

The Consolidated 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 profits and losses.

The consolidated company didn't dispose of the aforesaid strategic investments from January 1 to September 30, 2022 and 2021, so the income and loss accumulated in such periods were not transferred within the equities in whatever manner.

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

(IV) Financial assets at amortized cost

	<u>2022.9.30</u>	<u>2021.12.31</u>	<u>2021.9.30</u>
Financial assets at amortized cost - current:			
Pledged certificate of deposit	\$ 2,325	1,708	1,708
Time deposits with original maturity date over 3 months	<u>13,593</u>	<u>18,000</u>	<u>9,000</u>
	<u>\$ 15,918</u>	<u>19,708</u>	<u>10,708</u>
Financial assets at amortized cost - non-current:			
Corporate bonds	<u>\$ 3,344</u>	<u>-</u>	<u>-</u>

The consolidated company 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 at amortized cost.

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

(V) Notes and accounts receivable and other receivables

	<u>2022.9.30</u>	<u>2021.12.31</u>	<u>2021.9.30</u>
Notes receivable	\$ 280,450	305,492	358,852
Accounts receivable	2,427,775	2,330,999	2,256,760
Accounts receivable from related parties	284,294	182,138	154,986
Less: Allowance for loss	<u>(38,492)</u>	<u>(32,235)</u>	<u>(34,865)</u>
	<u>\$ 2,954,027</u>	<u>2,786,394</u>	<u>2,735,733</u>
Other receivables	\$ 37,299	31,661	36,018
Other receivables from related parties	<u>796</u>	<u>498</u>	<u>525</u>
	<u>\$ 38,095</u>	<u>32,159</u>	<u>36,543</u>

The Consolidated 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 consolidated company's accounts receivable were analyzed as follows:

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

	2022.9.30		
	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	\$ 2,202,305	0.05%	1,005
1-30 days overdue	134,714	2.43%	3,270
31-60 days overdue	18,271	8.41%	1,536
61-90 days overdue	27,073	17.28%	4,677
Overdue more than 90 days	<u>45,412</u>	<u>61.67%</u>	<u>28,004</u>
	<u>\$ 2,427,775</u>		<u>38,492</u>
	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	<u>27,954</u>	<u>83.51%</u>	<u>23,345</u>
	<u>\$ 2,330,999</u>		<u>32,235</u>
	2021.9.30		
	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	\$ 2,104,845	0.07%	1,417
1-30 days overdue	108,141	4.00%	4,325
31-60 days overdue	9,078	8.03%	729
61-90 days overdue	5,808	9.95%	578
Overdue more than 90 days	<u>28,888</u>	<u>96.29%</u>	<u>27,816</u>
	<u>\$ 2,256,760</u>		<u>34,865</u>

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

The Consolidated Company has assessed the counterparties of notes receivable, accounts receivable - 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 respective book amounts. Thus, it is unnecessary to recognize the allowance for the losses.

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

	January to September 2022	January to September 2021
Beginning Balance	\$ 32,235	46,661
Recovery of amounts written off in current period	-	100
Impairment loss recognized (reversed) in the period	9,312	(5,222)
Impact from initial consolidation of subsidiary	3,143	-
Unrecoverable amount written off for current year	(7,586)	(6,559)
Effect of exchange rate changes	1,388	(115)
Ending balance	<u>\$ 38,492</u>	<u>34,865</u>

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

(VI) Inventories

	2022.9.30	2021.12.31	2021.9.30
Raw materials	\$ 2,002,883	2,058,371	1,982,098
Work in progress	224,232	143,287	220,618
Manufactured goods and commodities	1,638,998	1,246,458	954,030
Goods in Transit	103,232	67,907	52,216
Outsourced processing products	117,467	67,272	75,710
	<u>\$ 4,086,812</u>	<u>3,583,295</u>	<u>3,284,672</u>

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

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

	July to September 2022	July to September 2021	January to September 2022	January to September 2021
Cost of inventory sold	\$ 3,163,741	3,069,634	9,415,742	7,212,490
Loss (recovery gain) on inventory write-down	20,820	(11,242)	22,954	(68,114)
Loss for inventory obsolescence	15,084	2,347	15,132	36,366
	<u>\$ 3,199,645</u>	<u>3,060,739</u>	<u>9,453,828</u>	<u>7,180,742</u>

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

(VII) Non-current assets held for sale

On May 21, 2021, the Board of Directors of the subsidiary of the Consolidated Company, Ace Pillar, adopted the proposal to sell the land and buildings in Sanchong District, which is expected for completion in the following year. Therefore, carrying amounts of such real estate has been transferred to non-current assets held for sale amounted to NTD85,348,000, NTD73,452,000 and NTD146,337,000 on September 30, 2022, December 31, 2021 and September 30, 2021, respectively. Some of the aforementioned assets have been sold in the first two quarters of 2022 with a net sale price of NTD46,401,000 with a carrying amount of NTD31,777,000 for the assets sold and a gain on disposal of NTD14,624,000.

On December 23, 2021, the Board of Directors of the subsidiary of the Consolidated Company, Tianjin Ace Pillar, adopted the proposal to sell the pilot free trade zone factory of Tianjin Ace Pillar, which is expected for completion in the following year. Therefore, such relevant right-of-use assets - land and buildings has been transferred to non-current assets held for sale, and the carrying amounts were NTD265,134,000 and NTD239,149,000 on September 30, 2022 and December 31, 2021, respectively.

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 NTD550,000,000 (including tax), and the carrying amount of such real estate amounted to NTD72,885,000 was listed in “non-current assets held for sale.” These real estates have completed the procedures of sale and transfer on November 11, 2021, and have recognized disposal benefits amounted to NTD469,360,000.

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

(VIII) Subsidiaries and non-controlling interests

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

(1) Consideration transferred for acquisition of the subsidiary

On May 1, 2021 (acquisition date), the Company acquired 35.09% of the equities, 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 Consolidated 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:		
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 payables	(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)	
	<u>988,189</u>	
Goodwill		<u>\$ 154,826</u>

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

The consolidated company constantly reviewed the above matters during the measurement period and adjusted the amounts of abovementioned 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		<u>(3,415)</u>
Decrease in goodwill	\$	<u>1,847</u>

(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), the consolidated company, Ace Pillar, acquired 4,680 thousand ordinary shares of Standard Technology Corporation (Standard Co.) for a cash consideration of NTD187,000,000 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.

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

(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 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 payables	(65,200)	
Other payables (including dividends payable)	(75,849)	
Current income tax liabilities	(5,969)	
Contract liabilities - current	(12,069)	
Other current liabilities	(176)	
Lease liabilities (including current and non-current)	(5,464)	
Deferred income tax liabilities	(44,806)	
Other non-current liabilities	(5,671)	198,438
Goodwill		<u>\$ 67,937</u>

The fair value measurement of the assets and liabilities obtained by the Consolidated Company is provisional, and the amount is subject to final evaluation. The

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

consolidated company will continuously review the aforesaid matters during the measurement period. If the Company obtains the new information related to the facts and events that already exist on the acquisition date within one year after the acquisition date and can thus identify the adjustment to the aforesaid provisional amount or any additional liability reserve existing on the acquisition date, the Company will modify the accounting treatment of the acquisition.

(3) Goodwill

The goodwill is mainly attributable to the profitability, synergy in mergers, future market development and staff value of Standard Co. and its subsidiaries, which are not separately attributable to goodwill because they do not meet the recognition criteria for identifiable intangible assets, and the recognized goodwill is expected to have no income tax effect.

(4) Pro-forma information on operating results

The operating results of Standard Co. and its subsidiaries from the acquisition date to September 30, 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 NTD414,107,000 and NTD28,503,000 respectively. If the acquisition had occurred on January 1, 2022, the pro-forma net operating revenue and net after-tax profit of the consolidated company for the nine months ended September 30, 2022 would have been NTD11,955,955,000 and NTD465,109,000 respectively.

3. Acquisition of the subsidiary - BlueWalker GmbH

(1) Consideration transferred for acquisition of the subsidiary

On April 1, 2022 (the acquisition date), the consolidated company, Ace Pillar, acquired 100% of the equity interest of BlueWalker GmbH (hereafter referred to as "BWA") for a cash consideration of NTD127,200,000 (EUR4,000,000), thereby obtaining control over this company and BWA has been included in the consolidated entities since the acquisition date. BWA is primarily engaged in the trading and services of energy management products. The consolidated company acquired BWA mainly to enhance product diversification and expand product sales regions for the purpose of improving overall economic efficiency.

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

(2) Net identifiable assets acquired

The fair 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
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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	
Deferred income tax assets		1,273	
Accounts payables		(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			<u>\$ 18,696</u>

The fair value measurement of the assets and liabilities obtained by the Consolidated Company is provisional, and the amount is subject to final evaluation. The consolidated company will continuously review the aforesaid matters during the measurement period. If the Company obtains the new information related to the facts and events that already exist on the acquisition date within one year after the acquisition date and can thus identify the adjustment to the aforesaid provisional amount or any additional liability reserve existing on the acquisition date, the Company will modify the accounting treatment of the acquisition.

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

(3) Goodwill

The 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) Pro-forma information on operating results

The operating results of BWA from the acquisition date to September 30, 2022 have been consolidated into the consolidated comprehensive income statement of the Consolidated Company, and contributed a net operating revenue and a net after-tax profit of NTD147,938,000 and NTD6,432,000 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 the nine months ended September 30, 2022 would have been NTD11,920,671,000 and NTD461,738,000 respectively.

4. Acquisition of subsidiaries — ACE Energy Co., Ltd.

(1) Consideration transferred for acquisition of the subsidiary

The consolidated subsidiary, Ace Pillar, paid NTD26,560,000 in cash to Darly Venture, Inc., Darly2 Venture, Corp. and Darly Consulting Corporation, subsidiaries of Qisda Corporation (hereinafter referred to as Qisda), the parent company of the Group, on July 1, 2022 (acquisition date). Also, it paid NTD5,440,000 to acquire 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.

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

(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 (acquisition date) are detailed as follows:

Transfer consideration:

Cash		\$	32,000
Less: Carrying amount of net assets acquired:			
Cash and cash equivalents	\$	24,856	
Financial assets 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 payables		(5,727)	
Other payables		(12,312)	
Contract liabilities - current		(6,029)	
Other current liabilities		(1,062)	
Lease liabilities - current		(1,452)	28,559
Debit capital surplus and retained earnings			<u>\$ 3,441</u>

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 NTD1,371,000, and reduced non-controlling interest amounted to NTD1,485,000 in proportion to its shareholding.

