

**D-LINK CORPORATION
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2024 and 2023**

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

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Independent Auditors' Review Report

To the Board of Directors
D-LINK CORPORATION:

Introduction

We have reviewed the accompanying consolidated balance sheets of D-LINK CORPORATION and its subsidiaries as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2024 and 2023, and notes to the consolidated financial statements, including a summary of material 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 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 as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(c), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$4,695,382 thousand and \$4,874,948 thousand, constituting 28% and 32% of consolidated total assets as of March 31, 2024 and 2023, respectively, total liabilities amounting to \$1,051,886 thousand and \$1,481,596 thousand, constituting 20% and 25% of consolidated total liabilities as of March 31, 2024 and 2023, and total comprehensive income (loss) amounting to \$177,612 thousand and \$(24,412) thousand, constituting 143% and (39)% of consolidated total comprehensive income (loss) for the three months ended March 31, 2024 and 2023, respectively.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews and the review reports of other auditors (please refer to Other Matter paragraph), nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of D-LINK CORPORATION and its subsidiaries as of March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Matter

We did not review the financial statements of D-Link (Europe) Ltd. and D-Link Middle East FZE, subsidiaries of D-Link Corporation as of and for the three months ended March 31, 2024. Those financial statements were reviewed by other auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to the amounts included for D-Link (Europe) Ltd. and D-Link Middle East FZE, is based solely on the review reports of other auditors. The financial statements of D-Link (Europe) Ltd. and D-Link Middle East FZE reflect total assets amounting to \$2,945,151 thousand, constituting 18% of consolidated total assets as of March 31, 2024, and total operating revenues amounting to \$ 961,646 thousand, constituting 27% of consolidated total operating revenues for the three months ended March 31, 2024.

The engagement partners on the reviews resulting in this independent auditors’ review report are Mei, Yuan-Chen and Chang, Shu-Ying.

KPMG

Taipei, Taiwan (Republic of China)

May 14, 2024

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

D-LINK CORPORATION AND SUBSIDIARIES**Consolidated Balance Sheets****March 31, 2024, December 31, 2023, and March 31, 2023****(Expressed in Thousands of New Taiwan Dollar)**

Assets		March 31, 2024		December 31, 2023		March 31, 2023		Liabilities and Equity		March 31, 2024		December 31, 2023		March 31, 2023	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (notes 6(a) and (ab))	\$ 4,095,100	25	4,097,696	25	2,396,023	16	2120	Financial liabilities at fair value through profit or loss — current (notes 6(b) and (ab))	\$ 4,811	-	23,812	-	19,289	-
1110	Financial assets at fair value through profit or loss — current (notes 6(b) and (ab))	623,440	4	429,915	3	352,177	2	2130	Current contract liabilities (notes 6(x) and 7)	113,258	1	145,163	1	112,036	1
1150	Notes receivable, net (notes 6(c) and (ab))	2,705	-	2,028	-	1,698	-	2150	Notes payable (note 6(ab))	217	-	76	-	11	-
1170	Accounts receivable, net (notes 6(c) and (ab))	3,169,704	19	3,092,436	19	3,531,371	23	2170	Accounts payable (note 6(ab))	1,583,782	9	1,465,613	9	2,151,976	14
1180	Accounts receivable due from related parties, net (notes 6(c), (ab) and 7)	1,077	-	2,698	-	5,562	-	2180	Accounts payable to related parties (notes 6(ab) and 7)	159,421	1	120,359	1	911,964	6
1197	Finance lease payment receivable (notes 6(d) and (ab))	38,179	-	36,098	-	33,756	-	2200	Other payables (notes 6(o), (ab) and 7)	1,281,372	8	1,075,850	6	764,169	5
1200	Other receivables (notes 6(c), (ab) and 7)	38,024	-	29,498	-	24,812	-	2230	Current tax liabilities	3,590	-	6,435	-	26,912	-
1220	Current tax assets	37,020	-	24,340	-	23,893	-	2250	Current provisions (note 6(q))	134,226	1	127,483	1	317,799	2
130X	Inventories (note 6(e))	2,997,341	18	3,303,203	20	4,175,906	27	2280	Current lease liabilities (notes 6(p) and (ab))	183,378	1	182,145	1	149,756	1
1421	Prepayment for purchase (note 7)	76,901	1	45,053	-	116,630	1	2320	Current portion of long-term liabilities (notes 6(n) and (ab))	122,151	1	122,151	1	-	-
1470	Other current assets (notes 6(ab) and 8)	844,671	5	707,095	4	462,339	3	2365	Current refund liability (note 6(r))	449,544	2	463,639	3	500,705	3
		<u>11,924,162</u>	<u>72</u>	<u>11,770,060</u>	<u>71</u>	<u>11,124,167</u>	<u>72</u>	2399	Other current liabilities (note 6(ab))	96,899	1	99,814	-	59,349	-
										<u>4,132,649</u>	<u>25</u>	<u>3,832,540</u>	<u>23</u>	<u>5,013,966</u>	<u>32</u>
Non-current assets:								Non-Current liabilities:							
1510	Financial assets at fair value through profit or loss — non-current (notes 6(b) and (ab))	254,100	2	254,100	2	-	-	2540	Long-term borrowings (notes 6(n) and (ab))	498,344	3	528,881	3	-	-
1517	Financial assets at fair value through other comprehensive income — non-current (notes 6(b) and (ab))	17,624	-	19,989	-	21,975	-	2570	Deferred tax liabilities (note 6(u))	158,570	1	159,037	1	281,018	2
1550	Investments accounted for using equity method (note 6(f))	12,507	-	16,251	-	1,427,092	9	2580	Non-current lease liabilities (notes 6(p) and (ab))	243,916	2	272,663	2	295,903	2
1600	Property, plant and equipment (notes 6(i) and 8)	2,379,820	14	2,394,081	14	950,037	6	2600	Other non-current liabilities (note 6(t))	241,272	1	231,935	1	242,331	2
1755	Right-of-use assets (note 6(j))	310,341	2	334,048	2	302,367	2			<u>1,142,102</u>	<u>7</u>	<u>1,192,516</u>	<u>7</u>	<u>819,252</u>	<u>6</u>
1760	Investment property, net (notes 6(k) and (ab))	37,984	-	38,083	-	38,381	-		Total liabilities	<u>5,274,751</u>	<u>32</u>	<u>5,025,056</u>	<u>30</u>	<u>5,833,218</u>	<u>38</u>
1780	Intangible assets (note 6(l))	794,051	5	784,615	5	511,550	3	Equity attributable to owners of parent: (note 6(v))							
1840	Deferred tax assets (note 6(u))	572,115	3	628,964	4	711,610	5	3110	Ordinary shares	6,026,555	36	6,028,365	37	5,998,365	39
1990	Other non-current assets (notes 6(t) and 8)	308,337	2	304,624	2	268,331	2	3200	Capital surplus	1,363,056	8	1,364,335	8	1,342,623	9
194D	Long-term lease payment receivable, net (notes 6(d) and (ab))	69,382	-	75,964	-	102,397	1		Retained earnings:						
		<u>4,756,261</u>	<u>28</u>	<u>4,850,719</u>	<u>29</u>	<u>4,333,740</u>	<u>28</u>	3310	Legal reserve	2,144,259	13	2,144,259	13	2,129,290	14
								3320	Special reserve	693,165	4	693,165	4	693,165	4
								3350	Unappropriated retained earnings	172,832	1	546,976	3	288,835	2
										<u>3,010,256</u>	<u>18</u>	<u>3,384,400</u>	<u>20</u>	<u>3,111,290</u>	<u>20</u>
								3400	Other equity interest	(1,468,242)	(9)	(1,614,609)	(10)	(1,514,207)	(10)
								3500	Treasury shares	(82,823)	-	(82,823)	-	-	-
									Total equity attributable to owners of parent	8,848,802	53	9,079,668	55	8,938,071	58
								36XX	Non-controlling interests (notes 6(h) and (v))	2,556,870	15	2,516,055	15	686,618	4
									Total equity	<u>11,405,672</u>	<u>68</u>	<u>11,595,723</u>	<u>70</u>	<u>9,624,689</u>	<u>62</u>
Total assets		<u>\$ 16,680,423</u>	<u>100</u>	<u>16,620,779</u>	<u>100</u>	<u>15,457,907</u>	<u>100</u>	Total liabilities and equity		<u>\$ 16,680,423</u>	<u>100</u>	<u>16,620,779</u>	<u>100</u>	<u>15,457,907</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

D-LINK CORPORATION AND SUBSIDIARIES**Consolidated Statements of Comprehensive Income****For the three months ended March 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollar, Except for Earnings Per Common Share)**

		For the three months ended March 31			
		2024		2023	
		Amount	%	Amount	%
4000	Net operating revenues (notes 6(x) and 7)	\$ 3,563,378	100	4,255,908	100
5000	Operating costs (notes 6(e), (t) and 7)	<u>2,678,878</u>	<u>75</u>	<u>3,180,724</u>	<u>75</u>
	Gross profit from operations	<u>884,500</u>	<u>25</u>	<u>1,075,184</u>	<u>25</u>
	Operating expenses: (notes 6(c), (i), (j), (k), (l), (p), (s), (t) and (y))				
6100	Selling expenses	561,379	16	563,540	13
6200	Administrative expenses	224,359	6	220,450	5
6300	Research and development expenses	174,882	5	128,839	3
6450	Expected credit losses (note 6(c))	<u>2,267</u>	<u>-</u>	<u>6,044</u>	<u>-</u>
		<u>962,887</u>	<u>27</u>	<u>918,873</u>	<u>21</u>
	Net operating (loss) income	<u>(78,387)</u>	<u>(2)</u>	<u>156,311</u>	<u>4</u>
	Non-operating income and expenses:				
7100	Interest income (note 6(z))	24,978	1	6,451	-
7010	Other income (note 6(z))	1,759	-	1,206	-
7020	Other gains and losses (notes 6(f), (z), (ab) and 7)	59,049	1	28,487	-
7050	Finance costs (notes 6(p) and (z))	(7,572)	-	(4,656)	-
7060	Share of profit of associates accounted for using equity method (note 6(f))	<u>(3,891)</u>	<u>-</u>	<u>(2,992)</u>	<u>-</u>
		<u>74,323</u>	<u>2</u>	<u>28,496</u>	<u>-</u>
	(Loss) profit before tax	<u>(4,064)</u>	<u>-</u>	<u>184,807</u>	<u>4</u>
7950	Less: Income tax expenses (note 6(u))	<u>40,952</u>	<u>1</u>	<u>9,856</u>	<u>-</u>
	Net (loss) profit	<u>(45,016)</u>	<u>(1)</u>	<u>174,951</u>	<u>4</u>
8300	Other comprehensive (loss) income:				
8310	Components of other comprehensive (loss) income that will not be reclassified to profit or loss (notes 6(t) and (v))				
8316	Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	(2,505)	-	5,236	-
8320	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	-	-	8,473	-
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(2,505)</u>	<u>-</u>	<u>13,709</u>	<u>-</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss (notes 6(v) and (aa))				
8361	Exchange differences on translation of foreign financial statements	234,962	7	(153,206)	(3)
8370	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	147	-	1,297	-
8399	Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(u))	<u>(63,552)</u>	<u>(2)</u>	<u>26,465</u>	<u>-</u>
		<u>171,557</u>	<u>5</u>	<u>(125,444)</u>	<u>(3)</u>
8300	Other comprehensive income (loss), net	<u>169,052</u>	<u>5</u>	<u>(111,735)</u>	<u>(3)</u>
	Total comprehensive income	<u>\$ 124,036</u>	<u>4</u>	<u>63,216</u>	<u>1</u>
	Net (loss) profit attributable to:				
8610	Owners of parent	\$ (52,908)	(1)	139,132	3
8620	Non-controlling interests	<u>7,892</u>	<u>-</u>	<u>35,819</u>	<u>1</u>
		<u>\$ (45,016)</u>	<u>(1)</u>	<u>174,951</u>	<u>4</u>
	Comprehensive income attributable to:				
8710	Owners of parent	\$ 83,221	3	28,382	-
8720	Non-controlling interests	<u>40,815</u>	<u>1</u>	<u>34,834</u>	<u>1</u>
		<u>\$ 124,036</u>	<u>4</u>	<u>63,216</u>	<u>1</u>
	Basic (loss) earnings per share (New Taiwan dollars) (note 6(w))	<u>\$ (0.09)</u>		<u>0.23</u>	
	Diluted (loss) earnings per share (New Taiwan dollars) (note 6(w))	<u>\$ (0.09)</u>		<u>0.23</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

D-LINK CORPORATION AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the three months ended March 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollar)**

	Equity attributable to owners of parent												
	Retained earnings					Total other equity interest						Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unearned Stock-Based Employee Compensation	Treasury shares	Total equity attributable to owners of parent			
Balance at January 1, 2023	\$ 5,998,365	1,342,623	2,129,290	693,165	149,686	(1,359,264)	(44,193)	-	-	8,909,672	651,784		
Net profit for the three months ended March 31, 2023	-	-	-	-	139,132	-	-	-	-	139,132	35,819	174,951	
Other comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	(124,459)	13,709	-	-	(110,750)	(985)	(111,735)	
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	139,132	(124,459)	13,709	-	-	28,382	34,834	63,216	
Changes in equity of associates accounted for using equity method	-	-	-	-	17	-	-	-	-	17	-	17	
Balance at March 31, 2023	<u>\$ 5,998,365</u>	<u>1,342,623</u>	<u>2,129,290</u>	<u>693,165</u>	<u>288,835</u>	<u>(1,483,723)</u>	<u>(30,484)</u>	<u>-</u>	<u>-</u>	<u>8,938,071</u>	<u>686,618</u>	<u>9,624,689</u>	
Balance at January 1, 2024	\$ 6,028,365	1,364,335	2,144,259	693,165	546,976	(1,557,495)	(17,004)	(40,110)	(82,823)	9,079,668	2,516,055	11,595,723	
Net (loss) profit for the three months ended March 31, 2024	-	-	-	-	(52,908)	-	-	-	-	(52,908)	7,892	(45,016)	
Other comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	-	138,634	(2,505)	-	-	136,129	32,923	169,052	
Total comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	(52,908)	138,634	(2,505)	-	-	83,221	40,815	124,036	
Appropriation and distribution of retained earnings:													
Cash dividends of ordinary shares	-	-	-	-	(321,236)	-	-	-	-	(321,236)	-	(321,236)	
Retirement of expired employee restricted shares	(1,810)	1,810	-	-	-	-	-	-	-	-	-	-	
Compensation cost of employee restricted shares	-	(3,089)	-	-	-	-	-	10,238	-	7,149	-	7,149	
Balance at March 31, 2024	<u>\$ 6,026,555</u>	<u>1,363,056</u>	<u>2,144,259</u>	<u>693,165</u>	<u>172,832</u>	<u>(1,418,861)</u>	<u>(19,509)</u>	<u>(29,872)</u>	<u>(82,823)</u>	<u>8,848,802</u>	<u>2,556,870</u>	<u>11,405,672</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

D-LINK CORPORATION AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the three months ended March 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollar)**

	For the three months ended March 31	
	2024	2023
Cash flows from operating activities:		
(Loss) profit before tax	\$ (4,064)	184,807
Adjustments:		
Adjustments to reconcile (loss) profit:		
Depreciation expense	79,552	51,027
Amortization expense	10,625	6,971
Expected credit loss	2,267	6,044
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(32,197)	14,587
Interest expense	7,572	4,656
Interest income	(24,978)	(6,451)
Compensation cost of share-based payment transaction	7,149	-
Share of loss of associates accounted for using equity method	3,891	2,992
Gain on disposal of investments	(10,852)	(4,664)
(Reversal gain) write-down loss of inventories to net realizable value	(92,891)	95,032
Other	2,586	19,069
Total adjustments to reconcile (loss) profit	<u>(47,276)</u>	<u>189,263</u>
Changes in operating assets and liabilities:		
Increase in financial assets at fair value through profit or loss	(169,477)	(73,312)
(Increase) decrease in notes receivable	(677)	3,962
Increase in accounts receivable	(79,518)	(115,581)
Decrease (increase) in accounts receivable due from related parties	1,604	(574)
Increase in other receivables	(8,526)	(4,710)
Decrease in lease payment receivable	8,917	7,160
Decrease (increase) in inventories	378,850	(179,510)
Increase in prepayment for purchase	(31,848)	(46,882)
Increase in other current assets	(137,348)	(817)
Increase in other non-current assets	(2,256)	(6,335)
Total changes in operating assets	<u>(40,279)</u>	<u>(416,599)</u>
(Decrease) increase in current contract liabilities	(31,905)	2,961
Increase (decrease) in notes payable	141	(2,045)
Increase (decrease) in accounts payable	118,169	(46,761)
Increase in accounts payable to related parties	39,062	176,195
Decrease in other payable	(115,714)	(111,974)
Decrease in current provisions	(4,841)	(4,048)
(Decrease) increase in current refund liabilities	(14,095)	27,191
Decrease in other current liabilities	(2,915)	(2,081)
Decrease in other non-current liabilities	(226)	(29,373)
Total changes in operating liabilities	<u>(12,324)</u>	<u>10,065</u>
Total changes in operating assets and liabilities	<u>(52,603)</u>	<u>(406,534)</u>
Total adjustments	<u>(99,879)</u>	<u>(217,271)</u>
Cash flows used in operations	(103,943)	(32,464)
Interest received	24,978	6,451
Interest paid	(7,572)	(4,656)
Income taxes paid	(60,782)	(60,867)
Net cash flows used in operating activities	<u>(147,319)</u>	<u>(91,536)</u>
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(19,009)	(2,195)
Proceeds from disposal of property, plant and equipment	213	1,587
Increase in refundable deposits	(1,457)	(18,128)
Acquisition of intangible assets	(4,820)	(7,461)
Other investing activities	(228)	(403)
Net cash flows used in investing activities	<u>(25,301)</u>	<u>(26,600)</u>
Cash flows from financing activities:		
Increase (decrease) in guarantee deposits received	9,563	(2,284)
Payment of lease liabilities	(43,964)	(43,436)
Decrease in long-term borrowings	(30,537)	-
Net cash flows used in financing activities	<u>(64,938)</u>	<u>(45,720)</u>
Effect of exchange rate changes on cash and cash equivalents	234,962	(153,206)
Net decrease in cash and cash equivalents	(2,596)	(317,062)
Cash and cash equivalents at the beginning of period	4,097,696	2,713,085
Cash and cash equivalents at the end of period	<u>\$ 4,095,100</u>	<u>2,396,023</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollar, Unless Otherwise Specified)

(1) Company history

D-LINK CORPORATION (the “Company”) was incorporated on June 20, 1987 under the approval of Ministry of Economic Affairs, Republic of China (“ROC”). The address of its registered office is No. 289, Xinhua 3rd Rd., Neihu Dist., Taipei City 114, Taiwan. The main operating activities of the Company and its subsidiaries (collectively referred as the “Consolidated Company”) include the research, development, and sale of computer network systems, wireless local area computer networks (“LANs”), and spare parts for integrated circuits.

