Stock Code:2332

D-LINK CORPORATION
AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019

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

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Representation Letter

The entities that are required to be included in the combined financial statements of D-LINK CORPORATION as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements." endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, D-LINK CORPORATION and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: D-LINK CORPORATION
Chairman: Lee, Chung-Wang
Date: March 17, 2021

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Independent Auditors' Report

To the Board of Directors of D-LINK CORPORATION:

Opinion

We have audited the consolidated financial statements of D-LINK CORPORATION and its subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2020 and 2019, and the consolidated statement of comprehensive income, changes in equity and cash flows for the years ended December 31, 2020 and 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of another auditor (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of D-LINK CORPORATION and its subsidiaries as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of D-LINK CORPORATION and its subsidiaries in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the report of another auditor, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Other Matters

We did not audit the financial statements of D-Link International Pte. Ltd. and D-Link Brazil LTDA, subsidiaries of D-Link Corporation as of and for the year ended December 31, 2020, and the financial statements of D-Link International Pte. Ltd. as of and for the year ended December 31, 2019. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for above subsidiaries, is based solely on the reports of other auditors. The financial statements of above subsidiaries reflect the total assets constituting 6% and 5% of the consolidated total assets at December 31, 2020 and 2019, respectively, and the total revenues constituting 8% of the consolidated total revenues for the years ended December 31, 2020 and 2019, respectively.

D-LINK CORPORATION has prepared its parent-company-only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unmodified opinion with other matters paragraph.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Valuation of inventories

   Please refer to Note 4(i) for accounting policy of inventory, Note 5(b) for accounting estimations and assumption uncertainty of inventory valuation, and Note 6(e) for the write-down of inventories to net realizable value.

   Most inventories of the Consolidated Company are internet solution products, which are measured at the lower of cost or net realizable value. As a result of competitive and rapidly changing environment where the Consolidated Company is located in, its internet solution products may become out-of-date and can no longer meet the market needs, resulting in a fluctuation in the price of these products. The estimation of the net realizable value involves a subjective judgment of the Consolidated Company’s management, which results in a risk that inventory cost may exceed its net realizable value.

   How the matter was addressed in our audit:

   For valuation of inventories, we observed the physical count of inventories at year end to inspect the condition of inventories; reviewed the inventory aging reports to assess the reasonableness of the Consolidated Company’s inventory provision rate. To ascertain whether management’s estimate of inventory provision was adequate, we evaluated the net realizable value basis adopted by the Consolidated Company's management. Furthermore, we assessed the appropriateness of the Consolidated Company management’ s estimation of inventory provision. We also assessed the appropriateness of the Consolidated Company’ s relevant disclosure of inventories.

2. Valuation of allowance for doubtful account

   Please refer to Note 4(h) for accounting policy of allowance for doubtful account, Note 5(a) for accounting estimations and assumption uncertainty of impairment assessment of accounts receivable, and Note 6(c) for the analysis of accounts receivable and aging analysis.

   Key audit matter explanation:

   The Consolidated Company evaluates the recoverability of its accounts receivable based on credit rating and aging analysis and uses the forward-looking expected loss model. Therefore, the valuation of allowance for doubtful account involves a subjective judgment of management, and thus, needs significant attention in our audit.

   How the matter was addressed in our audit:

   We tested the effectiveness of the Consolidated Company’ s controls on the receivable collection and reviewed their records, then sent letters of confirmation request to the counterparties of the Consolidated Company. In order to assess the reasonableness of the Consolidated Company’s valuation of allowance for doubtful accounts, we evaluated the assumptions adopted by management in valuation and the previous year’ s collection situation to assess whether there was any significant abnormality in the expected credit losses on the accounts receivable. We also assessed the appropriateness of the Consolidated Company’ s relevant disclosure of accounts receivable.

3. Revenue recognition

   Please refer to Note 4(q) for accounting policy of revenue recognition and Note 6(v) for sales details of the consolidated financial statements.

   Key Audit Matter Explanation:

   The Consolidated Company sells internet related products and services, and aims to offer high-quality internet solution proposals to global consumers and enterprises. Revenue is the key performance indicator to evaluate the Consolidated Company's performance. Consequently, we have determined revenue recognition to be a key audit matter.

   How the matter was addressed in our audit:

   We tested the effectiveness of the Consolidated Company's controls on revenue recognition; evaluated whether the terms of sale were consistent with the accounting standards and checked relevant sales documents; analyzed and compared the changes in sales to major customers to assess the reasonableness of revenue recognition.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing D-LINK CORPORATION and its subsidiaries' financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of D-LINK CORPORATION and its subsidiaries' internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on D-LINK CORPORATION and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause D-LINK CORPORATION and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Company to express an opinion on the group financial statements. We are responsible for the direction, supervision and performance of the group audit.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chou, Pao-Lian and Hsieh, Cho-Ha.

KPMG

Taipei, Taiwan (Republic of China)
March 17, 2021

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 audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit 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' audit 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

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollar)

		December 31, 2020		December 31, 2019	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 6,216,327	39	3,141,284	20
1110	Financial assets at fair value through profit or loss-current (note 6(b))	238,951	2	70,549	-
1150	Notes receivable, net (note 6(c))	2,647	-	8,802	-
1170	Accounts receivable, net (note 6(c))	3,061,366	19	3,575,633	23
1180	Accounts receivable due from related parties, net (note 7)	-	-	217	-
1197	Finance lease payment receivable (note 6(d))	-	-	30,595	-
1200	Other receivables (notes 6(c) and 7)	55,821	-	61,806	-
1220	Current tax assets	38,744	-	40,144	-
130X	Inventories (note 6(e))	2,442,783	16	2,836,939	18
1470	Other current assets (notes 7 and 8)	495,283	3	395,518	3
		12,551,922	79	10,161,487	64
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income-non-current (note 6(b))	454,435	3	440,095	3
1550	Investments accounted for using equity method (note 6(f))	-	-	2,029,686	13
1600	Property, plant and equipment (note 6(h))	1,029,671	6	1,081,754	7
1755	Right-of-use assets (note 6(i))	470,158	3	554,077	4
1760	Investment property, net (note 6(j))	39,272	-	39,669	-
1780	Intangible assets (note 6(k))	511,329	3	586,308	4
1840	Deferred tax assets (note 6(s))	745,635	5	634,247	4
1900	Other non-current assets (note 8)	147,808	1	183,687	1
		3,398,308	21	5,549,523	36
	Total assets	$ 15,950,230	100	15,711,010	100

		December 31, 2020		December 31, 2019	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2120	Financial liabilities at fair value through profit or loss-current (notes 6(b) and (p))	18,324	-	86,330	1
2130	Current contract liabilities (note 6(v))	123,995	1	117,443	1
2150	Notes payable	230	-	577	-
2170	Accounts payable	2,376,692	15	1,985,581	13
2180	Accounts payable to related parties (note 7)	367,482	2	926,767	6
2200	Other payables (note 7)	1,380,725	9	1,471,000	9
2230	Current tax liabilities	63,179	-	41,155	-
2250	Current provisions (note 6(n))	259,953	2	207,735	1
2280	Current lease liabilities (note 6(m))	147,068	1	162,888	1
2300	Other current liabilities (note 6(p))	53,059	-	352,814	2
2365	Current refund liability (note 6(o))	555,409	3	585,189	4
		5,346,116	33	5,937,479	38
	Non-Current liabilities:				
2570	Deferred tax liabilities (note 6(s))	282,833	2	168,696	1
2580	Non-current lease liabilities (note 6(m))	349,906	2	441,586	3
2600	Other non-current liabilities (notes 6(r) and 7)	231,020	1	237,210	2
		863,759	5	847,492	6
	Total liabilities	6,209,875	38	6,784,971	44
	Equity attributable to owners of parent: (note 6(t))				
3110	Ordinary shares	6,519,961	41	6,519,961	41
3200	Capital surplus	1,523,313	10	1,598,807	10
	Retained earnings:				
3310	Legal reserve	2,053,379	13	2,053,379	13
3320	Special reserve	205,562	1	205,562	1
3350	Unappropriated retained earnings (Accumulated deficit)	566,471	4	(499,008)	(3)
		2,825,412	18	1,759,933	11
3400	Other equity interest	(1,609,191)	(10)	(1,405,287)	(9)
	Total equity attributable to owners of parent:	9,259,495	59	8,473,414	53
36XX	Non-controlling interests (notes 6(g) and (t))	480,860	3	452,625	3
	Total equity	9,740,355	62	8,926,039	56
	Total liabilities and equity	$ 15,950,230	100	15,711,010	100

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 years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollar, Except for Earnings Per Common Share)

		2020		2019	
		Amount	%	Amount	%
4000	**Net operating revenues** (note 6(v) and 7)	$ 15,179,443	100	16,996,048	100
5000	**Operating costs (note 6(e), (r) and 7)**	10,404,148	69	12,256,516	72
	Gross profit from operations	4,775,295	31	4,739,532	28
	Operating expenses: (note 6(c), (h), (i), (j), (m), (q), (r) and (w))				
6100	Selling expenses	2,623,485	17	3,168,206	19
6200	Administrative expenses	952,285	6	934,954	5
6300	Research and development expenses	1,127,417	7	1,064,731	6
6450	Reversal of expected credit losses (note 6(c))	(8,118)	-	(43,603)	-
		4,695,069	30	5,124,288	30
	Net operating income (loss)	80,226	1	(384,756)	(2)
	Non-operating income and expenses:				
7100	Interest income (note 6(x))	16,524	-	41,921	-
7010	Other income (note 6(x) and 7)	2,542	-	6,721	-
7020	Other gains and losses (notes 6(f), (p), (x), (z) and 7)	1,342,742	9	23,678	-
7050	Finance costs (note 6(m), (p) and (x))	(28,284)	-	(40,440)	-
7060	Share of profit of associates accounted for using equity method (note 6(f))	82,976	-	63,323	-
	Total non-operating income and expenses	1,416,500	9	95,203	-
	Profit (loss) before tax	1,496,726	10	(289,553)	(2)
7950	**Less: Income tax expenses (note 6(s))**	186,166	1	152,188	1
	Net profit (loss)	1,310,560	9	(441,741)	(3)
8300	**Other comprehensive income (loss):**				
8310	**Components of other comprehensive income (loss) that will not be reclassified to profit or loss**				
8311	Gains on remeasurements of defined benefit plans	4,534	-	5,070	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	16,739	-	(11,305)	-
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	59,684	1	2,019	-
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		80,957	1	(4,216)	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss (notes 6(t) and (y))**				
8361	Exchange differences on translation of foreign financial statements	(439,672)	(3)	(86,804)	-
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	55,373	-	(10,826)	-
8399	Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(s))	68,189	-	4,016	-
		(316,110)	(3)	(93,614)	-
8300	**Other comprehensive loss, net**	(235,153)	(2)	(97,830)	-
	Total comprehensive income (loss) of tax	**$ 1,075,407**	**7**	**(539,571)**	**(3)**
	Net profit (loss) attributable to:				
	Owners of parent	$ 1,239,925	8	(508,327)	(3)
	Non-controlling interests	70,635	1	66,586	-
		$ 1,310,560	**9**	**(441,741)**	**(3)**
	Comprehensive income (loss) attributable to:				
	Owners of parent	$ 1,040,482	7	(585,979)	(3)
	Non-controlling interests	34,925	-	46,408	-
		$ 1,075,407	7	(539,571)	(3)
	Basic earnings per share (New Taiwan dollars) (note 6(u))	**$**	**1.90**		**(0.78)**
	Diluted earnings per share (New Taiwan dollars) (note 6(u))	**$**	**1.90**		**(0.78)**

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 years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollar)

	Equity attributable to owners of parent										
			Retained earnings			Total other equity interest					
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (Accumulated deficits)	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Others	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2019	$ 6,519,961	1,669,905	2,107,941	-	216,200	(1,151,611)	(147,771)	(15,138)	9,199,487	417,445	9,616,932
Effects of retrospective application (accounted for using equity method)	-	-	-	-	(3,796)	-	-	-	(3,796)	-	(3,796)
Equity at beginning of period after adjustments	6,519,961	1,669,905	2,107,941	-	212,404	(1,151,611)	(147,771)	(15,138)	9,195,691	417,445	9,613,136
Net profit (loss)	-	-	-	-	(508,327)	-	-	-	(508,327)	66,586	(441,741)
Other comprehensive income (loss)	-	-	-	-	1,205	(85,090)	(5,421)	11,654	(77,652)	(20,178)	(97,830)
Total comprehensive income (loss)	-	-	-	-	(507,122)	(85,090)	(5,421)	11,654	(585,979)	46,408	(539,571)
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	10,638	-	(10,638)	-	-	-	-	-	-
Special reserve	-	-	-	205,562	(205,562)	-	-	-	-	-	-
Other changes in capital surplus:											
Changes in equity of associates accounted for using equity method	-	(5,898)	-	-	-	-	-	-	(5,898)	-	(5,898)
Cash dividends from legal reserve	-	-	(65,200)	-	-	-	-	-	(65,200)	-	(65,200)
Cash dividends from capital surplus	-	(65,200)	-	-	-	-	-	-	(65,200)	-	(65,200)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(11,228)	(11,228)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	11,910	-	(11,910)	-	-	-	-
Balance at December 31, 2019	6,519,961	1,598,807	2,053,379	205,562	(499,008)	(1,236,701)	(165,102)	(3,484)	8,473,414	452,625	8,926,039
Net profit	-	-	-	-	1,239,925	-	-	-	1,239,925	70,635	1,310,560
Other comprehensive income (loss)	-	-	-	-	4,534	(283,884)	76,423	3,484	(199,443)	(35,710)	(235,153)
Total comprehensive income (loss)	-	-	-	-	1,244,459	(283,884)	76,423	3,484	1,040,482	34,925	1,075,407
Other changes in capital surplus:											
Changes in equity of associates accounted for using equity method	-	(75,494)	-	-	(178,907)	-	-	-	(254,401)	-	(254,401)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(6,690)	(6,690)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(73)	-	73	-	-	-	-
Balance at December 31, 2020	**$ 6,519,961**	**1,523,313**	**2,053,379**	**205,562**	**566,471**	**(1,520,585)**	**(88,606)**	**-**	**9,259,495**	**480,860**	**9,740,355**

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 years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollar)

	2020	2019
Cash flows from operating activities:		
Profit (loss) before tax	$ 1,496,726	(289,553)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	246,409	271,684
Amortization expense	56,818	56,085
Reversal of expected credit losses	(8,118)	(43,603)
Net loss on financial assets or liabilities at fair value through profit or loss	14,478	82,774
Interest expense	28,284	40,440
Interest income	(16,524)	(41,921)
Dividend income	(879)	(4,909)
Share of profit of associates accounted for using equity method	(82,976)	(63,323)
Gain on disposal of investments	(1,297,668)	(36,016)
Other	(201,473)	(67,363)
Total adjustments to reconcile profit (loss)	(1,261,649)	193,848
Changes in operating assets and liabilities:		
Increase in financial assets at fair value through profit or loss	(145,364)	(64,871)
Decrease in notes receivable	6,155	20,739
Decrease in accounts receivable	538,998	710,810
Decrease in other receivables	5,985	29,611
Decrease in inventories	794,445	372,202
Increase in other current assets	(159,480)	(19,938)
Decrease in other non-current assets	34,388	11,770
Total changes in operating assets	1,075,127	1,060,323
Increase (decrease) in current contract liabilities	6,552	(21,546)
(Decrease) increase in notes payable	(347)	182
Increase (decrease) in accounts payable	391,111	(227,357)
Decrease in accounts payable to related parties	(559,285)	(381,563)
Decrease in other payable	(98,387)	(235,112)
Decrease in current provisions	(23,155)	(36,402)
(Decrease) increase in current refund liabilities	(29,780)	46,417
Increase in other current liabilities	3,355	4,024
Decrease in other non-current liabilities	(2,819)	(51,063)
Total changes in operating liabilities	(312,755)	(902,420)
Total changes in operating assets and liabilities	762,372	157,903
Total adjustments	(499,277)	351,751
Cash inflow generated from operations	997,449	62,198
Interest received	16,524	41,921
Dividends received	40,027	121,671
Interest paid	(20,172)	(48,552)
Income taxes paid	(91,804)	(130,977)
Net cash flows from operating activities	942,024	46,261
Cash flows from investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	28,833
Proceeds from disposal of investments accounted for using equity method	2,823,808	28,968
Acquisition of property, plant and equipment	(77,909)	(72,356)
Proceeds from disposal of property, plant and equipment	594	2,398
Increase in refundable deposits	1,491	50,368
Acquisition of intangible assets	(3,648)	(26,929)
Other investing activities	59,715	777
Net cash flows from investing activities	2,804,051	12,059
Cash flows used in financing activities:		
Decrease in short-term loans	-	(950,000)
Increase in guarantee deposits received	1,163	16,543
Payment of lease liabilities	(225,225)	(180,011)
Cash dividends paid	-	(130,400)
Change in non-controlling interests	(6,690)	(11,228)
Payment of bonds payable	(608)	-
Net cash flows used in financing activities	(231,360)	(1,255,096)
Effect of exchange rate changes on cash and cash equivalents	(439,672)	(86,804)
Net increase (decrease) in cash and cash equivalents	3,075,043	(1,283,580)
Cash and cash equivalents at beginning of period	3,141,284	4,424,864
Cash and cash equivalents at end of period	$ 6,216,327	3,141,284

See accompanying notes to consolidated financial statements.