5. Changes in percentage of ownership interests in subsidiaries that do not result in losing control over the subsidiaries

From January to September 2021, the consolidated company acquired additional equities in Ace Pillar and AEWIN for NTD515,360,000. Please see Note IV (II) for corresponding changes in shareholding ratio.

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

	<u>January to September 2021</u>
Retained earnings	<u>\$ (149,828)</u>

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

6. Subsidiaries with material non-controlling interests

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

Name of subsidiary	Principal place of business/country of registration	Proportion of non-controlling interests in ownership interests		
		2022.9.30	2021.12.31	2021.9.30
Ace Pillar	Taiwan	51.93%	51.93%	51.93%
AEWIN	Taiwan	48.62%	48.62%	48.62%
Brainstorm	USA	64.91%	64.91%	64.91%

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

(1) Summary financial information on Ace Pillar:

	2022.9.30	2021.12.31	2021.9.30
Current assets	\$ 3,001,466	2,681,399	2,358,300
Non-current assets	823,809	687,369	932,965
Current liabilities	(1,222,417)	(974,694)	(941,718)
Non-current liabilities	(243,321)	(97,251)	(86,724)
Net assets	<u>\$ 2,359,537</u>	<u>2,296,823</u>	<u>2,262,823</u>
Ending balance of non-controlling interests	<u>\$ 1,265,778</u>	<u>1,180,342</u>	<u>1,164,037</u>
Equity attributable to former owner of business combination under common control	<u>\$ -</u>	<u>20,310</u>	<u>17,101</u>

	July to September 2022	July to September 2021	January to September 2022	January to September 2021
Net operating revenue	<u>\$ 897,756</u>	<u>920,371</u>	<u>2,899,045</u>	<u>2,795,405</u>
Net profit for the period	\$ 4,425	27,290	85,348	112,680
Other comprehensive income	11,488	(1,465)	31,017	(5,112)
Total comprehensive income	<u>\$ 15,913</u>	<u>25,825</u>	<u>116,365</u>	<u>107,568</u>
Net profit for the period attributable to non-controlling interests	<u>\$ 4,281</u>	<u>16,432</u>	<u>48,373</u>	<u>71,542</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 10,473</u>	<u>16,691</u>	<u>65,165</u>	<u>68,711</u>

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

	<u>January to September 2022</u>	<u>January to September 2021</u>
Cash flows from operating activities	\$ (80,197)	7,793
Cash flows from investing activities	(98,405)	(265,636)
Cash flows from financing activities	104,658	(83,261)
Effect of changes in exchange rate	29,000	(4,346)
Decrease in cash and cash equivalents	<u>\$ (44,944)</u>	<u>(345,450)</u>
Dividends paid to non-controlling interests	<u>\$ (52,463)</u>	<u>(34,976)</u>

(2) Summary financial information on AEWIN

	<u>2022.9.30</u>	<u>2021.12.31</u>	<u>2021.9.30</u>
Current assets	\$ 1,924,985	1,614,052	1,557,414
Non-current assets	1,076,259	968,544	502,808
Current liabilities	(1,299,525)	(952,890)	(891,279)
Non-current liabilities	(454,247)	(458,709)	(20,281)
Net assets	<u>\$ 1,247,472</u>	<u>1,170,997</u>	<u>1,148,662</u>
Carrying amount of non-controlling interests, ending	<u>\$ 604,232</u>	<u>567,059</u>	<u>556,202</u>

	<u>July to September 2022</u>	<u>July to September 2021</u>	<u>January to September 2022</u>	<u>January to September 2021</u>
Operating revenue	<u>\$ 675,151</u>	<u>620,596</u>	<u>1,776,445</u>	<u>1,316,716</u>
Net profit for the period	\$ 45,890	13,630	104,963	14,885
Other comprehensive income	2,643	(340)	6,987	(654)
Total comprehensive income	<u>\$ 48,533</u>	<u>13,290</u>	<u>111,950</u>	<u>14,231</u>
Net profit for the period attributable to non-controlling interests	<u>\$ 22,309</u>	<u>6,624</u>	<u>51,024</u>	<u>7,247</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 23,594</u>	<u>6,459</u>	<u>54,421</u>	<u>6,924</u>

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

	<u>January to September 2022</u>	<u>January to September 2021</u>
Cash flows from operating activities	\$ 222,040	(166,981)
Cash flows from investing activities	(65,097)	(14,129)
Cash flows from financing activities	(95,719)	133,411
Effect of changes in exchange rate	<u>9,077</u>	<u>(1,427)</u>
Increase (decrease) in cash and cash equivalents	<u>\$ 70,301</u>	<u>(49,126)</u>
Dividends paid to non-controlling interests	<u>\$ (17,248)</u>	<u>(17,249)</u>

(3) Summary financial information on Brainstorm:

	<u>2022.9.30</u>	<u>2021.12.31</u>	<u>2021.9.30</u>
Current assets	\$ 1,348,778	1,528,818	1,359,472
Non-current assets	746,139	748,712	766,098
Current liabilities	(686,037)	(898,830)	(730,769)
Non-current liabilities	<u>(122,654)</u>	<u>(140,385)</u>	<u>(151,769)</u>
Net assets	<u>\$ 1,286,226</u>	<u>1,238,315</u>	<u>1,243,032</u>
Ending balance of non-controlling interests	<u>\$ 735,591</u>	<u>703,293</u>	<u>706,355</u>

	<u>July to September 2022</u>	<u>July to September 2021</u>	<u>January to September 2022</u>	<u>May to September 2021</u>
Net operating revenue	<u>\$ 1,159,329</u>	<u>1,346,702</u>	<u>3,694,034</u>	<u>2,454,511</u>
Net profit (loss) for the period	<u>\$ (32,006)</u>	<u>31,658</u>	<u>(53,021)</u>	<u>101,711</u>
Net profit (loss) for the period attributable to non-controlling interests	<u>\$ (20,775)</u>	<u>20,549</u>	<u>(34,416)</u>	<u>66,021</u>

	<u>January to September 2022</u>	<u>January to September 2021</u>
Cash flows from operating activities	\$ 139,143	(380,764)
Cash flows from investing activities	(29,077)	(4,417)
Cash flows from financing activities	(86,618)	(7,288)
Effect of changes in exchange rate	<u>11,140</u>	<u>(305)</u>
Increase (decrease) in cash and cash equivalents	<u>\$ 34,588</u>	<u>(392,774)</u>
Dividends paid to non-controlling interests	<u>\$ -</u>	<u>-</u>

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

(IX) Property, plant and equipment

	Land	Buildings	Machinery equipment	Office equipment	Other equipment	Unfinished construction	Total
Costs:							
Balance on 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
Additions	-	51,956	3,754	8,283	38,222	31,945	134,160
Disposal	-	-	(5,633)	(4,103)	(7,093)	-	(16,829)
Reclassification	(34,752)	(16,456)	6,188	1,417	3,596	(25,045)	(65,052)
Effect of changes in exchange rate	-	7,140	774	1,527	5,178	394	15,013
Balance on September 30, 2022	<u>\$ 897,407</u>	<u>1,453,912</u>	<u>488,740</u>	<u>81,903</u>	<u>417,185</u>	<u>30,943</u>	<u>3,370,090</u>
Balance on 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
Additions	181,650	79,483	100,129	11,342	22,796	89,006	484,406
Disposal	-	-	(6,931)	(3,463)	(3,779)	-	(14,173)
Reclassification for the period	(76,495)	(137,265)	9,642	215	2,922	(12,779)	(213,760)
Effect of changes in exchange rate	-	(1,051)	(41)	(496)	(948)	(1,163)	(3,699)
Balance on September 30, 2021	<u>\$ 845,043</u>	<u>1,028,685</u>	<u>461,060</u>	<u>65,334</u>	<u>264,806</u>	<u>318,239</u>	<u>2,983,167</u>
Accumulated depreciation and impairment loss:							
Balance on 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	-	31,897	33,796	5,006	24,972	-	95,671
Disposal	-	-	(5,654)	(4,080)	(7,067)	-	(16,801)
Reclassification	-	(2,369)	46	-	(46)	-	(2,369)
Effect of changes in exchange rate	-	5,086	360	1,247	3,507	-	10,200
Balance on September 30, 2022	<u>\$ -</u>	<u>283,317</u>	<u>328,872</u>	<u>60,667</u>	<u>235,827</u>	<u>-</u>	<u>908,683</u>
Balance on 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	-	30,047	25,114	3,820	14,537	-	73,518
Disposal	-	-	(5,387)	(3,368)	(3,470)	-	(12,225)
Reclassification for the period	-	(67,423)	-	-	-	-	(67,423)
Effect of changes in exchange rate	-	(709)	(16)	(430)	(725)	-	(1,880)
Balance on September 30, 2021	<u>\$ -</u>	<u>238,626</u>	<u>282,416</u>	<u>50,166</u>	<u>206,044</u>	<u>-</u>	<u>777,252</u>
Book value:							
September 30, 2022	<u>\$ 897,407</u>	<u>1,170,595</u>	<u>159,868</u>	<u>21,236</u>	<u>181,358</u>	<u>30,943</u>	<u>2,461,407</u>
January 1, 2022	<u>\$ 932,159</u>	<u>1,162,569</u>	<u>183,333</u>	<u>14,361</u>	<u>161,268</u>	<u>23,649</u>	<u>2,477,339</u>
September 30, 2021	<u>\$ 845,043</u>	<u>790,059</u>	<u>178,644</u>	<u>15,168</u>	<u>58,762</u>	<u>318,239</u>	<u>2,205,915</u>