(2) Approval date and procedures of the consolidated financial statements:

The accompanying consolidated financial statements were approved and authorized for release by the Board of Directors on May 14, 2024.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission (“FSC”), R.O.C. which have already been adopted.

The Consolidated Company has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

- (b) The impact of IFRS issued by International Accounting Standards Board (“IASB”) but not yet endorsed by the FSC

The Consolidated Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS 21 “Lack of Exchangeability”
- IFRS 18 “Presentation and Disclosure in Financial Statements”

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(4) Summary of material accounting policies:

The material accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” (hereinafter referred to as “the Regulations”) and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to as IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2023. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2023.

(b) Basis of Preparation

(i) Basis of Measurement

Except for the significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial instruments (including derivative financial instruments) at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) Equity-settled share-based payment are measured at fair value;
- 4) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of the Consolidated Company is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (TWD), which is the Consolidated Company’s functional currency. All financial information presented in TWD has been rounded to the nearest thousand.

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Company. The Company ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Consolidated Company attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Consolidated Company prepares consolidated financial statements using uniform accounting policies for transactions and other events in similar circumstances.

Changes in the Consolidated Company’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Consolidated Company will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			March 31, 2024	December 31, 2023	March 31, 2023	
The Company	D-Link Holding Company Ltd. (D-Link Holding)	Investment company	100.00 %	100.00 %	100.00 %	Note 1
The Company	D-Link Japan K.K. (D-Link Japan)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
The Company	D-Link Investment Pte Ltd. (D-Link Investment)	Investment company	100.00 %	100.00 %	100.00 %	Note 1
The Company	D-Link (Europe) Ltd. (D-Link Europe)	Sales and after-sales service	100.00 %	100.00 %	- %	D-Link Corporation acquired 100% of the shareholdings in D-Link Europe from D-Link Holding in May 2023.
The Company	Cameo Communications, Inc. (Cameo)	Manufacturing, sales, research and development	41.58 %	41.58 %	- %	Cameo became a consolidated subsidiary since April 1, 2023.
The Company and D-Link Holding	D-Link Sudamerica SpA (D-Link Sudamerica)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	D-Link Sudamerica S.A. was renamed to D-Link Sudamerica SpA on June 27, 2023. Note 1
The Company and D-Link Holding	D-Link Brazil LTDA (D-Link Brazil)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
The Company	D-Link Latin America Company Ltd. (D-Link L.A.)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
The Company and D-Link Sudamerica	D-Link Mexicana S.A de C.V (D-Link Mexicana)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	In liquidation process
The Company	D-Link Systems, Inc. (D-Link Systems)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
D-Link Systems	D-Link Canada	Sales and after sales service	100.00 %	100.00 %	100.00 %	Note 1

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			March 31, 2024	December 31, 2023	March 31, 2023	
The Company and D-Link Holding	D-Link International Pte. Ltd. (D-Link International)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
The Company	D-Link Australia Pty Ltd. (D-Link Australia)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
The Company and D-Link International	D-Link Middle East FZE (D-Link ME)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	D-Link Middle East FZE became a major subsidiary of the Consolidated Company in 2023, and was renamed from D-Link Middle East FZCO to D-Link Middle East FZE in April 2023.
D-Link International	D-Link Korea Limited (D-Link Korea)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
D-Link International	D-Link Trade M (D-Link Moldova)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
D-Link International	D-Link Capital Investment Co., Ltd. (D-Link Capital Investment)	Investment Company	100.00 %	100.00 %	100.00 %	D-Link Russia Investment Co., Ltd. was renamed to D-Link Capital Investment Co., Ltd. on July 28, 2023. Note 1
D-Link International	D-Link Malaysia SDN. BHD (D-Link Malaysia)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
D-Link International	D-Link Service Lithuania, UAB (D-Link Lithuania)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
D-Link International	D-Link Service (Kazakhstan) (D-Link Kazakhstan)	Sales and after sales service	100.00 %	- %	- %	D-Link International acquired 100% of equity interests in D-Link Kazakhstan from D-Link Lithuania in February 2024. Note 1
D-Link International	D-Link (Shanghai) Co., Ltd (D-Link Shanghai)	Sales and after sales service	100.00 %	- %	- %	D-Link International acquired 100% of equity interest in D-Link Shanghai from D-Link Shiang-Hai (Cayman) in January 2024. Note 1
D-Link International	Netpro (Shanghai) Co., Ltd (Netpro)	Research, development and trading	100.00 %	- %	- %	D-Link International acquired 100% of equity interest in Netpro from D-Link Shiang-Hai (Cayman) in January 2024. Note 1
D-Link Lithuania	D-Link Service (Ukraine) (D-Link Ukraine)	Sales and after sales service	100.00 %	100.00 %	100.00 %	Note 1
D-Link Lithuania	D-Link Kazakhstan	Sales and after sales service	- %	100.00 %	100.00 %	D-Link Lithuania transferred 100% of equity interest in D-Link Kazakhstan to D-Link International in February 2024. Note 1
The Company	D-Link Taiwan Investment Co., Ltd. (D-Link Taiwan Investment)	Investment company	100.00	100.00 %	100.00 %	Yeo-Tai Investment Inc. was renamed to D-Link Taiwan Investment Co., Ltd on May 3, 2024.
D-Link Holding	D-Link Europe	Sales and after-sales service	-	- %	100.00 %	D-Link Corporation acquired 100% of the shareholdings in D-Link Europe from D-Link Holding in May 2023.
D-Link Holding	D-Link Shiang-Hai (Cayman) Inc. (D-Link Shiang-Hai (Cayman))	Investment company	100.00 %	100.00 %	100.00 %	Note 1
D-Link Holding	D-Link Holding Mauritius Inc. (D-Link Mauritius)	Investment company	100.00 %	100.00 %	100.00 %	Note 1

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			March 31, 2024	December 31, 2023	March 31, 2023	
D-Link Holding	OOO D-Link Russia (D-Link Russia)	After-sales service	100.00 %	100.00 %	100.00 %	Note 1
D-Link Investment	OOO D-Link Trade (D-Link Trade)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
D-Link Holding	Success Stone Overseas Corp. (Success Stone)	Investment company	100.00 %	100.00 %	100.00 %	Note 1
D-Link Mauritius	D-Link India Ltd. (D-Link India)	Sales and after-sales service	51.02 %	51.02 %	51.02 %	
D-Link Mauritius and D-Link India	TeamF1 Networks Private Limited (TeamF1 India)	Research and development	100.00 %	100.00 %	100.00 %	Note 1
D-Link Europe	D-Link (Holdings) Ltd. and its subsidiary D-Link (UK) Ltd. (D-Link UK)	Investment company, sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
D-Link Europe	D-Link France SARL (D-Link France)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
D-Link Europe	D-Link AB	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
D-Link Europe	D-Link Iberia SL (D-Link Iberia)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
D-Link Europe	D-Link Mediterraneo SRL (D-Link Mediterraneo)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
D-Link Europe	D-Link (Netherlands) BV (D-Link Netherlands)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
The Company and D-Link Europe	D-Link (Deutschland) GmbH (D-Link Deutschland)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
D-Link Europe	D-Link Polska Sp. Z.o.o. (D-Link Polska)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
D-Link Europe	D-Link (Magyarország) kft (D-Link Magyarország)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
D-Link Europe	D-Link s.r.o	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
D-Link Shiang-Hai (Cayman)	D-Link (Shanghai) Co., Ltd (D-Link Shanghai)	Sales and after-sales service	- %	100.00 %	100.00 %	D-Link Shiang-Hai (Cayman) transferred 100% of the equity interest in D-Link Shanghai to D-Link International in January 2024. Note 1
D-Link Shiang-Hai (Cayman)	Netpro (Shanghai) Co., Ltd (Netpro)	Research, development and trading	- %	100.00 %	100.00 %	D-Link Shiang-Hai (Cayman) transferred 100% of the equity interest in Netpro to D-Link International in January 2024. Note 1
D-Link Mediterraneo	D-Link Adria d.o.o.	Sales and after-sales service	100.00 %	100.00 %	100.00 %	In liquidation process
D-Link Sudamerica and D-Link L.A.	D-Link Peru S.A.	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
D-Link Sudamerica	D-Link de Colombia S.A.S	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
D-Link Sudamerica	D-Link Guatemala S.A.	Sales and after-sales service	99.00 %	99.00 %	99.00 %	In liquidation process
D-Link Sudamerica	D-Link Argentina S.A.	Sales and after-sales service	- %	- %	100.00 %	Liquidation completed in December, 2023.
Cameo	Qianjin Investment Co., Ltd.(Qianjin Investment)	Investment company	100.00 %	100.00 %	- %	
Cameo	Huge Castle Ltd (Huge Castle)	Investment company	100.00 %	100.00 %	- %	
Qianjin Investment	Soarnex Technology Corporation (Soarnex Technology)	International trade, and wholesale of telecommunications equipment and information software	- %	- %	- %	Note 2
Huge Castle	Perfect Choice Co., Ltd. (PC)	Investment company and trading	100.00 %	100.00 %	- %	
Huge Castle	Luis Jo'se Investment Inc. (Luis Jo'se)	Investment company	100.00 %	100.00 %	- %	Note 1

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			March 31, 2024	December 31, 2023	March 31, 2023	
PC	Nettech Technology (Suzhou) Co., Ltd	Production, processing, and sale of electronic communications equipment	- %	- %	- %	Note 3
Luis Jo'se	Suzhou Soarnex Technology Co., Ltd	Software development and software services on computer information systems	100.00 %	100.00 %	- %	Note 1

Note 1: It is a non-major subsidiary, and its financial statements were not reviewed by independent auditors.

Note 2: Soarnex Technology was dissolved based on a resolution of the Board meeting held on August 9, 2022, and obtained the approval letter of the Taipei City Government on August 15, 2022. Thereafter, Soarnex Technology was completed liquidation on April 24, 2023, and the remaining shares were remitted to Qianjin Investment.

Note 3: The Board meeting held in November 2022 resolved the liquidation of Nettech Technology (Suzhou) Co., Ltd, with the approval of the National Administration of Financial Regulation ("NAFR") on August 31, 2023, and the remaining shares were remitted to PC on August 4, 2023.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash and cash equivalent (i.e. the definition in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting date; or
- (iv) The Consolidated Company does not have the right to defer settlement of the liability for at least twelve months after the reporting period.

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are employee benefit expense as the related service is provided.

(ii) Defined benefit plans

The pension cost for an interim period was calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Consolidated Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(f) Income Taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of IFRSs 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period, and tax related to other comprehensive income should be recognized as other comprehensive income.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled.

In accordance with the laws of each country, the income tax of each entity should be declared individually. The amount of consolidated income tax should be the total amount of income tax of each entity.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgement, estimates, and assumptions that affect the application of the accounting policies and the reporting amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2023. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2023.

(6) Explanation of significant accounts:

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the 2023 annual consolidated financial statements. Please refer to Note 6 of the 2023 annual consolidated financial statements.

(a) Cash and Cash Equivalents

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand	\$ 11,541	3,836	5,565
Checking and saving accounts	2,052,563	2,830,223	2,338,050
Time deposit	1,967,663	1,263,637	52,408
Bills and bonds under reverse repurchase agreements	<u>63,333</u>	<u>-</u>	<u>-</u>
Cash and Cash Equivalents	<u><u>\$ 4,095,100</u></u>	<u><u>4,097,696</u></u>	<u><u>2,396,023</u></u>

Please refer to 6(ab) for the exchange rate risk and sensitivity analysis of financial assets and liabilities of the Consolidated Company.

A time deposit is qualified as a cash equivalent when it has a maturity of three months or less from the date of acquisition and it is held for the purpose of short-term cash commitments. Otherwise, it is classified as other current assets.

(b) Financial Assets and Liabilities

(i) Details were as follows

	March 31, 2024	December 31, 2023	March 31, 2023
Financial assets mandatorily measured at fair value through profit or loss - current			
Beneficiary certificates – mutual funds	\$ 604,922	424,566	345,341
Cross currency swaps	16,086	4,823	5,521
Forward foreign exchange contracts	<u>2,432</u>	<u>526</u>	<u>1,315</u>
	<u><u>\$ 623,440</u></u>	<u><u>429,915</u></u>	<u><u>352,177</u></u>

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	March 31, 2024	December 31, 2023	March 31, 2023
Financial liabilities at fair value through profit or loss - current			
Cross currency swaps	\$ 4,781	20,159	4,985
Forward foreign exchange contracts	<u>30</u>	<u>3,653</u>	<u>14,304</u>
	<u><u>\$ 4,811</u></u>	<u><u>23,812</u></u>	<u><u>19,289</u></u>
Financial assets mandatorily measured at fair value through profit or loss - non current			
King House CO., Ltd. (formerly known as Ensure Global Corp., Ltd., hereinafter referred to as King House)	<u><u>\$ 254,100</u></u>	<u><u>254,100</u></u>	<u><u>-</u></u>
Financial assets at fair value through other comprehensive income - non-current			
YouXiang Electronic Technology (Beijing) Co., Ltd. (YouXiang)	\$ 3,441	3,465	4,630
Kaimei Electronic Corp. (Kaimei)	13,996	16,310	17,119
StemCyte International. LTD (StemCyte)	<u>187</u>	<u>214</u>	<u>226</u>
	<u><u>\$ 17,624</u></u>	<u><u>19,989</u></u>	<u><u>21,975</u></u>

- 1) On December 4, 2023, the Consolidated Company participated in 10,000 thousand shares of common stock of King House through a private placement, at an investment cost of \$72,000 thousand (\$7.2 per share). The common stock of this private placement shall not be sold within three years from the delivery date of January 19, 2024, to the expiration date of January 18, 2027, in accordance with the Securities and Exchange Act, except Conditions for Further Transfer of Privately Placed Securities in accordance with Article 43-8 of the Securities and Exchange Act.
- 2) For disclosures on credit, currency and interest rate risks in financial instruments, please refer to note 6(ab).
- 3) As of March 31, 2024, December 31, 2023, and March 31, 2023, no financial assets are pledged as collateral.

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D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Sensitivity analysis – equity market price risk:

If the security price changes, and if it is on the same basis for both years and assumes that all other variables remain the same, the impact on other comprehensive income will be as follows:

Security price at reporting date	For the three months ended March 31,			
	2024		2023	
	After-tax other comprehensive income (loss)	After-tax profit (loss)	After-tax other comprehensive income (loss)	After-tax profit (loss)
Increase 3%	\$ <u>503</u>	<u>21,203</u>	<u>625</u>	<u>8,081</u>
Decrease 3%	\$ <u>(503)</u>	<u>(21,203)</u>	<u>(625)</u>	<u>(8,081)</u>

(iii) Non-hedging-derivative financial instruments

Derivative financial instruments are used to hedge certain foreign exchange and interest risk arising from the Consolidated Company's operating, financing and investing activities. As of March 31, 2024, December 31, 2023, and March 31, 2023, transactions that did not qualify for hedging accounting have been presented as the following held-for-trading financial assets:

1) Derivative financial assets

	March 31, 2024				December 31, 2023			March 31, 2023		
	Contract amount (thousand)	Currency	Maturity date		Contract amount (thousand)	Currency	Maturity date	Contract amount (thousand)	Currency	Maturity date
Cross currency swaps:										
USD	\$ 18,500	USD	2024.04-05		-	-	-	8,200	USD	2023.04
JPY	150,000	JPY	2024.04		800,000	JPY	2024.01	1,800,000	JPY	2023.04-05
CNY	115,790	CNY	2024.05		25,044	CNY	2024.01	81,605	CNY	2023.04
AUD	650	AUD	2024.04		-	-	-	500	AUD	2023.04
EUR	7,800	EUR	2024.04-05		-	-	-	-	-	-
CAD	500	CAD	2024.04		-	-	-	-	-	-
Forward foreign exchange contracts:										
AUD (sell)	-	-	-		-	-	-	1,100	AUD	2023.04-05
CAD (sell)	-	-	-		-	-	-	1,000	CAD	2023.04
KRW (sell)	3,386,655	KRW	2024.04		-	-	-	3,516,750	KRW	2023.04
INR (sell)	-	-	-		-	-	-	20,476	INR	2023.04
JPY (sell)	270,000	JPY	2024.04		360,000	JPY	2024.02	180,000	JPY	2023.05
USD (sell)	-	-	-		1,000	USD	2024.01	-	-	-
EUR (sell)	950	EUR	2024.05		-	-	-	-	-	-
CNY (buy)	-	-	-		10,670	CNY	2024.01	13,761	CNY	2023.04
IDR (sell)	5,539,100	IDR	2024.05		20,808	IDR	2024.01	-	-	-

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Derivative financial liabilities

	March 31, 2024			December 31, 2023			March 31, 2023		
	Contract amount (thousand)	Currency	Maturity date	Contract amount (thousand)	Currency	Maturity date	Contract amount (thousand)	Currency	Maturity date
Cross currency swaps:									
USD	\$ 2,000	USD	2024.05	18,500	USD	2024.01	14,500	USD	2023.06
CNY	46,760	CNY	2024.04	115,296	CNY	2024.01	13,599	CNY	2023.04
EUR	-	-	-	14,100	EUR	2024.01-02	3,700	EUR	2023.04
JPY	1,800,000	JPY	2024.04	1,000,000	JPY	2024.01	274,360	JPY	2023.04
CAD	1,400	CAD	2024.04	1,400	CAD	2024.01	1,400	CAD	2023.04
AUD	-	-	-	500	AUD	2024.01	-	-	-
USD	15,590	BRL	2024.04	-	-	-	-	-	-
Forward foreign exchange contracts:									
IDR (sell)	-	-	-	10,868,900	IDR	2024.01	18,210,000	IDR	2023.04
BRL (sell)	-	-	-	15,327	BRL	2024.01	14,922	BRL	2023.04
INR (sell)	208,661	INR	2024.04	45,791	INR	2024.01	164,758	INR	2023.04
CAD (sell)	500	CAD	2024.04	500	CAD	2024.01	700	CAD	2023.05
EUR (sell)	-	-	-	700	EUR	2024.01	12,500	EUR	2023.04-05
KRW (sell)	-	-	-	3,520,260	KRW	2024.01	912,940	KRW	2023.04
JYP (sell)	-	-	-	100,000	JPY	2024.01	450,000	JPY	2023.04-05
CNY (sell)	-	-	-	-	-	-	44,000	CNY	2023.05
CNY (buy)	-	-	-	10,623	CNY	2024.01	-	-	-