(1) Company history

D-LINK CORPORATION (the “Company”) was incorporated on June 20, 1987 under the approval of Ministry of Economic Affair, Republic of China (“ROC”). The address of its registered office is No. 289, Xinhu 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 local area 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 March 17, 2021.

(3) New standards, amendments and interpretations adopted:

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

The details of impact on the Consolidated Company’s adoption of the new amendments beginning January 1, 2020 are as follows:

(i) Amendments to IFRS 16 “COVID-19-Related Rent Concessions”

As a practical expedient, a lessee may elect not to assess whether a rent concession that meets certain conditions is a lease modification, rather any changes in lease liability are recognized in profit or loss. The amendments have been endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) in July 2020, earlier application from January 1, 2020 is permitted. Related accounting policy is explained in Note 4(m).

The Consolidated Company has elected to apply the practical expedient for all rent concessions that meet the criteria beginning January 1, 2020, with early adoption. No adjustment was made upon the initial application of the amendments. The amounts recognized in profit or loss for the year ended December 31, 2020 was $438 thousand.

(ii) Other amendments

The following new amendments, effective January 1, 2020, do not have a significant impact on the Consolidated Company’s consolidated financial statements:

- Amendments to IFRS 3 “Definition of a Business”
- Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”
- Amendments to IAS 1 and IAS 8 “Definition of Material”

(Continued)

(b) The impact of IFRS issued by the FSC but not yet effective

The Consolidated Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform－Phase 2”

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Consolidated Company does not expect the following new and amended standards, which have not 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 IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 16 “Property, Plant and Equipment－Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts－Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(4) Summary of significant accounting policies:

The significant 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 the International Finalcial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the FSC.

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

(b) Basis of Preparation

(i) Basis of Measurement

Except for the following 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 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, which is the Consolidated Company’s functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(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 Consolidated Company. The Consolidated 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 like 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.

(Continued)

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

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding December 31, 2020	Shareholding December 31, 2019	Note
The Company	D-Link Holding Company Ltd. (D-Link Holding)	Investment company	100.00 %	100.00 %	
The Company	D-Link Canada Inc. (D-Link Canada)	Marketing and after-sales service	100.00 %	100.00 %	
The Company	D-Link Japan K.K. (D-Link Japan)	Marketing and after-sales service	100.00 %	100.00 %	
The Company	D-Link Investment Pte. Ltd. (D-Link Investment)	Investment company	100.00 %	100.00 %	
The Company and D-Link Holding	D-Link Sudamerica S.A. (D-Link Sudamerica)	Marketing and after-sales service	100.00 %	100.00 %	
The Company and D-Link Holding	D-Link Brazil LTDA (D-Link Brazil)	Marketing and after-sales service	100.00 %	100.00 %	
The Company	D-Link Latin America Company Ltd. (D-Link L.A.)	Marketing and after-sales service	100.00 %	100.00 %	
The Company and D-Link Sudamerica	D-Link Mexicana S.A de C.V (D-Link Mexicana)	Marketing and after-sales service	100.00 %	100.00 %	
The Company and D-Link Holding	D-Link Systems, Inc. (D-Link Systems)	Marketing and after-sales service	100.00 %	100.00 %	
The Company and D-Link Holding	D-Link International Pte. Ltd. (D-Link International)	Marketing, purchase and after sales service	100.00 %	100.00 %	
The Company and D-Link International	D-Link Australia Pty Ltd. (D-Link Australia)	Marketing and after-sales service	100.00 %	100.00 %	
The Company and D-Link International	D-Link Middle East FZCO (D-Link ME)	Marketing and after-sales service	100.00 %	100.00 %	
D-Link International	D-Link Korea Limited (D-Link Korea)	Marketing and after-sales service	100.00 %	100.00 %	
D-Link International	D-Link Trade M (D-Link Moldova)	Marketing and after-sales service	100.00 %	100.00 %	
D-Link International	D-Link Russia Investment Co., Ltd (D-Link Russia Investment)	Investment Company	100.00 %	100.00 %	
D-Link International	D-Link Malaysia SDN. BHD (D-Link Malaysia)	Marketing and after-sales service	100.00 %	100.00 %	
D-Link International	D-Link Service Lithuania, UAB (D-Link Lithuania)	Marketing and after-sales service	100.00 %	100.00 %	
The Company	Yeo-Chia Investment Ltd. (Yeochia)	Investment company	100.00 %	100.00 %	
The Company	Yeo-Mao Investment Inc. (Yeomao)	Investment company	100.00 %	100.00 %	
The Company	Yeo-Tai Investment Inc. (Yeotai)	Investment company	100.00 %	100.00 %	
D-Link Holding	D-Link (Europe) Ltd. (D-Link Europe)	Marketing and after-sales service	100.00 %	100.00 %	
D-Link Holding	D-Link Shiang-Hai (Cayman) Inc. (D-Link Shiang-Hai (Cayman))	Investment company	100.00 %	100.00 %	
D-Link Holding	D-Link Holding Mauritius Inc. (D-Link Mauritius)	Investment company	100.00 %	100.00 %	
D-Link Holding	OOO D-Link Russia (D-Link Russia)	After-sales service	100.00 %	100.00 %	
D-Link Investment	OOO D-Link Trade (D-Link Trade)	Marketing and after-sales service	100.00 %	100.00 %	
D-Link Holding	Success Stone Overseas Corp. (Success Stone)	Investment company	100.00 %	100.00 %	

(Continued)

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

Name of investor	Name of subsidiary	Principal activity	Shareholding December 31, 2020	Shareholding December 31, 2019	Note
D-Link Holding	Wishfi Pte. Ltd. (Wishfi)	Research, development, marketing and after-sales service	100.00 %	100.00 %	
D-Link Mauritius	D-Link India Ltd. (D-Link India)	Marketing and after-sales service	51.02 %	51.02 %	
D-Link Mauritius and D-Link India	TeamF1 Networks Private Limited (TeamF1 India)	Research and development	100.00 %	100.00 %	
D-Link Europe	D-Link (Holdings) Ltd. and its subsidiary D-Link (UK) Ltd. (D-Link UK)	Investment company, marketing and after-sales service	100.00 %	100.00 %	
D-Link Europe	D-Link France SARL (D-Link France)	Marketing and after-sales service	100.00 %	100.00 %	
D-Link Europe	D-Link AB	Marketing and after-sales service	100.00 %	100.00 %	
D-Link Europe	D-Link Iberia SL (D-Link Iberia)	Marketing and after-sales service	100.00 %	100.00 %	
D-Link Europe	D-Link Mediterraneo SRL (D-Link Mediterraneo)	Marketing and after-sales service	100.00 %	100.00 %	
D-Link Europe	D-Link (Netherlands) BV (D-Link Netherlands)	Marketing and after-sales service	100.00 %	100.00 %	
The Company and D-Link Europe	D-Link (Deutschland) GmbH (D-Link Deutschland)	Marketing and after-sales service	100.00 %	100.00 %	
D-Link Europe	D-Link Polska Sp. Z.o.o. (D-Link Polska)	Marketing and after-sales service	100.00 %	100.00 %	
D-Link Europe	D-Link (Magyarorszag) kft (D-Link Magyarorszag)	Marketing and after-sales service	100.00 %	100.00 %	
D-Link Europe	D-Link s.r.o	Marketing and after-sales service	100.00 %	100.00 %	
D-Link Shiang-Hai (Cayman)	D-Link (Shiang-Hai) Co., Ltd (D-Link Shiang-Hai)	Marketing and after sales service	100.00 %	100.00 %	
D-Link Shiang-Hai (Cayman)	Netpro Trading (Shiang-hai) Co., Ltd (Netpro Trading)	Research, development and trading	100.00 %	100.00 %	
D-Link Mediterraneo	D-Link Adria d.o.o	Marketing and after-sales service	100.00 %	100.00 %	
D-Link Sudamerica and D-Link L.A.	D Link del Ecuador S.A.	Marketing and after-sales service	100.00 %	100.00 %	
D-Link Sudamerica and D-Link L.A.	D-Link Peru S.A.	Marketing and after-sales service	100.00 %	100.00 %	
D-Link Sudamerica	D Link del Ecuador S.A.S	Marketing and after-sales service	100.00 %	100.00 %	
D-Link Sudamerica	D-Link Guatemala S.A.	Marketing and after-sales service	99.00 %	99.00 %	
D-Link Sudamerica	D-Link Argentina S.A.	Marketing and after-sales service	100.00 %	100.00 %	
D-Link ME	D Link NETWORK	Marketing and after-sales service	100.00 %	100.00 %	Incorporated in December 2019

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

(Continued)

(d) Business combination

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

(e) Foreign currency

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Consolidated Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

· an investment in equity securities designated as at fair value through other comprehensive income;

· qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the Consolidated Company's functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the Consolidated Company's functional currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

(f) 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 the primarily for the purpose of trading;

(Continued)

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash and cash equivalent 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 an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing of equity instruments do not affect its classification.

(g) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(h) Financial Instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Consolidated Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI)–equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Consolidated Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Some accounts receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Consolidated Company, therefore, those receivables are measured at FVOCI. However, they are included in the 'accounts receivable' line item.

On initial recognition of an equity investment that is not held for trading, the Consolidated Company may irrevocably elect to present subsequent changes in the investment' s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

(Continued)

Dividend income is recognized in profit or loss on the date on which the Consolidated Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets and beneficiary certificate. On initial recognition, the Consolidated Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Business model assessment

The Consolidated Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

· the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management' s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

· how the performance of the portfolio is evaluated and reported to the Consolidated Company's management;

· the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

· how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

· the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Consolidated Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial assets on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Consolidated Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Consolidated Company considers:

· contingent events that would change the amount or timing of cash flows;

· terms that may adjust the contractual coupon rate, including variable rate features;

· prepayment and extension features; and

· terms that limit the Consolidated Company’s claim to cash flows from specified assets (e.g. non-recourse features)

6) Impairment of financial assets

The Consolidated Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivables, other receivables, leases receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

· debt securities that are determined to have low credit risk at the reporting date；and

· other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Consolidated Company is exposed to credit risk.

(Continued)

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Consolidated Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Consolidated Company's historical experience and informed credit assessment as well as forward-looking information.

The Consolidated Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Consolidated Company considers a financial asset to be in default when the financial asset is more than 360 days past due or the debtor is unlikely to pay its credit obligations to the Consolidated Company in full.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Consolidated Company in accordance with the contract and the cash flows that the Consolidated Company expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Consolidated Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

· significant financial difficulty of the borrower or issuer;

· a breach of contract such as a default or being more than 365 days past due;

· the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

· it is probable that the borrower will enter bankruptcy or other financial reorganization; or

· the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Consolidated Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Consolidated Company's procedures for recovery of amounts due.

(Continued)

7) Derecognition of financial assets

The Consolidated Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Consolidated Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Consolidated Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Consolidated Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Exchangeable bonds

Exchangeable bonds issued by the Consolidated Company are recorded as embedded derivative and host contract, respectively. The derivatives are classified into financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

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

4) Other financial liabilities

Financial liabilities that are not classified as held-for-trading or measured at fair value through profit or loss, which comprise loans and accounts payable, and other payables, are measured at fair value plus any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized in non-operating income and expense, and is included in other gains and losses.

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

5) Derecognition of financial liabilities

The Consolidated Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Consolidated Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Consolidated Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments and hedge accounting

The Consolidated Company holds derivative financial instruments to hedge its foreign currency exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the non-financial asset's host contract are not closely related to the embedded derivatives and the host contract is not measured at FVTPL.

The Consolidated Company designates certain hedging instruments (derivate financial instruments) as cash flow hedges.

At inception of hedging relationships, the Consolidated Company documents the risk management objective and strategy for undertaking the hedge. The Consolidated Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under 'other equity－gains (losses) on hedging instruments', limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

(Continued)

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. Furthermore, if the Consolidated Company expects that some or all of the loss accumulated in other equity will not be recovered in the future, that amount is immediately reclassified to profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to profit or loss.

(i) Inventories

The cost of inventories shall comprise all costs of purchase and other costs incurred in bring the inventories to their present location and condition. Inventories are measured at the lower of cost and net realizable value. Cost is calculated using the weighted-average method. Net realizable value is based on the estimated selling price of inventories; less, all further costs to completion and all relevant marketing and selling costs. Related expenses/losses and incomes of inventory are included in the cost of sales.

(j) Investment in associates

Associates are those entities in which the Consolidated Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Consolidated Company holds between 20% and 50% of the voting power of another entity.

Investments in associates are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Consolidated Company's share of the profit or loss and other comprehensive income of the associates, after adjustments to align the accounting policies with those of the Consolidated Company, from the date on which significant influence commences until the date on which significant influence ceases.

Gains and losses resulting from transactions between the Consolidated Company and an associate are recognized only to the extent of unrelated Consolidated Company's interests in the associate.

When the Consolidated Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Consolidated Company's proportionate interest in the net assets of the associate. The Consolidated Company records such a difference as an adjustment to investments, with the corresponding amount charged or capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If it resulted in a decrease in the ownership interest, except for the adjustments mentioned above, the related amount previously recognized in other comprehensive income in relation to the associate will be reclassified proportionately on the same basis as if the Consolidated Company had directly disposed of the related assets or liabilities.

(k) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as non-operating income on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(l) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Consolidated Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings and improvements: 5~60 years

2) Transportation, office equipment and others: 2~9 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the change(s) is accounted for as a change in an accounting estimate.

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(m) Leases

(i) Identifying a lease

At inception of a contract, the Consolidated Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Consolidated Company assesses whether:

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the Consolidated Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the Consolidated Company has the right to direct the use of the asset throughout the period of use only if either:

   · the Consolidated Company has the right to direct how and for what purpose the asset is used throughout the period of use.

- the relevant decisions about how and for what purpose the asset is used are predetermined and:
  - the Consolidated Company has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
  - the Consolidated Company designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

On the lease date or when reassessing whether the contract contains a lease, the company allocates the value in the contract to individual lease components based on the stand-alone price.

(ii) As a lessee

The Consolidated Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Consolidated Company’s incremental borrowing rate. Generally, the Consolidated Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

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The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Consolidated Company's estimate of the amount expected to be payable under a residual value guarantee; or

— there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying assets, or

— there is a change of its assessment on whether it will exercise an extension or termination option; or

— there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Consolidated Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Consolidated Company presents right-of-use assets and lease liabilities that do not meet the definition of investment property as a separate line item respectively in the statement of financial position.

The Consolidated Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of office building that have a lease term of 12 months or less and leases of low-value assets, including office equipment. The Consolidated Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term. As a practical expedient, the Consolidated Company elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

— the rent concessions occurring as a direct consequence of the COVID-19 pandemic;

— the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

— any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2021; and

— there is no substantive change in other terms and conditions of the lease.

(Continued)

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(iii) As a lessor

When the Consolidated Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Consolidated Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Consolidated Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Consolidated Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Consolidated Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Consolidated Company applies IFRS15 to allocate the consideration in the contract.

The Consolidated Company recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. The Consolidated Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of other income.

(n) Intangible assets

(i) Goodwill and trademark

1) Recognition

Goodwill and trademark arise from acquisition of subsidiaries are included in intangible assets.

