Stock Code:2332

D-LINK CORPORATION
AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022

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 consolidated financial statements of D-LINK CORPORATION as of and for the year ended December 31, 2023 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 consolidated financial statements is included in the consolidated financial statements. Consequently, D-LINK CORPORATION and Subsidiaries do not prepare a separate set of consolidated financial statements.

Company name: D-LINK CORPORATION
Chairman: Kuo, Chin-Ho
Date: February 27, 2024

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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 balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended December 31, 2023 and 2022, and notes to the consolidated financial statements, including a summary of material 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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2023 and 2022 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 audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of 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 the D-LINK CORPORATION and its subsidiaries in accordance with The Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. 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 Middle East FZE, subsidiaries of D-Link Corporation as of and for the year ended December 31, 2023 and 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, 2022. 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 reflects the total assets constituting 12% and 5% of the consolidated total assets at December 31, 2023 and 2022, and the total revenues constituting 21% and 8% of the consolidated total revenues for the years ended December 31, 2023 and 2022, respectively.

D-LINK CORPORATION has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, 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.

   Key Audit Matter Explanation:

   Most inventories of D-LINK CORPORATION and its subsidiaries 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 D-LINK CORPORATION and its subsidiaries 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 market needs and 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; review the net realizable value basis adopted by the Consolidated Company's management to verify whether the allowance for obsolete inventory estimated by the Company is in accordance with the inventory provision policy. We also assessed the appropriateness of the Consolidated Company' s relevant disclosure of inventories.

2. Revenue recognition

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

   Key Audit Matter Explanation:

   D-LINK CORPORATION and its subsidiaries 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 with the 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 (including the Audit Committee) 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 Standards on Auditing of 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 the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 consolidated 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 Hsieh, Chiu-Hua and Chang, Stu-Ying.

KPMG

Taipei, Taiwan (Republic of China)
February 27, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to 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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollar)

		December 31, 2023		December 31, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 4,097,696	25	2,713,085	18
1110	Financial assets at fair value through profit or loss — current (note 6(b))	429,915	3	284,830	2
1150	Notes receivable, net (note 6(c))	2,028	-	5,660	-
1170	Accounts receivable, net (note 6(c))	3,092,436	19	3,421,795	22
1180	Accounts receivable due from related parties, net (notes 6(c) and 7)	2,698	-	5,027	-
1197	Finance lease payment receivable (note 6(d))	36,098	-	32,553	-
1200	Other receivables (notes 6(c) and 7)	29,498	-	20,102	-
1220	Current tax assets	24,340	-	20,783	-
130X	Inventories (note 6(e))	3,303,203	20	4,069,166	26
1421	Prepayment for purchase (note 7)	45,053	-	69,748	1
1470	Other current assets (note 8)	707,095	4	461,119	3
		11,770,060	71	11,103,868	72
	Non-current assets:				
1510	Financial assets at fair value through profit or loss－non-current (note 6(b))	254,100	2	-	-
1517	Financial assets at fair value through other comprehensive income－non-current (note 6(b))	19,989	-	16,703	-
1550	Investments accounted for using equity method (note 6(f))	16,251	-	1,420,297	9
1600	Property, plant and equipment (notes 6(i) and 8)	2,394,081	14	978,816	6
1755	Right-of-use assets (note 6(j))	334,048	2	303,509	2
1760	Investment property, net (note 6(k))	38,083	-	38,480	-
1780	Intangible assets (note 6(l))	784,615	5	516,922	3
1840	Deferred tax assets (note 6(u))	628,964	4	687,114	5
1990	Other non-current assets (notes 6(t) and 8)	304,624	2	243,868	2
194D	Long-term lease payment receivable, net (note 6(d))	75,964	-	111,964	1
		4,850,719	29	4,317,673	28
	Total assets	$ 16,620,779	100	15,421,541	100

		December 31, 2023		December 31, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2120	Financial liabilities at fair value through profit or loss — current (note 6(b))	$ 23,812	-	15,331	-
2130	Current contract liabilities (notes 6(x) and 7)	145,163	1	109,075	1
2150	Notes payable	76	-	2,056	-
2170	Accounts payable	1,465,613	9	2,198,737	14
2180	Accounts payable to related parties (note 7)	120,359	1	735,769	5
2200	Other payables (notes 6(o) and 7)	1,075,850	6	876,143	6
2230	Current tax liabilities	6,435	-	31,027	-
2250	Current provisions (note 6(q))	127,483	1	305,909	2
2280	Current lease liabilities (note 6(p))	182,145	1	144,423	1
2320	Current portion of long-term liabilities (note 6(n))	122,151	1	-	-
2365	Current refund liability (note 6(r))	463,639	3	473,514	3
2399	Other current liabilities	99,814	-	61,430	-
		3,832,540	23	4,953,414	32
	Non-Current liabilities:				
2540	Long-term borrowings (note 6(n))	528,881	3	-	-
2570	Deferred tax liabilities (note 6(u))	159,037	1	323,120	2
2580	Non-current lease liabilities (note 6(p))	272,663	2	309,563	2
2600	Other non-current liabilities (note 6(t))	231,935	1	273,988	2
		1,192,516	7	906,671	6
	Total liabilities	5,025,056	30	5,860,085	38
	Equity attributable to owners of parent: (note 6(v))				
3110	Ordinary shares	6,028,365	37	5,998,365	39
3200	Capital surplus	1,364,335	8	1,342,623	9
	Retained earnings:				
3310	Legal reserve	2,144,259	13	2,129,290	14
3320	Special reserve	693,165	4	693,165	4
3350	Unappropriated retained earnings	546,976	3	149,686	1
		3,384,400	20	2,972,141	19
3400	Other equity interest	(1,614,609)	(10)	(1,403,457)	(9)
3500	Treasury shares	(82,823)	-	-	-
	Total equity attributable to owners of parent	9,079,668	55	8,909,672	58
36XX	Non-controlling interests (notes 6(h) and (v))	2,516,055	15	651,784	4
	Total equity	11,595,723	70	9,561,456	62
	Total liabilities and equity	$ 16,620,779	100	15,421,541	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, 2023 and 2022