(c) Notes and accounts receivable and other receivables

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable for operating activities	\$ 2,705	2,028	1,698
Accounts receivable - measured at amortized cost	3,256,422	3,174,617	3,614,831
Account receivable - related parties	1,095	2,699	5,689
Other receivables	51,577	43,051	24,812
	3,311,799	3,222,395	3,647,030
Less: Loss Provision	(100,289)	(95,735)	(83,587)
	<u>\$ 3,211,510</u>	<u>3,126,660</u>	<u>3,563,443</u>

The Consolidated Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all notes and accounts receivable and other receivables. To measure the expected credit losses, notes and accounts receivable and other receivables have been grouped based on shared credit risk characteristics and ability to pay all due, as well as incorporated forward looking information. The loss provision was determined as follows:

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

March 31, 2024			
	Gross carrying amount	Weighted-average loss rate	Loss provision
Current	\$ 2,751,294	0.43%	11,824
90 days or less past due	443,024	0.44%	1,930
91 to 180 days past due	16,550	7.33%	1,213
181 to 270 days past due	4,483	64.70%	2,901
271 to 360 days past due	247	74.82%	185
More than 360 days past due	<u>96,201</u>	85.48%	<u>82,236</u>
	<u>\$ 3,311,799</u>		<u>100,289</u>

December 31, 2023			
	Gross carrying amount	Weighted-average loss rate	Loss provision
Current	\$ 2,503,096	0.45%	11,243
90 days or less past due	612,746	0.33%	2,024
91 to 180 days past due	10,740	16.91%	1,817
181 to 270 days past due	273	48.38%	132
271 to 360 days past due	5,916	40.83%	2,416
More than 360 days past due	<u>89,624</u>	87.15%	<u>78,103</u>
	<u>\$ 3,222,395</u>		<u>95,735</u>

March 31, 2023			
	Gross carrying amount	Weighted-average loss rate	Loss provision
Current	\$ 3,029,961	0.35%	10,670
90 days or less past due	502,557	0.88%	4,405
91 to 180 days past due	38,353	12.35%	4,736
181 to 270 days past due	1,825	52.77%	963
271 to 360 days past due	164	89.31%	147
More than 360 days past due	<u>74,170</u>	84.49%	<u>62,666</u>
	<u>\$ 3,647,030</u>		<u>83,587</u>

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The movements in the provision for notes and accounts receivable and other receivables were as follows:

	For the three months ended March 31,	
	2024	2023
Balance at January 1, 2024 and 2023	\$ 95,735	77,291
Expected credit loss	2,267	6,044
Others	<u>2,287</u>	<u>252</u>
Balance at March 31, 2024 and 2023	<u><u>\$ 100,289</u></u>	<u><u>83,587</u></u>

(d) Finance lease payment receivable

The Consolidated Company leased out its office building and warehouse. It classified the sub-lease as a finance lease because the sub-lease is for the whole of the remaining term of the head lease.

A maturity analysis of lease payments, which reflects the undiscounted lease payments to be received after the reporting date, was as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Less than one year	\$ 40,914	39,012	37,468
One to two years	42,183	40,222	38,949
Two to three years	28,956	37,978	40,157
Three to four years	<u>-</u>	<u>-</u>	<u>27,567</u>
Total lease payments receivable	112,053	117,212	144,141
Unearned finance income	<u>(4,492)</u>	<u>(5,150)</u>	<u>(7,988)</u>
Total lease payments receivable (Present value of lease payments receivable)	<u><u>\$ 107,561</u></u>	<u><u>112,062</u></u>	<u><u>136,153</u></u>

(e) Inventories

	March 31, 2024	December 31, 2023	March 31, 2023
Raw materials	\$ 514,047	565,705	-
Work in process and semi-finished products	68,113	78,829	-
Merchandise and finished goods	<u>2,415,181</u>	<u>2,658,669</u>	<u>4,175,906</u>
	<u><u>\$ 2,997,341</u></u>	<u><u>3,303,203</u></u>	<u><u>4,175,906</u></u>

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The operating cost comprises of cost of goods sold, write-down loss (reversal of write-down loss) of inventories to net realizable value, warranty costs and other loss (gain). For the three months ended March 31, 2024 and 2023, the cost of goods sold were \$2,724,849 thousand, and \$3,032,381 thousand, respectively. The loss on product warranty, obsolescence and order cancellation amounted to \$46,920 thousand and \$53,311 thousand for the three months ended March 31, 2024 and 2023, respectively. For the three months ended March 31, 2024, due to active sales of inventories resulted in reversal of write-down loss of inventories to net realizable value to reduce cost of goods sold by \$92,891 thousand. For the three months ended March 31, 2023, the Consolidated Company recognized write-down loss of inventories to net realizable value of \$95,032 thousand, because of the shortage of materials and the increase in logistics time to increase stocking.

As of March 31, 2024, December 31, 2023, and March 31, 2023, no inventories were pledged as collateral.

(f) Investments accounted for using equity methods

Investments accounted for using equity methods were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Associates	\$ <u><u>12,507</u></u>	<u><u>16,251</u></u>	<u><u>1,427,092</u></u>

(i) Associates

The information on a significant associate of the Consolidated Company was as follows:

Name of Associate	Name of relationship with the Consolidated Company	Main operating location/ Registered Country of the Company	Ownership interest/Voting rights held		
			March 31, 2024	December 31, 2023	March 31, 2023
Cameo	Its major business activities are the manufacturing and sales of network system equipment and related components, as well as research and development of related technologies. It also serves as the supplier of the Consolidated Company. The Consolidated Company obtained control of Cameo and included it as a consolidated subsidiary on April 1, 2023.	Taiwan	41.58 %	41.58 %	41.58 %

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 1) The financial information on Cameo was summarized as follows:

	March 31, 2023
Current assets	\$ 3,782,187
Non-current assets	1,724,294
Current liabilities	1,388,737
Non-current liabilities	<u>850,595</u>
Net assets	<u>\$ 3,267,149</u>
Net assets attributable to investee's shareholders	<u>\$ 3,267,149</u>
For the three months ended March 31, 2023	
Operating revenue	<u>\$ 1,070,847</u>
Net income	\$ 10,962
Other comprehensive income	<u>22,229</u>
Total comprehensive income	<u>\$ 33,191</u>
Total comprehensive income attributable to investee's shareholders	<u>\$ 33,191</u>
For the three months ended March 31, 2023	
The Consolidated Company's share in associate's net assets at beginning of year	\$ 1,344,613
Comprehensive income attributable to the Consolidated Company	<u>14,722</u>
The Consolidated Company's share in associate's net assets at end of year	1,359,335
Less: unrealized gains	(43,934)
Add: goodwill	<u>102,489</u>
Carrying amounts of investments accounted for using equity method	<u>\$ 1,417,890</u>

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Cameo announced the resignation of its natural person directors, independent directors, and institutional directors, as well as the change of one-third of its directors on March 31, 2023. The Board of Directors elected Taiwan Network Group United Co., Ltd. (formerly known as D-Link Investment Co., Ltd.) and its representative director, Kuo Chin-Ho, as its chairman, effective from April 1, 2023. In addition, since the Company is the largest single shareholder of it, with a shareholding of 41.58%, the Company has changed from having significant influence on Cameo to having control of Cameo and regards it as a consolidated subsidiary since April 1, 2023. The Consolidated Company deemed the investment accounted for using equity method - Cameo to be disposed on April 1, 2023, and recognized gain on disposal of investment accounted for other gains and losses amounting to \$339,993 thousand.

2) The financial information of insignificant associates

The financial information of the Consolidated Company's equity-method associates, which were insignificant, was summarized as follows. The financial information was included in the Consolidated Company's consolidated financial statements.

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying amounts of insignificant associates	\$ <u>12,507</u>	<u>16,251</u>	<u>9,202</u>
		For the three months ended March 31,	
		2024	2023
Attributable to the Consolidated Company			
(Loss) profit from continuing operations		\$ (3,891)	5,913
Other comprehensive income (loss)		<u>147</u>	<u>(377)</u>
Total comprehensive (loss) income		<u>\$ (3,744)</u>	<u>5,536</u>

3) The market value of public listed or OTC investees of the Consolidated Company accounted for using equity method was as follows:

	March 31, 2023
Cameo	\$ <u>1,746,669</u>

(ii) Pledges

As of March 31, 2024, December 31, 2023, and March 31, 2023, no investment accounted for using equity methods has been pledged as collateral.

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Acquisition of subsidiaries

On April 1, 2023, the Consolidated Company acquired control of Cameo, who manufactures, sells, and develops network system equipment and related components, with a shareholding of 41.58%.

The fair value of the acquired assets and assumed liabilities at the date of acquisition, and the amount of recognized goodwill, were as follows:

	December 31, 2023
(i) The fair value of Cameo's equity held by the Consolidated Company at the acquisition date	\$ <u>1,746,669</u>
(ii) The recognized amounts of assets acquired and liabilities assumed	

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date:

A. The Identifiable assets acquired

	Actual
Current assets	
Cash and cash equivalents	\$ 1,446,744
Accounts receivable and other receivables	1,193,708
Current tax assets	664
Inventories	1,105,987
Prepayment for purchase and other current assets	35,084
Non-current assets	
Property, plant and equipment	1,508,680
Right-of-use assets	68,161
Deferred tax assets	49,086
Refundable deposits	5,744
Net defined benefit assets	35,732
Other non-current assets	25,538
Intangible assets	
Computer software	97
Trademark	11,514
Patents	<u>42,499</u>
Summarizes the identifiable assets acquired	<u>5,529,238</u>

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Actual
B. The recognized amounts of liabilities assumed	
Accounts payable and other payables	\$ (1,186,746)
Current provisions	(6,258)
Other current liabilities	(53,259)
Lease liabilities	(68,370)
Long-term borrowings	(864,797)
Deferred tax liabilities	(59,902)
Summarizes the recognized amounts of liabilities assumed	<u>(2,239,332)</u>
Total identifiable net assets acquired	<u><u>\$ 3,289,906</u></u>

(iii) Goodwill

The fair value of Cameo's equity held by the Consolidated Company at the acquisition date	\$ 1,746,669
Add: non-controlling interests' share of identifiable net assets upon acquisition	1,850,939
Less: total identifiable net assets acquired	(3,289,906)
Less: treasury shares	<u>(82,823)</u>
Goodwill	<u><u>\$ 224,879</u></u>

(h) Subsidiaries have material non-controlling interests

Non-controlling interests of subsidiary that were material to the Consolidated Company were as follows:

Name of subsidiary	Main operating location/ Registered country of the Company	Ownership interests/voting rights held by NCI		
		March 31, 2024	December 31, 2023	March 31, 2023
D-Link India	India	48.98 %	48.98 %	48.98 %
Cameo	Taiwan	58.42 %	58.42 %	- %

The following summarizes the financial information for D-Link India and Cameo prepared in accordance with the IFRS (modified for the fair value adjustments on acquisition) and the differences in the Consolidated Company's accounting policies. The information incurred prior to the inter-company eliminations with other companies in the Consolidated Company.

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The financial information of D-Link India was summarized as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Current assets	\$ 2,424,956	2,015,702	2,105,874
Non-current assets	626,319	605,035	601,398
Current liabilities	990,083	726,705	912,682
Non-current liabilities	<u>21,296</u>	<u>25,635</u>	<u>35,816</u>
Net assets	<u>\$ 2,039,896</u>	<u>1,868,397</u>	<u>1,758,774</u>
Net assets attributable to non-controlling interests	<u>\$ 815,491</u>	<u>738,696</u>	<u>686,618</u>
		For the three months ended March 31,	
		2024	2023
Operating revenues		<u>\$ 1,257,173</u>	<u>1,144,500</u>
Net profit		\$ 97,707	73,128
Other comprehensive income (loss)		<u>59,082</u>	<u>(2,011)</u>
Total comprehensive income		<u>\$ 156,789</u>	<u>71,117</u>
Net income attributable to non-controlling interests		<u>\$ 47,857</u>	<u>35,819</u>
Total comprehensive income attributable to non-controlling interests		<u>\$ 76,795</u>	<u>34,834</u>
Cash flows from operating activities		\$ 193,605	8,326
Cash flows used in investing activities		(181,024)	(66,827)
Cash flows (used in) from financing activities		<u>(86)</u>	<u>312</u>
Net increase (decrease) in cash and cash equivalents		<u>\$ 12,495</u>	<u>(58,189)</u>

The financial information of Cameo was summarized as follows:

	March 31, 2024
Current assets	\$ 2,414,090
Non-current assets	1,709,367
Current liabilities	482,545
Non-current liabilities	<u>559,123</u>
Net assets	<u>\$ 3,081,789</u>
Net assets attributable to non-controlling interests	<u>\$ 1,741,379</u>

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended March 31, 2024
Operating revenues	\$ <u>234,767</u>
Net loss	\$ (68,407)
Other comprehensive loss	(518)
Total comprehensive loss	\$ <u>(68,925)</u>
Net loss attributable to non-controlling interests	\$ <u>(39,965)</u>
Total comprehensive loss attributable to non-controlling interests	\$ <u>(35,980)</u>
Cash flows used in operating activities	\$ (33,322)
Cash flows used in investing activities	(72,922)
Cash flows used in financing activities	(35,580)
Impact of the changes in exchange rates on cash and cash equivalents	6,815
Net decrease in cash and cash equivalents	\$ <u>(135,009)</u>
(i) Property, plant and equipment	

For the three months ended March 31, 2024					
	Balance at January 1, 2024	Increase	Decrease	Others	Balance at March 31, 2024
Cost:					
Land	\$ 931,535	-	-	124	931,659
Buildings	2,036,279	547	(2,283)	7,721	2,042,264
Machinery equipment	575,384	7,227	(1,868)	3,066	583,809
Others	<u>1,167,371</u>	<u>11,235</u>	<u>(53,615)</u>	<u>58,827</u>	<u>1,183,818</u>
	<u>4,710,569</u>	<u>19,009</u>	<u>(57,766)</u>	<u>69,738</u>	<u>4,741,550</u>
Accumulated depreciation:					
Buildings	\$ 765,239	12,858	(1,696)	3,058	779,459
Machinery equipment	509,319	9,190	(1,868)	3,002	519,643
Others	<u>1,041,930</u>	<u>15,292</u>	<u>(53,539)</u>	<u>58,945</u>	<u>1,062,628</u>
	<u>2,316,488</u>	<u>37,340</u>	<u>(57,103)</u>	<u>65,005</u>	<u>2,361,730</u>
	<u>\$ 2,394,081</u>	<u>(18,331)</u>	<u>(663)</u>	<u>4,733</u>	<u>2,379,820</u>

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the three months ended March 31, 2023

	Balance at January 1, 2023	Increase	Decrease	Others	Balance at March 31, 2023
Cost:					
Land	\$ 546,313	-	-	(1,413)	544,900
Buildings	900,100	-	(1,350)	(15,312)	883,438
Others	<u>1,157,462</u>	<u>2,195</u>	<u>(23,957)</u>	<u>(4,243)</u>	<u>1,131,457</u>
	<u>2,603,875</u>	<u>2,195</u>	<u>(25,307)</u>	<u>(20,968)</u>	<u>2,559,795</u>
Accumulated depreciation:					
Buildings	574,905	3,670	(1,350)	(4,390)	572,835
Others	<u>1,050,154</u>	<u>14,680</u>	<u>(22,616)</u>	<u>(5,295)</u>	<u>1,036,923</u>
	<u>1,625,059</u>	<u>18,350</u>	<u>(23,966)</u>	<u>(9,685)</u>	<u>1,609,758</u>
	<u>\$ 978,816</u>	<u>(16,155)</u>	<u>(1,341)</u>	<u>(11,283)</u>	<u>950,037</u>

As of March 31, 2024, December 31, 2023, and March 31, 2023, property, plant and equipment has been pledged as collateral for long-term borrowings, please refer to note 8.

(j) Right-of-use assets

The Consolidated Company leased buildings, office equipment and transportation equipment. Information about leases was presented below:

	Buildings	Office equipment	Transportation equipment	Total
Cost:				
Balance at January 1, 2024	\$ 567,136	9,625	51,081	627,842
Increase	14,799	-	1,651	16,450
Decrease	(22,385)	(100)	(347)	(22,832)
Others	<u>4,002</u>	<u>230</u>	<u>769</u>	<u>5,001</u>
Balance at March 31, 2024	<u>\$ 563,552</u>	<u>9,755</u>	<u>53,154</u>	<u>626,461</u>
Balance at January 1, 2023	\$ 464,962	9,137	34,832	508,931
Increase	25,268	3,062	6,779	35,109
Decrease	(23,519)	(2,812)	(5,607)	(31,938)
Others	<u>(2,234)</u>	<u>8</u>	<u>197</u>	<u>(2,029)</u>
Balance at March 31, 2023	<u>\$ 464,477</u>	<u>9,395</u>	<u>36,201</u>	<u>510,073</u>
Accumulated Depreciation:				
Balance at January 1, 2024	\$ 271,850	5,097	16,847	293,794
Increase	37,000	699	4,414	42,113
Decrease	(19,092)	(99)	(311)	(19,502)
Others	<u>(681)</u>	<u>137</u>	<u>259</u>	<u>(285)</u>
Balance at March 31, 2024	<u>\$ 289,077</u>	<u>5,834</u>	<u>21,209</u>	<u>316,120</u>

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Buildings	Office equipment	Transportation equipment	Total
Balance at January 1, 2023	\$ 181,060	4,204	20,158	205,422
Increase	28,590	652	3,336	32,578
Decrease	(23,522)	(1,882)	(4,546)	(29,950)
Others	(381)	(13)	50	(344)
Balance at March 31, 2023	<u>\$ 185,747</u>	<u>2,961</u>	<u>18,998</u>	<u>207,706</u>
Carrying amount:				
Balance at January 1, 2024	<u>\$ 295,286</u>	<u>4,528</u>	<u>34,234</u>	<u>334,048</u>
Balance at March 31, 2024	<u>\$ 274,475</u>	<u>3,921</u>	<u>31,945</u>	<u>310,341</u>
Balance at March 31, 2023	<u>\$ 278,730</u>	<u>6,434</u>	<u>17,203</u>	<u>302,367</u>

The Consolidated Company leased offices and warehouses under an operating lease for the three months ended March 31, 2024 and 2023, please refer to note 6(s).