2) Subsequent measurement

Goodwill is carried at cost less accumulated impairment losses. As regards to the investments accounted for using equity method, the carrying value of goodwill consists of the carrying value of its investment. The impairment loss is attributed to parts of investments accounted for using equity method other than goodwill or other assets.

(ii) Other intangible assets

Other intangible assets are measured at cost less accumulated amortization and accumulated impairment losses.

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(iii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iv) Amortization

The amortized amount is the cost of an asset less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

1) Computer software: 1~8 years

2) Patents: Amortization is recognized using the term of patent contract. The estimated live is 11~16 years

3) Other intangible asset: 3 years

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each fiscal year-end. Any change shall be accounted for as changes in accounting estimates.

(o) Impairment of non-financial assets

At each reporting date, the Consolidated Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset' s recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

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(p) Provisions

A provision is recognized if, as a result of a past event, the Consolidated Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(i) Warranties

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(ii) Legal proceedings and royalties

Legal proceedings and royalties are estimated at the expected relevant cost based on historical experiences.

(q) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Consolidated Company expects to be entitled in exchange for transferring goods or services to a customer. The Consolidated Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer.

The main operating activities of the Consolidated Company is research, development, and sales of LANs and spare part for integrated circuits. The Consolidated Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Consolidated Company has objective evidence that all criteria for acceptance have been satisfied.

The Consolidated Company grants its customers the right to return the product. Therefore, the Consolidated Company reduces revenue by the amount of expected returns and recognizes a refund liability. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. At each reporting date, the Consolidated Company reassesses the estimated amount of expected returns.

The Consolidated Company often offers volume discounts to its customers. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. As of the reporting date, all expected payment of the related sale discounts paid to the customers is recognized under return liabilities.

The Consolidated Company offers a standard warranty for the consumer electronics sold to provide assurance that the product complies with agreed-upon specifications and has recognized warranty provisions for this obligation; please refer to note 4(p).

A receivable is recognized when the goods are delivered as this is the point in time that the Consolidated Company has a right to an amount of consideration that is unconditional.

In case of fixed-price contracts, the customers pay the fixed amount based on a payment schedule. If the services rendered by the Consolidated Company exceed the payment, a contract asset is recognized.

A contract liability is a Consolidated Company’ s obligation to transfer goods to a customer for which the Consolidated Company has received consideration.

(r) 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 Consolidated Company’s net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Consolidated Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings. The Consolidated Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Consolidated Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(Continued)

(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.

(s) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

(t) Income Taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Consolidated Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Consolidated Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) The Consolidated Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend either to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

(u) Earnings per share

The Consolidated Company discloses the Company' s basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as convertible notes, employee stock options, and employee bonus settled using shares that have yet to be approved by the Board of Directors meeting. The effect on net income per common share from the increase in stock from the transfer of unappropriated earnings, capital surplus, and employee profit sharing is computed retroactively.

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(v) Operating segments

An operating segment is a component of the Consolidated Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Consolidated Company). Operating results of the operating segments are regularly reviewed by the Consolidated Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

(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 endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) Impairment of Accounts receivable

The Consolidated Company has estimated the loss allowance of accounts receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Consolidated Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. Refer to Note 6(c) for further description of the impairment of accounts receivable.

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Consolidated Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on the demand of products in the future. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories.

(c) Judgment on substantial control over the investee

The Company held 17.35% of issued shares of Cameo Communication, Inc., and the remaining shares were held by related parties including corporate shareholders and minority shareholders, with each owning more than 5% of the issued shares. Based on the previous experience, it is unlikely the Company would obtain more than half of the board seats and the voting rights in the shareholders meeting. As a result, the Company has no substantial control over Cameo Communication, Inc.

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Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts:

(a) Cash and Cash Equivalents

		December 31, 2020	December 31, 2019
Cash on hand	$	3,170	3,211
Checking and saving accounts		3,042,387	2,342,204
Cash equivalents		3,170,770	795,869
	$	**6,216,327**	**3,141,284**

Please refer to 6(z) 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, they are classified as other current assets.

(b) Financial Assets and Liabilities

(i) Details as follows

		December 31, 2020	December 31, 2019
Mandatorily measured at fair value through profit or loss - current			
Beneficiary certificates – mutual funds	$	217,316	67,618
Cross currency swaps		20,861	2,474
Forward foreign exchange contracts		774	457
	$	**238,951**	**70,549**
Financial liabilities at fair value through profit or loss - current			
Cross currency swaps	$	8,469	12,802
Forward foreign exchange contracts		9,855	8,148
Exchangeable corporate bonds embeded derivative		-	65,380
	$	**18,324**	**86,330**
Financial assets at fair value through other comprehensive income - non-current			
Cameo Communication, Inc. (CAMEO)	$	364,655	359,778
Z-Com, Inc. (Z-Com)		33,165	40,483
YouXiang Electronic Technology (Beijing) Co., Ltd. (YouXiang)		3,504	2,245
Kaimei Electronic Corp. (Kaimei)		52,876	37,274
Venture Power Group Limited (Venture Power)		-	315
StemCyte International. LTD (Stemcyte)		235	-
	$	**454,435**	**440,095**

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1) Kaimei — the Consolidated Company's investee company accounted for as financial asset at fair value through other comprehensive income, has announced to become a 100% subsidiary of Teapo Electronic Corp. (Teapo) via share conversion in March 2019, with September 30, 2019 as the reference date of the share exchange, and the date of completion of the related procedures, based on the resolution made during the shareholders' meeting in June 2019. The Consolidated Company recognized its retained earnings of $168 thousand. In October 2019, Teapo changed its name to Kaimei.

2) In 2020, Venture Power converted 10,922 shares into 18,950 shares of Stemcyte, an investee presented within financial assets measured at fair value through other comprehensive income (FVOCI).

3) For disclosures on credit, currency and interest rate risks in financial instruments, please refer to note 6(z).

4) As of December 31, 2020 and 2019, no financial assets are pledged as collateral.

(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:

	2020		2019	
Security price at reporting date	**After-tax other comprehensive income (loss)**	**After-tax profit (loss)**	**After-tax other comprehensive income (loss)**	**After-tax profit (loss)**
Increase 3%	$ 13,607	5,085	13,184	1,582
Decrease 3%	$ (13,607)	(5,085)	(13,184)	(1,582)

(iii) (Non-hedging) derivative financial instruments

Derivative financial instruments are used to hedge certain foreign exchange and interest risk arising from the Company's operating, financing and investing activities. As of December 31, 2020 and 2019, transactions that did not qualify for hedging accounting have been presented as the following held-for-trading financial assets:

1) Derivative financial assets

	December 31, 2020			December 31, 2019		
	Contract amount (thousand)	**Currency**	**Maturity date**	**Contract amount (thousand)**	**Currency**	**Maturity date**
Cross currency swaps:						
JPY	$ 1,800,000	JPY	2021.01 ~2021.06	1,800,000	JPY	2020.07 ~2020.12
EUR	10,000	EUR	2021.01	-	-	-
RUB	-	-	-	192,014	RUB	2020.01 ~2020.02

(Continued)

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	December 31, 2020			December 31, 2019		
	Contract amount (thousand)	Currency	Maturity date	Contract amount (thousand)	Currency	Maturity date
Forward foreign exchange contracts:						
JPY (sell)	-	-	-	220,000	JPY	2020.01 ~2020.02
BRL (sell)	15,502	BRL	2021.02	-	-	-
USD (buy)	-	-	-	2,500	USD	2020.01
RUB (buy)	150,028	RUB	2021.01	-	-	-

2) Derivative financial liabilities

	December 31, 2020			December 31, 2019		
	Contract amount (thousand)	Currency	Maturity date	Contract amount (thousand)	Currency	Maturity date
Cross currency swaps:						
USD	$ 1,700	USD	2021.03	22,900	USD	2020.01 ~2020.03
CNH	110,588	CNH	2021.01 ~2021.02	95,880	CNH	2020.01 ~2020.02
EUR	1,000	EUR	2021.02	12,000	EUR	2020.01 ~2020.02
GBP	-	-	-	1,100	GBP	2020.01 ~2020.02
Forward foreign exchange contracts:						
EUR (sell)	4,200	EUR	2021.01 ~2021.03	7,000	EUR	2020.01 ~2020.02
BRL (sell)	3,740	BRL	2021.01	12,001	BRL	2020.01 ~2020.02
AUD (sell)	2,500	AUD	2021.01 ~2021.03	2,500	AUD	2020.01 ~2020.02
KRW (sell)	1,877,735	KRW	2021.01 ~2021.02	2,322,550	KRW	2020.01 ~2020.02
JPY (sell)	700,000	JPY	2021.01 ~2021.02	110,000	JPY	2020.04 ~2020.05
CAD (sell)	2,000	CAD	2021.01 ~2021.03	2,200	CAD	2020.01 ~2020.02
INR (sell)	221,346	INR	2021.01	-	-	-
CNH (sell)	-	-	-	14,193	CNH	2020.01
Exchangeable corporate bonds embedded derivative:						
TWD	-	-	-	299,600	TWD	2020.6

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Notes to the Consolidated Financial Statements

(c) Notes and accounts receivable and other receivables

		December 31, 2020	December 31, 2019
Notes receivable for operating activities	$	2,647	8,802
Accounts receivable		3,166,320	3,773,354
Other receivables		55,821	61,806
		3,224,788	3,843,962
Less: Loss allowance		(104,954)	(197,721)
	$	3,119,834	3,646,241

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 the days past due, as well as incorporated forward looking information. The loss allowance provision as of 2020 and 2019 was determined as follows:

		December 31, 2020		
		Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$	2,638,059	0.33%	8,791
90 days or less past due		470,478	0.29%	1,381
91 to 180 days past due		4,096	14.97%	613
181 to 270 days past due		1,220	47.09%	575
271 to 360 days past due		4,382	81.23%	3,560
More than 360 days past due		106,553	84.50%	90,034
	$	3,224,788		104,954

		December 31, 2019		
		Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$	3,028,837	0.95%	28,825
90 days or less past due		613,971	0.49%	2,994
91 to 180 days past due		20,956	5.46%	1,143
181 to 270 days past due		3,145	43.05%	1,354
271 to 360 days past due		255	83.80%	214
More than 360 days past due		176,798	92.30%	163,191
	$	3,843,962		197,721

(Continued)

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

The movement in the allowance for notes and accounts receivable and other receivables were as follows:

	2020	2019
Balance at January 1, 2020 and 2019	$ 197,721	251,129
Expected credit loss reversed	(8,118)	(43,603)
Amounts written off	(68,253)	(16,003)
Others	(16,396)	6,198
Balance at December 31, 2020 and 2019	$ **104,954**	**197,721**

(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, is as follows:

	December 31, 2020	December 31, 2019
Less than one year (Total lease payments receivable)	$ **-**	**30,595**

(e) Inventories

	December 31, 2020	December 31, 2019
Finished goods	$ **2,442,783**	**2,836,939**

The operating cost comprises of cost of goods sold, write-down loss (reversal gain) of inventories to net realizable value, warranty costs and other loss (gain). For the year ended December 31, 2020 and 2019, the cost of goods delivered were $10,302,279 thousand and $11,872,164 thousand, respectively. The warranty expenses, inventory losses from obsolescence and others amounted to $386,285 thousand and $474,001 thousand in 2020 and 2019, respectively. Write-down of inventories to net realizable value is recorded as cost of goods sold and decreased by $284,416 thousand and $89,649 thousand in 2020 and 2019, respectively because of out of stock in the market, active sales of inventory and scrap.

As of December 31, 2020 and 2019, no inventories were pledged as collateral.

D-LINK CORPORATION AND SUBSIDIARIES
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(f) Investments accounted for using equity methods

Investments accounted for using equity methods were as follows:

	December 31, 2020	December 31, 2019
Associates	$ -	2,029,686

(i) Associates

Name of Associate	Name of relationship with the Consolidated Company	Main operating location Registered Country of the Company	Ownership interest/ Voting rights held December 31, 2020	Ownership interest/ Voting rights held December 31, 2019
Alpha Networks, Inc. (Alpha)	The major business activities are research, developments, design, manufacturing and selling broadband products, wireless products, computer networks system equipment and its components.	Taiwan	- %	20.43 %

1) The financial information on Alpha is summarized as follows:

	Novemeber 30, 2020 (Unaudited)	December 31, 2019
Current assets	$ 21,809,621	19,148,501
Non-current assets	6,198,278	5,851,867
Current liabilities	14,178,386	9,584,608
Non-current liabilities	1,320,201	1,368,466
Net assets	$ 12,509,312	14,047,294
Net assets attributable to non-controlling interests	$ 2,981,613	4,066,496
Net assets attributable to investee's shareholders	$ 9,527,699	9,980,798

D-LINK CORPORATION AND SUBSIDIARIES
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	2020.01 ~2020.11 (Unaudited)	2019
Operating revenue	$ 28,570,311	15,825,808
Net profit	$ 558,270	238,903
Other comprehensive income (loss)	93,124	(122,759)
Total comprehensive income	$ 651,394	116,144
Total comprehensive income attributable to non-controlling interests	$ 134,446	-
Total comprehensive income attributable to investee's shareholders	$ 516,948	116,144

	2020.01 ~2020.11 (Unaudited)	2019
The Consolidated Company's share in associate's net assets at beginning of year	$ 2,024,443	2,230,426
Comprehensive income attributable to the Consolidated Company	120,229	37,247
Changes in equity of associates using equity method	(185,836)	(6,361)
Dividends received from associates	(39,148)	(116,762)
Less: exchange of exchangeable bond and sell of shares	(2,036,268)	(120,107)
The Consolidated Company's share in associate's net assets at end of year	(116,580)	2,024,443
Less: unrealized gains or losses	-	(111,337)
Add: goodwill	116,580	116,580
Carrying amounts of investments accounted for using equity method	$ -	2,029,686

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

	November 30, 2020	December 31, 2019
Alpha	$ -	2,610,572

3) In 2020 and 2019, the Consolidated Company disposed the investments of Alpha Networks Inc. and the proceeds of the disposals by using the equity method were $1,292,494 thousand and $32,975 thousand, respectively.

(Continued)

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

(ii) Pledges

As of December 31, 2020 and 2019, no investment accounted for using equity methods has been pledged as collateral.

(g) Subsidiaries have material non-controlling interests

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

Name of subsidiary	Main operating loaction Registered country of the Company	Ownership interests/voting rights held by NCI December 31, 2020	December 31, 2019
D-Link India	India	48.98 %	48.98 %

The following summarizes the financial information for D-Link India 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.

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

	December 31, 2020	December 31, 2019
Current assets	$ 1,374,919	1,361,790
Non-current assets	561,306	577,480
Current liabilities	594,912	642,433
Non-current liabilities	25,432	19,872
Net assets	$ **1,315,881**	**1,276,965**
Net assets attributable to non-controlling interests	$ **480,860**	**452,625**

	2020	2019
Operating revenues	$ **2,639,783**	**3,283,520**
Net income	$ 144,211	135,945
Other comprehensive loss	(72,906)	(41,196)
Total comprehensive income	$ **71,305**	**94,749**
Net income attributable to non-controlling interests	$ **70,635**	**66,586**
Total comprehensive income attributable to non-controlling interests	$ **34,925**	**46,408**
Cash flows from operating activities	$ 158,922	43,252
Cash flows used in investing activities	(405)	(1,412)
Cash flows (used in) from financing activities	(86)	409
Net increase in cash and cash equivalents	$ **158,431**	**42,249**
Cash dividends paid to non-controlling	$ **6,690**	**11,228**

(Continued)

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

(h) Property, plant and equipment

	2020				
	Balance as of January 1, 2020	Increase	Decrease	Others	Balance as of December 31, 2020
Cost:					
Land	$ 548,005	-	-	(3,419)	544,586
Buildings	920,936	1,488	-	(46,999)	875,425
Others	1,386,319	76,421	(75,475)	(27,133)	1,360,132
	2,855,260	77,909	(75,475)	(77,551)	2,780,143
Accumulated depreciation:					
Buildings	527,920	17,215	-	(10,540)	534,595
Others	1,245,586	70,598	(74,894)	(25,413)	1,215,877
	1,773,506	87,813	(74,894)	(35,953)	1,750,472
	$ 1,081,754	**(9,904)**	**(581)**	**(41,598)**	**1,029,671**

	2019				
	Balance as of January 1, 2019	Increase	Decrease	Others	Balance as of December 31, 2019
Cost:					
Land	$ 546,510	-	-	1,495	548,005
Buildings	911,827	411	-	8,698	920,936
Others	1,344,056	71,945	(18,587)	(11,095)	1,386,319
	2,802,393	72,356	(18,587)	(902)	2,855,260
Accumulated depreciation:					
Buildings	507,101	21,241	-	(422)	527,920
Others	1,193,735	79,868	(16,033)	(11,984)	1,245,586
	1,700,836	101,109	(16,033)	(12,406)	1,773,506
	$ 1,101,557	**(28,753)**	**(2,554)**	**11,504**	**1,081,754**

As of December 31, 2020 and 2019, no property, plant and equipment has been pledged as collateral.