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

		2023		2022	
		Amount	%	Amount	%
4000	**Net operating revenues (notes 6(x) and 7)**	$ 15,941,277	100	17,077,888	100
5000	**Operating costs (notes 6(e), (t) and 7)**	12,096,881	76	12,763,058	75
	Gross profit from operations	3,844,396	24	4,314,830	25
	Operating expenses: (notes 6(c), (i), (j), (k), (l), (p), (s), (t) and (y))				
6100	Selling expenses	2,226,259	14	2,308,556	13
6200	Administrative expenses	760,617	5	926,216	5
6300	Research and development expenses	728,340	4	530,747	3
6450	Expected credit losses (reversal gain) (note 6(c))	3,007	-	(3,197)	-
		3,718,223	23	3,762,322	21
	Net operating income	126,173	1	552,508	4
	Non-operating income and expenses:				
7100	Interest income (notes 6(z) and 7)	75,982	-	24,594	-
7010	Other income (notes 6(z) and 7)	5,947	-	6,066	-
7020	Other gains and losses (notes 6(f), (z), (ab) and 7)	680,560	4	(115,191)	(1)
7050	Finance costs (notes 6(p) and (z))	(32,634)	-	(17,576)	-
7060	Share of profit of associates accounted for using equity method (note 6(f))	5,048	-	7,177	-
		734,903	4	(94,930)	(1)
	Profit before tax	861,076	5	457,578	3
7950	**Less: Income tax expenses (note 6(u))**	163,398	1	197,196	1
	Net profit	697,678	4	260,382	2
8300	**Other comprehensive income (loss):**				
8310	**Components of other comprehensive income (loss) that will not be reclassified to profit or loss (notes 6(t) and (v))**				
8311	(Losses) gains on remeasurements of defined benefit plans	(5,627)	-	20,106	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	3,396	-	(16,112)	-
8320	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	8,473	-	(9,376)	-
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		6,242	-	(5,382)	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss (notes 6(v) and (aa))**				
8361	Exchange differences on translation of foreign financial statements	(254,775)	(2)	587,444	3
8370	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	307	-	10,500	-
8399	Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(u))	61,698	1	(97,156)	(1)
		(192,770)	(1)	500,788	2
8300	**Other comprehensive income (loss), net**	(186,528)	(1)	495,406	2
	Total comprehensive income	**$ 511,150**	**3**	**755,788**	**4**
	Net profit attributable to:				
8610	Owners of parent	$ 567,581	3	109,233	1
8620	Non-controlling interests	130,097	1	151,149	1
		$ 697,678	**4**	**260,382**	**2**
	Comprehensive income attributable to:				
8710	Owners of parent	$ 387,131	2	608,183	3
8720	Non-controlling interests	124,019	1	147,605	1
		$ 511,150	**3**	**755,788**	**4**
	Basic earnings per share (New Taiwan dollars) (note 6(w))	**$**	**0.95**		**0.18**
	Diluted earnings per share (New Taiwan dollars) (note 6(w))	**$**	**0.95**		**0.18**

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, 2023 and 2022

(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	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unearned Stock-Based Employee Compensation	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2022	$ 5,998,365	1,522,573	2,110,026	412,952	299,477	(1,863,596)	(2,439)	-	-	8,477,358	524,978	9,002,336
Net profit	-	-	-	-	109,233	-	-	-	-	109,233	151,149	260,382
Other comprehensive income (loss)	-	-	-	-	20,106	504,332	(25,488)	-	-	498,950	(3,544)	495,406
Total comprehensive income (loss)	-	-	-	-	129,339	504,332	(25,488)	-	-	608,183	147,605	755,788
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	19,264	-	(19,264)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	280,213	(280,213)	-	-	-	-	-	-	-
Other changes in capital surplus:												
Cash dividends from capital surplus	-	(179,950)	-	-	-	-	-	-	-	(179,950)	-	(179,950)
Changes in equity of associates accounted for using equity method	-	-	-	-	4,081	-	-	-	-	4,081	-	4,081
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(20,799)	(20,799)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	16,266	-	(16,266)	-	-	-	-	-
Balance at December 31, 2022	5,998,365	1,342,623	2,129,290	693,165	149,686	(1,359,264)	(44,193)	-	-	8,909,672	651,784	9,561,456
Net profit	-	-	-	-	567,581	-	-	-	-	567,581	130,097	697,678
Other comprehensive income (loss)	-	-	-	-	(5,302)	(187,017)	11,869	-	-	(180,450)	(6,078)	(186,528)
Total comprehensive income (loss)	-	-	-	-	562,279	(187,017)	11,869	-	-	387,131	124,019	511,150
Issue employee restricted shares	30,000	21,205	-	-	-	-	-	(40,110)	-	11,095	-	11,095
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	14,969	-	(14,969)	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(134,717)	-	-	-	-	(134,717)	-	(134,717)
Changes in equity of associates accounted for using equity method	-	-	-	-	17	-	-	-	-	17	-	17
Disposal of investments accounted for using equity method	-	-	-	-	(15,320)	(11,214)	15,320	-	-	(11,214)	-	(11,214)
Shares of the parent company held by its subsidiaries which are regarded as treasury shares	-	-	-	-	-	-	-	-	(82,823)	(82,823)	-	(82,823)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	507	-	-	-	-	-	-	-	507	-	507
Changes in non-controlling interests from acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	1,850,939	1,850,939
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(110,687)	(110,687)
Balance at December 31, 2023	**$ 6,028,365**	**1,364,335**	**2,144,259**	**693,165**	**546,976**	**(1,557,495)**	**(17,004)**	**(40,110)**	**(82,823)**	**9,079,668**	**2,516,055**	**11,595,723**

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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollar)