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

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

(X) Right-of-use assets

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost of right-of-use assets:				
Balance on January 1, 2022	\$ 21,238	339,968	9,044	370,250
Acquired through business combination	-	6,237	443	6,680
Additions	-	142,201	-	142,201
Decrease	-	(78,507)	-	(78,507)
Effect of changes in exchange rate	<u>1,629</u>	<u>14,504</u>	<u>905</u>	<u>17,038</u>
Balance on September 30, 2022	<u>\$ 22,867</u>	<u>424,403</u>	<u>10,392</u>	<u>457,662</u>
Balance on January 1, 2021	\$ 31,714	176,860	4,124	212,698
Acquired through business combination	-	46,527	4,685	51,212
Additions	-	165,676	3,190	168,866
Decrease	-	(19,456)	(3,339)	(22,795)
Effect of changes in exchange rate	<u>(166)</u>	<u>(3,336)</u>	<u>(108)</u>	<u>(3,610)</u>
Balance on September 30, 2021	<u>\$ 31,548</u>	<u>366,271</u>	<u>8,552</u>	<u>406,371</u>
Accumulated depreciation of right-of-use assets:				
Balance on January 1, 2022	\$ 2,138	97,888	2,446	102,472
Acquired through business combination	-	1,132	27	1,159
Depreciation	418	61,616	2,695	64,729
Decrease	-	(49,064)	-	(49,064)
Effect of changes in exchange rate	<u>933</u>	<u>6,961</u>	<u>363</u>	<u>8,257</u>
Balance on September 30, 2022	<u>\$ 3,489</u>	<u>118,533</u>	<u>5,531</u>	<u>127,553</u>
Balance on January 1, 2021	\$ 2,098	63,136	2,887	68,121
Depreciation	598	58,440	1,755	60,793
Decrease	-	(15,197)	(2,913)	(18,110)
Effect of changes in exchange rate	<u>(24)</u>	<u>(1,148)</u>	<u>(50)</u>	<u>(1,222)</u>
Balance on September 30, 2021	<u>\$ 2,672</u>	<u>105,231</u>	<u>1,679</u>	<u>109,582</u>
Book value:				
September 30, 2022	<u>\$ 19,378</u>	<u>305,870</u>	<u>4,861</u>	<u>330,109</u>
January 1, 2022	<u>\$ 19,100</u>	<u>242,080</u>	<u>6,598</u>	<u>267,778</u>
September 30, 2021	<u>\$ 28,876</u>	<u>261,040</u>	<u>6,873</u>	<u>296,789</u>

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

(XI) Intangible assets

	<u>Goodwill</u>	<u>Trademark</u>	<u>Client relationship</u>	<u>Computer software</u>	<u>Total</u>
Costs:					
Balance on January 1, 2022	\$ 349,846	562,692	129,493	90,061	1,132,092
Acquired through business combination (Notes VI (VIII))	86,633	12,822	104,736	2,535	206,726
Business combinations adjusted during the measurement period	(1,847)	6,577	-	-	4,730
Separate Acquisition	-	-	-	42,660	42,660
Impacts of exchange rate changes	-	-	-	2,028	2,028
Balance on September 30, 2022	<u>\$ 434,632</u>	<u>582,091</u>	<u>234,229</u>	<u>137,284</u>	<u>1,388,236</u>
Balance on January 1, 2021	\$ 195,020	-	129,493	75,999	400,512
Acquired through business combination (Notes VI (VIII))	154,826	562,692	-	678	718,196
Separate Acquisition	-	-	-	10,040	10,040
Impacts of exchange rate changes	-	-	-	(7)	(7)
Balance on September 30, 2021	<u>\$ 349,846</u>	<u>562,692</u>	<u>129,493</u>	<u>86,710</u>	<u>1,128,741</u>
Accumulated amortization:					
Balance on January 1, 2022	\$ -	37,513	51,820	68,306	157,639
Acquired through business combination (Notes VI (VIII))	-	-	-	1,478	1,478
Amortization	-	43,775	18,854	11,046	73,675
Impacts of exchange rate changes	-	-	-	182	182
Balance on September 30, 2022	<u>\$ -</u>	<u>81,288</u>	<u>70,674</u>	<u>81,012</u>	<u>232,974</u>
Balance on January 1, 2021	\$ -	-	32,048	59,674	91,722
Acquired through business combination (Notes VI (VIII))	-	-	-	549	549
Amortization	-	23,446	14,829	7,584	45,859
Impacts of exchange rate changes	-	-	-	(5)	(5)
Balance on September 30, 2021	<u>\$ -</u>	<u>23,446</u>	<u>46,877</u>	<u>67,802</u>	<u>138,125</u>
Book value:					
Balance on September 30, 2022	<u>\$ 434,632</u>	<u>500,803</u>	<u>163,555</u>	<u>56,272</u>	<u>1,155,262</u>
Balance on January 1, 2022	<u>\$ 349,846</u>	<u>525,179</u>	<u>77,673</u>	<u>21,755</u>	<u>974,453</u>
Balance on September 30, 2021	<u>\$ 349,846</u>	<u>539,246</u>	<u>82,616</u>	<u>18,908</u>	<u>990,616</u>

According to IAS 36, goodwill acquired in a business combination shall be tested for impairment at least annually. Based on the result of the impairment test carried out by the Group as of December 31, 2021, there is no impairment loss for goodwill. Please refer to Note VI(XI) of the consolidated financial statements for the year ended December 31, 2021 for details. As of September 30, 2022, the Group assessed the status of achievement of the expected operating income and net operating profit for the third quarter of 2022 and the budget evaluation of the future operating revenue and earnings, and there was no indication of impairment.

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

(XII) Short-term borrowings

	<u>2022.9.30</u>	<u>2021.12.31</u>	<u>2021.9.30</u>
Unsecured bank loans	\$ 1,943,298	1,293,108	2,525,341
Secured bank loans	127,494	18,196	29,600
	<u>\$ 2,070,792</u>	<u>1,311,304</u>	<u>2,554,941</u>
Unused lines of credit	<u>\$ 4,901,597</u>	<u>4,394,526</u>	<u>2,496,358</u>
Interest rate intervals	<u>1.17%~4.74%</u>	<u>0.62%~4.25%</u>	<u>0.6%~4.25%</u>

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

(XIII) Long-term borrowings

	<u>2022.9.30</u>	<u>2021.12.31</u>	<u>2021.9.30</u>
Unsecured bank loans	\$ 1,300,000	1,420,000	100,000
Secured bank loans	250,709	330,000	4,176
Less: Part due within one year	(243)	(20,000)	-
	<u>\$ 1,550,466</u>	<u>1,730,000</u>	<u>104,176</u>
Unused lines of credit	<u>\$ 500,000</u>	<u>-</u>	<u>900,000</u>
Year of maturity	<u>2023~2024</u>	<u>2022~2024</u>	<u>2022/2050</u>
Interest rate intervals	<u>1.33~5.83%</u>	<u>0.94%~1.12%</u>	<u>0.98%~3.75%</u>

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

(XIV) Lease liabilities

The book amount of the lease liabilities of the consolidated company is as follows:

	<u>2022.9.30</u>	<u>2021.12.31</u>	<u>2021.9.30</u>
Current	<u>\$ 87,372</u>	<u>75,933</u>	<u>78,929</u>
Non-current	<u>\$ 240,309</u>	<u>181,441</u>	<u>199,095</u>

Please refer to Note VI (XXIV) Financial Instruments for the maturity analysis of the lease liabilities.

The amounts recognized as profit and loss are as follows:

	<u>July to September 2022</u>	<u>July to September 2021</u>	<u>January to September 2022</u>	<u>January to September 2021</u>
Interest expense on lease liabilities	<u>\$ 1,821</u>	<u>1,354</u>	<u>4,941</u>	<u>4,103</u>
Short-term leases expenses and lease expenses of low-value assets	<u>\$ 10,130</u>	<u>7,197</u>	<u>31,998</u>	<u>16,223</u>
COVID-19-related rent concessions (recognized as decreases in lease expenses)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>(1,463)</u>

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

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

	<u>January to September 2022</u>	<u>January to September 2021</u>
Total cash outflow for leases	<u>\$ 92,830</u>	<u>80,282</u>

Important lease clauses:

1. Lease of land, houses and buildings

The consolidated company has leased lands, and buildings 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 lease

The consolidated company has leased the transport equipment with a period of 1 to 3 years. In addition, the Consolidated Company 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 Consolidated 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 - current

	<u>2022.9.30</u>	<u>2021.12.31</u>	<u>2021.9.30</u>
Warranty reserve	<u>\$ 48,551</u>	<u>46,247</u>	<u>45,057</u>

The warranty provisions for products of the consolidated company is mainly related to the sales of computer peripheral products and electronic components, and the warranty reserve is estimated based on the historical warranty data of similar products.

(XVI) Employee benefits

1. Defined benefit plans

As the consolidated company did not experience any material market fluctuation, significant reduction, settlement or other significant one-off events after the reporting period of the previous year, the Group adopted the actuarial pension cost as of December 31, 2021 and 2020 to measure and disclose the pension cost for the interim period.

The reported expenses of the Consolidated Company are detailed as follows:

	<u>July to September 2022</u>	<u>July to September 2021</u>	<u>January to September 2022</u>	<u>January to September 2021</u>
Operating costs	\$ 409	109	932	325
Operating expenses	<u>225</u>	<u>-</u>	<u>444</u>	<u>(8)</u>
	<u>\$ 634</u>	<u>109</u>	<u>1,376</u>	<u>317</u>

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

2. Defined contribution plans

The reported expenses of the Consolidated Company are detailed as follows:

	<u>July to</u> <u>September 2022</u>	<u>July to</u> <u>September 2021</u>	<u>January to</u> <u>September 2022</u>	<u>January to</u> <u>September 2021</u>
Operating costs	\$ 3,136	1,828	9,054	5,550
Operating expenses	<u>12,932</u>	<u>8,402</u>	<u>37,383</u>	<u>26,064</u>
	<u>\$ 16,068</u>	<u>10,230</u>	<u>46,437</u>	<u>31,614</u>

(XVII) Income taxes

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

	<u>July to</u> <u>September 2022</u>	<u>July to</u> <u>September 2021</u>	<u>January to</u> <u>September 2022</u>	<u>January to</u> <u>September 2021</u>
Current income tax expenses	\$ 73,105	45,797	157,243	127,533
Deferred income tax expenses (benefits)	<u>(13,589)</u>	<u>(1,117)</u>	<u>(20,809)</u>	<u>4,036</u>
	<u>\$ 59,516</u>	<u>44,680</u>	<u>136,434</u>	<u>131,569</u>

2. The consolidated company did not recognize any income tax in other comprehensive income or directly recognized in equity from January 1 to September 30, 2022 and 2021.

3. Income tax assessments

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

Except as described below, there was no material change in the capital and other equity of the consolidated company from January 1 to September 30, 2022 and 2021. Please refer to Note VI(XVIII) of the consolidated financial statements for relevant information.

1. Ordinary shares and treasury shares

As on September 30, 2022, December 31 and September 30, 2021, the total authorized capital of the Company was NTD1,772,000,000, which was divided into 177,200 thousand shares at NTD10 per share. The number of issued shares were 114,489 thousand shares, 114,489 thousand shares and 114,689 thousand shares, respectively. 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 200,000 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.