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

(i) Right-of-use assets

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

		Buildings	Office equipment	Transportation equipment	Total
Cost:					
Balance at January 1, 2020	$	655,620	6,206	49,336	711,162
Increase		126,205	4,638	17,915	148,758
Decrease		(123,579)	(2,746)	(9,596)	(135,921)
Others		(14,241)	(51)	599	(13,693)
Balance at December 31, 2020	**$**	**644,005**	**8,047**	**58,254**	**710,306**
Balance at January 1, 2019	$	-	-	-	-
Effects of retrospective application		607,648	5,869	40,267	653,784
Balance at January 1, 2019 after adjustments		607,648	5,869	40,267	653,784
Increase		75,350	548	14,939	90,837
Decrease		(9,071)	-	(3,905)	(12,976)
Others		(18,307)	(211)	(1,965)	(20,483)
Balance at December 31, 2019	**$**	**655,620**	**6,206**	**49,336**	**711,162**
Accumulated Depreciation:					
Balance at January 1, 2020	$	139,283	2,421	15,381	157,085
Increase		137,767	2,654	17,778	158,199
Decrease		(61,248)	(967)	(9,596)	(71,811)
Others		(2,917)	(1,028)	620	(3,325)
Balance at December 31, 2020	**$**	**212,885**	**3,080**	**24,183**	**240,148**
Balance at January 1, 2019	$	-	-	-	-
Effects of retrospective application		-	-	-	-
Balance at January 1, 2019 after adjustments		-	-	-	-
Increase		148,012	2,485	19,682	170,179
Decrease		(4,966)	-	(3,905)	(8,871)
Others		(3,763)	(64)	(396)	(4,223)
Balance at December 31, 2019	**$**	**139,283**	**2,421**	**15,381**	**157,085**
Carrying amount:					
Balance at December 31, 2020	**$**	**431,120**	**4,967**	**34,071**	**470,158**
Balance at December 31, 2019	**$**	**516,337**	**3,785**	**33,955**	**554,077**

The Consolidated Company leases offices and warehouses under an operating lease, please refer to note 6(q).

(j) Investment property

	2020			
	Balance at January 1, 2020	**Increase**	**Decrease**	**Balance at December 31, 2020**
Cost:				
Land	$ 30,000	-	-	30,000
Buildings	22,196	-	-	22,196
	52,196	-	-	52,196
Accumulated Depreciation:				
Buildings	11,527	397	-	11,924
Accumulated impairment:				
Buildings	1,000	-	-	1,000
	$ 39,669	**(397)**	**-**	**39,272**

	2019			
	Balance at January 1, 2019	**Increase**	**Decrease**	**Balance at December 31, 2019**
Cost:				
Land	$ 30,000	-	-	30,000
Buildings	22,196	-	-	22,196
	52,196	-	-	52,196
Accumulated Depreciation:				
Buildings	11,131	396	-	11,527
Accumulated impairment:				
Buildings	1,000	-	-	1,000
	$ 40,065	**(396)**	**-**	**39,669**

	December 31, 2020	**December 31, 2019**
Book value	**$ 39,272**	**39,669**
Fair value	**$ 51,328**	**46,993**

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(x). Besides, direct operating expenses related to investment property were $301 thousand and $306 thousand in 2020 and 2019, respectively.

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

As of December 31, 2020 and 2019, the fair value of investment property has been evaluated based on the comparable transactions of property similar in location and category.

As of December 31, 2020 and 2019, no investment property has been pledged as collateral.

(k) Intangible assets

	2020					
	Balance as of January 1, 2020	Increase	Decrease	Amortization	Others	Balance as of December 31, 2020
Goodwill	$ 308,477	-	-	-	(13,018)	295,459
Trademark	144,235	-	-	-	(7,656)	136,579
Patents	20,411	-	-	(2,692)	-	17,719
Computer software costs	72,667	2,849	-	(32,403)	-	43,113
Other intangible assets	40,518	799	-	(21,723)	(1,135)	18,459
	$ 586,308	3,648	-	(56,818)	(21,809)	511,329

	2019					
	Balance as of January 1, 2019	Increase	Decrease	Amortization	Others	Balance as of December 31, 2019
Goodwill	$ 311,776	-	-	-	(3,299)	308,477
Trademark	147,239	-	-	-	(3,004)	144,235
Patents	23,103	-	-	(2,692)	-	20,411
Computer software costs	88,623	16,079	-	(32,035)	-	72,667
Other intangible assets	51,529	10,850	-	(21,358)	(503)	40,518
	$ 622,270	26,929	-	(56,085)	(6,806)	586,308

(l) Long-term and short-term borrowings

As of December 31, 2020 and 2019, the Consolidated Company had no long term and short term loans. The Consolidated Company's unused line of credit for long-term and short-term loans were as follows:

	December 31, 2020	December 31, 2019
Short-term loans	$ 3,464,541	4,326,671
Long-term loans	$ 500,000	500,000

(m) Lease liabilities

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

	December 31, 2020	December 31, 2019
Current	$ 147,068	162,888
Non-current	$ 349,906	441,586

The amounts recognized in profit or loss were as follows:

	2020	2019
Interests on lease liabilities	$ 18,225	21,402
Expenses relating to short-term leases	$ 53,090	67,013
COVID-19-related rent concessions	$ (438)	-

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

	2020	2019
Total cash outflow for leases	$ 296,102	268,426

(i) Real estate leases

As of December 31, 2020, the Consolidated Company leases buildings for its office space. The leases of office space typically ran for 1 to 10 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.

(n) Provisions-current

	2020					
	Balance at January 1, 2020	Increase	Used	Reversed	Effect of exchange	Balance at December 31, 2020
Warranties	$ 122,656	18,811	(10,217)	(740)	(3,207)	127,303
Legal proceedings and royalties	85,079	99,323	(12,938)	(36,224)	(2,590)	132,650
	$ 207,735	118,134	(23,155)	(36,964)	(5,797)	259,953

(Continued)

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

	2019						
	Balance at January 1, 2019	Reclassification	Increase	Used	Reversed	Effect of exchange	Balance at December 31, 2019
Warranties	$ 144,619	-	11,202	(30,561)	-	(2,604)	122,656
Legal proceedings and royalties	59,929	33,169	-	(5,841)	-	(2,178)	85,079
	$ 204,548	33,169	11,202	(36,402)	-	(4,782)	207,735

(o) Refund liabilities

	December 31, 2020	December 31, 2019
Refund liabilities	$ 555,409	585,189

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

(p) Bonds payable

Exchangeable corporate bonds

	December 31, 2020	December 31, 2019
Exchangeable bonds	$ 1,200,000	1,200,000
Less: Discount and unamortized issuance cost	-	1,403
Accumulated exchanged bonds	(1,199,400)	(900,400)
Due for repayment	(600)	-
Balance of exchangeable bonds	$ -	301,003
Embedded derivatives:		
Conversion options, included in financial liabilities at fair value through profit or loss	$ -	65,380

	2020	2019
Embedded derivative-loss measured at fair value, included in other gains and losses	$ 34,967	65,527
Interest expense	$ 2,107	6,062

On June 17, 2020, the first unsecured exchangeable bonds with a 5-year maturity issued by the Company expired, and the OTC trading thereof was terminated on June 18, 2020. As of June 17, 2020, the day after the maturity date, the creditor has not excercised the right of exchange, the Company therefore, pursuant to Article 6 of the "Regulations Governing the Issuance and Exchange of Exchangeble Bonds", calculated the repayment amount based on the face value of the bond plus interest, totaling $608 thousand. As of the reporting date, all payments have been made.

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
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The issue terms for the unsecured exchangeable bonds were as follows:

(i) Total issuance amount:

Total principal amount of the bonds is $1.2 billion dollars. The par value of the bonds is one hundred thousand dollars, and they are issued at 100% of the par value. The total number of exchangeable bonds were issued 12 thousand units. As of December 31, 2020, the bondholders have already exchanged 11,994 units, and 6 units were due.

(ii) Duration:

June 17, 2015 to June 17, 2020.

(iii) Coupon rate for the bonds is zero.

(iv) Payment term

Except for the share exchange with Alpha's common shares by the bondholders based on article 10, or the put option exercised by the bondholders based on article 18, or the early redemption done by the Company based on article 17, or the buy back from the security company and retired by the Company, the Company will repay the principal and interest payable refund (with interest payable refund of 1.26% of the par value, and yield rate of 0.25%) upon maturity.

(v) Exchange period:

The exchangeable bonds may be exchanged into common shares of Alpha on or after July 18, 2015, and prior to June 17, 2020. For the year ended December 31, 2020, the bondholders exchanged 2,990 units amounted to $299,000 thousand for 15,444 thousand of Alpha's common shares at $19.36 per share and the Company recognized the profit amounted to $139,965 thousand. For the year ended December 31, 2019, the bondholders exchanged 912 units amounted to $91,200 thousand for 4,711 thousand of Alpha's common shares at $19.36 per share and the Company recognized the profit amounted to $24,171 thousand.

(vi) Exchange price:

The exchange price is calculated by using the simple average closing price of the Company's common shares based on either one, three or five consecutive business days before the effective date of June 9, 2015, multiplied by 105.26%. The exchange price is calculated based on the closing price (after considering the effect of ex-rights or ex dividend) of Alpha's shares. The exchange price on issuance date was $22. Since September 5, 2017, the conversion price was adjusted from $22.31 to $21.37. Since July 29, 2018 the conversion price was adjusted from $21.37 to $20.38. Since July 28, 2019 the conversion price was adjusted from $20.38 to $19.36.

(vii) Early redemption option:

From July 18, 2015 (1 month after the issuance date) to May 8, 2020 (forty days before the maturity date), if (i) the closing price of Alpha's common shares on the TSE for a period of 30 consecutive trading days before redemption has reached at least 30% of the exchange price in effect on each such trading day, or wherein, (ii) at least 90% of the principal amount of the bonds originally outstanding has been redeemed, repurchased or exchanged, the Company may redeem all bonds for cash at face value.

(viii) Put options:

Bondholders may exercise the put option and request the Company to redeem the bonds at 100% of the par value, plus, interest payable refund two years after the issuance with a redemption date of June 17, 2017. The Company will send a "Bondholder's Notice of Exercise of the Right to Sell" to the bondholders by registered mail 30 days before the selling back date, and instructs the counter trading center to announce that the holders of the exchange bonds have sold back. Exercising the right, the bondholder may notify the stock agency of the Company in writing within 30 days after the announcement, request the Company to add the interest declutched by the denomination of the bond, and redeem the exchange bonds held by it in cash. Upon request, the Company shall redeem the bonds for cash within five trading days after the redemption date. The maturity of request that the Company redeem the bonds have been already reached. There are no Bondholder to exercise the put option till the redemption date of June 17, 2017.

(q) 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(j) 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:

	December 31, 2020	December 31, 2019
Within one year	$ 771	353
One to two years	353	-
Total undiscounted lease payments	$ 1,124	353

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(r) Employee benefits

(i) The reconciliation of the present value of the defined benefit obligations and fair value of plan assets were as follows:

		December 31, 2020	December 31, 2019
Present value of the defined benefit obligations	$	91,577	104,051
Fair value of plan assets		(80,892)	(87,839)
Net defined benefit liabilities	$	**10,685**	**16,212**

Based on the Company's pension plan, each employee earns two units for the first fifteen years of service, and one unit for each additional year thereafter, subject to a maximum of forty-five units. Payments of retirement benefits are based on the number of units accrued and the average monthly salaries for the last six months prior to retirement.

1) Composition of plan assets

The Company contributes monthly an amount equal to 2% of each employee's monthly wages to the retirement fund deposited with Bank of Taiwan in accordance with the provisions of Labor Pension Act, whereby, the labor pension reserve account will make pension payment in advance.

The Company' s Bank of Taiwan labor pension reserve account balance amounted to $80,892 thousand at the date of reporting date. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Consolidated Company were as follows:

		2020	2019
Defined benefit obligations at January 1	$	104,051	118,396
Current service costs and interests		2,186	2,641
Remeasurement of the net defined benefit liabilities			
—Actuarial losses from changes in the financial assumptions		9,130	3,659
—Actuarial gains from changes in experience adjustments		(10,722)	(5,684)
Benefits paid		(13,068)	(14,961)
Defined benefit obligations at December 31	$	**91,577**	**104,051**

(Continued)

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

3) Movements in the fair value of the plan assets

The movements in the present value of the plan assets in 2020 and 2019 were as follows:

	2020	2019
Fair value of plan assets at January 1	$ 87,839	96,088
Interest income	995	1,341
Remeasurement of the net plan assets		
—Actuarial return on plan assets (excluding interests)	2,942	3,045
Contributions made	2,184	2,326
Benefits paid	(13,068)	(14,961)
Fair value of plan assets at December 31	**$ 80,892**	**87,839**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for 2020 and 2019 were as follow:

	2020	2019
Current service costs	$ 1,019	1,014
Net interest on the net defined benefit liabilities	172	286
	$ 1,191	**1,300**

	2020	2019
Operating costs	$ 23	20
Selling expenses	615	669
Administrative expenses	219	260
Research and development expenses	334	351
	$ 1,191	**1,300**

5) Remeasurements of the net defined benefit liabilities recognized in other comprehensive income

The Company's remeasurements of the net defined benefit liabilities recognized in other comprehensive income for the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Balance on January 1	$ 51,864	56,934
Recognized	(4,534)	(5,070)
Balance on December 31	**$ 47,330**	**51,864**

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	2020.12.31	2019.12.31
Discount rate	0.400 %	1.125 %
Future salary increases	3.000 %	3.000 %

The Company shall pay the expected contributions of $1,785 thousand to the defined benefit plans for the next annual reporting period.

The weighted average duration of defined benefit plans were 15.00 years and 16.32 years in 2020 and 2019, respectively.

7) Sensitivity analysis

The impact on present value due to the changes in the actuarial assumptions in 2020 and 2019 was as follows:

	Effective of defined benefit obligations	
	Increase	**Decrease**
December 31, 2020		
Discount rate (0.25% change)	$ (3,301)	3,449
Future salary increases (0.25% change)	3,124	(3,014)
December 31, 2019		
Discount rate (0.25% change)	(3,659)	3,822
Future salary increases (0.25% change)	3,684	(3,549)

The analysis of the impact of sensitivity was based on the situation that other assumptions remain constant. In actual situation, many changes in assumption might be linked. The method used in the sensitivity analysis was consistent with the calculation of pension liabilities in the balance sheets.

The assumptions used to prepare sensitively analysis in this period were the same as the previous financial statements.

(ii) Defined contribution plans

The 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 Company set aside a fixed amount to the Bureau of the Labor Insurance without the payment of additional legal or constructive obligations.