	2023	2022
Cash flows from operating activities:		
Profit before tax	$ 861,076	457,578
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	309,334	208,202
Amortization expense	39,564	30,813
Expected credit loss (reversal gain)	3,007	(3,197)
Net gain on financial assets or liabilities at fair value through profit or loss	(161,537)	(18,252)
Interest expense	32,634	17,576
Interest income	(75,982)	(24,594)
Dividend income	(1,060)	(578)
Share of gain of associates accounted for using equity method	(5,048)	(7,177)
Gain on disposal of investments	(365,684)	(10,929)
Write-down (reversal gain) loss of inventories to net realizable value	360,569	(75,099)
Other	(43,650)	80,811
Total adjustments to reconcile profit	92,147	197,576
Changes in operating assets and liabilities:		
(Increase) decrease in financial assets at fair value through profit or loss	(131,476)	22,658
Decrease (increase) in notes receivable	3,632	(377)
Decrease (increase) in accounts receivable	663,716	(12,021)
Decrease in accounts receivable due from related parties	5,686	5,433
Decrease in other receivables	100,327	41,601
Decrease in lease payment receivable	33,030	27,499
Decrease (increase) in inventories	1,486,767	(710,107)
Decrease in prepayment for purchase	24,695	103,908
Increase in other current assets	(208,395)	(85,414)
Decrease (increase) in other non-current assets	25,383	(40,663)
Total changes in operating assets	2,003,365	(647,483)
Increase (decrease) in current contract liabilities	16,985	(25,758)
(Decrease) increase in notes payable	(1,980)	2,045
Decrease in accounts payable	(1,736,586)	(138,003)
Increase in accounts payable to related parties	127,210	448,256
Increase (decrease) in other payable	17,250	(27,022)
Decrease in current provisions	(46,748)	(14,867)
(Decrease) increase in current refund liabilities	(9,875)	16,815
Increase in other current liabilities	4,228	10,365
(Decrease) increase in other non-current liabilities	(36,987)	37,054
Total changes in operating liabilities	(1,666,503)	308,885
Total changes in operating assets and liabilities	336,862	(338,598)
Total adjustments	429,009	(141,022)
Cash flows from operations	1,290,085	316,556
Interest received	75,982	24,221
Dividends received	1,060	578
Interest paid	(32,634)	(22,261)
Income taxes paid	(247,638)	(125,914)
Net cash flows from operating activities	1,086,855	193,180
Cash flows from investing activities:		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	578
Acquisition of financial assets at fair value through profit or loss	(72,000)	-
Net cash flow from acquisition of subsidiaries	1,446,744	-
Acquision of property, plant and equipment	(87,700)	(57,259)
Proceeds from disposal of property, plant and equipment	1,005	-
Increase in refundable deposits	(19,308)	(14,773)
Acquisition of intangible assets	(31,673)	(43,975)
Liquidation refund	-	212,619
Other investing activities	(2,497)	(4,537)
Net cash flows from investing activities	1,234,571	92,653
Cash flows from financing activities:		
Decrease in guarantee deposits received	(10,693)	(3,830)
Payment of lease liabilities	(212,685)	(150,693)
Decrease in long-term borrowings	(213,765)	-
Cash dividends paid	(244,897)	(200,749)
Net cash flows used in financing activities	(682,040)	(355,272)
Effect of exchange rate changes on cash and cash equivalents	(254,775)	587,444
Net increase in cash and cash equivalents	1,384,611	518,005
Cash and cash equivalents at the beginning of period	2,713,085	2,195,080
Cash and cash equivalents at the end of period	$ 4,097,696	2,713,085

See accompanying notes to consolidated financial statements.

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

D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

(1) Company history

D-LINK CORPORATION (the "Company") was incorporated on June 20, 1987 under the approval of Ministry of Economic 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 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 February 27, 2024.

(3) New standards, amendments and interpretations adopted:

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

The Consolidated Company has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

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

(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, 2024, would not have a significant impact on its consolidated financial statements:

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

(Continued)

(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 yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies:

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

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by FSC).

(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 (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation.

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

(ii) Functional and presentation currency

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

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

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

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

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

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

(ii) List of subsidiaries in the consolidated financial statements

			Shareholding		
Name of investor	**Name of subsidiary**	**Principal activity**	**December 31, 2023**	**December 31, 2022**	**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)	Sales and after-sales service	- %	100.00 %	The Company sold 100% of its shareholding in D-Link Canada to D-Link Systems in January 2023.
The Company	D-Link Japan K.K. (D-Link Japan)	Sales and after-sales service	100.00 %	100.00 %	
The Company	D-Link Investment Pte Ltd. (D-Link Investment)	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, 2023	Shareholding December 31, 2022	Note
The Company	D-Link (Europe) Ltd. (D-Link Europe)	Sales and after-sales service	100.00 %	- %	D-Link Corporation acquired 100% of the shareholdings in D-Link Europe from D-Link Holding in May 2023.
The Company	Cameo Communications, Inc. (Cameo)	Manufacturing, sales, research and development	41.58 %	- %	Cameo became a consolidated subsidiary since April 1, 2023.
The Company and D-Link Holding	D-Link Sudamerica SpA (D-Link Sudamerica)	Sales and after-sales service	100.00 %	100.00 %	D-Link Sudamerica S.A. was renamed to D-Link Sudamerica SpA on June 27, 2023.
The Company and D-Link Holding	D-Link Brazil LTDA (D-Link Brazil)	Sales and after-sales service	100.00 %	100.00 %	
The Company	D-Link Latin America Company Ltd. (D-Link L.A.)	Sales 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)	Sales and after-sales service	100.00 %	100.00 %	In liquidation process
The Company and D-Link Holding	D-Link Systems, Inc. (D-Link Systems)	Sales and after-sales service	100.00 %	100.00 %	D-Link Holding transferred 1.56% of its shareholding in D-Link Systems to the Company in November 2022.
D-Link Systems	D-Link Canada	Sales and after sales service	100.00 %	- %	D-Link Systems acquired 100% of the shareholdings in D-Link Canada from the Company in January 2023.
The Company and D-Link Holding	D-Link International Pte. Ltd. (D-Link International)	Sales and after-sales service	100.00 %	100.00 %	
The Company and D-Link International	D-Link Australia Pty Ltd. (D-Link Australia)	Sales and after-sales service	100.00 %	100.00 %	D-Link International transferred 0.1% of its shareholding in D-Link Australia to the Company in December 2022.
The Company and D-Link International	D-Link Middle East FZE (D-Link ME)	Sales and after-sales service	100.00 %	100.00 %	D-Link Middle East FZE became a major subsidiary of the Consolidated Company in 2023, and was renamed to D-Link Middle East FZE in April 2023.
D-Link International	D-Link Korea Limited (D-Link Korea)	Sales and after-sales service	100.00 %	100.00 %	
D-Link International	D-Link Trade M (D-Link Moldova)	Sales and after-sales service	100.00 %	100.00 %	

(Continued)