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

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 15, 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 NTD2,000,000, and the amount of paid-in capital after capital reduction was NTD1,144,889,000. The relevant change registration has been completed.

2. Capital surplus

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

	<u>2022.9.30</u>	<u>2021.12.31</u>	<u>2021.9.30</u>
Share premium	\$ 578,204	625,371	626,464
Recognized changes in percentage of ownership interests in subsidiaries	5,962	5,962	5,962
Gain on disposal of assets	808	808	808
Others	<u>23,603</u>	<u>23,603</u>	<u>23,603</u>
	<u>\$ 608,577</u>	<u>655,744</u>	<u>656,837</u>

Pursuant to the provisions of the Company Act, the capital reserve shall be first used to recover the loss before it is distributed as the realized capital reserve to the shareholders based on their respective shareholding ratios in the form of new shares or cash. The Board of Directors is authorized to make a resolution to distribute and report to the Shareholders' Meeting if which as mentioned in the preceding paragraph shall be in the form of cash. The realized capital reserve 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 reserve 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 dividends 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

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

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 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, 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 against net deductibles incurred in the current year and listed in the shareholders' equity, 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.

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

4. Profit distribution

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	<u>366,364</u>	2.8	<u>320,569</u>
Cash distribution from capital surplus	0.4	<u>45,796</u>	0.2	<u>22,898</u>

The information regarding the profit distribution can be obtained from 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 on January 1, 2022	\$ (134,871)	20,047	(114,824)
Exchange difference from conversion of net assets of foreign operating organizations	77,388	-	77,388
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	14,349	14,349
Balance on September 30, 2022	<u>\$ (57,483)</u>	<u>34,396</u>	<u>(23,087)</u>
Balance on January 1, 2021	\$ (83,110)	8,503	(74,607)
Exchange difference from conversion of net assets of foreign operating organizations	(42,909)	-	(42,909)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	2,703	2,703
Balance on September 30, 2021	<u>\$ (126,019)</u>	<u>11,206</u>	<u>(114,813)</u>

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

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

	<u>January to September 2022</u>	<u>January to September 2021</u>
Beginning Balance	\$ 2,450,694	2,062,364
Shares attributable to non-controlling interests:		
Net profit for the period	64,981	144,810
Exchange differences on translating the financial statements of foreign operations	83,731	(4,451)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(243)	195
Non-controlling interests adjustments	3,415	-
Cash dividends distributed by subsidiaries to non-controlling interests	(69,711)	(52,225)
Increase in non-controlling interest of acquisition in subsidiaries	79,375	641,433
Changes in percentage of ownership interests in subsidiaries	1	-
Acquisition of additional equity in subsidiaries	(5,157)	(365,532)
Organizational reorganization under common control	(1,485)	-
Ending balance	<u>\$ 2,605,601</u>	<u>2,426,594</u>

(XIX) Share-based payment

The Group had no outstanding share-based payment from January 1 to September 30, 2022. There was no material change in the share-based payment from January 1 to September 30, 2021. Please refer to the consolidated financial statements for the year ended December 31, 2021 for relevant information.

(XX) Earnings per Share

1. Basic earnings per share

	<u>July to September 2022</u>	<u>July to September 2021</u>	<u>January to September 2022</u>	<u>January to September 2021</u>
Net profit attributable to ordinary shareholders of the Company	<u>\$ 194,205</u>	<u>71,116</u>	<u>393,157</u>	<u>199,875</u>
Weighted average number of outstanding ordinary shares (1,000 shares)	<u>114,489</u>	<u>114,489</u>	<u>114,489</u>	<u>114,489</u>
Basic earnings per share (NTD)	<u>\$ 1.69</u>	<u>0.62</u>	<u>3.43</u>	<u>1.75</u>

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

2. Diluted earnings per share

	<u>July to September 2022</u>	<u>July to September 2021</u>	<u>January to September 2022</u>	<u>January to September 2021</u>
Net profit attributable to ordinary shareholders of the Company	\$ <u>194,205</u>	<u>71,116</u>	<u>393,157</u>	<u>199,875</u>
Weighted average number of outstanding ordinary shares (1,000 shares)	114,489	114,489	114,489	114,489
Impacts of potential ordinary shares with dilution effect (1,000 shares):				
Impact of employee stock compensation	<u>636</u>	<u>323</u>	<u>834</u>	<u>495</u>
Weighted average number of outstanding ordinary shares (after adjusting the number of dilution potential common shares) (1,000 shares)	<u>115,125</u>	<u>114,812</u>	<u>115,323</u>	<u>114,984</u>
Diluted earnings per share (NTD)	\$ <u>1.69</u>	<u>0.62</u>	<u>3.41</u>	<u>1.74</u>

(XXI) Revenue from customer contracts

1. Breakdown of income

	<u>July to September 2022</u>	<u>July to September 2021</u>	<u>January to September 2022</u>	<u>January to September 2021</u>
Main products and services:				
Industrial computer cards and systems	\$ 1,842,624	1,326,511	4,795,831	3,430,818
Industrial Automation Control	623,516	905,559	2,277,030	2,750,624
Computer component	1,159,329	1,346,702	3,694,034	2,454,511
Others	<u>467,581</u>	<u>169,552</u>	<u>1,075,883</u>	<u>412,573</u>
	<u>\$ 4,093,050</u>	<u>3,748,324</u>	<u>11,842,778</u>	<u>9,048,526</u>

2. Balance of contracts

	<u>2022.9.30</u>	<u>2021.12.31</u>	<u>2021.9.30</u>
Notes and accounts receivable (including related parties)	\$ 2,992,519	2,818,629	2,770,598
Less: Allowance for loss	<u>(38,492)</u>	<u>(32,235)</u>	<u>(34,865)</u>
	<u>\$ 2,954,027</u>	<u>2,786,394</u>	<u>2,735,733</u>
Contract liabilities	<u>\$ 226,356</u>	<u>194,558</u>	<u>203,694</u>

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

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

satisfying the performance obligation when the consolidated company transfers goods to a customer and the time point of the customer's payment. The beginning balances of contract liabilities on January 1, 2022 and 2021 were recognized in the income in an amount of NTD151,172,000 and NTD79,884,000 for the nine months ended September 30, 2022 and 2021, respectively.

(XXII) Employees compensation and remunerations of 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 remuneration to the employees and no greater than 1% as remuneration 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.

The Company has estimated the employees' remunerations at NTD18,051,000, NTD6,410,000, NTD35,456,000 and NTD18,113,000, and estimated the directors' remunerations at NTD1,920,000, NTD682,000, NTD3,772,000 and NTD1,927,000 for the three months ended September 30, 2022 and 2021, and for the nine months ended September 30, 2022 and 2021. The Company has made these estimates by multiplying the pre-tax profit of respective period before the remunerations of employees and directors are deducted and the distribution ratios of the remunerations of employees and directors, and recognized these remunerations as the operating cost or operating expense in respective 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 accrued amount of employee compensation of the Company for the year ended December 31, 2021 was NTD53,437,000; the accrued amount of remuneration were NTD5,685,000, which is not different from the amount determined by the Board of Directors of the Company and is distributed in full in cash. Relevant information can be inquired at Market Observation Post System.

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

(XXIII) Non-operating income and expenses

1. Interest income

	<u>July to</u> <u>September 2022</u>	<u>July to</u> <u>September 2021</u>	<u>January to</u> <u>September 2022</u>	<u>January to</u> <u>September 2021</u>
Interest on bank deposit	\$ 1,212	505	2,294	1,491
Interest income from financial assets measured at amortized cost	26	4	62	23
Interest income from financial assets at fair value through profit or loss	-	-	534	487
	<u>\$ 1,238</u>	<u>509</u>	<u>2,890</u>	<u>2,001</u>

2. Other income

	<u>July to</u> <u>September 2022</u>	<u>July to</u> <u>September 2021</u>	<u>January to</u> <u>September 2022</u>	<u>January to</u> <u>September 2021</u>
Rental income	\$ 1,406	1,548	4,587	4,643
Dividend income	3,941	999	3,941	999
Others	6,107	7,973	26,428	17,603
	<u>\$ 11,454</u>	<u>10,520</u>	<u>34,956</u>	<u>23,245</u>

3. Other gain and loss

	<u>July to</u> <u>September 2022</u>	<u>July to</u> <u>September 2021</u>	<u>January to</u> <u>September 2022</u>	<u>January to</u> <u>September 2021</u>
Gain (loss) on disposal of property, plant and equipment	\$ 85	-	72	(929)
Loss on liquidation of subsidiary	-	-	(391)	-
Gain on disposal of non- current assets held for sale	-	-	14,624	-
Net gain (loss) on foreign exchange	74,555	476	132,661	(4,393)
Loss on financial instruments at fair value through profit or loss	(33,295)	(3,880)	(73,303)	(1,810)
Other gains (expenditures)	544	(1,675)	816	(1,898)
	<u>\$ 41,889</u>	<u>(5,079)</u>	<u>74,479</u>	<u>(9,030)</u>

4. Finance costs

	<u>July to</u> <u>September 2022</u>	<u>July to</u> <u>September 2021</u>	<u>January to</u> <u>September 2022</u>	<u>January to</u> <u>September 2021</u>
Bank interest expenses	\$ 15,641	5,160	38,166	12,305
Financial expenses on lease liabilities	1,821	1,354	4,941	4,103
	<u>\$ 17,462</u>	<u>6,514</u>	<u>43,107</u>	<u>16,408</u>

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

(XXIV) Financial Instruments

Except as described below, there was no material change in the fair value of the consolidated company's financial instruments and the exposure to credit risk, liquidity risk and market risk arising from the consolidated company's financial instruments. Please refer to the consolidated financial statements for the year ended December 31, 2021 for relevant information.