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The amount of the Company's pension expenses under defined contribution pension plans in 2020 and 2019 were as follows:

	2020	2019
Operating costs	$ 6,504	8,220
Operating expenses	$ 128,248	124,844

(s) Income Taxes

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

	2020	2019
Current income tax expense	$ 115,228	86,224
Deferred tax expense		
Origination and reversal of temporary differences	70,938	65,964
Income tax expenses	$ 186,166	152,188

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

	2020	2019
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	$ (68,189)	(4,016)

Reconciliation of income tax expense and profit (loss) before tax for the Consolidated Company was as follows:

	2020	2019
Profit (loss) before income tax	$ 1,496,726	(289,553)
Income tax using the Company's statutory tax rate	299,345	(57,910)
Effect of tax rate in foreign jurisdiction	(66,149)	25,430
Share of (loss) profit of associates accounted for using equity method	(3,689)	202,049
Tax-exempt income	(13,682)	(13,162)
Change in unrecognized temporary differences	23,574	(86,127)
Income tax adjustments on prior years and others	(53,233)	81,908
	$ 186,166	152,188

(Continued)

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Deferred tax assets and liabilities

(i) Unrecognized deferred income tax assets

The unrecognized deferred income tax assets for the Consolidated Company were as follows:

		December 31, 2020	December 31, 2019
Deductible temporary differences			
Unrealized expenses	$	108,593	137,816
Provisions for warranty		13,912	13,157
Unrealized impairment		24,318	24,318
Write-down of inventories to net realizable value		42,136	73,952
Others		70,727	54,976
		259,686	304,219
Operating loss carry forward		1,095,796	1,027,689
	$	**1,355,482**	**1,331,908**

(ii) Recognized deferred tax assets and liabilities

The movements in the amount of deferred tax assets and liabilities for the years ended December 31, 2020 and 2019 were as follows:

		Intra-group transactions	Exchange differences on translation of foreign financial statements	Unrealized expenses	Write down of inventory	Bad debts	Loss carry forward	Others	Total
Deferred income tax assets:									
Balance at January 1, 2020	$	96,045	209,692	29,882	36,323	2,318	192,003	67,984	634,247
Recognized in profit or loss		(30,527)	-	(9,026)	(10,378)	(1,444)	96,952	(2,378)	43,199
Exchange differences on translation of foreign financial statements		-	68,189	-	-	-	-	-	68,189
Balance at December 31, 2020	$	**65,518**	**277,881**	**20,856**	**25,945**	**874**	**288,955**	**65,606**	**745,635**
Balance at January 1, 2019	$	100,477	205,676	50,520	38,034	1,893	50,412	86,455	533,467
Recognized in profit or loss		(4,432)	-	(20,638)	(1,711)	425	141,591	(18,471)	96,764
Exchange differences on translation of foreign financial statements		-	4,016	-	-	-	-	-	4,016
Balance at December 31, 2019	$	**96,045**	**209,692**	**29,882**	**36,323**	**2,318**	**192,003**	**67,984**	**634,247**

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		Investments under equity method	Others	Total
Deferred income tax liabilities:				
Balance at January 1, 2020	$	143,177	25,519	168,696
Recognized in profit or loss		99,254	14,883	114,137
Balance at December 31, 2020	**$**	**242,431**	**40,402**	**282,833**
Balance at January 1, 2019	$	-	5,968	5,968
Recognized in profit or loss		143,177	19,551	162,728
Balance at December 31, 2019	**$**	**143,177**	**25,519**	**168,696**

In accordance with the laws of each registered country, the assessed losses can be used to offset current-year net income. In addition, pursuant to the ROC Income Tax Act, net loss of the Company, Yeochia, Yeomao and Yeotai as assessed by the tax authorities can be carried forward for ten consecutive years to reduce future taxable income. As of December 31, 2020, the Consolidated Company's unused loss carry forward available to offset future taxable income and the year of expiry were as follows:

Consolidated entity	Year of loss	Year of expiry	Unused amount
The Company	2017	2027	1,740,912
The Company	2019	2029	172,882
The Company	2020	2030	546,006
Yeochia	2014	2024	2,719
Yeomao	2020	2030	157
Yeotai	2011	2021	2,039
Yeotai	2014	2024	2,813
Yeotai	2016	2026	1,330
Yeotai	2019	2029	5,947
D-Link Europe	2003 and 2015~2016	Unlimited	39,243
D-Link Brazil	2014~2019	Unlimited	807,231
D-Link Trade	2015	2025	36,787
D-Link Shiang-Hai	2017~2019	2022~2024	305,303
D-Link Mexicana	2014~2015 and 2017~2019	2024~2025 and 2027~2029	109,710
D-Link Systems	2018~2020	2038~2040	491,496
D-Link International	2015~2019	Unlimited	1,705,441
D-Link Korea	2012~2019	2022~2029	65,136
			$ 6,035,152

(Continued)

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The income tax returns of the Company, YEOCHIA, YEOTAI and YEOMAO have been examined by the tax authority through 2018.

(t) Capital and other equity

(i) Common stock

As of December 31, 2020 and 2019, the authorized capital amounted to $8,800,000 thousand (including $750,000 thousand authorized for the issuance of the employee stock options). As of December 31, 2020 and 2019, the paid-in Consolidated Company' s authorized common stock consisted 651,996 thousand shares, with a par value of $10 per share, amounting to $6,519,961 thousand.

(ii) Capital surplus

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

		December 31, 2020	December 31, 2019
Common stock in excess of par value	$	1,217,030	1,217,030
Treasury share transactions		39,310	39,310
Changes in equities of associates accounted for using equity method		740	76,234
Expiry of share-based payment transactions		129,459	129,459
Expiry of redeemed options of convertible corporate bonds		81,454	81,454
Changes in equities of the Company's ownership interests in subsidiaries		55,320	55,320
Total	$	**1,523,313**	**1,598,807**

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.

(iii) Retained earnings

1) Legal reserve

According to the ROC 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 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.

On June 21, 2019, the Company decided to distribute cash dividends to shareholders with the amount $65,200 thousand of legal reserve.

2) Special reserve

In accordance with Ruling No. 1010012865 issued by the Financial Supervisory commission on 6 April, 2012, 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 Company has no earnings to distribute in 2019 due to the accumulated deficit.

The Company has earnings in 2018 but no earnings to distribute after offsetting accumulated losses from prior years. The Company's shareholders meeting resolved to distribute the cash dividends amounted to $65,200 thousand ($0.1 per share) of legal reserve and $65,200 thousand ($0.1 per share) of capital surplus on June 21, 2019.

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 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.

(Continued)

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

(iv) Other equity

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Others
Balance at January 1, 2020	$ (1,236,701)	(165,102)	(3,484)
The Consolidated Company	(335,773)	16,739	-
Associates	51,889	59,684	3,484
The Consolidated Company-disposal	-	73	-
Balance at December 31, 2020	$ **(1,520,585)**	**(88,606)**	**-**

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Others
Balance at January 1, 2019	$ (1,151,611)	(147,771)	(15,138)
The Consolidated Company	(62,610)	(11,305)	-
Associates	(22,480)	5,884	11,654
The Consolidated Company-disposal	-	(11,910)	-
Balance at December 31, 2019	$ **(1,236,701)**	**(165,102)**	**(3,484)**

(v) Non-controlling interests

	2020	2019
Balance at the beginning of the period	$ 452,625	417,445
Net income attributable to non-controlling interest:		
Net income	70,635	66,586
Exchange differences on translation of foreign financial statements	(35,710)	(20,178)
Cash dividends distributed by subsidiaries	(6,690)	(11,228)
Balance at the end of the period	$ **480,860**	**452,625**

(u) Earnings per share

(i) The calculation of basic earnings per share of the Consolidated Company were as follows:

	2020	2019
Net profit (loss) of the parent company for the year	$ **1,239,925**	**(508,327)**
Outstanding ordinary shares	**651,996**	**651,996**
Basic earnings (loss) per share	$ **1.90**	**(0.78)**

(Continued)

(ii) Diluted earnings per share

	2020	2019
Net profit (loss) of the parent company for the year	$ 1,239,925	(508,327)
Weighted average number of outstanding ordinary shares (based)	$ 651,996	651,996
Employees' bonuses have not been resolved by the directors' meeting	1,496	44
Weighted average number of ordinary shares (diluted)	**653,492**	**652,040**
Diluted earnings (loss) per share	**$ 1.90**	**(0.78)**

For calculation of the dilutive effect of the stock option, the average market value was assessed based on the quoted market price where the Company's option was outstanding.

(v) Revenue from contracts with customers

(i) Revenue from customer contract

Major product / service lines	**2020**	**2019**
Network communication products	$ 15,016,762	16,847,803
Services	162,681	148,245
	$ 15,179,443	**16,996,048**

Primary geographical markets	**2020**	**2019**
Europe	$ 3,110,121	3,382,293
Others	12,069,322	13,613,755
	$ 15,179,443	**16,996,048**

(ii) Contract liabilities

1) Contract liabilities related to revenue recognized by customer contract:

	December 31, 2020	**December 31, 2019**
Current contract liabilities (sales)	**$ 123,995**	**117,443**

2) The amount of revenue recognized for the years ended December 31, 2020 and 2019 was included in the contract liability balance at the beginning of the period were $81,378 thousand and $90,034 thousand, respectively.

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(w) Employee compensation and directors' remuneration

In accordance with the articles of incorporation, if the Compnay incur profit for the year, the Company should contribute a minimum of 1% to a maximum of 15% of annual profit as employee compensation and less than 1% of annual profit as directors' remuneration. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficits. The profit shall be considered as the annual income before tax, excluding employee compensation and director's remuneration. Th amount of remuneration of directors and the compensation for employees shall be decided by two-third of the voting rights exercised by the directors present at the board of directors' meeting who represent a majority of the directors and reported at stockholders' meeting. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain specific conditions.

In 2020, the Company estimated its employee compensation amounting to $42,936 thousand, and directors' remuneration amounting to $0 thousand. The estimated amounts mentioned above are calculated based on the profit before tax, excluding the employee compensation and directors' remuneration of each period, multiplied by the percentage of employee compensation and directors' remuneration as specified in the Company's articles. These remunerations were expensed under operating expenses during 2020.

The Company was not required to accrue employee compensation and directors' remuneration due to the loss in 2019.

There are no differences between the aforementioned employee compensation and directors's remuneration resolved by the board of directors' meeting and amounts accrued in the Company's financial statements ended in 2020 and 2019. Related information would be available at the Market Observation Post System website.

(x) Other income and losses

(i) Interest income

	2020	2019
Interest income from bank deposits	$ **16,524**	**41,921**

(ii) Other income

	2020	2019
Rent income	$ 1,663	1,812
Dividend income	879	4,909
Total	$ **2,542**	**6,721**

(iii) Other gains and losses

	2020	2019
Gain on disposals of investments	$ 1,297,668	36,016
Foreign exchange (losses) gains	(11,695)	43,243
Valuation losses from financial assets and liabilities	(14,478)	(82,774)
Others	71,247	27,193
	$ **1,342,742**	**23,678**

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
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(iv) Finance costs

		2020	2019
Interest expense	$	(10,059)	(19,038)
Lease liability interests		(18,225)	(21,402)
Total	$	**(28,284)**	**(40,440)**

(y) Reclassification adjustments of components of other comprehensive income

Details of the reclassification adjustments of components of other comprehensive income in 2020 and 2019 were summarized as follow:

		2020	2019
Exchange differences on translation of foreign financial statements			
Change in exchange from the Consolidated Company	$	(403,962)	(66,626)
Change in exchange from non-controlling interests		(35,710)	(20,178)
Change in exchange differences on translation of foreign financial statements recognized in other comprehensive income	$	**(439,672)**	**(86,804)**
Share of other comprehensive income of associates accounted for using equity method			
Change in foreign currency exchange from associates	$	(3,343)	(24,092)
Reclassification to profit or loss		55,517	1,965
Change in other comprehensive income from associates		3,199	11,301
Share of other comprehensive income from associates	$	**55,373**	**(10,826)**

(z) Financial instruments

(i) Category of financial instruments

1) Financial Assets

		December 31, 2020	December 31, 2019
Cash and cash equivalents	$	6,216,327	3,141,284
Financial assets at fair value through profit or loss - current		238,951	70,549
Notes receivable, accounts receivable and other receivables (including related parties)		3,119,834	3,646,458
Financial lease payment receivable		-	30,595
Financial assets at fair value through other comprehensive income - non-current		454,435	440,095
Refundable deposits and other current assets		222,152	106,815
	$	**10,251,699**	**7,435,796**

(Continued)

2) Financial liabilities

	December 31, 2020	December 31, 2019
Financial liabilities at fair value through profit or loss - current	18,324	86,330
Notes payable, accounts payable and other payables (including related parties)	4,125,129	4,383,925
Bonds payable	-	301,003
Guarantee deposits received	70,284	69,121
Lease liability (current and non-current)	496,974	604,474
	$ **4,710,711**	**5,444,853**

(ii) Credit risk

Exposure to credit risk:

The carrying amount of financial assets represents the maximum amount exposed to credit risk. As of December 31, 2020 and 2019, the maximum exposure to credit risk has amounted to $10,251,699 thousand, and $7,435,796 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.

	Book value	Contractual cash flows	Within six months	6-12 months	1-2 years	2-5 years	Over five years
December 31, 2020							
Non-derivative financial liabilities							
Notes payable	$ 230	230	230	-	-	-	-
Accounts payable	2,376,692	2,376,692	2,376,692	-	-	-	-
Accounts payable - related parties	367,482	367,482	367,482	-	-	-	-
Other payables	1,380,725	1,380,725	1,380,725	-	-	-	-
Lease liability	496,974	534,623	82,029	79,850	132,514	185,190	55,040
Guarantee deposits received	70,284	70,284	70,284	-	-	-	-
Derivative financial liabilities							
Cross currency swaps							
Outflow	8,469	565,924	565,924	-	-	-	-
Inflow	-	558,265	558,265	-	-	-	-
Forward foreign exchange contracts							
Outflow	9,855	595,458	595,458	-	-	-	-
Inflow	-	586,896	586,896	-	-	-	-
	$ 4,710,711	**7,036,579**	**6,583,985**	**79,850**	**132,514**	**185,190**	**55,040**

(Continued)

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	Book value	Contractual cash flows	Within six months	6-12 months	1-2 years	2-5 years	Over five years
December 31, 2019							
Non-derivative financial liabilities							
Notes payable	$ 577	577	577	-	-	-	-
Accounts payable	1,985,581	1,985,581	1,985,581	-	-	-	-
Accounts payable - related parties	926,767	926,767	926,767	-	-	-	-
Other payables	1,471,000	1,471,000	1,471,000	-	-	-	-
Bonds payable	301,003	301,003	301,003	-	-	-	-
Lease liability	604,474	658,979	101,824	77,868	118,975	225,808	134,504
Guarantee deposits received	69,121	69,121	69,121	-	-	-	-
Derivative financial liabilities							
Exchangeable corporate bonds embedded derivative	65,380	65,380	65,380	-	-	-	-
Cross currency swaps							
Outflow	12,802	1,557,422	1,557,422	-	-	-	-
Inflow	-	1,546,745	1,546,745	-	-	-	-
Forward foreign exchange contracts							
Outflow	8,148	582,041	582,041	-	-	-	-
Inflow	-	574,257	574,257	-	-	-	-
	$ 5,444,853	9,738,873	9,181,718	77,868	118,975	225,808	134,504

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:

	2020			2019		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets (note):						
Monetary items:						
CLP	$ 203,714	0.04	8,165	56,967	0.04	2,303
JPY	1,438,073	0.28	396,985	741,389	0.28	205,365
CAD	16,704	22.40	374,126	14,450	23.18	334,982
USD	218,439	28.51	6,227,244	188,140	30.11	5,664,128
MXN	2,218	1.43	3,171	2,222	1.60	3,545
BRL	25,011	5.49	137,208	15,523	7.47	115,942
AUD	7,530	21.96	165,355	4,870	21.11	102,811
			$ 7,312,254			6,429,076

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	2020			2019		
	Foreign currency	**Exchange rate**	**TWD**	**Foreign currency**	**Exchange rate**	**TWD**
Non-monetary items:						
USD	$ 7,754	28.51	**221,056**	2,331	30.11	**70,178**
Derivative financial instruments:						
EUR	$ 345	34.84	12,011	-	-	-
USD	-	-	-	7	30.11	220
JPY	32,059	0.28	8,850	6,253	0.28	1,731
RUB	569	0.39	220	2,015	0.49	980
BRL	101	5.49	554	-	-	-
			$ 21,635			**2,931**
Financial liabilities (note):						
Monetary items:						
JPY	$ 2,022,386	0.28	557,803	1,899,117	0.28	526,055
CAD	1,359	22.40	30,440	1,496	23.18	34,685
EUR	10,045	34.84	349,937	-	-	-
BRL	26,604	5.49	145,944	22,868	7.47	170,802
USD	120,732	28.51	3,441,834	140,679	30.11	4,235,274
CLP	180,271	0.04	7,226	192,906	0.04	7,799
AUD	2,740	21.96	60,160	1,609	21.11	33,964
MXN	104	1.43	148	119	1.60	190
			$ 4,593,492			**5,008,769**
Derivative financial instruments:						
EUR	91	34.84	3,184	235	33.75	7,941
GBP	-	-	-	13	39.92	538
CAD	36	22.40	797	24	23.18	545
JPY	5,040	0.28	1,391	601	0.28	167
KRW	30,795	0.03	828	12,196	0.03	328
BRL	103	5.49	565	331	7.47	2,473
USD	32	28.51	917	72	30.11	2,164
CNH	1,863	4.37	8,140	1,215	4.32	5,241
AUD	114	21.96	2,502	74	21.11	1,553
			$ 18,324			**20,950**

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 Company.