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

			Shareholding		
Name of investor	Name of subsidiary	Principal activity	December 31, 2023	December 31, 2022	Note
D-Link International	D-Link Capital Investment Co., Ltd. (D-Link Capital Investment)	Investment Company	100.00 %	100.00 %	D-Link Russia Investment Co., Ltd. was renamed to D-Link Capital Investment Co., Ltd. in July 28, 2023.
D-Link International	D-Link Malaysia SDN. BHD (D-Link Malaysia)	Sales and after-sales service	100.00 %	100.00 %	
D-Link International	D-Link Service Lithuania, UAB (D-Link Lithuania)	Sales and after-sales service	100.00 %	100.00 %	
D-Link Lithuania	D-Link Service (Ukraine) (D-Link Ukraine)	Sales and after sales service	100.00 %	- %	
D-Link Lithuania	D-Link Service (Kazakhstan) (D-Link Kazakhstan)	Sales and after sales service	100.00 %	- %	
The Company	Yeo-Tai Investment Inc. (Yeotai)	Investment company	100.00 %	100.00 %	
D-Link Holding	D-Link Europe	Sales and after-sales service	-	100.00 %	D-Link Corporation acquired 100% of the shareholdings in D-Link Europe from D-Link Holding in May 2023.
D-Link Holding	D-Link Shiang-Hai (Cayman) Inc. (D-Link Shiang-Hai (Cayman))	Investment company	100.00 %	100.00 %	
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)	Sales and after-sales service	100.00 %	100.00 %	
D-Link Holding	Success Stone Overseas Corp. (Success Stone)	Investment company	100.00 %	100.00 %	
D-Link Mauritius	D-Link India Ltd. (D-Link India)	Sales 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, sales and after-sales service	100.00 %	100.00 %	
D-Link Europe	D-Link France SARL (D-Link France)	Sales and after-sales service	100.00 %	100.00 %	
D-Link Europe	D-Link AB	Sales and after-sales service	100.00 %	100.00 %	
D-Link Europe	D-Link Iberia SL (D-Link Iberia)	Sales and after-sales service	100.00 %	100.00 %	
D-Link Europe	D-Link Mediterraneo SRL (D-Link Mediterraneo)	Sales and after-sales service	100.00 %	100.00 %	
D-Link Europe	D-Link (Netherlands) BV (D-Link Netherlands)	Sales and after-sales service	100.00 %	100.00 %	
The Company and D-Link Europe	D-Link (Deutschland) GmbH (D-Link Deutschland)	Sales and after-sales service	100.00 %	100.00 %	
D-Link Europe	D-Link Polska Sp. Z.o.o. (D-Link Polska)	Sales and after-sales service	100.00 %	100.00 %	
D-Link Europe	D-Link (Magyarorszag) kft (D-Link Magyarorszag)	Sales and after-sales service	100.00 %	100.00 %	
D-Link Europe	D-Link s.r.o	Sales and after-sales service	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, 2023	Shareholding December 31, 2022	Note
D-Link Shiang-Hai (Cayman)	D-Link (Shanghai) Co., Ltd (D-Link Shanghai)	Sales and after-sales service	100.00 %	100.00 %	
D-Link Shiang-Hai (Cayman)	Netpro (Shanghai) Co., Ltd (Netpro)	Research, development and trading	100.00 %	100.00 %	
D-Link Mediterraneo	D-Link Adria d.o.o.	Sales and after-sales service	100.00 %	100.00 %	In liquidation process
D-Link Sudamerica and D-Link L.A.	D-Link Peru S.A.	Sales and after-sales service	100.00 %	100.00 %	
D-Link Sudamerica	D-Link de Colombia S.A.S	Sales and after-sales service	100.00 %	100.00 %	
D-Link Sudamerica	D-Link Guatemala S.A.	Sales and after-sales service	99.00 %	99.00 %	In liquidation process
D-Link Sudamerica	D-Link Argentina S.A.	Sales and after-sales service	100.00 %	100.00 %	Liquidation completed on December, 2023.
Cameo	Qianjin Investment Co., Ltd.(Qianjin Investment)	Investment company	100.00 %	- %	
Cameo	Huge Castle Ltd (Huge Castle)	Investment company	100.00 %	- %	
Qianjin Investment	Soarnex Technology Corporation (Soarnex Technology)	International trade, and wholesale of telecommunications equipment and information software	- %	- %	Note 1
Huge Castle	Perfect Choice Co., Ltd. (PC)	Investment company and trading	100.00 %	- %	
Huge Castle	Luis Jo’se Investment Inc. (Luis Jo’se)	Investment company	100.00 %	- %	
PC	Nettech Technology (Suzhou) Co., Ltd	Production, processing, and sale of electronic communications equipment	- %	- %	Note 2
Luis Jo’se	Suzhou Soarnex Technology Co., Ltd	Software development and software services on computer information systems	100.00 %	- %	

Note 1: Soarnex Technology was dissolved based on a resolution of the Board meeting held on August 9, 2022, and obtained the approval letter of the Taipei City Government on August 15, 2022. Thereafter, Soarnex Technology was completed liquidation on April 24, 2023, and the remaining shares were remitted to Qianjin Investment.

Note 2: The Board meeting held in November 2022 resolved the liquidation of Nettech Technology (Suzhou) Co., Ltd, with the approval of the National Administration of Financial Regulation (NAFR) on August 31, 2023, and the remaining shares were remitted to PC on August 4, 2023.

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

(d) Business combination

The Consolidated 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 Consolidated 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.

In a business combination achieved in stages, the Consolidated Company remeasures its previously held equity interest in the acquiree at its acquisition-date fair value, and recognizes the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Consolidated Company may have recognized changes in the value of its equity interest in the acquired in other comprehensive income. If so, the amount that was recognized in other comprehensive income will be recognized on the same basis as would be required if the Consolidated Company had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount will be reclassified to profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Consolidated Company' s financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period will not exceed one year from the acquisition date.

(e) Foreign currency

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of the 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;

(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

Accounting 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 an accounts receivable without a significant financing component) or financial liability, for an item not at fair value through profit or loss (FVTPL), is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. An accounts 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 or a settlement 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 next 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 provision. 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.

(Continued)

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.

Dividend income is recognized in profit or loss on the date, usually the ex-dividend 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;

(Continued)

- 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 provision for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivables, other receivables, finance lease payment receivable, refundable deposits and other financial assets), debt investments measured at FVOCI and contract assets.

The Consolidated Company measures loss provision at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- 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 provision 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.

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;

(Continued)

· 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 provision for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss provision 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.

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) 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.

3) 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, 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 expenses, and is included in other gains and losses.

4) 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.

5) 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.

(Continued)

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.

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 original cost of inventories refers to the necessary expenditures incurred to bring the inventories to the state and location available for sale, or the acquisition, production or processing costs, and other costs, incurred to bring the inventory to the location and state available for use. Subsequently, inventories are measured at the lower of cost and net realizable value, wherein the 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.

(Continued)

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.

Unrealized 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 to profit or loss 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.

(Continued)

(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) Machinery equipment: 2~10 years

3) Transportation, office equipment and others: 1~9 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the change 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

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.

(i) 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.

(Continued)

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.

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 for 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 lease and leases of low-value assets, including office building and 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.

(Continued)

From January 1, 2021, when the basis for determining future lease payments changes as required by interest rate benchmark reform, the Consolidated Company will remeasure the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

(ii) 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 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 payment 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 rent 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.

(Continued)

(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 1~16 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.

(Continued)

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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) Treasury stocks

Repurchased of issued shares as treasury shares, the purchasing price will be stated at cost and shown as a reduction in shareholder's equity.

The parent company's stocks held by the subsidiaries are reclassified as treasury stocks from long-term investments, and are accounted for the book value of the subsidiary's investments in the parent company.