1. Classification of financial instruments

(1) Financial assets

	<u>2022.9.30</u>	<u>2021.12.31</u>	<u>2021.9.30</u>
Financial assets at fair value through profit or loss - current	\$ 32,805	28,528	26,015
Financial assets at fair value through other comprehensive income - non-current	74,185	42,547	33,705
Financial assets at amortized cost:			
Cash and cash equivalents	1,557,332	1,549,815	1,563,657
Financial assets at amortized cost - current	15,918	19,708	10,708
Notes receivable, accounts receivable, and other receivables (including related parties)	2,992,122	2,818,553	2,772,276
Financial assets at amortized cost - non-current	3,344	-	-
Refundable deposits	33,926	34,610	35,040
Subtotal	<u>4,602,642</u>	<u>4,422,686</u>	<u>4,381,681</u>
Total	<u>\$ 4,709,632</u>	<u>4,493,761</u>	<u>4,441,401</u>

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

(2) Financial liabilities

	<u>2022.9.30</u>	<u>2021.12.31</u>	<u>2021.9.30</u>
Financial liabilities at fair value through profit or loss:			
Held-for-trading	\$ 17,361	821	3,430
Financial liabilities measured by amortized cost:			
Short-term borrowings	2,070,792	1,311,304	2,554,941
Notes payables, accounts payables and other payables (including related parties)	2,830,975	2,843,700	2,850,430
Long-term borrowings (including the part due within one year)	1,550,709	1,750,000	104,176
Lease liabilities (including current and non-current)	<u>327,681</u>	<u>257,374</u>	<u>278,024</u>
Subtotal	<u>6,780,157</u>	<u>6,162,378</u>	<u>5,787,571</u>
Total	<u><u>\$ 6,797,518</u></u>	<u><u>6,163,199</u></u>	<u><u>5,791,001</u></u>

2. Liquidity risk

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

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

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

	Contractual cash flows	Within 1 year	1-2 years	2-5 years	5 years and above
December 31, 2021					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 1,318,223	1,318,223	-	-	-
Long-term borrowings (including the part due within one year)	1,776,288	37,375	1,325,596	413,317	-
Notes payables, accounts payables and other payables (including related parties)	2,843,700	2,843,700	-	-	-
Lease liabilities (including current and non-current)	267,351	79,652	57,687	69,418	60,594
Subtotal	<u>6,205,562</u>	<u>4,278,950</u>	<u>1,383,283</u>	<u>482,735</u>	<u>60,594</u>
Derivative financial instruments:					
Forward foreign exchange contracts-total amount of delivery					
Outflow	553,511	553,511	-	-	-
Inflow	(552,764)	(552,764)	-	-	-
Foreign exchange SWAP-total amount of delivery					
Outflow	612,731	612,731	-	-	-
Inflow	(615,042)	(615,042)	-	-	-
Subtotal	<u>(1,564)</u>	<u>(1,564)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,203,998</u>	<u>4,277,386</u>	<u>1,383,283</u>	<u>482,735</u>	<u>60,594</u>
September 30, 2021					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 2,557,079	2,557,079	-	-	-
Long-term borrowings (including the part due within one year)	105,178	980	100,022	-	4,176
Notes payables, accounts payables and other payables (including related parties)	2,850,430	2,850,430	-	-	-
Lease liabilities (including current and non-current)	288,447	82,580	64,666	76,897	64,304
Subtotal	<u>5,801,134</u>	<u>5,491,069</u>	<u>164,688</u>	<u>76,897</u>	<u>68,480</u>
Derivative financial liabilities:					
Forward foreign exchange contracts-total amount of delivery					
Outflow	522,298	522,298	-	-	-
Inflow	(521,673)	(521,673)	-	-	-
Foreign exchange SWAP-total amount of delivery					
Outflow	616,272	616,272	-	-	-
Inflow	(613,872)	(613,872)	-	-	-
Subtotal	<u>3,025</u>	<u>3,025</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,804,159</u>	<u>5,494,094</u>	<u>164,688</u>	<u>76,897</u>	<u>68,480</u>

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

The Consolidated 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. Exchange Rate Risks

Listed below are the book values of the monetary assets and liabilities not valued by the consolidated company in the functional currency on the reporting date (including monetary items included in the non-functional currency written off in the consolidated financial statements) as well as the sensitivity analysis of their related foreign currency changes (monetary unit: thousands of NTD):

2022.9.30						
	Foreign Currency	Exchange rate	NTD	Changes in exchange rates	Profit and loss influence (before tax)	
<u>Financial assets</u>						
<u>Monetary items</u>						
USD (Note 1)	\$	96,397	31.7500	3,060,605	1%	30,606
USD (Note 2)		6,567	7.0930	208,499	1%	2,085
RMB		20,583	4.4764	92,138	1%	921
JPY		38,056	0.2201	8,376	1%	84
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD (Note 1)		45,097	31.7500	1,431,830	1%	14,318
USD (Note 2)		27,835	7.0930	883,773	1%	8,838
JPY		11,907	0.2201	2,621	1%	26
2021.12.31						
	Foreign Currency	Exchange rate	NTD	Changes in exchange rates	Profit and loss influence (before tax)	
<u>Financial assets</u>						
<u>Monetary items</u>						
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
<u>Financial liabilities</u>						
<u>Monetary items</u>						
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

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

2021.9.30						
	Foreign Currency	Exchange rate	NTD	Changes in exchange rates	Profit and loss influence (before tax)	
<u>Financial assets</u>						
<u>Monetary items</u>						
USD (Note 1)	\$	72,022	27.8400	2,005,092	1%	20,051
USD (Note 2)		1,951	6.4700	54,316	1%	543
RMB		4,676	4.2996	20,105	1%	201
JPY		55,769	0.2488	13,875	1%	139
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD (Note 1)		33,207	27.8400	924,483	1%	9,245
USD (Note 2)		24,953	6.4750	694,692	1%	6,947
JPY		13,179	0.2488	3,279	1%	33

(Note 1) It is the exchange rate between the US dollar and the New Taiwan Dollar.

(Note 2) It is the exchange rate between the US dollar and RMB.

The Consolidated Company has many functional currencies, so the Company has selected to disclose the overall exchange gain or loss information on the monetary items. Please refer to Note VI (XXIII) for details of the Company's foreign exchange gain or loss (realized and unrealized) for the three months ended September 30, 2022 and 2021, and for the nine months ended September 30, 2022 and 2021.

4. Fair value

(1) Financial instruments not measured at fair value

The Management of the consolidated company thinks that the book amounts of the financial assets and financial liabilities of the consolidated company measured at the amortized are close to the fair values.

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

(2) Financial instruments measured at fair value

The consolidated 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).

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

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

		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 contract	\$	-	74	-	74
Derivative financial instruments -					
Foreign exchange swap contracts		-	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)
		2021.9.30			
		Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Derivative financial instruments -					
Forward foreign exchange contract	\$	-	405	-	405
Fund beneficiary certificates		25,610	-	-	25,610
	\$	25,610	405	-	26,015
Financial assets at fair value through other comprehensive income:					
Domestic listed stocks	\$	32,417	-	-	32,417
Foreign unlisted stocks		-	-	1,288	1,288
	\$	32,417	-	1,288	33,705
Financial liabilities at fair value through profit or loss:					
Derivative financial instruments -					
Forward foreign exchange contract	\$	-	(1,030)	-	(1,030)
Derivative financial instruments -					
Foreign exchange swap contracts		-	(2,400)	-	(2,400)
	\$	-	(3,430)	-	(3,430)

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

A. Non-derivative financial instruments

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

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

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

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

Listed (OTC) 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 Consolidated Company employs the asset approach to estimate fair values of unlisted stocks without active market and infers their fair values with total market values of individual assets and individual liabilities covered by the valuation subject as well as other factors.

B. Derivative financial instruments

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

(4) Transfer between fair value levels

There were no transfers of fair value levels of any financial asset and financial liability for the nine months ended September 30, 2022 and 2021.

(5) Detailed statement on changes in level 3

Financial assets at fair value through other comprehensive income:

	January to September 2022	January to September 2021
Beginning Balance	\$ 1,288	887
Impact from initial consolidation of subsidiary	1,434	-
Changes recognized in other comprehensive incomes in current period	<u>(498)</u>	<u>401</u>
Ending balance	<u>\$ 2,224</u>	<u>1,288</u>

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

(XXV) Financial risk management

There were no material changes in the financial risk management objectives and policies of the consolidated company and those disclosed in the consolidated financial statements for the year ended December 31, 2021.

(XXVI) Capital management

There were no material changes in the capital management objectives, policies and procedures of the consolidated company and those disclosed in the consolidated financial statements for the year ended December 31, 2021.

(XXVII) Investing and financing activities not in cash transaction

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

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

	2021.1.1	Cash Flows	Non-cash change			2021.9.30
			Impact from initial consolidation of subsidiary	Increase or decrease in lease liabilities	Exchange rate changes	
Short-term borrowings	\$ 823,701	1,731,904	-	-	(664)	2,554,941
Long-term borrowings (including the part due within one year)	-	100,000	4,187	-	(11)	104,176
Lease liabilities	122,518	(61,419)	51,212	164,180	1,533	278,024
Total liabilities from financing activities	<u>\$ 946,219</u>	<u>1,770,485</u>	<u>55,399</u>	<u>164,180</u>	<u>858</u>	<u>2,937,141</u>

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

VII. Related Party Transactions

(I) Name and relation of related party

The related parties having transactions with the consolidated company during the period under the consolidated balance sheet are as follows:

Name of related party	Relationship with the consolidated company
Qisda Corporation (Qisda)	Parent company of the Company
Other related parties:	
Partner Technology Co., Ltd.	Direct/indirect subsidiary of Qisda
Alpha Networks Inc.	Direct/indirect subsidiary of Qisda
BenQ Materials Corporation	Direct/indirect subsidiary of Qisda
BenQ Asia Pacific Corporation	Direct/indirect subsidiary of Qisda
BenQ Healthcare Corporation	Direct/indirect subsidiary of Qisda
Metaguru Corporation	Direct/indirect subsidiary of Qisda
BenQ Guru Software Corporation	Direct/indirect subsidiary of Qisda
BenQ Corporation	Direct/indirect subsidiary of Qisda
BenQ Co., Ltd (BQC)	Direct/indirect subsidiary of Qisda (Note 3)
BenQ (Shanghai) Co., Ltd.	Direct/indirect subsidiary of Qisda
BenQ Intelligent Technology (Shanghai) Co., Ltd.	Direct/indirect subsidiary of Qisda
Suzhou BenQ Hospital Co., Ltd.	Direct/indirect subsidiary of Qisda
BenQ America Corp.	Direct/indirect subsidiary of Qisda
Simula Technology Inc.	Direct/indirect subsidiary of Qisda
Golden Spirit Co., Ltd.	Direct/indirect subsidiary of Qisda
Data Image Corporation	Direct/indirect subsidiary of Qisda
DIVA Laboratories, Ltd.	Direct/indirect subsidiary of Qisda
Metaage Corporation (formerly SYSAGE Technology Co., Ltd.)	Direct/indirect subsidiary of Qisda
AdvancedTEK International Corp.	Direct/indirect subsidiary of Qisda
Global Intelligence Network Co., Ltd.	Direct/indirect subsidiary of Qisda
ASIACONNECT INTERNATIONAL COMPANY LTD.	Direct/indirect subsidiary of Qisda
Concord Medical Co. Ltd.	Direct/indirect subsidiary of Qisda
Webest Solution Corp.	Direct/indirect subsidiary of Qisda
Qisda Optronics (Suzhou) Co., Ltd.	Direct/indirect subsidiary of Qisda
Qisda (Suzhou) Co., Ltd.	Direct/indirect subsidiary of Qisda
BenQ Medical Technology Corporation	Direct/indirect subsidiary of Qisda
Darly Venture, Inc.	Direct/indirect subsidiary of Qisda
Darly2 Venture, Inc.	Direct/indirect subsidiary of Qisda
Darly Consulting Corporation	Direct/indirect subsidiary of Qisda

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

Name of related party	Relationship with the consolidated company
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
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
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 Co., Ltd 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.