Since the Consolidated Company has various functional currencies, the information on foreign currency exchange gains and losses on monetary items is aggregately disclosed by total amount. The total foreign currency exchange gain and losses, including realized and unrealized, were losses $11,695 thousand and gains $43,243 thousand for the years ended December 31, 2020 and 2019, respectively.

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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, loans, 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 as of December 31, 2020 and 2019 would have increased or decreased the net income (loss) after tax by $35,273 thousand and $17,669 thousand and increased or decreased the equity by $56 thousand and $38 thousand, respectively, assuming all other variables were held constant.

(v) 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:

	December 31, 2020			
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 at fair value through profit or loss - current	$ 217,316	217,316	-	-
Financial assets at fair value through other comprehensive income	454,435	450,696	-	3,739
Derivative assets and liabilities				
Assets:				
Financial assets at fair value through profit or loss - current	21,635	-	21,635	-
Liabilities:				
Financial liabilities at fair value through profit or loss - current	18,324	-	18,324	-

	December 31, 2019			
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 at fair value through profit or loss - current	$ 67,618	67,618	-	-
Financial assets at fair value through other comprehensive income	440,095	437,535	-	2,560
Derivative assets and liabilities				
Assets:				
Financial assets at fair value through profit or loss - current	2,931	-	2,931	-
Liabilities:				
Financial liabilities at fair value through profit or loss - current	86,330	-	86,330	-

(Continued)

2) Valuation techniques

The Consolidated Company measures the fair value of financial instruments that are traded in active markets by a quoted price. The market price of stock exchange is based on the listed equity instruments. For other financial instruments like forward currency option contracts, cross currency swaps and foreign currency option contracts, the Consolidated Company measures the fair value of its financial assets and liabilities using the observable inputs and the valuation technique from the perspective of market participants.

3) Transfer between Level 1 and Level 2

As of December 31, 2020 and 2019, there were no transfers between level 1 and level 2 of the fair value hierarchy.

4) Reconciliation of level 3 fair values

	Financial assets at fair value through other comprehensive income
Balance at January 1,2020	$ 2,560
Recognized in other comprehensive income	1,179
Balance at December 31, 2020	**$ 3,739**
Balance at January 1, 2019	$ 4,446
Recognized in other comprehensive income	(1,886)
Balance at December 31, 2019	**$ 2,560**

For the years ended December 31, 2020 and 2019, total gains and losses that were included in unrealized gains and losses from financial assets at fair value through other comprehensive income were as follows:

	2020	**2019**
Total gains and losses recognized:		
In other comprehensive income, and presented in "unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income"	$ 1,179	(1,886)

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 fair value through other comprehensive income – equity investments.

(Continued)

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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 at fair value through other comprehensive income-equity investments without an active market	Net Asset Value Method	Net Asset Value	Not applicable

(vi) 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.

	December 31, 2020		December 31, 2019	
	Book value	Fair value	Book value	Fair value
Non-financial assets:				
Investment property	$ 39,272	51,328	39,669	46,993

	December 31, 2020			
Assets and liabilities	**Total**	**Level 1**	**Level 2**	**Level 3**
Non-financial assets:				
Investment property	$ 51,328	-	-	51,328

	December 31, 2019			
Assets and liabilities	**Total**	**Level 1**	**Level 2**	**Level 3**
Non-financial assets:				
Investment property	$ 46,993	-	-	46,993

2) Valuation techniques

The assumptions used by the Consolidated Company to determine the fair value are 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 is based on the comparable deal information with similar location and category.

(Continued)

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(aa) Financial risk management

(i) Overview

The Consolidated Company was exposed to the following risks rising 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 risks 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 personnel change in department directors should be reported to the Board of Directors.

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.

The Board of Directors and Independent Directors 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 is assisted in its 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 Independent Directors.

(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.

(Continued)

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 December 31, 2020 and 2019, revenue from each customer does not exceed 10% of the Consolidated Company's revenue and 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.

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

The Consolidated Company's policies is to provide financial guarantees only to wholly owned subsidiaries. As of December 31, 2020 and 2019, 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 $3,964,541 thousand as of December 31, 2020.

(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 loans that are denominated in currencies other than its respective functional currencies. The functional currencies of the Consolidated Company are primarily denominated in New Taiwan Dollars (TWD) and US Dollars (USD) 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 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), 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 assets and liabilities denominated in 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 loans in the Consolidated Company are denominated in its functional currencies and are incorporated in net exposure on loan requirement denominated in foreign currencies as mentioned above to ensure the net exposure is maintained at acceptable level.

(Continued)

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 loans are at fixed rate. Therefore, the change in market interest rate will not affect the cash flow of the future interest payment of the Consolidated Company, hence, there is no 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 in domestic, 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 3 months. The finance department will monitor the changes in market and dispose of the investments, if necessary.

(ab) 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.

Debt-to-equity ratio:

		December 31, 2020	December 31, 2019
Total liabilities	$	6,209,875	6,784,971
Less: cash and cash equivalents		(6,216,327)	(3,141,284)
Net debt	$	**(6,452)**	**3,643,687**
Total equity	$	**9,740,355**	**8,926,039**
Debt-to-equity ratio		**(0.07)%**	**40.82%**

As of December 31, 2020, the methods of the Consolidated Company' s capital management remained unchanged.

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

Information of non-cash-traded investing and financing activities for the years ended December 31, 2020 and 2019 were as follows:

(i) For right-to-use assets, please refer to note 6(m).

(ii) For exchangeable corporate bonds, please refer to note 6(p).

(iii) Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes			
	January 1, 2020	**Cash flows**	**Exchange**	**Fair value changes**	**Others**	**December 31, 2020**
Bonds payable	$ 301,003	(608)	(302,502)	2,107	-	-
Lease liabilities	604,474	(225,225)	-	-	117,725	496,974
Others	69,121	1,163	-	-	-	70,284
Total liabilities from financing activities	**$ 974,598**	**(224,670)**	**(302,502)**	**2,107**	**117,725**	**567,258**

			Non-cash changes			
	January 1, 2019	**Cash flows**	**Exchange**	**Foreign exchange movement**	**Fair value changes**	**December 31, 2019**
Short-term loan	$ 950,000	(950,000)	-	-	-	-
Bonds payable	386,019	-	(91,078)	6,062	-	301,003
Lease liabilities	742,889	(180,011)	-	-	41,596	604,474
Others	52,578	16,543	-	-	-	69,121
Total liabilities from financing activities	**$ 2,131,486**	**(1,113,468)**	**(91,078)**	**6,062**	**41,596**	**974,598**

(7) Related-party transactions:

(a) Names and relationship with related parties

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

Name of related party	Relationship with the Consolidated Company
Alpha Networks, Inc.	An associate (Since all the equity shares in it have been sold, it became a non-related party after November 30, 2020.)
Dongguam Mingrui	An associate (Since all the equity shares in Alpha Networks, Inc. have been sold, it became a non-related party after November 30, 2020.)
D-Link Asia Investment Pte Ltd.	An associate (Since all the equity shares in Alpha Networks, Inc. have been sold, it became a non-related party after November 30, 2020.)
Miiicasa Holding	An associate
Cameo Communication, Inc.	The company is the director of Cameo.

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(b) Significant related party transactions

(i) Sales and service revenue

		2020	2019
Associates	$	328	463
Others		63	-
	$	**391**	**463**

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

		2020	2019
Associates:			
Alpha	$	1,236,932	2,227,506
Others		-	85
Other related-parties:			
Cameo		1,445,981	1,613,073
	$	**2,682,913**	**3,840,664**

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

(iii) Receivables from related parties

Account	Relationship		December 31, 2020	December 31, 2019
Accounts receivable	Associates－Alpha	$	-	217
Other receivables	Associates－Alpha		-	847
Other receivables	Associates－Others		-	4
Other receivables	Other related parties－Cameo		29	35
Other current assets	Other related parties－Cameo		18,520	-
		$	**18,549**	**1,103**

(iv) Payables to related parties

Account	Relationship		December 31, 2020	December 31, 2019
Accounts payable	Associates－Alpha	$	-	538,164
Accounts payable	Other related-parties－Cameo		367,482	388,603
Other payables	Associates－Alpha		-	11,919
Other payables	Other related-parties－Cameo		18,560	20,011
		$	**386,042**	**958,697**

(Continued)

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(v) Services purchased from related parties

The services purchased from related-parties were as follows:

		2020	2019
Associates:			
Alpha	$	23,593	15,777
Others		151	472
Other related-parties:			
Cameo		29,881	28,118
	$	**53,625**	**44,367**

(vi) Property transaction

1) Property, plant and equipment acquired

The acquisition of property, plant and equipment from the related parties were as follows:

		2020	2019
Associates:			
Alpha	$	5,464	6,261
Other related-parties:			
Cameo		10,348	3,330
	$	**15,812**	**9,591**

2) The Consolidated Company sold its patents which are in the process of application to MiiiCasa Holding for $20,735 thousand (USD700 thousand) in March 2012. The unrealized profits due to the abovementioned transactions amounting to $0 thousand was recognized under other non-current liabilities; and the realized profits of $20,735 thousand was recognized under other gains and losses.

Account	Relationship		2020	2019
Other gains and Losses	Associates	$	**-**	**2,160**

(vii) Other gains and losses

Account	Relationship		2020	2019
Other gains and losses	Associates－Alpha	$	**2,079**	**800**

(Continued)

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(c) Key management personnel compensation

Key management personnel compensation comprised:

		2020	2019
Short-term employee benefits	$	41,997	38,437
Post-employee benefits		1,228	1,745
	$	**43,225**	**40,182**

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object		December 31, 2020	December 31, 2019
Other current assets and other non-current assets	Rental deposits, performance bond and time deposits	$	**52,436**	**113,864**

(9) Significant commitments and contingencies:

(a) XR Communications, LLC and DBA Vivato Technologies filed a lawsuit against the Company's subsidiary, D-Link Systems, in April 2017, alleging that some of the D-Link Systems' products infringed its patents. D-Link Systems has retained its attorneys in the US and is currently building defense with product suppliers. Based on its evaluation, the Consolidated Company believes the litigation will not have any significant impact on its current operations.

(b) The Consolidated Company’ s subsidiary, D-Link Brazil, had disputes regarding prior year's declaration tax on industrialized products with the local tax authorities, and had filed administrative litigation and administrative remedy. D-Link Brazil had accrued possible tax, interest and penalty.

(c) Parity Networks, LLC filed a lawsuit against the Company in February 2020, alleging that some of the D-Link’s products infringed its patents. The Company has retained its attorneys in the US and is currently building defense with product suppliers. Based on its evaluation, the Consolidated Company believes the litigation will not have any significant impact on its current operations.

(d) UNM Rainforest Innovations filed a lawsuit against the Company in February 2020, alleging that some of the D-Link’s products infringed its patents. The Company has retained its attorneys in the US and is currently building defense with product suppliers. Based on its evaluation, the Consolidated Company believes the litigation will not have any significant impact on its current operations.

(e) Cedar Lane Technologies Inc. filed a lawsuit against the Company in December 2020, alleging that some of the D-Link’s products infringed its patents. The Company has retained its attorneys in the US and is currently building defense with product suppliers. Based on its evaluation, the Consolidated Company believes the litigation will not have any significant impact on its current operations.

(Continued)

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(f) Rock Creek Networks, LLC filed a lawsuit against the Company in January 2021, alleging that some of the D-Link's products infringed its patents. The Company has retained its attorneys in the US and is currently building defense with product suppliers. Based on its evaluation, the Consolidated Company believes the litigation will not have any significant impact on its current operations.

(g) As of December 31, 2020 and 2019, the Consolidated Company's outstanding stand-by letters of credit for purchasing inventories were $0 thousand and $12,894 thousand, respectively.

(h) 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 that are in the negotiation process, and therefore the amount of liabilities are unclear. The Consolidated Company has accrued the possible expense.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events:

Since Cameo Communications, Inc. is one of the main suppliers of the Consolidated Company and the two parties are closely cooperating in the research and development and the manufacturing process, the board of directors approved the Consolidated Company to contribute with an amount of $799,999 thousand at the price of $8.19 per share in the private issuance of common stock for cash of Cameo Communications Inc. on February 2, 2021. The Consolidated Company holds 41.58% shares of Cameo Communications Inc.

(12) Other:

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

By function / By item	For the year ended December 31					
	2020			2019		
	Cost of Goods Sold	Operating Expense	Total	Cost of Goods Sold	Operating Expense	Total
Employee benefits						
Salaries	66,333	2,235,988	2,302,321	78,837	2,359,026	2,437,863
Labor and health insurance	2,635	122,753	125,388	2,637	137,171	139,808
Pension	6,527	129,416	135,943	8,240	126,124	134,364
Others	8,413	238,255	246,668	9,172	266,359	275,531
Depreciation	15,154	231,255	246,409	13,253	258,431	271,684
Amortization	58	56,760	56,818	71	56,014	56,085

(Continued)

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(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 Corporation	Other receivables - related parties	Yes	570,160	570,160	-	-	2	-	Operating Capital	-	-	-	2,537,619	2,537,619
1	D-Link International	D-Link (Shiang-Hai)	Other receivables - related parties	Yes	43,690	43,690	16,165	4.00	2	-	Operating Capital	-	-	-	2,537,619	2,537,619
1	D-Link International	D-Link Brazil	Other receivables - related parties	Yes	57,016	57,016	-	-	2	-	Operating Capital	-	-	-	2,537,619	2,537,619
1	D-Link International	D-Link Latin-America Company Ltd.	Other receivables - related parties	Yes	599,852	599,852	599,852	-	2	-	Convert from Account receivables to loan receivable	-	-	-	2,537,619	2,537,619
1	D-Link International	D-Link (Shiang-Hai)	Other receivables - related parties	Yes	534,213	534,213	534,213	-	2	-	Convert from Account receivables to loan receivable	-	-	-	2,537,619	2,537,619
1	D-Link International	D-Link Korea Limited	Other receivables - related parties	Yes	32,960	16,755	16,755	-	2	-	Convert from Account receivables to loan receivable	-	-	-	2,537,619	2,537,619
1	D-Link International	D-Link Brazil LTDA	Other receivables - related parties	Yes	14,343	-	-	-	2	-	Convert from Account receivables to loan receivable	-	-	-	2,537,619	2,537,619
1	D-Link International	D-Link (INDIA) Ltd	Other receivables - related parties	Yes	2,958	2	2	-	2	-	Convert from Account receivables to loan receivable	-	-	-	2,537,619	2,537,619
1	D-Link International	D-Link Investment Ptd. Ltd.	Other receivables - related parties	Yes	1,110	1,110	1,110	-	2	-	Convert from Account receivables to loan receivable	-	-	-	2,537,619	2,537,619
1	D-Link International	D-Link Trade M	Other receivables - related parties	Yes	736	567	567	-	2	-	Convert from Account receivables to loan receivable	-	-	-	2,537,619	2,537,619
1	D-Link International	Wishfi Pte. Ltd.	Other receivables - related parties	Yes	567	-	-	-	2	-	Convert from Account receivables to loan receivable	-	-	-	2,537,619	2,537,619
2	D-Link Russia Investment	D-Link International	Other receivables - related parties	Yes	701,297	701,297	698,446	-	2	-	Operating Capital	-	-	-	712,621	712,621
3	D-Link Japan K.K.	D-Link Corporation	Other receivables - related parties	Yes	496,895	496,895	496,895	0.50	2	-	Operating Capital	-	-	-	690,093	690,093
4	D-Link Europe	D-Link Corporation	Other receivables - related parties	Yes	348,368	348,368	348,368	1.00	2	-	Operating Capital	-	-	-	1,340,632	1,340,632

(Continued)

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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		
5	Yeotai	Yeomao	Other receivables - related parties	Yes	20,000	20,000	-	-	2	-	Operating Capital	-	-	-	25,245	25,245
6	D-Link (Deutschland) GmbH	D-Link Europe	Other receivables - related parties	Yes	174,184	174,184	107,994	1.00	2	-	Operating Capital	-	-	-	184,524	184,524
7	D-Link Systems, Inc	D-Link International Pte Ltd	Other receivables - related parties	Yes	295,390	295,390	295,390	-	2	-	Convert from Account receivables to loan receivable	-	-	-	1,447,664	1,447,664

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.