(r) 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.

(s) 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.

(Continued)

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.

(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.

(t) 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.

(u) 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:

(Continued)

(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.

(v) Earnings per share

The Consolidated Company discloses the Company’ s basic and diluted earnings (loss) per share attributable to ordinary shareholders of the Company. The calculation of basic earnings (loss) per share is based on the profit or loss attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings (loss) per share is based on the profit or loss 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 bonds, employee stock options, and employee bonus settled using shares that have yet to be approved by the Board of Directors meeting. Increasing shares from the transfer of unappropriated earnings, capital surplus, and employee profit sharing is computed retroactively.

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(w) 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 following 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 provision 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.

(6) Explanation of significant accounts:

(a) Cash and Cash Equivalents

		December 31, 2023	**December 31, 2022**
Cash on hand	$	3,836	4,173
Checking and saving accounts		2,830,223	2,530,494
Time deposit		1,263,637	178,418
Cash and Cash Equivalents	**$**	**4,097,696**	**2,713,085**

(Continued)

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

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

(b) Financial Assets and Liabilities

(i) Details were as follows

	December 31, 2023	December 31, 2022
Financial assets mandatorily measured at fair value through profit or loss - current		
Beneficiary certificates – mutual funds	$ 424,566	267,398
Cross currency swaps	4,823	17,234
Forward foreign exchange contracts	526	198
	$ 429,915	**284,830**
Financial liabilities at fair value through profit or loss - current		
Cross currency swaps	$ 20,159	1,361
Forward foreign exchange contracts	3,653	13,970
	$ 23,812	**15,331**

	December 31, 2023	December 31, 2022
Financial assets mandatorily measured at fair value through profit or loss - non current		
Ensure Global Corp., Ltd. (Ensure)	**$ 254,100**	**-**

	December 31, 2023	December 31, 2022
Financial assets at fair value through other comprehensive income - non-current		
YouXiang Electronic Technology (Beijing) Co., Ltd. (YouXiang)	$ 3,465	4,111
Kaimei Electronic Corp. (Kaimei)	16,310	12,377
StemCyte International. LTD (Stemcyte)	214	215
	$ 19,989	**16,703**

1) On July 14, 2022, Kaimei reduced its capital by 20% in cash and refund the capital reduction payment amounting to $578 thousand.

(Continued)

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2) On December 4, 2023, the Consolidated Company participated in 10,000 thousand shares of common stock of Ensure through a private placement, at an investment cost of $72,000 thousand ($7.2 per share). The common stock of this private placement shall not be sold within three years from the delivery date of January 19, 2024, to the expiration date of January 18, 2027, in accordance with the Securities and Exchange Act, except Conditions for Further Transfer of Privately Placed Securities in accordance with Article 43-8 of the Securities and Exchange Act. Gains on financial assets at fair value throngh profit or loss of the Consdidated Company were amounting to $182,100 thousand in 2023.

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

4) As of December 31, 2023 and 2022, 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:

	2023		2022	
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%	$ 574	17,154	470	6,257
Decrease 3%	$ (574)	(17,154)	(470)	(6,257)

(iii) Non-hedging-derivative financial instruments

Derivative financial instruments are used to hedge certain foreign exchange and interest risk arising from the Consolidated Company's operating, financing and investing activities. As of December 31, 2023 and 2022, 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, 2023			December 31, 2022		
	Contract amount (thousand)	**Currency**	**Maturity date**	**Contract amount (thousand)**	**Currency**	**Maturity date**
Cross currency swaps:						
USD	$ -	-	-	28,200	USD	2023.01~03
JPY	800,000	JPY	2024.01	1,800,000	JPY	2023.01~02
CNH	25,044	CNH	2024.01	127,134	CNH	2023.01
Forward foreign exchange contracts:						
EUR (sell)	-	-	-	1,400	EUR	2023.02
CAD (sell)	-	-	-	900	CAD	2023.01~02
JPY (sell)	360,000	JPY	2024.02	-	-	-
USD (sell)	1,000	USD	2024.01	-	-	-
CNH (buy)	10,670	CNH	2024.01	-	-	-
IDR (sell)	20,808	IDR	2024.01	-	-	-

(Continued)

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2) Derivative financial liabilities

	December 31, 2023			December 31, 2022		
	Contract amount (thousand)	Currency	Maturity date	Contract amount (thousand)	Currency	Maturity date
Cross currency swaps:						
CNH	115,296	CNH	2024.01	41,664	CNH	2023.01
EUR	14,100	EUR	2024.01~02	3,200	EUR	2023.01~02
CAD	1,400	CAD	2024.01	500	CAD	2023.01
AUD	500	AUD	2024.01	600	AUD	2023.01
JPY	1,000,000	JPY	2024.01	-	-	-
USD	18,500	USD	2024.01	-	-	-
Forward foreign exchange contracts:						
IDR (sell)	10,868,900	IDR	2024.01	21,805,000	IDR	2023.01
BRL (sell)	15,327	BRL	2024.01	26,625	BRL	2023.01
INR (sell)	45,791	INR	2024.01	227,782	INR	2023.01
CAD (sell)	500	CAD	2024.01	1,000	CAD	2023.02
EUR (sell)	700	EUR	2024.01	6,300	EUR	2023.01~02
AUD (sell)	-	-	-	1,700	AUD	2023.01~03
KRW (sell)	3,520,260	KRW	2024.01	4,420,970	KRW	2023.01
JYP (sell)	100,000	JPY	2024.01	1,025,060	JPY	2023.01~03
CNH (buy)	10,623	CNH	2024.01	24,301	CNH	2023.01

(c) Notes and accounts receivable and other receivables

	December 31, 2023	December 31, 2022
Notes receivable for operating activities	$ 2,028	5,660
Accounts receivable - measured at amortized cost	3,174,617	3,498,986
Account receivable - related parties	2,699	5,127
Other receivables	43,051	20,102
	3,222,395	3,529,875
Less: Loss Provision	(95,735)	(77,291)
	$ 3,126,660	3,452,584

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

(Continued)

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

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

	December 31, 2022		
	Gross carrying amount	**Weighted-average loss rate**	**Loss provision**
Current	$ 2,782,658	0.38%	10,705
90 days or less past due	668,017	0.43%	2,887
91 to 180 days past due	4,019	17.75%	713
181 to 270 days past due	986	41.45%	409
271 to 360 days past due	213	70.32%	150
More than 360 days past due	73,982	84.38%	62,427
	$ 3,529,875		**77,291**

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

	2023	**2022**
Balance at January 1, 2023 and 2022	$ 77,291	83,158
Expected credit loss (reversal)	3,007	(3,197)
Amounts written off	(129)	(10,600)
Acquisition of subsidiaries	13,553	-
Others	2,013	7,930
Balance at December 31, 2023 and 2022	**$ 95,735**	**77,291**

(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.