(k) Investment property

For the three months ended March 31, 2024

	Balance at January 1, 2024	Increase	Decrease	Balance at March 31, 2024
Cost:				
Land	\$ 30,000	-	-	30,000
Buildings	<u>22,196</u>	<u>-</u>	<u>-</u>	<u>22,196</u>
	<u>52,196</u>	<u>-</u>	<u>-</u>	<u>52,196</u>
Accumulated depreciation:				
Buildings	<u>13,113</u>	<u>99</u>	<u>-</u>	<u>13,212</u>
Accumulated impairment:				
Buildings	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
	<u>\$ 38,083</u>	<u>(99)</u>	<u>-</u>	<u>37,984</u>

For the three months ended March 31, 2023

	Balance at January 1, 2023	Increase	Decrease	Balance at March 31, 2023
Cost:				
Land	\$ 30,000	-	-	30,000
Buildings	<u>22,196</u>	<u>-</u>	<u>-</u>	<u>22,196</u>
	<u>52,196</u>	<u>-</u>	<u>-</u>	<u>52,196</u>

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the three months ended March 31, 2023

	Balance at January 1, 2023	Increase	Decrease	Balance at March 31, 2023
Accumulated depreciation:				
Buildings	\$ <u>12,716</u>	<u>99</u>	<u>-</u>	<u>12,815</u>
Accumulated impairment:				
Buildings	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
	<u>\$ 38,480</u>	<u>(99)</u>	<u>-</u>	<u>38,381</u>
		March 31, 2024	December 31, 2023	March 31, 2023
Carrying amount		<u>\$ 37,984</u>	<u>38,083</u>	<u>38,381</u>
Fair value		<u>\$ 68,062</u>	<u>61,990</u>	<u>63,822</u>

Investment properties are commercial real estate that are leased to third parties. The lease contract includes an initial non-cancellable period of 3 years. Subsequent renewals are negotiated with the lessee and no contingent rents are charged. For further information of rental income, please refer to note 6(z). Besides, direct operating expenses related to investment property were \$0 thousand for the three months ended March 31, 2024 and 2023, respectively.

As of March 31, 2024, December 31, 2023, and March 31, 2023, the fair value of investment property has been evaluated based on the comparable transactions of property similar in location and category.

As of March 31, 2024, December 31, 2023, and March 31, 2023, no investment property has been pledged as collateral.

(l) Intangible assets

For the three months ended March 31, 2024

	Balance at January 1, 2024	Increase	Decrease	Amortization	Others	Balance at March 31, 2024
Goodwill	\$ 526,327	-	-	-	9,153	535,480
Trademark	147,331	-	-	(5)	6,013	153,339
Patents	46,643	152	-	(2,540)	-	44,255
Computer software costs	13,069	-	-	(1,254)	-	11,815
Other intangible assets	<u>51,245</u>	<u>4,668</u>	<u>-</u>	<u>(6,826)</u>	<u>75</u>	<u>49,162</u>
	<u>\$ 784,615</u>	<u>4,820</u>	<u>-</u>	<u>(10,625)</u>	<u>15,241</u>	<u>794,051</u>

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D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the three months ended March 31, 2023

	Balance at January 1, 2023	Increase	Decrease	Amortization	Others	Balance at March 31, 2023
Goodwill	\$ 305,091	-	-	-	(4,646)	300,445
Trademark	147,119	-	-	-	(1,217)	145,902
Patents	12,335	-	-	(673)	-	11,662
Computer software costs	6,402	-	-	(1,233)	-	5,169
Other intangible assets	<u>45,975</u>	<u>7,461</u>	<u>-</u>	<u>(5,065)</u>	<u>1</u>	<u>48,372</u>
	<u>\$ 516,922</u>	<u>7,461</u>	<u>-</u>	<u>(6,971)</u>	<u>(5,862)</u>	<u>511,550</u>

(m) Share-based payment

(i) Restricted share plan for employees

On August 14, 2023, the Company's Board of Directors resolved to increase the capital by issuing 3,000 thousand employee restricted shares at no consideration based on the resolutions approved by the shareholders' meeting held on May 27, 2022, which was declared effective by Letter No. 1110365032 of the FSC on November 30, 2022. The resolutions approved by the Board of Directors were as follows:

(In Thousands of shares)

Grant Date	Granted Shares Approved by the Board	Fair Value Per Share	Issued Date	Issued Shares
September 25, 2023	3,000	\$ 19.90	September 25, 2023	3,000

To qualify for the employee restricted shares, an employee should meet the following employment years and performance conditions over the vesting period:

- 1) 40% restricted shares will be vested to an employee who employed a year after the grant date and gets a rating "B+" (or higher) in the annual performance review.
- 2) 30% restricted shares will be vested to an employee who employed two years after the grant date and gets a rating "B+" (or higher) in the annual performance review.
- 3) 30% restricted shares will be vested to an employee who employed three years after the grant date and gets a rating "B+" (or higher) in the annual performance review.

After employees are allocated with new shares, their rights that are restricted prior to the vesting conditions should be met as follows:

- 1) Except for inheritance, those restricted shares should not be sold, pledged, transferred, donated, settled or disposed in any other way before the vesting conditions are met.

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 2) Before the vesting conditions are met, the attendance, proposal rights, speech rights, voting rights and electing rights, etc. shall be the same as common shares and shall be handled in accordance with the trust custody contract.
- 3) Employees do not have earnings distribution rights before the vesting conditions are met. The distributing rights include but are not limited to: dividends, stock dividends, legal reserve and capital reserve, etc. All related operational matters shall be executed in accordance with the trust custody contract.
- 4) Beginning from the Company's book-closing dates for gratuitous allotment, cash dividend, cash subscription for capital increase, shareholders' meeting specified in Article 165, Paragraph 3 of the Company Act, or other legal book-closing period to the base date of distribution rights, the time and procedures for granting the unrestricted vested shares for employees who meet the vesting conditions shall be implemented in accordance with the trust custody agreement or relevant regulations.
- 5) During the vesting period, if the Company undergoes a cash capital reduction or other capital reduction that is not due to statutory capital reduction, the new shares with restricted employee rights shall be canceled in accordance with the capital reduction ratio. For cash capital reduction, the cash returned must first be kept in the trust, then, can only be delivered to employees who met all the vesting conditions within the vesting period. Otherwise, the cash shall be recalled by the Company.

Other agreed matters:

- 1) After the employee restricted shares are issued, it must be immediately delivered to the trust for safekeeping; and before the vested conditions are met, employees may not request the trustee to return the employee restricted shares under any circumstances.
- 2) During the period when the employee restricted shares are delivered to the trust for safekeeping, the Company or a person designated by the Company shall have full authority to act on behalf of the employee and trust custody to negotiate, sign, amend, extend, nullify and terminate the trust custody agreement. The authorized individual also has the right to use and dispose the property, as well as handover the shares to the employee, held in trust.

Information on restricted share plan for employees was as follows:

(In Thousands of shares)

	For the year ended March 31, 2024
Balance at January 1, 2024	3,000
Forfeited in the current period (Note)	<u>(181)</u>
Balance at March 31, 2024	<u><u>2,819</u></u>

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Note: For the three months ended March 31, 2024, the recovered restricted employee stock options were 181 thousand shares and the registration have been completed.

For the three months ended March 31, 2024, the compensation costs recognized amounted to \$7,149 thousand.

(n) Short-term and long-term borrowings

The details, conditions and terms of short-term and long-term borrowings of the Consolidated Company were as follows:

(i) Short-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
Unused credit line	\$ <u>3,824,867</u>	<u>3,725,789</u>	<u>3,093,934</u>

(ii) Long-term borrowings

	Currency	Interest rate (%)	Maturity year	March 31, 2024	December 31, 2023	March 31, 2023
Secured bank borrowings	TWD	1.35~2.11	2025~2035	\$ 620,495	651,032	-
Less : current portion				<u>(122,151)</u>	<u>(122,151)</u>	<u>-</u>
Total				\$ <u>498,344</u>	<u>528,881</u>	<u>-</u>
Unused credit line				\$ <u>497,000</u>	<u>497,000</u>	<u>-</u>

The real estate of the Consolidated Company pledged as a collateral for bank borrowings, please refer to note 8.

(o) Other Payables

	March 31, 2024	December 31, 2023	March 31, 2023
Salary payable	\$ 292,072	319,810	182,085
Dividend payable	321,964	641	-
Other payable-other	<u>667,336</u>	<u>755,399</u>	<u>582,084</u>
	\$ <u>1,281,372</u>	<u>1,075,850</u>	<u>764,169</u>

(p) Lease liabilities

The amounts of lease liabilities for the Consolidated Company were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Current	\$ <u>183,378</u>	<u>182,145</u>	<u>149,756</u>
Non-current	\$ <u>243,916</u>	<u>272,663</u>	<u>295,903</u>

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31,	
	2024	2023
	Interests on lease liabilities	\$ <u>4,031</u>
Expenses relating to short-term leases	\$ <u>12,269</u>	<u>12,339</u>
Expenses relating to leases of low-value assets	\$ <u>65</u>	<u>-</u>

The amounts recognized in the statement of cash flows for the Consolidated Company were as follows:

	For the three months ended March 31,	
	2024	2023
	Total cash outflow for leases	\$ <u>60,329</u>

(i) Real estate leases

As of March 31, 2024, the Consolidated Company leased buildings for its office space. The leases of office space typically run for one to ten years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Consolidated Company also leases office equipment with contract terms of one to three years. In some cases, the Consolidated Company has options to purchase the assets at the end of the contract term; in other cases, the Consolidated Company guarantees the residual value of the leased assets at the end of the contract term.

(q) Current provisions-current

	For the three months ended March 31, 2024					
	Balance at January 1, 2024	Increased	Used	Reversed	Effect of exchange	Balance at March 31, 2024
Warranties	\$ 96,748	2,959	(4,841)	-	(2,227)	92,639
Legal proceedings and royalties	<u>30,735</u>	<u>9,597</u>	<u>-</u>	<u>-</u>	<u>1,255</u>	<u>41,587</u>
	<u>\$ 127,483</u>	<u>12,556</u>	<u>(4,841)</u>	<u>-</u>	<u>(972)</u>	<u>134,226</u>
	For the three months ended March 31, 2023					
	Balance at January 1, 2023	Increased	Used	Reversed	Effect of exchange	Balance at March 31, 2023
Warranties	\$ 106,307	2,745	(4,048)	-	(383)	104,621
Legal proceedings and royalties	<u>199,602</u>	<u>48,284</u>	<u>-</u>	<u>(34,917)</u>	<u>209</u>	<u>213,178</u>
	<u>\$ 305,909</u>	<u>51,029</u>	<u>(4,048)</u>	<u>(34,917)</u>	<u>(174)</u>	<u>317,799</u>

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Refund liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Refund liabilities	\$ <u>449,544</u>	<u>463,639</u>	<u>500,705</u>

Refund liabilities were predicted payments to the customers based on expected volume discounts and the right to the returned goods.

(s) Operating leases

The Consolidated Company leased out its investment property. The Consolidated Company has classified these leases as operating leases because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(k) for the operating leases of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Within one year	\$ 6,130	6,464	3,231
One to two years	4,222	3,166	626
Two to five years	<u>11,741</u>	<u>9,235</u>	<u>-</u>
Total undiscounted lease payments	\$ <u>22,093</u>	<u>18,865</u>	<u>3,857</u>

(t) Employee benefits

In the prior fiscal year, there was no material volatility of the market, no material reimbursement and settlement or other material one-time events. As a result, pension costs in the interim consolidated financial statements were measured and disclosed according to the actuarial report for the years ended December 31, 2023 and 2022.

(i) Defined benefit pension plans

The expenses recognized in profit or loss were as follows:

	For the three months ended March 31,	
	2024	2023
Operating expenses	\$ <u>27</u>	<u>-</u>

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Defined contribution plans

The domestic company of the Consolidated Company set aside 6% of the contribution rate of the employee's monthly wages to the labor pension personal account of the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. The Consolidated Company set aside a fixed amount to the Bureau of the Labor Insurance without the payment of additional legal or constructive obligations.

The foreign company of the Consolidated Company made contributions in accordance with local regulations.

The amount of the Consolidated Company's pension expenses under defined contribution pension plans was as follows:

	For the three months ended March 31,	
	2024	2023
Operating costs	\$ <u>3,050</u>	<u>1,598</u>
Operating expenses	\$ <u>28,190</u>	<u>27,114</u>

(u) Income Taxes

Income tax expenses are measured by the (loss) profit before tax in the interim consolidated financial statements multiplied by the effective tax rate for the whole year of the management's best estimation.

Income tax expenses for the Consolidated Company were summarized as follows:

	For the three months ended March 31,	
	2024	2023
Current income tax expense	\$ 48,122	49,989
Deferred tax benefit		
Origination and reversal of temporary differences	<u>(7,170)</u>	<u>(40,133)</u>
Income tax expenses	\$ <u>40,952</u>	<u>9,856</u>

The amount of income tax expense (benefit) recognized in other comprehensive income for the Consolidated Company was as follows:

	For the three months ended March 31,	
	2024	2023
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	\$ <u>63,552</u>	<u>(26,465)</u>

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D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The income tax returns of the Company, Cameo and Qianjin Investment have been examined by the tax authority through 2021. The income tax returns of D-Link Taiwan Investment and Soarnex have been examined by the tax authority through 2022.

(v) Capital and other equity

(i) Common stock

As of March 31, 2024, December 31, 2023, and March 31, 2023, the authorized capital amounted to \$8,800,000 thousand (including \$750,000 thousand authorized for the issuance of the employee shares options). As of March 31, 2024, December 31, 2023, and March 31, 2023, all the paid-in capital consisted 602,656 thousand shares, 602,837 thousand shares, and 599,837 thousand shares, respectively, with a par value of \$10 per share, amounting to \$6,026,555 thousand, \$6,028,365 thousand and \$5,998,365 thousand, respectively.

On August 14, 2023, the Company's Board of Directors resolved to increase the capital by issuing 3,000 thousand employee restricted shares for its employees based on the resolutions approved by the shareholders' meeting held on May 27, 2022. Please refer to note 6(m) for relevant information.

(ii) Capital surplus

The balances of capital surplus for the Consolidated Company were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Common stock in excess of par value	\$ 1,037,080	1,037,080	1,037,080
Treasury shares transactions	39,817	39,817	39,310
Expiry of share-based payment transactions	129,459	129,459	129,459
Expiry of redeemed options of convertible corporate bonds	81,454	81,454	81,454
Changes in equities of the Company's ownership interests in subsidiaries	55,320	55,320	55,320
Issue employee restricted shares	<u>19,926</u>	<u>21,205</u>	<u>-</u>
Total	<u><u>\$ 1,363,056</u></u>	<u><u>1,364,335</u></u>	<u><u>1,342,623</u></u>

According to the R.O.C. Company Act, realized capital surplus can only be reclassified as share capital or be distributed as cash dividends after offsetting against losses. The aforementioned realized capital surplus includes share premium and donation gains. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital surplus to be reclassified under share capital should not exceed 10% of the paid-in capital each year.

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D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Retained earnings

1) Legal reserve

According to the R.O.C. Company Act No. 237, the Company must retain 10% of its net profit as a legal reserve until such retention equals the total paid-in capital.

In accordance with Ruling No. 10802432410 issued by the Ministry of Economic Affairs (MOEA) on January 9, 2020, the amount of retained earnings allotted to legal reserve shall be calculated based on "net earnings after income taxes, plus any other amount recognized in undistributed retained earnings" since the earnings distribution in 2019.

When the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be distributed as dividends in cash or stocks based on the resolution of the shareholders' meeting if there is no accumulated deficit.

2) Special reserve

In accordance with Ruling issued by the Financial Supervisory commission, a special reserve equivalent to the net debit balance of other shareholders' equity shall be set aside from the current earnings and the prior unappropriated earnings. The Company shall not distribute the special reserve equivalent to the net debit balance of shareholders' equity from the prior fiscal years set aside from the prior unappropriated earnings. The amount of subsequent reversals pertaining to the net debt balance of other shareholders' equity shall qualify for distribution.

3) Earning distribution

In accordance with the Company's articles of incorporation, if there are earnings at year-end, 10 percent should be set aside as legal reserve until such retention equals the total paid-in capital after the payment of income tax and offsetting accumulated losses from prior years. Also set aside from or reverse special reserve in accordance with the Securities and Exchange Act. The remaining portion will be combined with earnings from prior years, and the Board of Directors can propose appropriations of earnings to be approved by the shareholders' meeting.

The distributable dividends in whole or in part will be paid in cash by the Company after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The Company's Board of Directors resolved to distribute the cash dividends of \$0.5355 per share, amounting to \$321,236 thousand on February 27, 2024.

The Company's Board of Directors resolved to distribute the cash dividends of \$ 0.2246 per share, amounting to \$134,717 thousand on February 22, 2023. Through the resolution of the shareholder's meeting on May 31, 2023, the Company also appropriated the statutory surplus reserve of \$14,969 thousand.

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
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Related information is available on the Market Observation Post System website of the Taiwan Stock Exchange.

4) Dividend policy

The Company has carried out its Residual Dividend Policy to align with the (i) whole market (ii) industrial growth characteristics (iii) long term financial plan (iv) talent acquisition, and (v) pursuing sustainable business development. After deducting the balance from the items mentioned above, the Board of Directors shall adopt a proposal for the residual balance and the previous year's earnings to be submitted for approval during the shareholders' meeting. The total amount of dividends to be distributed to the shareholders shall be no less than 30% of the distributable earnings for the current year. According to the budget plan for its capital, the Company shall distribute stock dividends to retain the required funds; and any remainder, which should not be less than 10% of the total dividends, can be distributed by cash.

(iv) Treasury shares

As of March 31, 2024, Qianjin Investment, a subsidiary of the Consolidated Company, held 5,434 thousand shares of the Company with a total value of \$82,823 thousand attributed to the repurchase cost by the Company, was recognized under treasury shares.