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

(II) Material transactions with related party

1. Net operating revenue

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

	<u>July to September 2022</u>	<u>July to September 2021</u>	<u>January to September 2022</u>	<u>January to September 2021</u>
Parent company	\$ 42,572	14,684	65,455	49,342
Other related parties	144,188	49,687	281,862	146,057
	<u>\$ 186,760</u>	<u>64,371</u>	<u>347,317</u>	<u>195,399</u>

Sales of the Consolidated 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 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 consolidated company from the related parties is as follows:

	<u>July to September 2022</u>	<u>July to September 2021</u>	<u>January to September 2022</u>	<u>January to September 2021</u>
Parent company	\$ 177,067	90,065	467,455	292,162
Other related parties	3,634	2,793	14,079	12,642
	<u>\$ 180,701</u>	<u>92,858</u>	<u>481,534</u>	<u>304,804</u>

The purchases from related parties by the consolidated company 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 for non-related parties.

3. Leases

The consolidated company 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 total amounts of increase in right-of-use assets from January 1 to September 30, 2022 and 2021 were NTD664,000 and NTD135,488,000, respectively.

The consolidated company has recognized interest expenses of NTD1,100,000 and NTD1,222,000 from January 1 to September 30, 2022 and 2021, respectively. Relevant balance of lease liabilities was NTD117,511,000, NTD130,047,000, and NTD133,883,000 as on September 30, 2022, December 31 and September 30, 2021, respectively.

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

4. Property transactions

<u>Category of related party</u>	<u>Item</u>	<u>July to September 2022</u>	<u>July to September 2021</u>	<u>January to September 2022</u>	<u>January to September 2021</u>
Other related parties	Property, plant and equipment	\$ -	5,714	334	6,114
Parent company	Intangible assets	-	-	-	1,789
Other related parties	Intangible assets	2,100	288	3,084	288
		<u>\$ 2,100</u>	<u>6,002</u>	<u>3,418</u>	<u>8,191</u>

5. Acquisition of subsidiaries

Ace Pillar, the consolidated subsidiary, purchased 100% of the shares of ACE Energy from Darly Venture, Inc., Darly2 Venture, Corp., Darly Consulting Corporation and AU Optronics Corporation at a total price of NTD32,000,000 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 operating expenses incurred by the consolidated company for services provided by related parties, such as product processing and management services, as well as other income from other transactions are detailed as follows:

<u>Item</u>	<u>Category of related party</u>	<u>July to September 2022</u>	<u>July to September 2021</u>	<u>January to September 2022</u>	<u>January to September 2021</u>
Operating costs	Parent company	\$ 15,351	4,813	23,018	5,165
	Other related parties	4,666	632	10,964	1,128
Operating expenses	Parent company	1,309	2,443	4,278	3,819
	Other related parties	6,669	4,278	17,788	6,874
Other income	Parent company	185	-	185	-
	Other related parties	1,357	1,403	4,082	4,209

7. Receivables from related parties

Details of the receivables from related parties of the consolidated company are as follows:

<u>Item</u>	<u>Category of related party</u>	<u>2022.9.30</u>	<u>2021.12.31</u>	<u>2021.9.30</u>
Accounts receivable from related parties	Parent company	\$ 170,602	125,249	94,295
	Other related parties	113,692	56,889	60,691
		<u>284,294</u>	<u>182,138</u>	<u>154,986</u>
Other receivables	Parent company	270	-	-
	Other related parties	526	498	525
		<u>\$ 285,090</u>	<u>182,636</u>	<u>155,511</u>

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

The consolidated company provides some of the raw materials to the parent company for manufacturing, while the completed semi-finished products are sold back to the consolidated company for processing and assembly. To prevent repeated calculation of the purchases and sales above, the consolidated 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.

8. Accounts payable to related parties

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

<u>Item</u>	<u>Category of related party</u>	<u>2022.9.30</u>	<u>2021.12.31</u>	<u>2021.9.30</u>
Accounts payables	Parent company	\$ 176,366	51,668	76,908
	Other related parties	2,884	11,385	2,731
		<u>179,250</u>	<u>63,053</u>	<u>79,639</u>
Other payables	Parent company	4,263	3,660	3,678
	Other related parties	5,462	4,018	7,737
		<u>9,725</u>	<u>7,678</u>	<u>11,415</u>
Lease liabilities - current	Parent company	13,724	13,482	13,444
	Other related parties	-	2,158	2,116
Lease liabilities - non-current	Parent company	103,787	113,483	116,868
	Other related parties	-	924	1,455
		<u>117,511</u>	<u>130,047</u>	<u>133,883</u>
		<u>\$ 306,486</u>	<u>200,778</u>	<u>224,937</u>

(III) Remuneration to main management

	<u>July to September 2022</u>	<u>July to September 2021</u>	<u>January to September 2022</u>	<u>January to September 2021</u>
Short-term employee benefits	<u>\$ 11,943</u>	<u>10,417</u>	<u>34,751</u>	<u>29,575</u>

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

VIII. Pledged Assets

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

Asset name	Subject matter of pledge guarantee	2022.9.30	2021.12.31	2021.9.30
Pledged certificate of deposit	Performance bond for release before tax to customs house	\$ 2,325	1,708	1,708
Notes receivable	Guarantee for bank loans	127,494	18,196	29,600
Property, plant and equipment	Guarantee for bank loans	455,857	461,112	-
Property, plant and equipment	Performance guarantee for purchases	32,012	-	-
		<u>\$ 617,688</u>	<u>481,016</u>	<u>31,308</u>

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

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

X. Significant Disaster Loss: None.

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

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

XII. Others

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

Nature	Function	July to September 2022			July to September 2021		
		Attributable to operating cost	Attributable to operating expenses	Total	Attributable to operating cost	Attributable to operating expenses	Total
Employee benefits expenses							
Salary expense		84,586	328,158	412,744	67,438	269,270	
Labor and health insurance expenses		6,652	27,505	34,157	5,893	23,892	
Pension expense		3,545	13,157	16,702	1,937	8,402	
Other employee benefit expenses		4,705	9,860	14,565	3,522	10,562	
Depreciation expenses		21,397	31,168	52,565	19,238	29,341	
Amortization expenses		619	25,718	26,337	467	21,117	

Nature	Function	January to September 2022			January to September 2021		
		Attributable to operating cost	Attributable to operating expenses	Total	Attributable to operating cost	Attributable to operating expenses	Total
Employee benefits expenses							
Salary expense		237,939	914,643	1,152,582	177,981	693,607	
Labor and health insurance expenses		19,629	80,482	100,111	18,006	62,699	
Pension expense		9,986	37,827	47,813	5,875	26,056	
Other employee benefit expenses		14,654	30,028	44,682	9,755	25,533	
Depreciation expenses		68,422	91,978	160,400	53,036	81,275	
Amortization expenses		1,519	72,156	73,675	1,322	44,537	

(II) The operation of the consolidated company was not significantly affected by seasonal or cyclical factors.

XIII. Supplementary Disclosures

(I) Information on Significant Transactions:

- Loans to others: Please refer to Table 1.
- Endorsements/guarantees to others: Please refer to Table 2.
- 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.
- The cumulative purchase or sale of the same securities amounted to NTD 300 million or 20% and above of the paid-in capital: None.
- The amount of property acquired reached NTD 300 million or 20% and above of the paid-in capital: None.
- The amount of property disposal reached NTD 300 million or 20% and above of the paid-in capital: None.

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

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: See Note VI (II) for details
 10. Business relationship and important transactions between parent company and subsidiaries: Please refer to Table 6.
- (II) Information on Reinvestment: Please refer to Table 7.
 (III) Information on Investments in Mainland China: Please refer to Table 8.
 (IV) Information on Major Shareholders:

Name of Major Shareholder	Unit: Share		
	Shares	Number of Shares Held	Shareholding Ratio
Qisda Co., Ltd.		51,609,986	45.07%
Gordias Investments Limited of British Virgin Islands Merchant		15,734,441	13.74%
Darly2 Venture, Inc.		9,175,109	8.01%
Hyllus Investments Limited of British Virgin Islands Merchant		8,559,818	7.47%

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

XIV. Segment information

Information and adjustments of the consolidated company's operating departments are as follows:

	July to September 2022					
	Board cards and system department	Industrial automation control department	Computer component	Others	Adjustment and elimination	Total
Revenue from external clients	\$ 2,035,964	634,079	1,159,329	263,678	-	4,093,050
Inter-departmental income	898,626	-	-	-	(898,626)	-
Total income	<u>\$ 2,934,590</u>	<u>634,079</u>	<u>1,159,329</u>	<u>263,678</u>	<u>(898,626)</u>	<u>4,093,050</u>
Reportable department profit or loss	<u>\$ 251,567</u>	<u>(8,970)</u>	<u>(38,031)</u>	<u>21,014</u>	<u>(3,163)</u>	<u>222,417</u>

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

	July to September 2021					
	Board cards and system department	Industrial automation control department	Computer component	Others	Adjustment and elimination	Total
Revenue from external clients	\$ 1,482,079	910,760	1,346,702	8,783	-	3,748,324
Inter-departmental income	<u>472,490</u>	<u>3</u>	<u>-</u>	<u>825</u>	<u>(473,318)</u>	<u>-</u>
Total income	<u>\$ 1,954,569</u>	<u>910,763</u>	<u>1,346,702</u>	<u>9,608</u>	<u>(473,318)</u>	<u>3,748,324</u>
Reportable department profit or loss	<u>\$ 78,025</u>	<u>40,817</u>	<u>39,226</u>	<u>(2,430)</u>	<u>2,614</u>	<u>158,252</u>