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

	December 31, 2023	December 31, 2022
Less than one year	$ 39,012	36,559
One to two years	40,222	38,978
Two to three years	37,978	40,187
Three to four years	-	37,944
Total lease payments receivable	117,212	153,668
Unearned finance income	(5,150)	(9,151)
Total lease payments receivable (Present value of lease payments receivable)	**$ 112,062**	**144,517**

(e) Inventories

	December 31, 2023	December 31, 2022
Raw materials	$ 565,705	-
Work in process and semi-finished products	78,829	-
Merchandise and finished goods	2,658,669	4,069,166
	$ 3,303,203	**4,069,166**

The operating cost comprises of cost of goods sold, write-down loss (reversal of write-down loss) of inventories to net realizable value, warranty costs and other loss (gain). For the years ended December 31, 2023 and 2022, the cost of goods sold were $11,510,722 thousand, and $12,583,111 thousand, respectively. The loss on product warranty, obsolescence and order cancellation amounted to $225,590 thousand and $255,046 thousand for the years ended December 31, 2023 and 2022, respectively. In 2023, the Consolidated Company recognized write-down loss of inventories to net realizable value of $360,569 thousand. In 2022, the Consolidated Company assessed the net realizable value of inventories in consideration of the market share trend and the life cycle of products, and active sales of inventory resulted in reversal of write-down loss of inventories to net realizable value to reduce cost of goods sold by $75,099 thousand.

As of December 31, 2023 and 2022, no inventories were pledged as collateral.

(f) Investments accounted for using equity methods

Investments accounted for using equity methods were as follows:

	December 31, 2023	December 31, 2022
Associates	**$ 16,251**	**1,420,297**

(Continued)

(i) Associates

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

Name of Associate	Name of relationship with the Consolidated Company	Main operating location/ Registered Country of the Company	Ownership interest/Voting rights held December 31, 2023	December 31, 2022
Cameo	Its major business activities are the manufacturing and sales of network system equipment and related components as well as research and development of related technologies. It also serves as the supplier of the Consolidated Company. The Consolidated Company obtained control of Cameo and included it as a consolidated subsidiary on April 1, 2023.	Taiwan	41.58 %	41.58 %

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

	December 31, 2022
Current assets	$ 3,871,200
Non-current assets	1,732,411
Current liabilities	1,484,128
Non-current liabilities	885,525
Net assets	**$ 3,233,958**
Net assets attributable to investee's shareholders	**$ 3,233,958**

	2023	2022
Operating revenue	**$ 1,070,847**	**3,379,117**
Net income	$ 10,962	94,973
Other comprehensive income	22,229	8,634
Total comprehensive income	**$ 33,191**	**103,607**
Total comprehensive income attributable to investee's shareholders	**$ 33,191**	**103,607**

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		2023	2022
The Consolidated Company's share in associate's net assets at beginning of year	$	1,344,613	1,301,552
Comprehensive income attributable to the Consolidated Company		14,722	43,061
The Consolidated Company's share in associate's net assets at end of year		1,359,335	1,344,613
Less: unrealized gains		(43,934)	(30,471)
Add: goodwill		102,489	102,489
Disposal of investment of associates		(1,417,890)	-
Carrying amounts of investments accounted for using equity method	$	-	1,416,631

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

2) The financial information of insignificant associates

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

		December 31, 2023	December 31, 2022
Carrying amounts of insignificant associates	$	16,251	3,666

		2023	2022
Attributable to the Consolidated Company			
Profit (loss) from continuing operations	$	13,953	(11,026)
Other comprehensive (loss) income		(1,368)	1,633
Total comprehensive income (loss)	$	12,585	(9,393)

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
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3) The market value of public listed or OTC investees of the Consolidated Company accounted for using equity method was as follows:

	December 31, 2023	December 31, 2022
Cameo	$ -	1,416,590

(ii) Pledges

As of December 31, 2023 and 2022, no investment accounted for using equity methods has been pledged as collateral.

(g) Acquisition of subsidiaries

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

During the nine-month period from the acquisition date to December 31, 2023, the revenue and net loss incurred from Cameo were $685,003 thousand and $(48,122) thousand, respectively, to the Consolidated Company results. If the acquisition occurred on January 1, 2023, mangement estimates that consolidated revenue would have been $16,345,179 thousand and consolidated profit after income tax would have been $708,640 thousand. In determining these amounts, the mangement has assumed that provisional fair value adjustments arosed on the acquisition date would have been the same if the acquisition had occurred on January 1, 2023.

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

(i) The fair value of Cameo's equity held by the Consolidated Company at the acquisition date	$ 1,746,669

(ii) The recognized amounts of assets acquired and liabilities assumed

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

A.The Identifiable assets acquired	
Current assets	
Cash and cash equivalents	$ 1,446,744
Accounts receivable and other receivables	1,193,708
Current tax assets	664
Inventories	1,105,987
Prepayment for purchase and other current assets	35,084

D-LINK CORPORATION AND SUBSIDIARIES
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Non-current assets		
Property, plant and equipment	$	1,508,680
Right-of-use assets		68,161
Deferred tax assets		49,086
Refundable deposits		5,744
Net defined benefit assets		35,732
Other non-current assets		25,538
Intangible assets		
Computer software		97
Trademark		11,514
Patents		42,499
Summarizes the identifiable assets acquired		5,529,238
B.The recognized amounts of liabilities assumed		
Accounts payable and other payables		(1,186,746)
Current provisions		(6,258)
Other current liabilities		(53,259)
Lease liabilities		(68,370)
Long-term borrowings		(864,797)
Deferred tax liabilities		(59,902)
Summarizes the recognized amounts of liabilities assumed		(2,239,332)
Total identifiable net assets acquired	**$**	**3,289,906**

(iii) Goodwill

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

(Continued)

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

(h) Subsidiaries have material non-controlling interests

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

Name of subsidiary	Main operating location/ Registered country of the Company	Ownership interests/voting rights held by NCI December 31, 2023	Ownership interests/voting rights held by NCI December 31, 2022
D-Link India	India	48.98 %	48.98 %
Cameo	Taiwan	58.42 %	- %

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

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

	December 31, 2023	December 31, 2022
Current assets	$ 2,015,702	1,945,176
Non-current assets	605,035	585,254
Current liabilities	726,705	818,382
Non-current liabilities	25,635	21,414
Net assets	**$ 1,868,397**	**1,690,634**
Net assets attributable to non-controlling interests	**$ 738,696**	**651,784**