(v) Other equity

- 1) Exchange differences on translation of foreign financial statements and unrealized gains (losses) on financial assets measured at fair value through other comprehensive income

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income
Balance at January 1, 2024	\$ (1,557,495)	(17,004)
The Consolidated Company	138,487	(2,505)
Associates	<u>147</u>	<u>-</u>
Balance at March 31, 2024	<u>\$ (1,418,861)</u>	<u>(19,509)</u>
Balance at January 1, 2023	\$ (1,359,264)	(44,193)
The Consolidated Company	(125,756)	5,236
Associates	<u>1,297</u>	<u>8,473</u>
Balance at March 31, 2023	<u>\$ (1,483,723)</u>	<u>(30,484)</u>

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D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Unearned compensation

	Unearned Compensation
Balance at January 1, 2024	\$ (40,110)
Compensation cost of employee restricted shares	<u>10,238</u>
Balance at March 31, 2024	<u><u>\$ (29,872)</u></u>

(vi) Non-controlling interests

	For the three months ended March 31,	
	2024	2023
Balance at the beginning of the period	\$ 2,516,055	651,784
Attributable to non-controlling interest:		
Net income	7,892	35,819
Exchange differences on translation of foreign financial statements	<u>32,923</u>	<u>(985)</u>
Balance at the end of the period	<u><u>\$ 2,556,870</u></u>	<u><u>686,618</u></u>

(w) Earnings (loss) per share

The calculation of (loss) earnings per share of the Consolidated Company was as follows:

(i) Basic (loss) earnings per share

	For the three months ended March 31,	
	2024	2023
Net (loss) profit of the parent company for the year	<u>(52,908)</u>	<u>139,132</u>
Outstanding ordinary shares	<u>597,577</u>	<u>599,837</u>
Basic (loss) earnings per share	<u>(0.09)</u>	<u>0.23</u>

(ii) Diluted (loss) earnings per share

	For the three months ended March 31,	
	2024	2023
Net (loss) profit of the parent company for the year	<u>(52,908)</u>	<u>139,132</u>

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended March 31,	
	2024	2023
Weighted average number of outstanding ordinary shares (basic)	597,577	599,837
Employees' compensation has not been resolved by the Board of Directors	-	616
Weighted average number of outstanding ordinary shares (diluted)	597,577	600,453
Diluted (loss) earnings per share	(0.09)	0.23

For the first quarter of 2024, due to non-vested new restricted employee stock and stock options for employee compensation had antidilutive effect and thus excluded from the calculation of the diluted earnings per share. For calculation of the dilutive effect of the shares option for the first quarter of 2023, the average market value was assessed based on the quoted market price where the Company's option was outstanding.

(x) Revenue from contracts with customers

(i) The Consolidated Company's revenue from contracts with customers

Major product / service lines	For the three months ended March 31,	
	2024	2023
Switch and Security products	\$ 1,572,308	1,885,280
Wireless and IoT products	369,107	638,909
Mobile and Broadband products	405,821	674,943
Others	1,216,142	1,056,776
	\$ 3,563,378	4,255,908

Primary geographical markets	For the three months ended March 31,	
	2024	2023
American	\$ 191,115	283,416
European	665,183	1,290,801
Asian and others	2,707,080	2,681,691
	\$ 3,563,378	4,255,908

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Contract liabilities

- 1) The Consolidated Company recognized contract revenue related to contract liabilities:

	March 31, 2024	December 31, 2023	March 31, 2023
Current contract liabilities (sales)	\$ <u>113,258</u>	<u>145,163</u>	<u>112,036</u>

- 2) The beginning contract liabilities were recognized as income, amounting to \$53,817 thousand and \$30,248 thousand for the three months ended March 31, 2024 and 2023, respectively.

(y) Remunerations to employees and directors

In accordance with the Articles of Association, if the Company incurs profit for the year, the profit shall first be used to offset against any deficit; then, a minimum of 1% to a maximum of 15% of the remainder shall be appropriated as employee remuneration, and less than 1% as directors' remuneration. The profit shall be considered as the annual income before tax, excluding the remunerations to employees and directors, which shall be decided by two-third of the voting rights exercised by the majority of the directors present at the board meeting, and reported at shareholders' meeting thereafter. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain specific conditions.

No remunerations to employees and directors were accrued for the three months ended March 31, 2024 due to the loss before tax incurred by the Company.

For the three months ended March 31, 2023, the Company estimated the remunerations to its employees and directors amounting to \$7,642 thousand and \$764 thousand, respectively. The estimated amounts mentioned above were calculated based on the profit before tax, excluding the remunerations to employees and directors of each period. These remunerations were recorded in operating expenses during 2023.

In 2023, the Company's remunerations to its employees and directors were \$31,381 thousand and \$3,138 thousand, respectively, based on the resolution of the board meeting held on February 27, 2024 and had been reported at the shareholders' meeting thereafter. Related information was available at the Market Observation Post System website of the Taiwan Stock Exchange.

(z) Other income and losses

(i) Interest income

	For the three months ended	
	March 31,	
	2024	2023
Interest income from bank deposits	\$ 24,125	5,364
Other interest income	<u>853</u>	<u>1,087</u>
Total	<u>\$ 24,978</u>	<u>6,451</u>

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Other income

	For the three months ended March 31,	
	2024	2023
	Rent income	\$ <u>1,759</u>

(iii) Other gains and losses

	For the three months ended March 31,	
	2024	2023
	Gain on disposals of investments	\$ 10,852
Foreign exchange gains	6,212	32,412
Valuation gains (losses) from financial assets and liabilities	32,197	(14,587)
Others	<u>9,788</u>	<u>5,998</u>
Total	\$ <u>59,049</u>	<u>28,487</u>

(iv) Finance costs

	For the three months ended March 31,	
	2024	2023
	Interest expense	\$ (3,541)
Lease liability interests	<u>(4,031)</u>	<u>(4,600)</u>
Total	\$ <u>(7,572)</u>	<u>(4,656)</u>

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(aa) Reclassification adjustments of components of other comprehensive income

Details of the reclassification adjustments of components of other comprehensive income were summarized as follow:

	For the three months ended March 31,	
	2024	2023
Exchange differences on translation of foreign financial statements		
Change in exchange from the Consolidated Company	\$ 202,039	(152,221)
Change in exchange from non-controlling interests	<u>32,923</u>	<u>(985)</u>
Change in exchange differences on translation of foreign financial statements recognized in other comprehensive income (loss)	<u>\$ 234,962</u>	<u>(153,206)</u>
Share of other comprehensive income of associates accounted for using equity method		
Change in foreign currency exchange from associates	\$ <u>147</u>	<u>1,297</u>
Share of other comprehensive income	<u>\$ 147</u>	<u>1,297</u>

(ab) Financial instruments

(i) Category of financial instruments

1) Financial Assets

	March 31, 2024	December 31, 2023	March 31, 2023
Cash and cash equivalents	\$ 4,095,100	4,097,696	2,396,023
Financial assets at fair value through profit or loss (current and non-current)	877,540	684,015	352,177
Notes receivable, accounts receivable and other receivables (including related parties)	3,211,510	3,126,660	3,563,443
Finance lease payment receivable (current and non-current)	107,561	112,062	136,153
Financial assets at fair value through other comprehensive income - non-current	17,624	19,989	21,975
Refundable deposits and other current assets	<u>666,314</u>	<u>551,445</u>	<u>237,214</u>
	<u>\$ 8,975,649</u>	<u>8,591,867</u>	<u>6,706,985</u>

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Financial liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Financial liabilities at fair value through profit or loss - current	\$ 4,811	23,812	19,289
Notes payable, accounts payable and other payables (including related parties)	3,024,792	2,661,898	3,828,120
Long-term borrowings (including borrowings due within one year)	620,495	651,032	-
Lease liability (current and non-current)	427,294	454,808	445,659
Guarantee deposits received	77,900	68,337	76,746
	<u>\$ 4,155,292</u>	<u>3,859,887</u>	<u>4,369,814</u>

(ii) Credit risk

Exposure to credit risk:

The carrying amount of financial assets represents the maximum amount exposed to credit risk. As of March 31, 2024, December 31, 2023, and March 31, 2023, the maximum exposure to credit risk has amounted to \$8,975,649 thousand, \$8,591,867 thousand, and \$6,706,985 thousand, respectively.

(iii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within six months	6-12 months	1-2 years	2-5 years	Over five years
March 31, 2024							
Non-derivative financial liabilities							
Notes payable	\$ 217	217	217	-	-	-	-
Accounts payable	1,583,782	1,583,782	1,583,782	-	-	-	-
Accounts payable - related parties	159,421	159,421	159,421	-	-	-	-
Other payables	1,281,372	1,281,372	1,281,372	-	-	-	-
Lease liability	427,294	450,442	103,594	92,640	149,967	101,081	3,160
Guarantee deposits received	77,900	77,900	77,900	-	-	-	-
Long-term borrowings (including borrowings due within one year)	620,495	680,478	67,424	66,883	78,738	169,828	297,605

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	Carrying amount	Contractual cash flows	Within six months	6-12 months	1-2 years	2-5 years	Over five years
Derivative financial liabilities							
Cross currency swaps							
Outflow	\$ 4,781	785,399	785,399	-	-	-	-
Inflow	-	339,393	339,393	-	-	-	-
Forward foreign exchange contracts							
Outflow	30	394,716	394,716	-	-	-	-
Inflow	-	154,648	154,648	-	-	-	-
	<u>\$ 4,155,292</u>	<u>5,907,768</u>	<u>4,947,866</u>	<u>159,523</u>	<u>228,705</u>	<u>270,909</u>	<u>300,765</u>
December 31, 2023							
Non-derivative financial liabilities							
Notes payable	\$ 76	76	76	-	-	-	-
Accounts payable	1,465,613	1,465,613	1,465,613	-	-	-	-
Accounts payable - related parties	120,359	120,359	120,359	-	-	-	-
Other payables	1,075,850	1,075,850	1,075,850	-	-	-	-
Lease liability	454,808	480,924	101,767	94,371	193,810	86,806	4,170
Guarantee deposits received	68,337	68,337	68,337	-	-	-	-
Long-term borrowings (including borrowings due within one year)	651,032	710,811	67,304	66,801	97,065	238,224	241,417
Derivative financial liabilities							
Cross currency swaps							
Outflow	\$ 20,159	1,818,495	1,818,495	-	-	-	-
Inflow	-	1,804,142	1,804,142	-	-	-	-
Forward foreign exchange contracts							
Outflow	3,653	322,752	322,752	-	-	-	-
Inflow	-	319,018	319,018	-	-	-	-
	<u>\$ 3,859,887</u>	<u>8,186,377</u>	<u>7,163,713</u>	<u>161,172</u>	<u>290,875</u>	<u>325,030</u>	<u>245,587</u>
March 31, 2023							
Non-derivative financial liabilities							
Accounts payable	\$ 11	11	11	-	-	-	-
Accounts payable - related parties	2,151,976	2,151,976	2,151,976	-	-	-	-
Other payables	911,964	911,964	911,964	-	-	-	-
Bonds payable	764,169	764,169	764,169	-	-	-	-
Guarantee deposits received	445,659	478,023	86,019	78,924	136,552	171,984	4,544

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	Carrying amount	Contractual cash flows	Within six months	6-12 months	1-2 years	2-5 years	Over five years
Derivative financial liabilities							
Cross currency swaps							
Outflow	\$ 4,985	717,056	717,056	-	-	-	-
Inflow	-	715,169	715,169	-	-	-	-
Forward foreign exchange contracts							
Outflow	14,304	935,471	935,471	-	-	-	-
Inflow	-	923,587	923,587	-	-	-	-
	<u>\$ 4,369,814</u>	<u>7,674,172</u>	<u>7,282,168</u>	<u>78,924</u>	<u>136,552</u>	<u>171,984</u>	<u>4,544</u>

The Consolidated Company does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amount.

(iv) Currency risk

- 1) The Consolidated Company's significant exposure to foreign currency risk was as follows:

	March 31, 2024			December 31, 2023			March 31, 2023		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets (note):									
Monetary items:									
CLP	\$ 149,222	0.03	4,859	140,468	0.03	4,881	60,065	0.03	2,318
JPY	1,137,860	0.21	240,582	839,830	0.22	183,039	935,239	0.23	214,471
EUR	15,086	34.52	520,715	20,076	33.92	680,950	-	-	-
CAD	-	-	-	-	-	-	3,275	22.54	73,809
USD	161,547	31.99	5,167,881	159,747	30.74	4,909,836	212,562	30.45	6,473,343
BRL	5,561	6.40	35,605	5,557	6.35	35,276	6,312	5.99	37,836
AUD	5,364	20.83	111,734	4,235	20.94	88,657	4,741	20.36	96,513
			<u>\$ 6,081,376</u>			<u>5,902,639</u>			<u>6,898,290</u>
Non-monetary items:									
USD	\$ 19,023	31.99	608,550	13,933	30.74	428,245	11,499	30.45	350,197
Derivative instruments:									
AUD	4	20.83	90	-	-	-	14	20.36	294
USD	241	31.99	7,696	-	30.74	2	44	30.45	1,352
INR	-	-	-	-	-	-	81	0.37	30
JPY	3,651	0.21	772	18,816	0.22	4,101	6,362	0.23	1,459
CNY	1,007	4.43	4,460	288	4.33	1,246	794	4.43	3,520
CAD	2	23.63	41	-	-	-	5	22.54	123
KRW	44,238	0.03	1,190	-	-	-	2,156	0.03	58
IDR	16,846	0.0020	34	-	-	-	-	-	-
EUR	123	34.52	4,235	-	-	-	-	-	-
			<u>\$ 18,518</u>			<u>5,349</u>			<u>6,836</u>
Financial liabilities (note):									
Monetary items:									
JPY	\$ 2,032,150	0.21	429,666	2,094,344	0.22	456,457	2,021,009	0.23	463,462
CAD	-	-	-	-	-	-	2,656	22.54	59,447
EUR	10,899	34.52	376,212	10,674	33.92	362,057	-	-	-
BRL	21,779	6.40	139,450	21,585	6.35	137,034	21,943	5.99	131,535
USD	93,674	31.99	2,996,647	91,653	30.74	2,816,968	155,001	30.45	4,720,423
CLP	134,100	0.03	4,367	142,107	0.03	4,938	125,911	0.03	4,858
AUD	2,103	20.83	43,800	2,033	20.94	42,561	2,443	20.36	49,733
			<u>\$ 3,990,142</u>			<u>3,820,015</u>			<u>5,429,458</u>

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	March 31, 2024			December 31, 2023			March 31, 2023		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Derivative instruments:									
EUR	\$ -	-	-	139	33.92	4,709	226	33.01	7,456
CAD	1	23.93	34	15	23.19	358	19	22.54	421
JPY	10,698	0.21	2,262	6,882	0.22	1,500	13,444	0.23	3,083
IDR	-	-	-	71,122	0.0200	142	223,944	0.0020	455
KRW	-	-	-	33,643	0.03	905	1,859	0.03	50
BRL	9	6.40	58	262	6.35	1,662	633	5.99	3,796
USD	21	31.99	682	384	30.74	11,808	27	30.45	822
INR	42	0.38	16	-	-	-	237	0.37	88
CNY	397	4.43	1,759	611	4.33	2,645	703	4.43	3,118
AUD	-	-	-	4	20.94	83	-	-	-
			<u>\$ 4,811</u>			<u>23,812</u>			<u>19,289</u>

Note: Disclosure in the consolidated financial statements of the financial assets and liabilities in foreign currency is limited to information on subsidiaries directly held by the Consolidated Company.

Since the Consolidated Company has various functional currencies, the information on foreign currency exchange gains and losses on monetary items is presented on a consolidated basis. The total foreign currency gains and losses, including those realized and unrealized, were a gain of \$6,212 thousand and \$32,412 thousand for the three months ended March 31, 2024 and 2023, respectively.

The Consolidated Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, borrowings, accounts payable and other payables that are denominated in foreign currency. A 1.5% of appreciation (depreciation) of each consolidated components currency, other than the functional currency, against the functional currency for the three months ended March 31, 2024 and 2023 would have increased or decreased the net income after tax by \$32,518 thousand and \$21,621 thousand, and increased or decreased the equity by \$54 thousand and \$73 thousand, respectively, assuming all other variables were held constant.

(v) Interest rate analysis

For the interest rate exposure of the Consolidated Company's financial assets and liabilities, please refer to the notes on liquidity risk management.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of outstanding liabilities at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.5% when the Consolidated Company reports to management internally, which also represents the Consolidated Company management's assessment of the reasonably possible interest rate change.

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If the interest rate had increased or decreased by 0.5%, the Consolidated Company's net income (loss) after tax would have increased or decreased by \$783 thousand and \$1,688 thousand for the three months ended March 31, 2024 and 2023, respectively, assuming all other variables were held constant.

(vi) Assets and liabilities measured at fair value

1) The information of levels in the fair value hierarchy

The Consolidated Company measures the financial instruments at fair value based on a recurring basis. The level of fair values was as follows:

March 31, 2024				
Assets and liabilities	Total	Level 1	Level 2	Level 3
Measured at fair value on recurring basis				
Non-derivative assets and liabilities				
Assets:				
Financial assets mandatorily measured at fair value through profit or loss - current	\$ 604,922	604,922	-	-
Financial assets at fair value through other comprehensive income	17,624	13,996	-	3,628
Financial assets mandatorily measured at fair value through profit or loss - non-current	254,100	-	-	254,100
Derivatives				
Assets:				
Financial assets mandatorily measured at fair value through profit or loss - current	18,518	-	18,518	-
Liabilities:				
Financial liabilities at fair value through profit or loss - current	4,811	-	4,811	-

December 31, 2023				
Assets and liabilities	Total	Level 1	Level 2	Level 3
Measured at fair value on recurring basis				
Non-derivative assets and liabilities				
Assets:				
Financial assets mandatorily measured at fair value through profit or loss - current	\$ 424,566	424,566	-	-
Financial assets at fair value through other comprehensive income	19,989	16,310	-	3,679

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Notes to the Consolidated Financial Statements

December 31, 2023				
Assets and liabilities	Total	Level 1	Level 2	Level 3
Financial assets mandatorily measured at fair value through profit or loss - non-current	\$ 254,100	-	-	254,100
Derivatives				
Assets:				
Financial assets mandatorily measured at fair value through profit or loss - current	5,349	-	5,349	-
Liabilities:				
Financial liabilities at fair value through profit or loss - current	23,812	-	23,812	-
March 31, 2023				
Assets and liabilities	Total	Level 1	Level 2	Level 3
Measured at fair value on recurring basis				
Non-derivative assets and liabilities				
Assets:				
Financial assets mandatorily measured at fair value through profit or loss - current	\$ 345,341	345,341	-	-
Financial assets at fair value through other comprehensive income	21,975	17,119	-	4,856
Derivatives				
Assets:				
Financial assets mandatorily measured at fair value through profit or loss - current	6,836	-	6,836	-
Liabilities:				
Financial liabilities at fair value through profit or loss - current	19,289	-	19,289	-

2) Valuation techniques for financial instruments measured at fair value

The Consolidated Company measures the fair value of financial instruments that are traded in active markets by a quoted price. Market prices quoted on major exchanges and over-the-counter trading centers for central government bonds judged to be popular, are based on the fair value of listed (over-the-counter) equity instruments and debt instruments with quoted prices in an active market.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. If the above conditions are not met, the market is considered inactive. In general, wide bid-ask spreads, significant increase in bid-ask spreads or low trading volume are all indicators of an inactive market.