Note 3: Total amount of loans from D-Link Russia Investment 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 Russia Investment. The ending amount and the funding loan limits are calculated by the unaudited balance.

Note 4: Total amount of loans from D-Link Japan K.K. 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 Japan K.K. The ending amount and the funding loan limits are calculated by the unaudited balance.

Note 5: Total amount of loans from D-Link Europe 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 Europe.

Note 6: Total amount of loans from Yeotai. to the Company and the ultimate parent company's 90% directly or indirectly owned overseas subsidiaries shall not exceed 40% of the net worth of Yeotai.

Note 7: Total amount of loans from D-Link Destschland 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 Destschland. The ending amount and the funding loan limits are calculated by the unaudited balance.

Note 8: Total amount of loans from D-Link Systems Inc. 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 Systems Inc.

Note 9: Only disclose funding loan limits that are still valid until end the year of 2020.

(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	2,173,320	129,801	129,801	66,864	-	1.39 %	6,519,961	Y		
0	D-Link Corporation	D-Link Shiang-Hai	2	2,173,320	71,270	71,270	-	-	0.77 %	6,519,961	Y		Y
0	D-Link Corporation	D-Link Trade	2	2,173,320	14,254	14,254	-	-	0.15 %	6,519,961	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 endorsement and guarantee total amount 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.

D-LINK CORPORATION AND SUBSIDIARIES
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(iii) Securities held as of December 31, 2020 (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 title	Ending balance				Highest percentage of ownership (%)	Note
				Shares/Units	Carrying value	Percentage of ownership (%)	Fair value		
D-Link Corporation	CAMEO	The Company is the director of CAMEO	Financial assets at fair value through other comprehensive income - non current	39,852,993	364,655	17.35 %	364,655	17.35 %	
D-Link Corporation	EHOO	None	Financial assets at fair value through profit or loss - non current	749,663	-	4.11 %	-	4.11 %	
D-Link Corporation	EWAVE	None	Financial assets at fair value through profit or loss - non current	83,334	-	1.89 %	-	1.89 %	
D-Link Corporation	TGC	None	Financial assets at fair value through profit or loss - non current	500,000	-	1.84 %	-	1.84 %	
D-Link Corporation	YICHIA Information Corporation	None	Financial assets at fair value through profit or loss - non current	73,500	-	6.68 %	-	6.68 %	
D-Link Corporation	UBICOM	None	Financial assets at fair value through profit or loss - non current	926,814	-	3.05 %	-	3.05 %	
D-Link Corporation	Purple	None	Financial assets at fair value through profit or loss - non current	3,385,417	-	14.10 %	-	14.10 %	
D-Link Corporation	Global Mobile Corp.	None	Financial assets at fair value through profit or loss - non current	6,600,000	-	2.39 %	-	2.39 %	
D-Link Holding	Best 3C	None	Financial assets at fair value through profit or loss - non current	600,000	-	1.88 %	-	1.88 %	
D-Link Holding	E2O	None	Financial assets at fair value through profit or loss - non current	252,525	-	0.05 %	-	0.05 %	
Yeochia	STEMCYTE	None	Financial assets at fair value through other comprehensive income - non current	18,950	235	0.02 %	235	0.02 %	
Yeochia	Z-Com	None	Financial assets at fair value through other comprehensive income - non current	3,064,041	32,632	4.23 %	32,632	4.23 %	
Yeochia	Quie Tek	None	Financial assets at fair value through profit or loss - non current	6,257,896	-	12.63 %	-	12.63 %	
Yeomao	Kaimei	None	Financial assets at fair value through other comprehensive income - non current	577,251	52,876	0.42 %	52,876	0.42 %	
Yeomao	QuieTek	None	Financial assets at fair value through profit or loss - non current	286,016	-	0.58 %	-	0.58 %	
Yeomao	ITEX	None	Financial assets at fair value through profit or loss - non current	60,000	-	0.26 %	-	0.26 %	

(Continued)

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

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest percentage of ownership (%)	Note
				Shares/Units	Carrying value	Percentage of ownership (%)	Fair value		
Yeotai	Z-Com	None	Financial assets at fair value through other comprehensive income - non current	50,000	533	0.07 %	533	0.07 %	
Yeotai	QuieTek	None	Financial assets at fair value through profit or loss - non current	3,143,224	-	6.34 %	-	6.34 %	
D-Link India	ICICI MUTUAL FUND	None	Financial assets at fair value through profit or loss - current	267,630	31,564	-	31,564	-	
D-Link India	ADITYA BIRLA MUTUAL FUND	None	Financial assets at fair value through profit or loss - current	185,434	23,793	-	23,793	-	
D-Link India	NIPPON INDIA MUTUAL FUND	None	Financial assets at fair value through profit or loss - current	12,190	23,741	-	23,741	-	
D-Link India	TATA MUTUAL FUND	None	Financial assets at fair value through profit or loss - current	19,005	23,730	-	23,730	-	
D-Link India	SBI MUTUAL FUND	None	Financial assets at fair value through profit or loss - current	12,730	15,873	-	15,873	-	
D-Link India	LIC MUTUAL FUND	None	Financial assets at fair value through profit or loss - current	16,420	23,743	-	23,743	-	
D-Link India	HDFC MUTUAL FUND	None	Financial assets at fair value through profit or loss - current	6,326	9,907	-	9,907	-	
D-Link India	UTI MUTUAL FUND	None	Financial assets at fair value through profit or loss - current	16,629	21,692	-	21,692	-	
D-Link India	AXIS MUTUAL FUND	None	Financial assets at fair value through profit or loss - current	26,818	23,594	-	23,594	-	
D-Link India	L&T LIQUID FUND	None	Financial assets at fair value through profit or loss - current	18,113	19,679	-	19,679	-	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases (Note 2)		Sales				Ending Balance (Note 1)	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
D-Link Corporation	Alpha	Investment accounted for using equity method		Associate	104,480,022	1,907,644	-	-	89,035,834	2,634,803	1,524,335	1,110,468	-	-

Note 1: The ending balance includes exchange differences on translation of foreign financial statements, share of profit of associates accounted for using equity method and other equity adjustments.

Note 2: Issuance of common stock for cash.

(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

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

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
Name of company	**Related party**	**Nature of relationship**	**Purchase/Sale**	**Amount**	**Percentage of total purchases/sales**	**Payment terms**	**Unit price**	**Payment terms**	**Ending balance**	**Percentage of total notes/accounts receivable (payable)**	**Note**
D-Link Corporation	D-Link International	Subsidiary	(Sale and service revenue)	(508,119)	(37) %	60 days	—	—	52,762	20%	
D-Link International	D-Link Corporation	Parent Company	Purchase and service expense	508,119	70 %	60 days	—	—	(52,762)	(3)%	
D-Link International	D-Link Systems	The ultimate parent company is D-Link Corporation	(Sale)	(483,881)	(6) %	75 days	—	—	-	-%	
D-Link International	D-Link Canada	The ultimate parent company is D-Link Corporation	(Sale)	(419,873)	(5) %	60 days	—	—	34,777	2%	
D-Link International	D-Link Europe	The ultimate parent company is D-Link Corporation	(Sale)	(1,521,092)	(19) %	60 days	—	—	189,070	8%	
D-Link International	D-Link ME	The ultimate parent company is D-Link Corporation	(Sale)	(1,196,360)	(15) %	60 days	—	—	152,438	7%	
D-Link International	D-Link Australia	The ultimate parent company is D-Link Corporation	(Sale)	(317,219)	(4) %	60 days	—	—	60,523	3%	
D-Link International	D-Link Brazil	The ultimate parent company is D-Link Corporation	(Sale)	(276,569)	(3) %	75 days	—	—	174,411	8%	
D-Link International	D-Link Japan	The ultimate parent company is D-Link Corporation	(Sale)	(721,343)	(9) %	60 days	—	—	203,328	9%	
D-Link International	D-Link India	The ultimate parent company is D-Link Corporation	(Sale)	(642,844)	(8) %	45 days	—	—	131,185	6%	
D-Link International	D-Link Trade	The ultimate parent company is D-Link Corporation	(Sale)	(1,204,639)	(15) %	180 days	—	—	648,487	29%	
D-Link International	Alpha	Investments accounted for using equity method by D-Link Corporation	Purchase	1,143,354	16 %	90 days	—	—	-	-%	
D-Link International	Cameo	D-Link Corporation is the director of CAMEO	Purchase	1,414,549	20 %	90 days	—	—	(361,555)	(18)%	
D-Link Systems	D-Link International	The ultimate parent company is D-Link Corporation	Purchase	483,881	95 %	75 days	—	—	-	-%	
D-Link Canada	D-Link International	The ultimate parent company is D-Link Corporation	Purchase	419,873	99 %	60 days	—	—	(34,777)	(88)%	
D-Link Europe	D-Link International	The ultimate parent company is D-Link Corporation	Purchase	1,521,092	90 %	60 days	—	—	(189,070)	(59)%	
D-Link ME	D-Link International	The ultimate parent company is D-Link Corporation	Purchase	1,196,360	66 %	60 days	—	—	(152,438)	(100)%	

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

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
Name of company	Related party	Nature of relationship	Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	Note
D-Link Australia	D-Link International	The ultimate parent company is D-Link Corporation	Purchase	317,219	97 %	60 days	－	－	(60,523)	(98)%	
D-Link Brazil	D-Link International	The ultimate parent company is D-Link Corporation	Purchase	276,569	93 %	75 days	－	－	(174,411)	(65)%	
D-Link Japan	D-Link International	The ultimate parent company is D-Link Corporation	Purchase	721,343	93 %	60 days	－	－	(203,328)	(100)%	
D-Link India	D-Link International	The ultimate parent company is D-Link Corporation	Purchase	642,844	30 %	45 days	－	－	(131,185)	(31)%	
D-Link Trade	D-Link International	The ultimate parent company is D-Link Corporation	Purchase	1,204,639	97 %	180 days	－	－	(648,487)	(99)%	

Note : The 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) Amount	Overdue (Note 1) Action taken	Amounts received in subsequent period (Note 2)	Allowance for bad debts
D-Link International	D-Link Europe	The ultimate parent company is D-Link Corporation	189,070	5.97	-	-	29,026	-
D-Link International	D-Link Brazil	The ultimate parent company is D-Link Corporation	174,411	2.94	15,227	-	7,127	-
D-Link International	D-Link Japan	The ultimate parent company is D-Link Corporation	203,328	4.58	-	-	-	-
D-Link International	D-Link Trade	The ultimate parent company is D-Link Corporation	648,487	1.71	-	-	-	-
D-Link International	D-Link India	The ultimate parent company is D-Link Corporation	131,185	4.11	5	-	27,909	-
D-Link International	D-Link ME	The ultimate parent company is D-Link Corporation	152,438	7.67	-	-	887	-

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

Note 2: The amount represents collections subsequent to December 31, 2020 up to January 19, 2021.

Note 3: The transactions had been eliminated in 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	EUR	EUR	10,000	12,011	12,011
D-Link Corporation	Cross currency swap	JPY	JPY	1,800,000	8,850	8,850
D-Link International	Forward foreign exchange contract	BRL (Sell)	BRL	15,502	554	554
D-Link International	Forward foreign exchange contract	RUB (Buy)	RUB	150,028	220	220
D-Link International	Cross currency swap	EUR	EUR	1,000	(162)	(162)
D-Link International	Cross currency swap	CNH	CNH	110,588	(8,140)	(8,140)
D-Link Corporation	Cross currency swap	USD	USD	1,700	(167)	(167)
D-Link International	Forward foreign exchange contract	AUD (Sell)	AUD	2,500	(2,502)	(2,502)
D-Link Corporation	Forward foreign exchange contract	EUR (Sell)	EUR	3,700	(57)	(57)
D-Link International	Forward foreign exchange contract	EUR (Sell)	EUR	500	(2,965)	(2,965)

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

Company Name	Derivative Instruments Category	Holding Purpose	Contract Amount		Book Value	Fair Value
D-Link International	Forward foreign exchange contract	CAD (Sell)	CAD	2,000	(797)	(797)
D-Link International	Forward foreign exchange contract	JPY (Sell)	JPY	700,000	(1,391)	(1,391)
D-Link International	Forward foreign exchange contract	BRL (Sell)	BRL	3,740	(565)	(565)
D-Link International	Forward foreign exchange contract	INR (Sell)	INR	221,346	(750)	(750)
D-Link International	Forward foreign exchange contract	KRW (Sell)	KRW	1,877,735	(828)	(828)

(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: Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	D-Link Corporation	D-Link Systems	1	Investments accounted for using equity method	1,405,450	-	9%
0	D-Link Corporation	D-Link Canada	1	Investments accounted for using equity method	353,669	-	2%
0	D-Link Corporation	D-Link International	1	Investments accounted for using equity method	2,099,470	-	13%
0	D-Link Corporation	D-Link Holding	1	Investments accounted for using equity method	1,734,080	-	11%
0	D-Link Corporation	Yeochia	1	Investments accounted for using equity method	275,148	-	2%
0	D-Link Corporation	D-Link ME	1	Investments accounted for using equity method	792,198	-	5%
0	D-Link Corporation	D-Link Japan	1	Investments accounted for using equity method	719,582	-	5%
0	D-Link Corporation	D-Link L.A.	1	Investments accounted for using equity method-credit	(524,882)	-	(3)%
0	D-Link Corporation	D-Link Investment	1	Investments accounted for using equity method-credit	(111,773)	-	(1)%
0	D-Link Corporation	D-Link International	1	Sales and service revenue	508,119	60 days	3%
1	D-Link Holding	D-Link Mauritius	3	Investments accounted for using equity method	841,102	-	5%
1	D-Link Holding	D-Link Europe	3	Investments accounted for using equity method	1,267,967	-	8%
1	D-Link Holding	Success Stone	3	Investments accounted for using equity method	151,547	-	1%
1	D-Link Holding	D-Link Shiang-Hai (Cayman) Inc.	3	Investments accounted for using equity method-credit	(543,192)	-	(3)%
2	D-Link International	D-Link L.A.	3	Accounts receivable – related party	599,056	75 days	4%
2	D-Link International	D-Link Brazil	3	Accounts receivable – related party	174,411	75 days	1%
2	D-Link International	D-Link Europe	3	Accounts receivable – related party	189,070	60 days	1%
2	D-Link International	D-Link Japan	3	Accounts receivable – related party	203,328	60 days	1%

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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
2	D-Link International	D-Link Trade	3	Accounts receivable – related party	648,487	60 days	4%
2	D-Link International	D-Link Systems	3	Sale	483,881	75 days	3%
2	D-Link International	D-Link Europe	3	Sale	1,521,092	60 days	10%
2	D-Link International	D-Link Brazil	3	Sale	276,569	75 days	2%
2	D-Link International	D-Link Canada	3	Sale	419,873	60 days	3%
2	D-Link International	D-Link Trade	3	Sale	1,204,639	180 days	8%
2	D-Link International	D-Link India	3	Sale	642,844	45 days	4%
2	D-Link International	D-Link ME	3	Sale	1,196,360	60 days	8%
2	D-Link International	D-Link Australia	3	Sale	317,219	60 days	2%
2	D-Link International	D-Link Japan	3	Sale	721,343	60 days	5%
2	D-Link International	D-Link Russia Investment	3	Investments accounted for using equity method	712,621	-	4%
3	D-Link Mauritius	D-Link India	3	Investments accounted for using equity method	835,010	-	5%
4	D-Link Shiang-Hai (Cayman) Inc.	D-Link Shiang-Hai	3	Investments accounted for using equity method-credit	(551,511)	-	(3)%
5	D-Link Europe	D-Link Deutschland	3	Investments accounted for using equity method	184,524	-	1%