	2023	2022
Operating revenues	**$ 4,545,656**	**4,286,462**
Net profit	$ 323,009	308,594
Other comprehensive loss	(6,382)	(7,236)
Total comprehensive income	**$ 316,627**	**301,358**
Net income attributable to non-controlling interests	**$ 158,210**	**151,149**
Total comprehensive income attributable to non-controlling interests	**$ 155,084**	**147,605**
Cash flows from (used in) operating activities	$ 303,437	(1,195)
Cash flows (used in) from investing activities	(157,284)	9,496
Cash flows used in financing activities	(139,296)	(39,222)
Net increase (decrease) in cash and cash equivalents	**$ 6,857**	**(30,921)**
Cash dividends paid to non-controlling interests	**$ 68,173**	**20,799**

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The financial information of Cameo was summarized as follows:

		December 31, 2023
Current assets	$	2,526,536
Non-current assets		1,732,580
Current liabilities		515,065
Non-current liabilities		593,337
Net assets	$	**3,150,714**
Net assets attributable to non-controlling interests	$	**1,777,359**

		2023
Operating revenues	$	**1,468,507**
Net loss	$	(48,122)
Other comprehensive loss		(5,052)
Total comprehensive loss	$	**(53,174)**
Net loss attributable to non-controlling interests	$	**(28,113)**
Total comprehensive loss attributable to non controlling interests	$	**(31,065)**
Cash flows from operating activities	$	511,527
Cash flows used in investing activities		(335,810)
Cash flows used in financing activities		(329,005)
Impact of the changes in exchange rates on cash and cash equivalents		(1,278)
Net decrease in cash and cash equivalents	$	**(154,566)**
Dividends paid to non-controlling interests	$	**42,514**

(i) Property, plant and equipment

For the years ended December 31, 2023

		Balance at January 1, 2023	Acquisition of subsidiaries	Increase	Decrease	Reclassification	Others	Balance at December 31, 2023
Cost:								
Land	$	546,313	388,418	-	-	-	(3,196)	931,535
Buildings		900,100	1,171,548	2,265	(5,493)	-	(32,141)	2,036,279
Machinery equipment		40,990	527,740	13,127	(5,853)	-	(620)	575,384
Others		1,116,472	95,850	67,226	(121,837)	5,082	4,578	1,167,371
		2,603,875	2,183,556	82,618	(133,183)	5,082	(31,379)	4,710,569
Accumulated depreciation:								
Buildings	$	574,905	160,787	43,611	(5,493)	-	(8,571)	765,239
Machinery equipment		40,044	429,059	46,581	(5,853)	-	(512)	509,319
Others		1,010,110	85,030	63,155	(121,098)	-	4,733	1,041,930
		1,625,059	674,876	153,347	(132,444)	-	(4,350)	2,316,488
	$	**978,816**	**1,508,680**	**(70,729)**	**(739)**	**5,082**	**(27,029)**	**2,394,081**

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
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	For the years ended December 31, 2022				
	Balance at January 1, 2022	Increase	Decrease	Others	Balance at December 31, 2022
Cost:					
Land	$ 544,139	-	-	2,174	546,313
Buildings	864,812	919	-	34,369	900,100
Others	1,223,381	56,340	(167,275)	45,016	1,157,462
	2,632,332	57,259	(167,275)	81,559	2,603,875
Accumulated depreciation:					
Buildings	546,482	16,208	-	12,215	574,905
Others	1,111,125	62,287	(166,653)	43,395	1,050,154
	1,657,607	78,495	(166,653)	55,610	1,625,059
	$ 974,725	**(21,236)**	**(622)**	**25,949**	**978,816**

As of December 31, 2023 and 2022, property, plant and equipment has been pledged as collateral for long-term borrowings, please refer to note 8.

(j) Right-of-use assets

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

	Buildings	Office equipment	Transportation equipment	Total
Cost:				
Balance at January 1, 2023	$ 464,962	9,137	34,832	508,931
Acquisition of subsidiaries	102,350	-	1,309	103,659
Increase	100,572	3,230	41,335	145,137
Decrease	(106,123)	(2,954)	(27,907)	(136,984)
Others	5,375	212	1,512	7,099
Balance at December 31, 2023	**$ 567,136**	**9,625**	**51,081**	**627,842**
Balance at January 1, 2022	$ 457,383	8,077	48,109	513,569
Increase	151,568	839	11,844	164,251
Decrease	(168,382)	(337)	(26,367)	(195,086)
Others	24,393	558	1,246	26,197
Balance at December 31, 2022	**$ 464,962**	**9,137**	**34,832**	**508,931**

(Continued)

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	Buildings	Office equipment	Transportation equipment	Total
Accumulated Depreciation:				
Balance at January 1, 2023	$ 181,060	4,204	20,158	205,422
Acquisition of subsidiaries	34,953	-	545	35,498
Increase	135,070	2,792	17,728	155,590
Decrease	(81,613)	(2,954)	(22,345)	(106,912)
Others	2,380	1,055	761	4,196
Balance at December 31, 2023	**$ 271,850**	**5,097**	**16,847**	**293,794**
Balance at January 1, 2022	$ 203,434	2,173	29,787	235,394
Increase	113,267	2,150	13,894	129,311
Decrease	(145,117)	(337)	(24,453)	(169,907)
Others	9,476	218	930	10,624
Balance at December 31, 2022	**$ 181,060**	**4,204**	**20,158**	**205,422**
Carrying amount:				
Balance at December 31, 2023	**$ 295,286**	**4,528**	**34,234**	**334,048**
Balance at December 31, 2022	**$ 283,902**	**4,933**	**14,674**	**303,509**

The Consolidated Company leased offices and warehouses under an operating lease for the years ended December 31, 2023 and 2022, please refer to note 6(s).

(k) Investment property

	For the years ended December 31, 2023			
	Balance at January 1, 2023	**Increase**	**Decrease**	**Balance at December 31, 2023**
Cost:				
Land	$ 30,000	-	-	30,000
Buildings	22,196	-	-	22,196
	52,196	-	-	52,196
Accumulated Depreciation:				
Buildings	12,716	397	-	13,113
Accumulated impairment:				
Buildings	1,000	-	-	1,000
	$ 38,480	**(397)**	**-**	**38,083**

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	For the years ended December 31, 2022			
	Balance at January 1, 2022	**Increase**	**Decrease**	**Balance at December 31, 2022**
Cost:				
Land	$ 30,000	-	-	30,000
Buildings	22,196	-	-	22,196
	52,196	-	-	52,196
Accumulated Depreciation:				
Buildings	12,320	396	-	12,716
Accumulated impairment:				
Buildings	1,000	-	-	1,000
	$ 38,876	**(396)**	**-**	**38,480**

	December 31, 2023	**December 31, 2022**
Carrying amount	**$ 38,083**	**38,480**
Fair value	**$ 61,990**	**73,181**

Investment properties are commercial real estate that are leased to third parties. The lease contract includes an initial non-cancellable period of 3 years. Subsequent renewals are negotiated with the lessee and no contingent rents are charged. For further information of rental income, please refer to note 6(z). Besides, direct operating expenses related to investment property were $288 thousand, and $292 thousand for the year ended December 31, 2023 and 2022, respectively.