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Except for the financial instruments with active markets mentioned above, for other financial instruments like private placement of stocks of listed (over-the-counter) companies, the fair value is determined by the market quotations and evaluation techniques, and is also determined by examining liquidity discounts.

The Consolidated Company measures the fair value of financial instruments that are traded in inactive markets by category and attribution as follows:

· Unquoted equity instruments : The fair value is estimated using the option pricing model (Black-Scholes model) and the liquidity discount model (Finnerty model), with the main assumption being based on the market price of the investees. The estimate has been adjusted for the discount impact of the lack of market liquidity in the equity securities.

3) Transfer between Level 1 and Level 2

For the three months ended March 31, 2024 and 2023, there were no transfers between level 1 and level 2 of the fair value hierarchy.

4) Reconciliation of level 3 fair values

	Non derivative financial assets mandatorily measured at fair value through profit or loss	Financial assets at fair value through other comprehensive income
Balance at January 1, 2024	\$ 254,100	3,679
Total gains or losses recognized:		
In other comprehensive income	-	(51)
Balance at March 31, 2024	\$ 254,100	3,628
Balance at January 1, 2023	\$ -	4,326
Recognized in other comprehensive income	-	530
Balance at March 31, 2023	\$ -	4,856

As of March 31, 2024 and 2023, the Consolidated Company still held the following assets related to the total gains or losses described above, which were reported in “other gains and losses” and “unrealized gains and losses on financial assets at fair value through other comprehensive income” :

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**For the three months ended
March 31,**

2024 2023

Total gains or losses recognized:

In other comprehensive income, and reported in “unrealized (losses) gains from financial assets at fair value through other comprehensive income”	(51)	530
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- 5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Consolidated Company’s financial instruments that use Level 3 inputs to measure fair value include “financial assets mandatorily measured at fair value through profit or loss – private shares of listed (over-the-counter) companies” and “fair value through other comprehensive income – equity investments”.

Most of the Consolidated Company's financial assets with fair value classified as Level 3 have only a single significant unobservable input, and only equity instrument investments without active markets have multiple significant unobservable inputs. The significant unobservable inputs of equity instrument investments without active markets are independent of each other, therefore, there is no correlation between them.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets mandatorily measured at fair value through profit or loss - equity investments without an active market	The option pricing model (Black-Scholes model) and the liquidity discount model (Finnerty model)	Lack of market liquidity discount (24.82% on March 31, 2024 and December 31, 2023)	The higher the lack of market liquidity discount, the lower the fair value
Financial assets at fair value through other comprehensive income-equity investments without an active market	Net Asset Value Method	Net Asset Value	Not applicable

- 6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The fair value measurement of financial instruments by the Consolidated Company is reasonable, but the use of different evaluation models or parameters may result in different evaluation results. For financial instruments classified as Level 3, if the evaluation parameters change, the impact on the current period's profit or loss is as follows:

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	Inputs	Upward or downward movement	Changes in fair value through the current period's profit or loss	
			Favorable	Unfavorable
March 31, 2024				
Financial assets mandatorily measured at fair value through profit or loss	Lack of market liquidity discount	10%	<u>\$ 33,800</u>	<u>(33,800)</u>
December 31, 2023				
Financial assets mandatorily measured at fair value through profit or loss	Lack of market liquidity discount	10%	<u>\$ 33,800</u>	<u>(33,800)</u>

(vii) Assets and liabilities not measured at fair value

1) Information of fair value

Except for those listed in the table below, the carrying amounts of the Consolidated Company's financial instruments not measured at fair value, including cash and cash equivalents, notes receivable, accounts receivable/payable and other receivables/payables, approximate their fair values. Moreover, lease liabilities are not measured at fair value.

	March 31, 2024		December 31, 2023		March 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Non-financial assets:						
Investment property	<u>\$ 37,984</u>	<u>68,062</u>	<u>38,083</u>	<u>61,990</u>	<u>38,381</u>	<u>63,822</u>
March 31, 2024						
Assets and liabilities	Total	Level 1	Level 2	Level 3		
Non-financial assets:						
Investment property	\$ 68,062	-	-		68,062	
December 31, 2023						
Assets and liabilities	Total	Level 1	Level 2	Level 3		
Non-financial assets:						
Investment property	\$ 61,990	-	-		61,990	
March 31, 2023						
Assets and liabilities	Total	Level 1	Level 2	Level 3		
Non-financial assets:						
Investment property	\$ 63,822	-	-		63,822	

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Notes to the Consolidated Financial Statements

2) Valuation techniques

The assumptions used by the Consolidated Company to determine the fair value were as follows:

- a) The carrying amount of cash and cash equivalents and other financial instruments that approximate their fair value due to their short maturities or similar to the future receipt and payment price.
- b) The fair value of investment property that was based on the comparable deal information with similar location and category.

(ac) Financial risk management

(i) Overview

The Consolidated Company was exposed to the following risks arising from financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following likewise discusses the Consolidated Company's objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has given the department directors a task to establish and dominate regulations of risk management to effectively ensure operations of risk management.

The Consolidated Company use internal control systems, risk management procedures, and regulations of risk management as the basis of various business risk management standards. The Consolidated Company's risk management policies are established to identify and analyze the risks faced by the Consolidated Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Consolidated Company's activities. The Consolidated Company, through training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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Notes to the Consolidated Financial Statements

The Board of Directors and Audit Committee oversee how management monitors compliance with the Consolidated Company's risk management policies and procedures and review the adequacy of the risk management framework in relation to the risks faced by the Consolidated Company. The Board of Directors and Audit Committee are assisted in their oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors and Audit Committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Consolidated Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Consolidated Company's receivables from customers, investment in securities and hedge derivatives.

1) Accounts receivable

The credit risk exposure of the Consolidated Company arises from the operations and financial conditions of each customer and the political and economic stability of the Consolidated Company's customer base, including the default risk of the industry and country in which customers operate in. However, the Consolidated Company operates worldwide, and thus, risk is diversified. As of March 31, 2024, December 31, 2023, and March 31, 2023, revenue from each customer does not exceed 10% of the Consolidated Company's revenue, therefore, there is no concentration of credit risk.

The Consolidated Company has completed in setting the credit risk management policies, and has established Institutional Credit Review Committee and Credit Risk Management Department, which are responsible for managing credit policies and client's credit risk. Based on the global risk management, credit rating and analysis are required to customers on credit in advance and granted credit limits. For customers who made their payments other than cash, regular reviews on credit limits are required to ensure the creditworthiness of customers.

Allowance for bad debt is set based on the lifetime expected credit loss of each customer. In order to mitigate the risk of default, the Consolidated Company has purchased guarantees, with appropriate insured amount for customers in high-risk countries. High risks customers without insurance should make their payments in advance or provide sufficient credit guarantees. In addition, when the creditworthiness of customers worsens, they should be placed on a restricted customer list. The credit rating for these customers should be downgraded and the transactions on sales credit should be restricted.

The Consolidated Company has set the allowance for bad debt account to reflect the possible losses on accounts and other receivables. The allowance for bad debt account consists of specific losses relating to individually significant exposure from customers with financial difficulties or operating conflicts. The allowance for bad debt account is based on expected credit loss and historical collection record of similar financial assets or the possibility of breaching the contracts.

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2) Investment in securities and derivative financial instruments

The credit risk exposure in the bank deposits, fixed income investments and derivative financial instrument are measured and monitored by the Consolidated Company's finance department. As the Consolidated Company will select financial institutions with good credit ratings as its counterparties and diversify its investment in different financial institutions, and do not expect to have any default risks and significant concentration of credit risk.

3) Guarantees

Pursuant to the Articles of Association, it is only permissible to provide financial guarantees to subsidiaries. As of March 31, 2024, December 31, 2023, and March 31, 2023, the Consolidated Company has not provided any guarantees to a third party.

(iv) Liquidity risk

Liquidity risk is the risk that the Consolidated Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Consolidated Company's approach to manage liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Company's reputation. The Consolidated Company aims to maintain the level of its cash and short-term bank facilities at an amount in excess of expected cash flows on financial liabilities over the succeeding 60 days. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Consolidated Company had unused credit facilities for \$4,321,867 thousand, \$4,222,789 thousand and \$3,093,934 thousand as of March 31, 2024, December 31, 2023, and March 31, 2023.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates or equity prices that affects the Consolidated Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters to minimize the influence on change in market price or control within expectable scope.

The Consolidated Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines of risk management.

1) Currency risk

The Consolidated Company is exposed to currency risk on sales, purchases and borrowings that are denominated in currencies other than its respective functional currencies. The functional currencies of the Consolidated Company are primarily denominated in US Dollars (USD) and TWD, and include denominated in Euro (EUR), Chinese Yuan (CNY), Japanese Yen (JPY) and Brazilian Real (BRL) of other countries in which the subsidiaries registered. Purchases are mainly denominated in USD while

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Notes to the Consolidated Financial Statements

sales are denominated in USD, EUR, CNY, TWD, British Pounds (GBP), Australian Dollar (AUD), Canadian Dollar (CAD), JPY, South Korean Won (KRW), Russian Ruble (RUB), Indian Rupee (INR), Indonesian Rupiah (IDR), BRL, and so on.

At any point in time, the Consolidated Company hedges its currency risk based on its actual and forecast sales over the following six months. The Consolidated Company also uses nature hedges on the net risk position after offsetting assets and liabilities denominated in the same foreign currencies and maintained the hedge ratio at 50% and above. The Consolidated Company uses forward exchange contracts and foreign-exchange options, with a maturity of less than one year from the reporting date, to hedge its currency risks.

Generally, the currencies of borrowings in the Consolidated Company are denominated in its functional currencies and are incorporated in net exposure on borrowing requirement denominated in foreign currencies as mentioned above to ensure the net exposure is maintained at acceptable level.

Transactions in derivative financial instruments adopt economic hedge to prevent currency risk from financial assets and liabilities denominated in foreign currencies. The gains and losses of hedged items are expected to offset gains or losses that arise from the fluctuations in exchange rates. The valuation gains and losses on financial assets consist of transactions that do not qualify as hedging accounting.

2) Interest rate risk

The Consolidated Company's bank borrowings are at both floating rate and fixed rate. For the bank borrowings at floating rate, the changes in market interest rate will cause fluctuation on borrowing effective interest rate and have an impact on the future cash flow. For the bank borrowings at fixed rate, the change in market interest rate will not affect the future cash flow, hence, there will not be any significant interest rate risk.

3) Other price risks

The Consolidated Company holds both monetary funds and bond funds, where their prices are affected by changes in mutual funds. The abovementioned mutual funds are widely used as fixed income investments, with large market scale, stable market prices, and high liquidity. The Consolidated Company is held for the purpose of short-term capital allocation with a period of approximately three months. The finance department will monitor the changes in market and dispose of the investments, if necessary.

(ad) Capital management

The Consolidated Company's fundamental management objective is to maintain a strong capital base. Capital consists of ordinary shares, capital surplus, retained earnings and other equities. The Board of Directors monitors the capital structure regularly and selects the optimal capital structure by considering the capital scale, overall operating environment, operating characteristics of the industry in order to support future development of the business. The current aim for debt-to-equity ratio is set within 100%. As of the reporting date, the debt-to-equity ratio is considered appropriate.

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Debt-to-equity ratio:

	March 31, 2024	December 31, 2023	March 31, 2023
Total liabilities	\$ 5,274,751	5,025,056	5,833,218
Less: cash and cash equivalents	<u>(4,095,100)</u>	<u>(4,097,696)</u>	<u>(2,396,023)</u>
Net debt	<u>\$ 1,179,651</u>	<u>927,360</u>	<u>3,437,195</u>
Total equity	<u>\$ 11,405,672</u>	<u>11,595,723</u>	<u>9,624,689</u>
Debt-to-equity ratio	<u>10.34%</u>	<u>8.00%</u>	<u>35.71%</u>

As of March 31, 2024, the methods of the Consolidated Company's capital management remained unchanged.

(ae) Investing and financing activities not affecting current cash flow

Information of non-cash-traded investing and financing activities for the three months ended March 31, 2024 and 2023 were as follows:

- (i) For right-to-use assets, please refer to note 6(j).
- (ii) The reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2024	Cash flows	Non-cash changes			March 31, 2024
			Exchange	Fair value changes	Others	
Long-term borrowings (including borrowings due within one year)	\$ 651,032	(30,537)	-	-	-	620,495
Lease liabilities	454,808	(43,964)	-	-	16,450	427,294
Others	<u>68,337</u>	<u>9,563</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,900</u>
Total liabilities from financing activities	<u>\$ 1,174,177</u>	<u>(64,938)</u>	<u>-</u>	<u>-</u>	<u>16,450</u>	<u>1,125,689</u>

	January 1, 2023	Cash flows	Non-cash changes			March 31, 2023
			Exchange	Fair value changes	Others	
Lease liabilities	\$ 453,986	(43,436)	-	-	35,109	445,659
Others	<u>79,030</u>	<u>(2,284)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,746</u>
Total liabilities from financing activities	<u>\$ 533,016</u>	<u>(45,720)</u>	<u>-</u>	<u>-</u>	<u>35,109</u>	<u>522,405</u>

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are entities that have transactions with related party during the periods covered in the consolidated financial statement:

Name of related party	Relationship with the Consolidated Company
Cameo	An associate. (Since April 1, 2023, it became a consolidated subsidiary.)
PC	An associate
T-COM, LLC (T-COM)	An associate
Sapido Technology Inc.(Sapido)	Other related party
Amigo Technology Inc.(Amigo)	Other related party
Amit Wireless Inc.(Amit)	Other related party
E-Sheng Steel Co., Ltd.	Other related party
TSG Hawks Baseball Co., Ltd.	Other related party
TSG Sports Marketing Co., Ltd.	Other related party
Gloria Material Technology Corp	Other related party
Jia Jie Biomedical Co., Ltd.	Other related party
TSG TRANSPORT CORP.	Other related party
TSG Royalty Eagle Social Welfare Charitable Foundation	Other related party
United Fiber Optic Communication Inc. (UFOC)	Other related party
Advanced Communication Technology & Solutions Corporation (ACTS)	Other related party
NewSoft Technology Corporation	Other related party
Yung-Fu Co., Ltd.	Other related party

(b) Significant related party transactions

(i) Sales and service revenue

	For the three months ended March 31,	
	2024	2023
Associates	\$ 3,906	10,297
Other related parties	<u>204</u>	<u>1,180</u>
	<u>\$ 4,110</u>	<u>11,477</u>

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The average credit terms extended to related parties and third-party customers were approximately 30-90 days. However, credit terms to related parties might be further extended when necessary.

(ii) Purchases

	For the three months ended March 31,	
	2024	2023
Associates:		
Cameo	\$ -	666,555
Other related parties:		
Amigo	144,522	137,494
Others	<u>780</u>	<u>555</u>
	<u>\$ 145,302</u>	<u>804,604</u>

The payment term of related parties was 30-90 days. There were no significant differences in payment terms between related parties and third-party suppliers.

(iii) Receivables from related parties

Account	Relationship	March 31, 2024	December 31, 2023	March 31, 2023
Accounts receivable	Associates – T-COM	\$ 374	33	4,021
Accounts receivable	Associates – Cameo	-	-	31
Accounts receivable	Associates – PC	-	-	1,236
Accounts receivable	Other related parties – Amigo	65	25	274
Accounts receivable	Other related parties – Others	638	2,640	-
Other receivables	Associates – Cameo	-	-	522
Other receivables	Other related parties – Others	622	-	17
Prepayment for purchase	Other related parties – Amigo	<u>96</u>	<u>93</u>	<u>92</u>
		<u>\$ 1,795</u>	<u>2,791</u>	<u>6,193</u>

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Payables to related parties

Account	Relationship	March 31, 2024	December 31, 2023	March 31, 2023
Accounts payable	Associates – Cameo	\$ -	-	745,792
Accounts payable	Other related parties – Amigo	158,634	120,124	165,467
Accounts payable	Other related parties – Amit	787	235	705
Other payables	Associates – Cameo	-	-	363
Other payables	Other related parties – Amigo	889	4,325	2,652
Other payables	Other related parties – Amit	932	2,379	2,670
Other payables	Other related parties – Others	2,619	-	-
Contract liabilities	Associates – T-COM	-	2,952	2,099
		<u>\$ 163,861</u>	<u>130,015</u>	<u>919,748</u>

The Consolidated Company's other payables to associates and other related parties included equipment payables and others. Contract liabilities arose from the advance charges of sales consideration to associates.

(v) Property transaction

The acquisition of intangible assets from the related parties was as follows:

	For the three months ended March 31,	
	2024	2023
Other related parties:		
Amigo	\$ -	<u>2,285</u>

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vi) Services purchased from related parties and expenses

The services purchased from related parties and expenses were as follows:

		For the three months ended March 31,	
		2024	2023
Associates:			
Cameo	\$	-	134
Other related parties:			
Amigo		711	494
Amit		899	2,543
Others		<u>3,054</u>	<u>-</u>
	\$	<u>4,664</u>	<u>3,171</u>

(vii) Other income and expenses

		For the three months ended March 31,	
Account	Relationship	2024	2023
Other gains and losses	Other related parties – Others	<u>\$ 430</u>	<u>-</u>

(viii) Lease

The Consolidated Company's rental contracts as the lessee or lessor with the related parties are entered into in reference to the market conditions of office rentals in the vicinity, and the rent is collected or paid on a monthly basis.

		For the three months ended March 31,	
Account	Relationship	2024	2023
Rent Income	Associates – Cameo	\$ -	175
Rent Income	Other related parties – Amigo	960	872
Rent Income	Other related parties – UFOC	528	-
Rent Income	Other related parties – Others	<u>6</u>	<u>-</u>
		\$ <u>1,494</u>	<u>1,047</u>

As of March 31, 2024, except for \$277 thousand of UFOC has been accounted for other receivables, the aforementioned other receivables had been fully collected.