	January to September 2022					
	Board cards and system department	Industrial automation control department	Computer component	Others	Adjustment and elimination	Total
Revenue from external clients	\$ 5,249,702	2,298,885	3,694,034	600,157	-	11,842,778
Inter-departmental income	<u>2,013,099</u>	<u>1,809</u>	<u>-</u>	<u>-</u>	<u>(2,014,908)</u>	<u>-</u>
Total income	<u>\$ 7,262,801</u>	<u>2,300,694</u>	<u>3,694,034</u>	<u>600,157</u>	<u>(2,014,908)</u>	<u>11,842,778</u>
Reportable department profit or loss	<u>\$ 498,073</u>	<u>48,248</u>	<u>(70,909)</u>	<u>49,460</u>	<u>3,876</u>	<u>528,748</u>

	January to September 2021					
	Board cards and system department	Industrial automation control department	Computer component	Others	Adjustment and elimination	Total
Revenue from external clients	\$ 3,801,549	2,762,732	2,454,511	29,734	-	9,048,526
Inter-departmental income	<u>1,271,609</u>	<u>189</u>	<u>-</u>	<u>2,750</u>	<u>(1,274,548)</u>	<u>-</u>
Total income	<u>\$ 5,073,158</u>	<u>2,762,921</u>	<u>2,454,511</u>	<u>32,484</u>	<u>(1,274,548)</u>	<u>9,048,526</u>
Reportable department profit or loss	<u>\$ 175,930</u>	<u>152,021</u>	<u>140,292</u>	<u>(3,245)</u>	<u>9,862</u>	<u>474,860</u>

DFI Inc. and its subsidiaries
Loans to Others

January 1 to September 30, 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	Interest rate intervals	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 - related parties	Yes	103,719	41,162	41,162	-	1	572,296	Business Interaction	-	-	-	248,663	497,325
2	Ace Pillar	Tianjin ACE Pillar	Other receivables - related parties	Yes	271,022	184,778	184,778	-	2	-	Operating capital fund	-	-	-	412,880	825,761
2	Ace Pillar	Suzhou Super Pillar	Other receivables - related parties	Yes	121,278	121,278	31,750	-	2	-	Operating capital fund	-	-	-	412,880	825,761
3	Standard Co.	Intelligent fluids GmbH	Other receivables	No	625	625	625	20.00%	1	627	Business Interaction	-	-	-	15,935	31,869
4	Cyber South	Tianjin ACE Pillar	Other receivables - related parties	Yes	22,225	22,225	-	-	2	-	Operating capital fund	-	-	-	620,403	620,403
5	Proton Inc.	Tianjin ACE Pillar	Other receivables - related parties	Yes	12,700	12,700	-	-	2	-	Operating capital fund	-	-	-	500,080	500,080

Note 1: The total line of credit provided by AEWIN for other persons and the limit for loans to individual borrowers shall be 40% and 20% of the net values in the financial statement of the Company for the most recent period.

Note 2: The total line of credit provided by ACE Pillar for other persons and the limit for loans to individual borrowers shall be 40% and 20% of the net values in the financial statement of the Company for the most recent period.

Note 3: The total line of credit provided by Standard Technology Corporation for other persons and the limit for loans to individual borrowers shall be 20% and 10% of the net values in the financial statement of the Company for the most recent period.

Note 4: The total line of credit provided by Cyber South for other persons and the limit for loans to individual borrowers shall be 10% and 5% of the net values in the financial statement of the Company for the most recent period. When it is between the foreign subsidiaries in which the parent company directly or indirectly holds 100% of the voting shares due to the necessity of financing funds, the total line of credit provided for other persons and the limit for loans to individual borrowers shall be 100%.

Note 5: The total line of credit provided by Proton Inc. for other persons and the limit for loans to individual borrowers shall be 10% and 5% of the net values in the financial statement of the Company for the most recent period. When it is between the foreign subsidiaries in which the parent company directly or indirectly holds 100% of the voting shares due to the necessity of financing funds, the total line of credit provided for other persons and the limit for loans to individual borrowers shall be 100%.

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
Endorsements/guarantees to others
January 1 to September 30, 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	248,663	130,608	-	-	-	-	621,657	Y	N	Y
2	Ace Pillar	Tianjin ACE Pillar	2	825,761	190,125	-	-	-	-	1,032,201	Y	N	Y

Note 1: The maximum line of credit provided by AEWIN for other persons and individual enterprise shall be 50% and 20% of the net values in the financial statement of the company for the most recent period.

Note 2: The maximum line of credit provided by Ace Pillar for other persons and individual enterprise shall be 50% and 40% of the net values in the financial statement of the company for the most recent period.

Note 3: Relationship between endorsement guarantor and target of endorsement guarantee: (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 controlled joint ventures)
January 1 to September 30, 2022

Table 3

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

Name of Held Company	Type and Name of Marketable Securities	Relationship with the issuer of securities	Item	End of Period				
				Number of Shares/number of Units	Carrying Amount	Shareholding Ratio	Fair value	Remark
The Company	Beneficiary certificates: Cathay No.1 REIT	-	Financial assets at fair value through profit or loss - current	1,442	25,956	-	25,956	-
The Company	Stock: APLEX Technology Inc.	-	Financial assets at fair value through other comprehensive income - non-current	1,487	71,961	4.49%	71,961	-
The Company	Fund: Asia Tech Taiwan Venture Fund	-	Financial assets at fair value through profit or loss - non-current	USD 225	-	-	-	-
The Company	Bonds: WM7.25% Perpetual	-	Financial assets at fair value through profit or loss - current	USD 200	-	-	-	-
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 at amortized cost - non-current	USD 100	3,344	-	3,344	-

DFI Inc. and its subsidiaries
The amount of purchases or sales with related parties reached NTD 100 million or 20% and above of the paid-in capital
January 1 to September 30, 2022

Table 4

Unit: In Thousands of New Taiwan Dollars

Purchasing (selling) company	Name of counterparty	Relationship	Transaction Status				The situation and reason for the difference between the trading terms and the general trading		Notes and accounts receivable (payable)		Remark
			Purchase/Sales	Amount	Ratio of total purchase (sales)	Credit period	Unit price	Credit period	Balance	Ratio of notes and accounts receivable and payable	
The Company	Qisda	Parent company and subsidiary	Purchases	420,919	13%	OA60	-	30-90 days to collect	(156,030)	(15)%	-
Qisda	The Company	Parent company and subsidiary	(Sales)	(420,919)	-	OA60	-	30-90 days to collect	156,030	1%	-
DFI US	The Company	Parent company and subsidiary	Purchases	627,191	98%	60-90 days to collect	-	30-90 days to collect	(142,825)	(100)%	Note 2
The Company	DFI US	Parent company and subsidiary	(Sales)	(627,191)	(16%)	60-90 days to collect	-	30-90 days to collect	142,825	11%	Note 2
Diamond Flower Information (NL) B.V	The Company	Parent company and subsidiary	Purchases	383,696	100%	60-90 days to collect	-	30-90 days to collect	(75,439)	(100)%	Note 2
The Company	Diamond Flower Information (NL) B.V.	Parent company and subsidiary	(Sales)	(383,696)	(10%)	60-90 days to collect	-	30-90 days to collect	75,439	6%	Note 2
DFI Co.,Ltd.	The Company	Parent company and subsidiary	Purchases	167,246	100%	60-90 days to collect	-	30-90 days to collect	(26,357)	(98)%	Note 2
The Company	DFI Co.,Ltd.	Parent company and subsidiary	(Sales)	(167,246)	(4%)	60-90 days to collect	-	30-90 days to collect	26,357	2%	Note 2
Yan Ying Hao Trading (ShenYan) Co., Ltd	The Company	Parent company and subsidiary	Purchases	194,264	98%	60-90 days to collect	-	30-90 days to collect	(80,497)	(99)%	Note 2
The Company	Yan Ying Hao Trading (ShenYan) Co., Ltd	Parent company and subsidiary	(Sales)	(194,264)	(5%)	60-90 days to collect	-	30-90 days to collect	80,497	6%	Note 2
The Company	Qisda Optronics (Suzhou)	Affiliate	(Sales)	(122,058)	3%	60-90 days to collect	-	30-90 days to collect	49,193	4%	Note 2
Qisda Optronics (Suzhou)	The Company	Affiliate	Purchases	122,058	(1%)	60-90 days to collect	-	30-90 days to collect	(49,193)	(1)%	Note 2
AEWIN	The Company	Parent company and subsidiary	Purchases	607,503	44%	Payment term of 90 days	At agreed price	Payment term of 60-90 days to collect	(343,979)	(64)%	Note 2
The Company	AEWIN	Parent company and subsidiary	(Sales)	(607,503)	(16%)	Payment term of 90 days	At agreed price	Payment term of 60-90 days to collect	343,979	26%	Note 2
AEWIN	Beijing AEWIN	Parent company and subsidiary	(Sales)	(422,989)	(28%)	150 days after shipment	-	120 days after shipment (Note 1)	567,920	59%	Note 2
Beijing AEWIN	AEWIN	Parent company and subsidiary	Purchases	422,989	59%	150 days after shipment	-	120 days after shipment (Note 1)	(567,920)	(81)%	Note 2
AEWIN	Aewin Tech Inc.	Parent company and subsidiary	(Sales)	(209,180)	(14%)	120 days after shipment	-	120 days after shipment (Note 1)	84,898	9%	Note 2
Aewin Tech Inc.	AEWIN	Parent company and subsidiary	Purchases	209,180	100%	120 days after shipment	-	120 days after shipment (Note 1)	(84,898)	(100)%	Note 2
Quansheng Information	Tianjin ACE Pillar	Affiliate	(Sales)	(339,000)	(100)%	T/T 30 days	-	-	47,523	96%	Note 2
Tianjin ACE Pillar	Quansheng Information	Affiliate	Purchases	339,000	37%	T/T 30 days	-	-	(47,523)	(37)%	Note 2
The Company	AEWIN	Parent company and subsidiary	Purchases	269,573	8%	Payment term of 60 days	-	30-90 days to collect	(93,273)	(9)%	Note 2
AEWIN	The Company	Parent company and subsidiary	(Sales)	- (Note 3)	0%	Payment term of 60 days	-	120 days after shipment (Note 1)	93,273	10%	Note 2

Note 1: 120 days after shipment, subject to extension taking into account market conditions.
 Note 2: The aforesaid transactions had been written off when the consolidated financial statements were prepared.
 Note 3: The sales amount of raw materials associated with the repurchases after processing has been deducted.