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 revenue 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 years ended December 31, 2020 (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: December 31, 2020	Original investment amount: December 31, 2019	Balance as of December 31, 2020: Shares	Balance as of December 31, 2020: Percentage of ownership	Balance as of December 31, 2020: Carrying value	Highest percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
D-Link Corporation	D-Link Systems	USA	Marketing and after-sales service in USA	1,625,875	1,625,875	47,295,007	98.44 %	1,405,450	98.44 %	4,440	4,440	100% shares owned by D-Link Corporation and D-Link Holding
D-Link Corporation	D-Link Canada	Canada	Marketing and after-sales service in Canada	283,866	283,866	8,736,000	100.00 %	353,669	100.00 %	765	765	
D-Link Corporation	D-Link International	Singapore	Global marketing, procurement and after-sale service	1,941,986	1,941,986	66,074,660	99.36 %	2,099,470	99.36 %	496,271	484,055	100% shares owned by D Link Corporation and D Link Holding share of profit of investee includes the amount of transactions between affiliated companies
D-Link Corporation	D-Link L.A.	Cayman Island	Marketing and after-sales service in Latin America	326,600	326,600	41,000	100.00 %	(524,882)	100.00 %	(24,154)	(24,154)	

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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 December 31, 2020			Highest percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares	Percentage of ownership	Carrying value				
D-Link Corporation	D-Link Sudamerica	Chile	Marketing and after-sales service in Chile	6,512	6,512	199,999	100.00 %	10,478	100.00 %	15,104	15,104	100% shares owned by D-Link Corporation and D-Link Holding
D-Link Corporation	D-Link Mexicana	Mexico	Marketing and after-sales service in Mexico	301,036	301,036	152,066	100.00 %	15,697	100.00 %	8,970	8,970	100% shares owned by D-Link Corporation and D-Link Sudamerica
D-Link Corporation	D-Link Brazil	Brazil	Marketing and after-sales service in Brazil	932,197	932,197	2,964,836,727	100.00 %	(30,914)	100.00 %	(47,172)	(47,172)	100% shares owned by D-Link Corporation and D-Link Holding
D-Link Corporation	D-Link ME	UAE	Marketing and after-sales service in Middle East and Africa	71,484	71,484	5	83.33 %	792,198	83.33 %	27,358	27,358	100% shares owned by D-Link Corporation and D-Link International
D-Link Corporation	D-Link Australia	Australia	Marketing and after-sales service in Australia and New Zealand	16,744	16,744	999,000	99.90 %	151,160	99.90 %	8,759	8,759	100% shares owned by D-Link Corporation and D-Link International
D-Link Corporation	D-Link Holding	B.V.I.	Investment company	2,242,837	2,242,837	68,062,500	100.00 %	1,734,080	100.00 %	81,467	81,467	
D-Link Corporation	D-Link Deutschland	Germany	Marketing and after-sales service in Germany	120,050	120,050	(Note 2)	- %	120,050	- %	11,148	-	100% shared owned by D-Link Corporation directly and indirectly(Note 3)
D-Link Corporation	D-Link Japan	Japan	Marketing and after-sales service in Japan	595,310	595,310	9,500	100.00 %	719,582	100.00 %	30,136	30,136	
D-Link Corporation	D-Link Investment	Singapore	Investment company	67,191	67,191	2,200,000	100.00 %	(111,773)	100.00 %	3,191	3,191	
D-Link Corporation	Yeochia	Taiwan	Investment company	122,400	122,400	(Note 2)	100.00 %	275,148	100.00 %	(20,838)	(20,838)	
D-Link Corporation	Yeomao	Taiwan	Investment company	70,052	70,052	10,220,271	100.00 %	128,944	100.00 %	60,489	60,489	
D-Link Corporation	Yeotai	Taiwan	Investment company	146,000	146,000	14,600,000	100.00 %	63,113	100.00 %	6,007	6,007	
D-Link Corporation	Alpha	Taiwan	Research, developments, design, manufacturing and sell broadband products, wireless products, computer networks system equipment and its components	-	993,420	-	- %	-	19.26 %	414,065	78,644 (Note 1)	Net income/loss is from January to November (unaudited)
D-Link Investment	D-Link Trade	Russia	Marketing and after-sales service in Russia	66,538	66,538	(Note 2)	100.00 %	(110,470)	100.00 %	3,258	3,258	
D-Link International	D-Link Australia	Australia	Marketing and after-sales service in Australia and New Zealand	22	22	1,000	0.10 %	19	0.10 %	8,759	-	D-Link Australia share's profit recognized in D-Link Corporation
D-Link International	D-Link ME	UAE	Marketing and after-sales service in Middle East and Africa	34,260	34,260	1	16.67 %	30,104	16.67 %	27,358	-	D-Link ME share's profit recognized in D-Link Corporation
D-Link International	D-Link Korea	Korea	Marketing and after-sales service in Korea	44,300	44,300	330,901	100.00 %	(27,945)	100.00 %	7,964	7,964	
D-Link International	D-Link Trade M.	Republic of Moldova	Marketing and after-sales service in Moldova	13	13	(Note 2)	100.00 %	(584)	100.00 %	159	159	
D-Link International	D-Link Russia Investment	BVI	Investment company	789,757	789,757	25,000,000	100.00 %	712,621	100.00 %	123,317	123,317	
D-Link International	D-Link Malaysia	Malaysia	Marketing and after-sales service in Malaysia	6,130	6,130	800,000	100.00 %	7,445	100.00 %	489	489	
D-Link International	D-Link Lithuania	Lithuania	Marketing and after-sales service	3,574	3,574	1,000	100.00 %	3,610	100.00 %	503	503	
D-Link Holding	D-Link Europe	UK.	Marketing and after-sales service in Europe	971,293	971,293	32,497,455	100.00 %	1,267,967	100.00 %	40,658	40,658	
D-Link Holding	D-Link International	Singapore	Global marketing, procurement and after-sales service	8,466	8,466	425,340	0.64 %	(8,457)	0.64 %	496,271	-	D-Link International share's profit recognized in D-Link Corporation
D-Link Holding	OOO D-Link Russia	Russia	After-sales service in Russia	11,309	11,309	(Note 2)	100.00 %	4,667	100.00 %	(19)	(19)	
D-Link Holding	D-Link Mauritius	Mauritius	Investment company	186,789	186,789	200,000	100.00 %	841,102	100.00 %	72,055	72,055	
D-Link Holding	D-Link Shiang-Hai (Cayman)	Cayman Islands	Investment company	654,974	654,974	50,000	100.00 %	(543,192)	100.00 %	(33,521)	(33,521)	
D-Link Holding	D-Link Systems	USA	Marketing and after-sales service in USA	49,320	49,320	750,000	1.56 %	42,762	1.56 %	4,440	-	D-Link Systems share's profit recognized in D-Link Corporation
D-Link Holding	Wishfi	Singapore	Research, development, marketing and after-sales service	68,566	68,566	1,000,000	100.00 %	1,400	100.00 %	(49)	(49)	
D-Link Holding	Success Stone	BVI	Investment company	297,027	297,027	9,822	100.00 %	151,547	100.00 %	2,572	2,572	
D-Link Holding	MiiiCasa Holding	Cayman Island	Investment company	61,087	61,087	21,000,000	28.98 %	-	28.98 %	-	-	

(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: December 31, 2020	Original investment amount: December 31, 2019	Balance as of December 31, 2020: Shares	Balance as of December 31, 2020: Percentage of ownership	Balance as of December 31, 2020: Carrying value	Highest percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
D-Link Holding	D-Link Brazil	Brazil	Marketing and after-sales service in Brazil	-	-	100	- %	-	- %	(47,172)	-	D Link Brazil share's profit recognized in D-Link Corporation
D-Link Holding	D-Link Sudamerica	Chile	Marketing and after-sales service in Chile	-	-	1	- %	-	- %	15,104	-	D-Link Sudamerica share's profit recognized in D-Link Corporation
D-Link Mauritius	D-Link India	India	Marketing and after-sales service in India	340,319	340,319	18,114,663	51.02 %	835,010	51.02 %	144,211	73,576	
D-Link Mauritius	TeamF1 India	India	Technical services for software and hardware system integration	8	8	1	0.01 %	13	0.01 %	7,284	1	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 %	115,490	99.99 %	7,284	7,283	100% shares owned by D-Link Mauritius and D-Link India
D-Link L.A	D-Link del Ecuador S.A.	Ecuador	Marketing and after-sales service in Ecuador	-	-	1	0.12 %	-	0.12 %	(382)	-	D-Link del Ecuador S.A. share's profit recognized in D-Link Sudamerica
D-Link L.A	D-Link Peru S.A.	Peru	Marketing and after-sales service in Peru	-	-	1	0.03 %	3	0.03 %	15,928	-	D-Link Peru S.A. share's profit recognized in D-Link Sudamerica
D-Link Sudamerica	D-Link de Colombia SAS.	Colombia	Marketing and after-sales service in Colombia	22,213	22,213	1,443,605	100.00 %	7,328	100.00 %	(403)	(403)	DCO
D-Link Sudamerica	D-Link del Ecuador S.A.	Ecuador	Marketing and after-sales service in Ecuador	26	26	799	99.88 %	132	99.88 %	(382)	(382)	D-Link del Ecuador S.A.share's profit recognized in D-Link Sudamerica
D-Link Sudamerica	D-Link Guatemala S.A.	Guatemala	Marketing and after-sales service in Guatemala	410	410	99,000	99.00 %	523	99.00 %	-	-	
D-Link Sudamerica	D-Link Peru S.A.	Peru	Marketing and after-sales service in Peru	38	38	3,499	99.97 %	8,968	99.97 %	15,928	15,928	
D-Link Sudamerica	D-Link Mexicana	Mexico	Marketing and after-sales service in Mexico	6	6	3	- %	7	- %	8,970	-	D-Link Mexicana share's profit recognized in D-Link Corporation
D-Link Sudamerica	D-Link Argentina S.A.	Argentina	Marketing and after-sales service in Argentina	2,750	2,750	100	100.00 %	142	100.00 %	51	51	D-Link Argentina share's profit recognized in D Link Sudamerica
D-Link Europe	D-Link Deutschland	Germany	Marketing and after-sales service in Germany	131,769	131,769	(Note 2)	100.00 %	184,524	100.00 %	11,148	11,148	
D-Link Europe	D-Link AB	Sweden	Marketing and after-sales service in Sweden	9,022	9,022	15,500	100.00 %	17,219	100.00 %	2,351	2,351	
D-Link Europe	D-Link Iberia SL	Spain	Marketing and after-sales service in Spain	1,976	1,976	50,000	100.00 %	62,196	100.00 %	7,011	7,011	
D-Link Europe	D-Link Mediterraneo SRL	Italy	Marketing and after-sales service in Italy	2,177	2,177	50,000	100.00 %	5,675	100.00 %	374	374	
D-Link Europe	D-Link (Holdings)Ltd	UK.	Investment company	-	-	3	100.00 %	9,417	100.00 %	-	-	
D-Link Europe	D-Link France SARL	France	Marketing and after-sales service in France	5,287	5,287	114,560	100.00 %	35,470	100.00 %	2,868	2,868	
D-Link Europe	D-Link Netherlands	Netherlands	Marketing and after-sales service in Netherlands	2,132	2,132	50,000	100.00 %	7,715	100.00 %	485	485	
D-Link Europe	D-Link Polska Sp Z.o.o.	Poland	Marketing and after-sales service in Poland	1,210	1,210	100	100.00 %	23,734	100.00 %	(1,795)	(1,795)	
D-Link Europe	D-Link Magyarorszag	Hungary	Marketing and after-sales service in Hungary	523	523	300	100.00 %	6,254	100.00 %	(4,069)	(4,069)	
D-Link Europe	D-Link s.r.o	Czech	Marketing and after-sales service in Czech	329	329	100	100.00 %	3,462	100.00 %	(5,447)	(5,447)	
D-Link (Holdings)Ltd	D-Link UK	UK.	Marketing and after-sales service in UK	-	-	300,100	100.00 %	9,417	100.00 %	-	-	
D-Link Mediterraneo SRL	D-Link Adria d.o.o	Croatia	Marketing and after-sales service in Croatia	326	326	(Note 2)	100.00 %	1,268	100.00 %	(46)	(46)	
D-Link Middle East FZCO	D Link Network	Republic of South Africa	Marketing and after-sales service in South Africa	361	361	-	100.00 %	-	- %	-	-	
Yeochia and Yeomao	Alpha	Taiwan	Research, developments, design, manufacturing and sell broadband products, wireless products, computer networks system equipment end its components	-	195,143	-	- %	-	1.39 %	-	4,332	
Yeochia and Yeotai	Xtramus Technologies Co. Ltd.	Taiwan	Research, development, manufacturing and sell of testing equipment for network	181,500	181,500	1,832,446	41.18 %	-	41.18 %	(2,925)	-	

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

Note 1: Including recognition of profit (loss) from associates

Note 2: Limited Company

Note 3: Share of profit (loss) of associates accounted for using equity method was recognized in D-Link Europe.

Note 4: 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, 2019	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumu-lated remittance of earnings in current period
					Outflow	Inflow							
D-Link Shiang-Hai	Buy and sell of networking equipment and wireless system	555,906	2	555,906	-	-	555,906	(33,844)	100.00%	100.00%	(33,844)	(551,511)	-
Netpro Trading	Research, development and trading business	19,956	2	18,601	-	-	18,601	323	100.00%	100.00%	323	10,931	-
YouXiang	Technical Service and Import/Export trading business	62,040	3	-	-	-	-	(5,286)	9.86%	9.86%	-	3,504	-

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 28.508, CNY 4.369 as of December 31, 2020.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
574,507	574,507	Note

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

(iii) Significant transactions:

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:

Shareholding / Shareholder’s Name	Shares	Percentage
Sapido Technology Inc.	65,020,000	9.97 %

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, Emerging 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 tax expenses are managed on a group basis, and operating income (losses) is determined by the profit before taxation. The reportable amount is similar to that in the report used by the chief operating decision maker.

(a) Reportable segment profit or loss, segment assets, segment liabilities, and their measurement and reconciliations

The Consolidated Company uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation.

			2020		
	Americas	**Europe**	**Emerging markets and others**	**Adjustments and eliminations**	**Total**
Revenue:					
Third-party customers	$ 2,213,506	3,110,121	9,855,816	-	15,179,443
Inter-company	14,097	6,441	2,823,033	(2,843,571)	-
Total revenue	**$ 2,227,603**	**3,116,562**	**12,678,849**	**(2,843,571)**	**15,179,443**
Reportable segment profit (loss)	**$ (3,574)**	**49,660**	**2,355,555**	**(904,915)**	**1,496,726**

			2019		
	Americas	**Europe**	**Emerging markets and others**	**Adjustments and eliminations**	**Total**
Revenue:					
Third-party customers	$ 2,222,383	3,382,293	11,391,372	-	16,996,048
Inter-company	11,132	3,486	3,394,959	(3,409,577)	-
Total revenue	**$ 2,233,515**	**3,385,779**	**14,786,331**	**(3,409,577)**	**16,996,048**
Reportable segment profit (loss)	**$ (11,235)**	**43,683**	**(590,289)**	**268,288**	**(289,553)**

	Americas	**Europe**	**Emerging markets and others**	**Adjustments and eliminations**	**Total**
Reportable segment assets:					
December 31, 2020	**$ 2,966,181**	**2,348,024**	**23,385,657**	**(12,749,632)**	**15,950,230**
December 31, 2019	**$ 3,003,690**	**2,433,688**	**22,634,984**	**(12,361,352)**	**15,711,010**

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The material reconciling items of the above reportable segment were as below:

Total reportable segment revenues after deducting the intergroup revenues were $2,843,571 thousand and $3,409,577 thousand for 2020 and 2019, respectively.

(b) Products and services information

For revenue from the external customers of the Consolidated Company, please refer to 6(v).

(c) Geographic information

Country	**2020**	**2019**
Non-current assets		
Taiwan	$ 884,235	932,684
India	491,031	432,920
Other countries	822,972	1,079,891
Total	**$ 2,198,238**	**2,445,495**

Non-current assets include property, plant and equipment, investment property, right-of-use assets, intangible assets, and other assets, but excluding financial instruments and deferred tax assets.

(d) Major customers

There were no individual customers representing greater than 10% of consolidated revenue for 2020 and 2019.