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Account	Relationship	For the three months ended March 31,	
		2024	2023
Operating Costs— Rental	Associates—Cameo	\$ -	593
		-	593

As of March 31, 2024, the relevant amounts had been fully paid.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended March 31,	
	2024	2023
Short-term employee benefits	\$ 7,355	8,362
Post-employee benefits	153	155
Share-based payments	1,426	-
	\$ 8,934	8,517

(8) Pledged assets:

The carrying amount of pledged assets were as follows:

Pledged assets	Object	March 31, 2024	December 31, 2023	March 31, 2023
Other current assets and other non-current assets	Rental deposits, performance bond and time deposits	\$ 120,653	118,968	115,695
Property, plant, and equipment-land	Long-term bank borrowings	346,639	346,639	-
Property, plant, and equipment-buildings	Long-term bank borrowings	921,428	929,171	-
		\$ 1,388,720	1,394,778	115,695

(9) Significant contingent liabilities and unrecognized commitments:

- (a) The Consolidated Company's subsidiary, D-Link Brazil, had disputes regarding prior year's insufficient invoices attached to sales return with the local tax authorities, and had filed litigation. D-Link Brazil had accrued possible tax, interest and penalty.

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (b) The Consolidated Company's subsidiary, D-Link India, had disputes regarding prior year's declaration tax on customs with the local tax authorities. Based on its evaluation, the Consolidated Company believes the above litigation will not have any significant impact on its current operations.
- (c) Israel Consumers Council filed a group lawsuit against the Consolidated Company's subsidiary, D-Link International, in 2020, alleging that D-Link International was suspected of restricting product resale prices in Israel. D-Link International has appointed attorneys to handle and negotiate a settlement. Based on its evaluation, the Consolidated Company believes the above litigation will not have any significant impact on its current operations.
- (d) In 2023, Bell Northern Research, LLC filed a lawsuit against D-Link Systems, alleging that some of D-Link Systems' products have infringed its patents. Hence, D-Link Systems has appointed attorneys to conduct defense. Based on its evaluation, the Consolidated Company believes the above litigation will not have any significant impact on its current operations.
- (e) Crystal Mountain Communications, LLC filed a lawsuit against the Company in 2024, alleging that some of the Company' products infringed its patents. The Company has appointed attorneys to conduct defense. Based on its evaluation, the Consolidated Company believes the above litigation will not have any significant impact on its current operations.
- (f) Encryptawave Technologies LLC filed a lawsuit against the Company in 2024, alleging that some of the Company' products infringed its patents. The Company has appointed attorneys to conduct defense. Based on its evaluation, the Consolidated Company believes the above litigation will not have any significant impact on its current operations.
- (g) The Consolidated Company is currently under negotiations with a number of companies regarding the royalty on patents. In addition to the abovementioned lawsuits, there are other disputes in the negotiation process and therefore the amount of liabilities is unclear. The Consolidated Company has accrued the possible expense.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(12) Other:

The information on employee benefits, depreciation, and amortization expenses by function was summarized as follows:

By item	For the three months ended March 31,					
	2024			2023		
	Cost of Goods Sold	Operating Expense	Total	Cost of Goods Sold	Operating Expense	Total
Employee benefits						
Salaries	49,137	501,810	550,947	18,291	475,522	493,813
Labor and health insurance	4,158	28,663	32,821	480	24,613	25,093
Pension	3,050	28,217	31,267	1,598	27,114	28,712
Others	5,651	56,149	61,800	2,236	54,761	56,997
Depreciation	20,669	58,883	79,552	3,512	47,515	51,027
Amortization	12	10,613	10,625	7	6,964	6,971

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Consolidated Company:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period (%)	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note)	Maximum limit of fund financing (Note)
													Item	Value		
1	D-Link International	D-Link Shanghai	Other receivables-related parties	Yes	319,023	319,023	319,023	3.80	2	-	Operating Capital	-	-	-	2,707,804	2,707,804
1	D-Link International	D-Link Shanghai	Other receivables-related parties	Yes	375,401	375,401	375,401	-	2	-	Convert from Account receivables to loan receivable	-	-	-	2,707,804	2,707,804
2	D-Link Capital Investment	D-Link Corporation	Other receivables-related parties	Yes	783,755	783,755	783,755	-	2	-	Operating Capital	-	-	-	799,598	799,598
3	D-Link Japan	D-Link Corporation	Other receivables-related parties	Yes	380,582	380,582	380,582	0.50	2	-	Operating Capital	-	-	-	577,439	577,439
4	D-Link Deutschland	D-Link Europe	Other receivables-related parties	Yes	107,003	107,003	107,003	4.25	2	-	Operating Capital	-	-	-	143,673	143,673
5	PC	Cameo	Other receivables	Yes	78,253	-	-	-	2	-	Operating Capital	-	-	-	61,480	61,480
6	Huge Castle	Cameo	Other receivables	Yes	92,903	-	-	-	2	-	Operating Capital	-	-	-	119,505	119,505

Note 1: Purpose of fund financing for the borrower:

1. For those companies with business transaction with the Company, please fill in 1.
2. For those companies with short-term financing needs, please fill in 2.

Note 2: Total amount of loans from D-Link International to the Company and the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries shall not exceed 100% of the net worth of D-Link International. The ending amount and funding loan limits are calculated by the unaudited balance.

Note 3: Total amount of loans from D-Link Capital Investment to the Company shall not exceed 100% of the net worth of D-Link Capital Investment. The ending amount and funding loan limits are calculated by the unaudited balance.

Note 4: Total amount of loans from D-Link Japan to the Company shall not exceed 100% of the net worth of D-Link Japan. The ending amount and funding loan limits are calculated by the unaudited balance.

Note 5: Total amount of loans from D-Link Deutschland to the Company's 100% directly or indirectly owned overseas subsidiaries shall not exceed 100% of the net worth of D-Link Deutschland. The ending amount and funding loan limits are calculated by the unaudited balance.

Note 6: The total amount of loans from PC, Huge Castle to Cameo shall not exceed 40% of the net worth of PC and Huge Castle.

Note 7: The subsidiaries' transactions had been eliminated in the consolidated financial statements.

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements amount	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/guarantees to third parties on behalf of parent company	Endorsements/guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	D-Link Corporation	D-Link Europe	2	2,008,852	128,611	128,611	62,057	-	1.45 %	6,026,555	Y	N	N
0	D-Link Corporation	D-Link Shanghai	2	2,008,852	159,950	159,950	56,815	-	1.81 %	6,026,555	Y	N	Y

Note 1: The endorsement and guarantee amount for a single company shall not exceed 1/3 of the Company's capital.

Note 2: The total amount of endorsement and guarantee shall not exceed the Company's capital.

Note 3: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into following categories:

1. Having business relationship.
2. The Company owns more than 50% equity shares in the entity, directly or indirectly.
3. An entity owns more than 50% equity shares in the Company, directly or indirectly.

Note 4: The amounts in New Taiwan Dollars were translated at the exchange rates at the balance sheet date.

(iii) Securities held as of March 31, 2024 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars/shares)

Name of holder	Category and name of security	Relationship with company	Account name	Ending balance				Note
				Shares/Units	carrying amount	Percentage of ownership (%)	Fair value	
D-Link Corporation	EHO0	None	Financial assets at fair value through profit or loss-non-current	749,663	-	4.11 %	-	Note
D-Link Corporation	EWAVE	None	Financial assets at fair value through profit or loss-non-current	83,334	-	1.89 %	-	Note
D-Link Corporation	TGC	None	Financial assets at fair value through profit or loss-non-current	500,000	-	1.84 %	-	Note
D-Link Corporation	YICHIA Information Corporation	None	Financial assets at fair value through profit or loss-non-current	73,500	-	6.68 %	-	Note
D-Link Corporation	UBICOM.	None	Financial assets at fair value through profit or loss-non-current	926,814	-	3.05 %	-	Note
D-Link Corporation	PurpleComm, Inc.	None	Financial assets at fair value through profit or loss-non-current	3,385,417	-	14.10 %	-	Note
D-Link Corporation	Global Mobile Corp.	None	Financial assets at fair value through profit or loss-non-current	6,600,000	-	2.39 %	-	Note
D-Link Corporation	King House	Other related party	Financial assets at fair value through profit or loss-non-current	5,000,000	127,050	3.16 %	127,050	
D-Link Holding	Best 3C	None	Financial assets at fair value through profit or loss-non-current	600,000	-	1.88 %	-	Note
D-Link Holding	E2O	None	Financial assets at fair value through profit or loss-non-current	252,525	-	0.05 %	-	Note
D-Link Taiwan Investment	StemCyte	None	Financial assets at fair value through other comprehensive income-non-current	18,950	187	0.01 %	187	
D-Link Taiwan Investment	Kaimei	None	Financial assets at fair value through other comprehensive income-non-current	231,342	13,996	0.21 %	13,996	
D-Link India	MIRAE MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	19,999	19,562	- %	19,562	
D-Link India	ICICI MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	429,256	58,840	- %	58,840	
D-Link India	ADITYA BIRLA MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	475,704	71,095	- %	71,095	
D-Link India	MAHINDRA MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	32,020	19,308	- %	19,308	
D-Link India	UNION MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	43,629	38,963	- %	38,963	
D-Link India	NIPPON INDIA MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	8,633	19,564	- %	19,564	

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of holder	Category and name of security	Relationship with company	Account name	Ending balance			Note	
				Shares/Units	carrying amount	Percentage of ownership (%)		Fair value
D-Link India	TATA MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	34,907	50,477	- %	50,477	
D-Link India	SBI MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	40,100	58,124	- %	58,124	
D-Link India	LIC MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	29,997	50,450	- %	50,450	
D-Link India	HDFC MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	29,973	54,531	- %	54,531	
D-Link India	UTI MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	25,655	38,944	- %	38,944	
D-Link India	AXIS MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	45,595	46,590	- %	46,590	
D-Link India	L&T LIQUID FUND	None	Financial assets at fair value through profit or loss-current	42,429	38,838	- %	38,838	
D-Link India	KOTAK MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	21,181	39,636	- %	39,636	
Cameo	Harvatek Corporation	None	Financial assets at fair value through profit or loss-non current	6,000,000	-	14.46 %	-	Note
Cameo	Covia Inc.	None	Financial assets at fair value through profit or loss-non current	400	-	5.40 %	-	Note
Cameo	King House	Other related party	Financial assets at fair value through profit or loss-non current	5,000,000	127,050	3.16 %	127,050	
Qianjin Investment	D-Link Corporation	Parent company	Treasury shares	5,434,069	101,074	0.90 %	101,074	

Note : The impairment losses have been fully recognized by the Consolidated Company.

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ (Sales)	Amount	Percentage of total Purchases/ (Sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
D-Link Corporation	D-Link Europe	Subsidiary	(Sales and service revenue)	(100,541)	(2) %	60 Days	-	-	342,046	25%	
D-Link Corporation	D-Link ME	Subsidiary	(Sales and service revenue)	(156,719)	(3) %	60 Days	-	-	98,506	7%	
D-Link Corporation	D-Link Japan	Subsidiary	(Sales and service revenue)	(199,199)	(4) %	60 Days	-	-	110,563	8%	
D-Link Corporation	D-Link India	Subsidiary	(Sales and service revenue)	(144,016)	(3) %	45 Days	-	-	125,821	9%	
D-Link Corporation	Cameo	Subsidiary	Purchase	108,494	14 %	90 Days	-	-	(128,393)	(16)%	
D-Link Corporation	Amigo	Other related party	Purchase	143,807	18 %	90 Days	-	-	(157,868)	(20)%	
D-Link ME	D-Link Corporation	Parent company	Purchase	156,579	33 %	60 Days	-	-	(98,506)	(51)%	
D-Link Japan	D-Link Corporation	Parent company	Purchase	181,698	87 %	60 Days	-	-	(110,563)	(96)%	
D-Link India	D-Link Corporation	Parent company	Purchase	125,522	11 %	45 Days	-	-	(125,821)	(17)%	
Cameo	D-Link Corporation	Parent company	(Sales)	(108,667)	(46) %	90 Days	-	-	128,579	50%	

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sales)	Amount	Percentage of total Purchases/(Sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
D-Link Shanghai	D-Link Trade	The ultimate parent company is D-Link Corporation	(Sales)	(140,763)	(89) %	120 Days	—	—	462,829	97%	
D-Link Trade	D-Link Shanghai	The ultimate parent company is D-Link Corporation	Purchase	140,763	97 %	120 Days	—	—	(462,829)	(53)%	

Note 1 : The subsidiaries' intercompany transactions had been eliminated in the consolidated financial statements.

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Overdue (Note 1)		Amounts received in subsequent period (Note 2)	Allowance for bad debts
					Amount	Action taken		
D-Link Corporation	D-Link Europe	Subsidiary	342,046	0.96	198,685	-	60,784	-
D-Link Corporation	D-Link Japan	Subsidiary	110,563	7.45	-	-	47,693	-
D-Link Corporation	D-Link India	Subsidiary	125,821	4.76	-	-	50,534	-
D-Link International	D-Link L.A.	The ultimate parent company is D-Link Corporation	665,439	-	665,439	-	-	-
D-Link International	D-Link Brazil	The ultimate parent company is D-Link Corporation	155,805	-	155,805	-	-	-
D-Link International	D-Link Trade	The ultimate parent company is D-Link Corporation	410,130	-	410,130	-	-	-
D-Link Shanghai	D-Link Trade	The ultimate parent company is D-Link Corporation	462,829	1.32	334,046	-	-	-
Cameo	D-Link Corporation	Parent company	128,579	3.94	-	-	41,771	-

Note 1: Over three months during the normal credit period.

Note 2: The amount represents collections subsequent to March 31, 2024 up to April 30, 2024.

Note 3: The transactions had been eliminated in the consolidated financial statements.

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ix) Trading in derivative instruments:

(In Thousands of New Taiwan Dollars)

Company Name	Derivative Instruments Category	Holding Purpose	Contract Amount		Book Value	Fair Value
		Non-trading:				
D-Link Corporation	Cross currency swap	AUD	AUD	650	90	90
D-Link Corporation	Cross currency swap	JPY	JPY	150,000	182	182
D-Link Corporation	Cross currency swap	EUR	EUR	7,800	3,617	3,617
D-Link Corporation	Cross currency swap	USD	USD	18,500	7,696	7,696
D-Link International	Cross currency swap	CAD	CAD	500	41	41
D-Link International	Cross currency swap	CNY	CNY	115,790	4,460	4,460
D-Link Corporation	Forward foreign exchange contract	JPY(Sell)	JPY	270,000	590	590
D-Link Corporation	Forward foreign exchange contract	EUR(Sell)	EUR	950	618	618
D-Link International	Forward foreign exchange contract	KRW(Sell)	KRW	3,386,655	1,190	1,190
D-Link International	Forward foreign exchange contract	IDR(Sell)	IDR	5,539,100	34	34
D-Link Corporation	Cross currency swap	JPY	JPY	1,800,000	(2,262)	(2,262)
D-Link Corporation	Cross currency swap	USD	USD	2,000	(682)	(682)
D-Link Corporation	Cross currency swap	CAD	CAD	1,400	(20)	(20)
D-Link International	Cross currency swap	BRL	BRL	15,590	(58)	(58)
D-Link International	Cross currency swap	CNY	CNY	46,760	(1,759)	(1,759)
D-Link Corporation	Forward foreign exchange contract	CAD(Sell)	CAD	500	(14)	(14)
D-Link India	Forward foreign exchange contract	INR(Sell)	INR	208,661	(16)	(16)

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms	
0	D-Link Corporation	D-Link Systems	1	Investments accounted for using equity method	1,355,510	-	8%
0	D-Link Corporation	D-Link International	1	Investments accounted for using equity method	2,500,336	-	15%
0	D-Link Corporation	D-Link Holding	1	Investments accounted for using equity method	1,328,665	-	8%
0	D-Link Corporation	D-Link ME	1	Investments accounted for using equity method	962,073	-	6%
0	D-Link Corporation	D-Link Japan	1	Investments accounted for using equity method	582,381	-	3%
0	D-Link Corporation	D-Link Europe	1	Investments accounted for using equity method	409,081	-	2%
0	D-Link Corporation	Cameo	1	Investments accounted for using equity method	1,568,477	-	9%
0	D-Link Corporation	D-Link Brazil	1	Investments accounted for using equity method-credit	(200,593)	-	(1)%
0	D-Link Corporation	D-Link L.A.	1	Investments accounted for using equity method-credit	(653,879)	-	(4)%
0	D-Link Corporation	D-Link International	1	Sales and service revenue	92,200	60 Days	3%
0	D-Link Corporation	D-Link Systems	1	Sales and service revenue	51,648	75 Days	1%
0	D-Link Corporation	D-Link Europe	1	Sales and service revenue	100,541	60 Days	3%
0	D-Link Corporation	D-Link ME	1	Sales and service revenue	156,719	60 Days	4%
0	D-Link Corporation	D-Link Japan	1	Sales and service revenue	199,199	60 Days	6%
0	D-Link Corporation	D-Link India	1	Sales and service revenue	144,016	45 Days	4%
0	D-Link Corporation	D-Link Europe	1	Accounts receivable-related party	342,046	60 Days	2%
1	D-Link Holding	D-Link Mauritius	3	Investments accounted for using equity method	1,228,241	-	7%
2	D-Link International	D-Link L.A.	3	Accounts receivable-related party	665,439	75 Days	4%
2	D-Link International	D-Link Trade	3	Accounts receivable-related party	410,130	180 Days	2%
2	D-Link International	D-Link Capital Investment	3	Investments accounted for using equity method	799,598	-	5%
3	D-Link Mauritius	D-Link India	3	Investments accounted for using equity method	1,224,389	-	7%
4	D-Link Shanghai	D-Link Trade	3	Sales	140,763	120 Days	4%

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
4	D-Link Shanghai	D-Link Trade	3	Accounts receivable-related party	462,829	120 Days	3%
5	Cameo	Huge Castle	3	Investments accounted for using equity method	298,762	-	2%
5	Cameo	D-Link Corporation	2	Sales	108,667	90 Days	3%

Note 1: Parties to the intercompany transactions are identified and numbered as follows:

1. "0" represents the Company.
2. Subsidiaries are numbered from "1".

Note 2: Intercompany relationships and significant intercompany transactions are disclosed only for the amounts that exceed 1% of consolidated net operating revenues or total assets.

Note 3: Nature of relationship are listed as below:

- No. 1 represents the transaction from parent company to subsidiary
- No. 2 represents the transaction from subsidiary to parent company
- No. 3 represents the transaction from subsidiary to subsidiary

Note 4: The transactions have been eliminated in the consolidated financial statements.