DFI Inc. and its subsidiaries
Receivables from related parties reached \$100 million or 20% and above of paid-in capital
January 1 to September 30, 2022

Table 5

Unit: In Thousands of New Taiwan Dollars

Company from which accounts receivable	Name of counterparty	Relationship	Balance of receivables from related party	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	152,131	0.62	-	-	46,228	-
The Company	AEWIN	Parent company and subsidiary	343,979	3.55	-	-	111,530	-
The Company	DFI US	Parent company and subsidiary	142,825	7.88	-	-	118,817	-
AEWIN	Beijing AEWIN	Parent company and subsidiary	567,920	1.17	207,643	Strengthen collection	-	-
AEWIN	Beijing AEWIN	Parent company and subsidiary	41,162		41,162	Strengthen collection	-	-
Ace Pillar	Tianjin ACE Pillar	Parent company and subsidiary	184,778	-	-	-	-	-

(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 parent company and subsidiaries
January 1 to September 30, 2022

Table 6

Unit: In Thousands of New Taiwan Dollars

No. (Note 1)	Name of trader	Name of counterparty	Relationship with the trader (Note 2)	Situations of transactions			
				Account	Amount	Transaction terms	Ratio to consolidated total revenue or total assets (Note 5)
0	The Company	DFI US	1	(Sales)	(627,191)	60~90 days to collect	5%
0	The Company	DFI US	1	Accounts receivable	142,825	60~90 days to collect	1%
0	The Company	Diamond Flower Information (NL) B.V.	1	(Sales)	(383,696)	60~90 days to collect	3%
0	The Company	DFI Co., Ltd.	1	(Sales)	(167,246)	60~90 days to collect	1%
0	The Company	Yan Ying Hao Trading (Shenzhen) Co., Ltd.	1	(Sales)	(194,264)	60~90 days to collect	2%
0	The Company	AEWIN	1	(Sales)	(607,503)	Payment term of 90 days	5%
0	The Company	AEWIN	1	Accounts receivable	343,979	Payment term of 60~90 days to collect	3%
1	Quansheng Information	Tianjin ACE Pillar	3	(Sales)	(339,000)	T/T 30 days	3%
2	AEWIN	Beijing AEWIN	3	(Sales)	(422,989)	(Note 5)	4%
2	AEWIN	Beijing AEWIN	3	Accounts receivable	567,920	(Note 5)	4%
2	AEWIN	Aewin Tech Inc.	3	(Sales)	(209,180)	(Note 6)	2%
3	Ace Pillar	Tianjin ACE Pillar	3	Other receivables - Borrowings	184,778	One year	1%

Note 1: The number is to be filled in the following manner:

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

Note 2: Types of relationships with traders are listed as follows:

1. Parent company to subsidiary.
2. Between subsidiary and parent company.
3. Subsidiary to 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 the transaction amount divided by the consolidated operating revenue or consolidated total assets.

Note 5: 150 days after shipment, subject to extension taking into account market conditions.

Note 6: 120 days after shipment, subject to extension taking into account market conditions.

Note 7: Business relationship and important transactions between the parent and subsidiaries only disclose the information on those transactions involving more than 1% of the consolidated operating revenue or assets.

DFI Inc. and its subsidiaries
Information on Reinvestment
January 1 to September 30, 2022

Table 7

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

Name of investor company	Name of investee company	Location	Primary business	Original investment amount		Held at the end of the period			Net income (loss) of the investee	Investment profit (loss) recognized for the period	Remark (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%	408,975	20,023	20,023	Subsidiary of the Company
The Company	Yan Tong	Mauritius	General investment business	187,260	187,260	6,000	100%	201,114	24,039	25,000	Subsidiary of the Company
The Company	DFI CO., Ltd	Japan	Sales of industrial computer cards	104,489	104,489	6	100%	110,034	10,431	10,431	Subsidiary of the Company
The Company	Diamond Flower Information (NL) B.V	Netherlands	Sales of industrial computer cards	35,219	35,219	12	100%	93,053	28,704	28,704	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%	632,882	112,506	53,939	Subsidiary of the Company
The Company	Ace Pillar	Taiwan	Automated control and testing, processing, sales, repair, and mechanical and electrical integration of industrial transmission systems	1,301,359	1,301,359	53,958	48.07%	1,092,993	86,182	33,581	Subsidiary of the Company
The Company	Brainstom	USA	Wholesale and retail of computer and peripheral devices	501,582	501,582	233	35.09%	550,635	(18,514)	(18,605)	Subsidiary of the Company
AEWIN	Wise Way	Anguilla	Investment business	46,129	46,129	1,500	100%	109,950	(28,622)	(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%	11,195	20,358	(Note 1)	Subsidiary indirectly controlled by the Company
Wise Way	Bright Profit	Hong Kong	Investment business	46,129	46,129	1,500	100%	167,831	(28,622)	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	Cyber South	Samoa	Holding Company	107,041	107,041	4,669	100%	620,403	(25,845)	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	Hong Kong ACE Pillar	Hong Kong	Sales and Purchases of transmission mechanical components	5,120	5,120	1,200	100%	48,011	2,493	(Note 1)	Subsidiary indirectly controlled by the Company
Cyber South	Proton	Samoa	Holding Company	527,665	527,665	17,744	100%	500,080	(29,329)	(Note 1)	Subsidiary indirectly controlled by the Company
Cyber South	Ace Tek	Hong Kong	Holding Company	4,938	4,938	150	100%	2,175	2,752	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	Standard Co.	Taiwan	Trading of semiconductor optoelectronic equipment and consumables and equipment maintenance services	187,000	-	4,680	60%	206,239	35,823	(Note 1)	Subsidiary indirectly controlled by the Company
Standard Co.	Standard Technology Corp.	BVI	Holding Company	21,727	-	600	100%	113,059	15,640	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	BlueWalker GmbH	Germany	Trading and services of energy management products	127,200	-	(Note 3)	100%	131,699	7,871	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	ACE Energy	Taiwan	Energy Service Company	32,000	-	10,000	100%	28,112	3,642	(Note 1)	Subsidiary indirectly controlled by the Company

Note 1: The net income of the invested company is already included in the investor company, and not separately presented to avoid confusion.

Note 2: The subsidiaries directly and indirectly controlled by the Company in the table above had been written off when the consolidated financial statements were prepared.

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
January 1 to September 30, 2022

Table 8
1. Information on Reinvestment in Mainland China:

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

Investee Company In Mainland China	Primary business	Paid-in Capital	Method of Investment	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	Net income (loss) of the investee	Shareholding ratio of the direct or indirect investment of the Company	Investment profit (loss) recognized for the period	Carrying amount of the investment at the end of period	Investment income repatriated by the end of period
					Remitted	Repatriated						
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)	-	-	-	-	6,087	100%	6,087 (Note 2)	59,179	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)	-	-	-	-	5,120	100%	5,120 (Note 2)	53,147	-
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)	(28,622)	100%	(28,622) (Note 3)	167,826	-
Aewin(Shenzhen)	Wholesale of computer and peripheral equipment and software	13,062 (RMB 3,000)	(Note 5)	-	-	-	-	(3,506) (RMB 794)	100%	(3,506) (RMB 794) (Note 2)	(5,439) (RMB 1,215)	-
Tianjin ACE Pillar	Wholesale of computer and peripheral equipment and software	1,120,680 (RMB 35,297)	(Note 1)	61,913 (USD 1,950)	-	-	61,913 (USD 1,950)	(35,109)	100%	(35,109) (Note 3)	593,840	125,533
Tianjin Jinhao	Manufacturing and processing of machinery transmission products	7,476 (RMB 1,670)	(Note 1)	5,080 (USD 160)	-	-	5,080 (USD 160)	(2,958)	100%	(2,958) (USD 106) (Note 3)	4,222 (USD 133)	-
Quansheng Information	Electronic system integration	9,525 (USD 300)	(Note 1)	4,763 (USD 150)	-	-	4,763 (USD 150)	2,752	100%	2,752 (USD 97) (Note 3)	2,148 (USD 68)	-
Suzhou Super Pillar	Processing and technical services of mechanical transmission and control products	46,038 (USD 1,450)	(Note 1)	- (Note 4)	-	-	-	5,282	100%	5,282 (USD 185) (Note 3)	106,912 (USD 3,367)	-
Xuchang Ace	Wholesale and retail of industrial robotic related products	9,525 (USD 300)	(Note 1)	- (Note 4)	-	-	-	(75)	(Note 6)	(75) (USD 3)	-	-
Shanghai Standard	Trading of semiconductor optoelectronic equipment and consumables	15,240 (USD 480)	(Note 1)	(USD 10,000)	-	-	(USD 10,000)	17,795	100%	13,619 (Note 3)	109,644	118,686

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

Note 2: It is recognized based on the investee company's own financial statements which have not been reviewed by the accountants.

Note 3: It is recognized in line with the financial report prepared by the invested company 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 Chinese-based company reinvested by Beijing AEWIN.

Note 6: Xuchang Ace AI Equipment Co., Ltd. was fully liquidated on June 21, 2022 and deregistration was completed.

2. Limit of the investment in Mainland Chinese:

Name of investor company	The cumulative amount of investment remitted from Taiwan to the Mainland Chinese at the end of the current period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Upper Limit on Investment in mainland China regulated by the Investment Commission of the Ministry of Economic Affairs (Note 2)
DFI	0 (Note 1)	66,199 (Note 3 and Note 4) (USD 2,085)	3,440,376
AEWIN	46,129 (USD 1,500)	63,500 (USD 2,000)	745,988
Ace Pillar	162,528 (USD 5,119)	162,528 (USD 5,119)	1,293,962
Standard Co.	15,240 (USD 480)	15,240 (USD 480)	95,608

Note 1: Refers to the actual amount remitted by the Company and the amount approved by the Investment Commission, excluding the remitted amount of subsidiaries and their amount approved by the Investment Commission.

Note 2: In accordance with the "Principles for Review of Investment or Technical Cooperation in Mainland China", the accumulated amount of investment in mainland China is limited to 60% of the net worth or consolidated net worth, whichever is 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 invested companies in the Mainland Chinese:

Please see the statement under the "Information on Significant Transactions" for the direct or indirect material transactions between the consolidated company and the invested companies in the Mainland Chinese for the nine months ended September 30, 2022 (these transactions had been written off when the consolidated financial statements were prepared).