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2024 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars/shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2024			Net income (losses) of investee	Investment income (losses)	Note
				March 31, 2024	December 31, 2023	Shares	Percentage of ownership	carrying amount			
D-Link Corporation	D-Link Systems	USA	Sales and after-sales service in USA	1,672,702	1,672,702	48,045,007	100.00 %	1,355,510	(58,629)	(58,629)	
D-Link Corporation	D-Link International	Singapore	Sales and after-sales service in Southeast Asia	1,941,986	1,941,986	66,074,660	99.36 %	2,500,336	60,902	(53,926)	100% shares owned by D-Link Corporation and D-Link Holding. Investment income included the amounts of transactions between affiliated companies.
D-Link Corporation	D-Link L.A.	Cayman Island	Sales and after-sales service in Latin America	326,600	326,600	41,000	100.00 %	(653,879)	-	-	
D-Link Corporation	D-Link Sudamerica	Chile	Sales and after-sales service in Chile	6,512	6,512	199,999	100.00 %	12,383	(65)	(65)	100% shares owned by D-Link Corporation and D-Link Holding
D-Link Corporation	D-Link Mexicana	Mexico	Sales and after-sales service in Mexico	301,036	301,036	152,066	100.00 %	3,519	(39)	(39)	100% shares owned by D-Link Corporation and D-Link Sudamerica; In liquidation process.
D-Link Corporation	D-Link Brazil	Brazil	Sales and after-sales service in Brazil	932,197	932,197	2,964,836,727	100.00 %	(200,593)	(6,989)	(6,989)	100% shares owned by D-Link Corporation and D-Link Holding
D-Link Corporation	D-Link ME	UAE	Sales and after-sales service in Middle East and Africa	103,930	103,930	6	100.00 %	962,073	15,212	15,212	D-Link Corporation acquired 16.67% of the shareholding in D-Link ME from D-Link International in June 2023.
D-Link Corporation	D-Link Australia	Australia	Sales and after-sales service in Australia and New Zealand	16,764	16,764	1,000,000	100.00 %	136,122	4,644	4,644	

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2024			Net income (losses) of investee	Investment income (losses)	Note
				March 31, 2024	December 31, 2023	Shares	Percentage of ownership	carrying amount			
D-Link Corporation	D-Link Holding	BVI	Investment company	891,177	891,177	27,044,212	100.00 %	1,328,665	50,757	231,006	Investment income included the amounts of transactions between affiliated companies; D-Link Holding conducted a cash capital reduction and return the capital USD 41,018 thousand to D-Link Corporation in May 2023.
D-Link Corporation	D-Link Deutschland	Germany	Sales and after-sales service in Germany	120,047	120,047	(Note 2)	- %	120,047	(9,321)	-	100% shares owned by D-Link Corporation directly and indirectly. Investment income was recognized in D-Link Europe.
D-Link Corporation	D-Link Japan	Japan	Sales and after-sales service in Japan	595,310	595,310	9,500	100.00 %	582,381	13,236	13,236	
D-Link Corporation	D-Link Investment	Singapore	Investment company	67,191	67,191	2,200,000	100.00 %	(43,358)	(33,829)	(33,829)	
D-Link Corporation	D-Link Taiwan Investment	Taiwan	Investment company	146,000	146,000	14,600,000	100.00 %	47,212	416	416	
D-Link Corporation	Cameo	Taiwan	Manufacturing and sell computer networks system equipment and its components and related technology research and development	1,102,479	1,102,479	137,532,993	41.58 %	1,568,477	(68,407)	(32,264)	Investment losses included the amounts of transactions between affiliated companies; Cameo was an associate before March 31, 2023.
D-Link Corporation	D-Link Europe	UK	Sales and after sales service in Europe	1,260,451	1,260,451	32,497,455	100.00 %	409,081	(113,361)	(113,361)	D-Link Corporation acquired 100% of the shareholding in D-Link Europe from D-Link Holding in May 2023.
D-Link Systems	D-Link Canada	Canada	Sales and after sales service in Canada	159,585	159,585	5,736,000	100.00 %	73,855	(19,921)	(19,921)	D-Link Corporation transferred 100% of its shareholding in D-Link Canada to D-Link Systems in January 2023.
D-Link Investment	D-Link Trade	Russia	Sales and after sales service in Russia	66,538	66,538	(Note 2)	100.00 %	(43,196)	(33,819)	(33,819)	
D-Link Trade	T-COM	Russia	Sales and after sales service in Russia	12,485	12,485	(Note 2)	40.00 %	10,774	(8,405)	(3,496)	
D-Link International	D-Link Korea	Korea	Sales and after sales service in Korea	44,300	44,300	330,901	100.00 %	(56,781)	(4,881)	(4,881)	
D-Link International	D-Link Trade M	Republic of Moldova	Sales and after sales service in Moldova	13	13	-	100.00 %	347	(98)	(98)	
D-Link International	D-Link Capital Investment	BVI	Investment company	789,757	789,757	25,000,000	100.00 %	799,598	23,253	23,253	D-Link Russia Investment Co., Ltd. was renamed to D-Link Capital Investment Co., Ltd. on July 28, 2023.
D-Link International	D-Link Malaysia	Malaysia	Sales and after sales service in Malaysia	6,130	6,130	800,000	100.00 %	8,670	214	214	
D-Link International	D-Link Lithuania	Lithuania	Sales and after sales service	3,574	3,574	1,000	100.00 %	7,892	(89)	(89)	
D-Link International	D-Link Kazakhstan	Kazakhstan	Sales and after sales service in Kazakhstan	171	-	(Note 2)	100.00 %	815	413	101	D-Link International acquired 100% of equity interests in D-Link Kazakhstan from D-Link Lithuania in February 2024.
D-Link Lithuania	D-Link Ukraine	Ukraine	Sales and after sales service in Ukraine	4,883	4,883	(Note 2)	100.00 %	2,006	(465)	(465)	

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2024			Net income (losses) of investee	Investment income (losses)	Note
				March 31, 2024	December 31, 2023	Shares	Percentage of ownership	carrying amount			
D-Link Lithuania	D-Link Kazakhstan	Kazakhstan	Sales and after sales service in Kazakhstan	-	612	(Note 2)	- %	-	413	312	D-Link Lithuania transferred 100% of equity interests in D-Link Kazakhstan to D-Link International in February 2024.
D-Link Holding	D-Link International	Singapore	Sales and after-sales service in Southeast Asia	8,466	8,466	425,340	0.64 %	(15,675)	60,902	-	D-Link International's investment income was recognized in D-Link Corporation.
D-Link Holding	OOO D-Link Russia	Russia	After sales service in Russia	11,309	11,309	-	100.00 %	4,817	89	89	
D-Link Holding	D-Link Mauritius	Mauritius	Investment company	186,789	186,789	200,000	100.00 %	1,228,241	49,689	49,689	
D-Link Holding	D-Link Shiang-Hai (Cayman)	Cayman Island	Investment company	654,974	654,974	50,000	100.00 %	15,216	-	-	
D-Link Holding	Success Stone	BVI	Investment company	297,027	297,027	9,822	100.00 %	145,795	1,037	1,037	
D-Link Holding	MiiiCasa Holding	Cayman Island	Investment company	61,087	61,087	21,000,000	28.98 %	-	-	-	
D-Link Holding	D-Link Brazil	Brazil	Sales and after sales service in Brazil	-	-	100	- %	-	(6,989)	-	D-Link Brazil's investment loss was recognized in D-Link Corporation.
D-Link Holding	D-Link Sudamerica	Chile	Sales and after sales service in Chile	-	-	1	- %	-	(65)	-	D-Link Sudamerica's investment loss was recognized in D-Link Corporation.
D-Link Mauritius	D-Link India	India	Sales and after sales service in India	340,319	340,319	18,114,663	51.02 %	1,224,389	97,707	49,850	
D-Link Mauritius	TeamF1 India	India	Technical services for software and hardware system integration	8	8	1	0.01 %	16	1,901	-	100% shares owned by D-Link Mauritius and D-Link India.
D-Link India	TeamF1 India	India	Technical services for software and hardware system integration	84,114	84,114	10,499	99.99 %	138,476	1,901	1,901	100% shares owned by D-Link Mauritius and D-Link India.
D-Link L.A	D-Link Peru S.A.	Peru	Sales and after sales service in Peru	-	-	1	0.03 %	3	(14)	-	D-Link Peru S.A.'s investment loss was recognized in D-Link Sudamerica.
D-Link Sudamerica	D-Link de Colombia SAS.	Colombia	Sales and after sales service in Colombia	22,213	22,213	1,443,605	100.00 %	7,369	(45)	(45)	
D-Link Sudamerica	D-Link Guatemala S.A.	Guatemala	Sales and after sales service in Guatemala	410	410	99,000	99.00 %	590	-	-	In liquidation process.
D-Link Sudamerica	D-Link Peru S.A.	Peru	Sales and after sales service in Peru	38	38	3,499	99.97 %	8,657	(14)	(14)	
D-Link Sudamerica	D-Link Mexicana	Mexico	Sales and after sales service in Mexico	6	6	3	- %	6	(39)	-	D-Link Mexicana's investment loss was recognized in D-Link Corporation; In liquidation process.
D-Link Europe	D-Link Deutschland	Germany	Sales and after sales service in Germany	131,769	131,769	(Note 2)	100.00 %	143,673	(9,321)	(9,321)	
D-Link Europe	D-Link AB	Sweden	Sales and after sales service in Sweden	9,022	9,022	15,500	100.00 %	15,381	(83)	(83)	
D-Link Europe	D-Link Iberia	Spain	Sales and after sales service in Spain	1,976	1,976	50,000	100.00 %	72,628	380	380	
D-Link Europe	D-Link Mediterraneo	Italy	Sales and after sales service in Italy	2,177	2,177	50,000	100.00 %	36,674	44	44	
D-Link Europe	D-Link (Holdings) Ltd.	UK	Investment company	-	-	3	100.00 %	9,863	-	-	
D-Link Europe	D-Link France	France	Sales and after sales service in France	5,287	5,287	114,560	100.00 %	44,706	371	371	
D-Link Europe	D-Link Netherlands	Netherlands	Sales and after sales service in Netherlands	2,132	2,132	50,000	100.00 %	5,348	(1,175)	(1,175)	
D-Link Europe	D-Link Polska	Poland	Sales and after sales service in Poland	1,210	1,210	100	100.00 %	31,040	390	390	
D-Link Europe	D-Link Magyarorszag	Hungary	Sales and after sales service in Hungary	523	523	300	100.00 %	3,717	(177)	(177)	
D-Link Europe	D-Link s.r.o	Czech	Sales and after sales service in Czech	329	329	100	100.00 %	3,579	207	207	
D-Link (Holdings) Ltd	D-Link UK	UK	Sales and after sales service in UK	-	-	300,100	100.00 %	9,863	-	-	
D-Link Mediterraneo	D-Link Adria d.o.o.	Croatia	Sales and after sales service in Croatia	326	326	(Note 2)	100.00 %	-	-	-	In liquidation process.

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2024			Net income (losses) of investee	Investment income (losses)	Note
				March 31, 2024	December 31, 2023	Shares	Percentage of ownership	carrying amount			
D-Link Taiwan Investment	Xtramus Technologies Co. Ltd.	Taiwan	Research, development, manufacturing and sell of testing equipment for network	38,110	38,110	1,832,446	41.18 %	1,733	346	(395)	
Cameo	Huge Castle	Samoa	Investment company	295,006	295,006	9,329,718	100.00 %	298,762	(6,950)	(6,950)	
Cameo	Qianjin Investment	Taiwan	Investment company	270,000	270,000	27,000,000	100.00 %	142,913	(7)	(7)	
Huge Castle	PC	Mauritius	Investment company and trading	(16,261)	(16,261)	10,000	100.00 %	153,700	4,073	4,073	
Huge Castle	Luis Jo'se	BVI	Investment company	43,673	43,673	1,362,680	100.00 %	43,093	(505)	(505)	

Note 1: Including recognition of profit (loss) from affiliated companies.

Note 2: Limited Company

Note 3: The transactions have been eliminated in the consolidated financial statements.

(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2024	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value (Note 2)	Accumulated remittance of earnings in current period	Note
					Outflow	Inflow							
D-Link Shanghai	Buy and sell of networking equipment and wireless system	623,805	2	623,805	-	-	623,805	8,287	100.00 %	8,287	(156,018)	-	
Netpro	Research, development and trading business	22,393	2	20,873	-	-	20,873	(1,998)	100.00 %	(1,998)	12,934	-	
YouXiang	Technical Service and Import/Export trading business	62,918	3	-	-	-	-	(11,853)	9.86 %	-	3,441	-	
Cameo Technology Development (Shenzhen) Co., Ltd.	R&D for communications technology and products	-	2	10,333	-	-	10,333	N/A	- %	N/A	Note 3	-	Note 3 : Liquidation completed in March 2012.
Wide View Technology Inc.	R&D, production, and sale of electronic components	-	2	21,209	-	-	21,209	N/A	- %	N/A	Note 4	-	Note 4 : Liquidation completed in September 2018.
Suzhou Soarnex Technology Co., Ltd	Software development and software services for computer information systems	22,064	2	-	-	-	-	(1,074)	100.00 %	(1,074)	24,630	-	Note 5, 6

Note 1: Method of Investment:

Type 1: Direct investments in Mainland China

Type 2: Indirect investments in Mainland China

Type 3: Others

Note 2: The amounts in New Taiwan Dollars were translated at the exchange rates of USD 31.99 and CNY 4.43 as of March 31, 2024.

Note 3: Cameo Technology Development (Shenzhen) Co., Ltd. completed its liquidation process in March 2012, wherein it refunded the shares amounting to USD \$177 thousand to Huge Castle on November 28, 2013, with the approval of the Investment Commission, Ministry of Economic Affairs (MOEAIC).

Note 4: Wide View Technology Inc. completed its liquidation process in September 2018, wherein it refunded the shares amounting to USD \$740 thousand to Luis Jo'se on September 4, 2018, with the approval of the MOEAIC.

Note 5: The investment income (losses) column of Suzhou Soarnex Technology Co., Ltd, is calculated based on the unaudited financial statements of the investee as it is insignificant.

Note 6: Suzhou Soarnex Technology Co., Ltd. was invested by Nettek Technology (Suzhou) Co., Ltd. in Mainland China through self-funding. In August 2019, Nettek Technology (Suzhou) Co., Ltd. transferred 100% of its shareholdings to Luis Jo'se. The Board meeting held in November 2022 resolved the liquidation of Nettek Technology (Suzhou) Co., Ltd, with the approval of the NAFR on August 31, 2023.

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D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Limitation on investment in Mainland China:

Company Name	Accumulated Investment in Mainland China as of March 31, 2024	Investment Amounts Authorized by the MOEAIC	Upper Limit on Investment
D-Link Corporation	644,678	644,678	(Note 1)
Cameo	31,542	35,445	1,849,073 (Note 2, 3)

Note 1: Since the Company has obtained the Certificate of Headquarter Operation, there is no upper limitation on investment in Mainland China.

Note 2: The investment limit in Mainland China was calculated based on the official document No.006130 announced by the MOEAIC on November 16, 2001.

Note 3: The original investment amount of Nettech Technology (Suzhou) Co., Ltd. has been fully remitted back to Taiwan. The difference in accumulated outflow of investment from Taiwan at the end of the period amounting to \$58,034 thousand represents the difference between the original investment amount and the amount remitted back to Taiwan.

(iii) Significant transactions:

For the three months ended March 31, 2024, the significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders:

Shareholder's Name	Shares	Percentage
Sapido Technology Inc.	59,818,400	9.92 %

Note 1: The major shareholder information in the above table is calculated by Taiwan Depository and Clearing corporation on the last business day at the end of each quarter. The total number of ordinary shares and preferred shares held by the shareholders who have completed the delivery of the shares without physical registration (including treasury shares) has reached 5% of the total shares. Due to the difference of calculation basis, there may have some discrepancy between share capital recorded in the Company's financial statement and the number of shares already delivered by the company without physical registration.

Note 2: If the above information is related to stock ownership trust, it will be revealed in the trustee account opened by the trustor individually. As for the shareholders' declaration of insider shareholdings that hold more than 10% of their shares in accordance with the Securities Exchange Act, their shareholdings include their shareholdings, plus their delivery of trusts and shares that have the right to make decisions on trust property. The information related to revelation of insiders' share ownership is available at the Market Observation Post System website of the Taiwan Stock Exchange.

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D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information:

The Consolidated Company has three reportable segments: American markets, European markets, Asian markets and others. Those reportable segments are primarily operated in research, development and selling of computer network and equipments and wireless communication products.

The Consolidated Company's reportable segments are strategic business units that offer geographical products and services.

The Consolidated Company's income tax expenses are not allocated to reportable segment, and operating segment profit (loss) is determined by the profit before taxation. The reportable amount is consistent with the report used by the chief operating decision and make a performance evaluation.

The Consolidated Company's operating segment information and reconciliation were as follows:

	For the three months ended March 31, 2024				
	American markets	European markets	Asian markets and others	Adjustments and eliminations	Total
Revenue:					
Third-party customers	\$ 191,115	665,183	2,707,080	-	3,563,378
Inter-company	<u>11,567</u>	<u>42,670</u>	<u>166,722</u>	<u>(220,959)</u>	<u>-</u>
Total revenue	<u>\$ 202,682</u>	<u>707,853</u>	<u>2,873,802</u>	<u>(220,959)</u>	<u>3,563,378</u>
Reportable segment profit (loss)	<u>\$ (84,638)</u>	<u>(120,232)</u>	<u>177,441</u>	<u>23,365</u>	<u>(4,064)</u>
	For the three months ended March 31, 2023				
	American markets	European markets	Asian markets and others	Adjustments and eliminations	Total
Revenue:					
Third-party customers	\$ 283,416	1,290,801	2,681,691	-	4,255,908
Inter-company	<u>9,323</u>	<u>6,904</u>	<u>902,266</u>	<u>(918,493)</u>	<u>-</u>
Total revenue	<u>\$ 292,739</u>	<u>1,297,705</u>	<u>3,583,957</u>	<u>(918,493)</u>	<u>4,255,908</u>
Reportable segment profit (loss)	<u>\$ (43,816)</u>	<u>(28,154)</u>	<u>404,073</u>	<u>(147,296)</u>	<u>184,807</u>
	American markets	European markets	Asian markets and others	Adjustments and eliminations	Total
Reportable segment assets:					
March 31, 2024	<u>\$ 2,346,484</u>	<u>3,767,074</u>	<u>26,363,562</u>	<u>(15,796,697)</u>	<u>16,680,423</u>
December 31, 2023	<u>\$ 2,373,984</u>	<u>3,973,091</u>	<u>25,593,155</u>	<u>(15,319,451)</u>	<u>16,620,779</u>
March 31, 2023	<u>\$ 2,916,029</u>	<u>4,497,853</u>	<u>23,635,750</u>	<u>(15,591,725)</u>	<u>15,457,907</u>