As of December 31, 2023 and 2022, 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, 2023 and 2022, no investment property has been pledged as collateral.

(l) Intangible assets

	For the years ended December 31, 2023						
	Balance at January 1, 2023	**Acquisition of subsidiaries**	**Increase**	**Decrease**	**Amortization**	**Others**	**Balance at December 31, 2023**
Goodwill	$ 305,091	224,879	-	-	-	(3,643)	526,327
Trademark	147,119	97	-	-	(14)	129	147,331
Patents	12,335	42,499	215	-	(8,406)	-	46,643
Computer software costs	6,402	11,514	1,288	-	(6,135)	-	13,069
Other intangible assets	45,975	-	30,170	-	(25,009)	109	51,245
	$ 516,922	**278,989**	**31,673**	**-**	**(39,564)**	**(3,405)**	**784,615**

(Continued)

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	For the years ended December 31, 2022						
	Balance at January 1, 2022	Acquisition of subsidiaries	Increase	Decrease	Amortization	Others	Balance at December 31, 2022
Goodwill	$ 287,518	-	-	-	-	17,573	305,091
Trademark	132,660	-	-	-	-	14,459	147,119
Patents	15,027	-	-	-	(2,692)	-	12,335
Computer software costs	19,139	-	1,072	-	(13,809)	-	6,402
Other intangible assets	17,894	-	42,903	(711)	(14,312)	201	45,975
	$ **472,238**	**-**	**43,975**	**(711)**	**(30,813)**	**32,233**	**516,922**

(m) Share-based payment

(i) Restricted share plan for employees

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

(In Thousands of shares)

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

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

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

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

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

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

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

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2) Before the vesting conditions are met, the attendance, proposal rights, speech rights, voting rights and electing rights, etc. shall be the same as common shares and shall be handled in accordance with the trust custody contract.

3) Employees do not have earnings distribution rights before the vesting conditions are met. The distributing rights include but are not limited to: dividends, stock dividends, legal reserve and capital reserve, etc. All related operational matters shall be executed in accordance with the trust custody contract.

4) Beginning from the Company's book-closing dates for gratuitous allotment, cash dividend, cash subscription for capital increase, shareholders' meeting specified in Article 165, Paragraph 3 of the Company Act, or other legal book-closing period to the base date of distribution rights, the time and procedures for granting the unrestricted vested shares for employees who meet the vesting conditions shall be implemented in accordance with the trust custody agreement or relevant regulations.

5) During the vesting period, if the Company undergoes a cash capital reduction or other capital reduction that is not due to statutory capital reduction, the new shares with restricted employee rights shall be canceled in accordance with the capital reduction ratio. For cash capital reduction, the cash returned must first be kept in the trust, then, can only be delivered to employees who met all the vesting conditions within the vesting period. Otherwise, the cash shall be recalled by the Company.

Other agreed matters:

1) After the employee restricted shares are issued, it must be immediately delivered to the trust for safekeeping; and before the vested conditions are met, employees may not request the trustee to return the employee restricted shares under any circumstances.

2) During the period when the employee restricted shares are delivered to the trust for safekeeping, the Company or a person designated by the Company shall have full authority to act on behalf of the employee and trust custody to negotiate, sign, amend, extend, nullify and terminate the trust custody agreement. The authorized individual also has the right to use and dispose the property, as well as handover the shares to the employee, held in trust.

Information on restricted share plan for employees was as follows:

(In Thousands of shares)

	For the year ended December 31, 2023
Balance at January 1, 2023	-
Grant in the current period	3,000
Vested in the current period	-
Forfeited in the current period	-
Balance at December 31, 2023	**3,000**

(Continued)

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

For the year ended December 31, 2023, the compensation costs recognized amounted to $11,095 thousand.

(n) Short-term and long-term borrowings

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

(i) Short-term borrowings

	December 31, 2023	December 31, 2022
Unused credit line	$ **3,725,789**	**3,236,868**

(ii) Long-term borrowings

	Currency	Interest rate (%)	Maturity year	December 31, 2023	December 31, 2022
Secured bank borrowings	TWD	1.35~2.11	2025~2035	$ 651,032	-
Less：current portion				(122,151)	-
Total				$ **528,881**	-
Unused credit line				$ **497,000**	-

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

(o) Other Payables

	December 31, 2023	December 31, 2022
Salary payable	$ 319,810	231,312
Dividend payable	641	-
Other payable-other	755,399	644,831
	$ **1,075,850**	**876,143**

(p) Lease liabilities

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

	December 31, 2023	December 31, 2022
Current	$ **182,145**	**144,423**
Non-current	$ **272,663**	**309,563**

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Notes to the Consolidated Financial Statements

The amounts recognized in profit or loss were as follows:

		2023	2022
Interests on lease liabilities	$	18,338	14,170
Expenses relating to short-term leases	$	46,495	53,847
Expenses relating to leases of low-value assets	$	305	-
COVID-19-related rent concessions	$	-	(23)

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

		2023	2022
Total cash outflow for leases	$	277,823	218,710

(i) Real estate leases

As of December 31, 2023, the Consolidated Company leased buildings for its office space. The leases of office space typically run for one to ten years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

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

(q) Current provisions-current

	For the years ended December 31, 2023							
		Balance at January 1, 2023	Acquisition of subsidiaries	Increased	Used	Reversed	Effect of exchange	Balance at December 31, 2023
Warranties	$	106,307	6,258	3,226	(17,894)	-	(1,149)	96,748
Legal proceedings and royalties		199,602	-	73,452	(28,854)	(208,697)	(4,768)	30,735
	$	305,909	6,258	76,678	(46,748)	(208,697)	(5,917)	127,483

	For the years ended December 31, 2022							
		Balance at January 1, 2022	Acquisition of subsidiaries	Increased	Used	Reversed	Effect of exchange	Balance at December 31, 2022
Warranties	$	114,732	-	7,688	(14,867)	-	(1,246)	106,307
Legal proceedings and royalties		119,067	-	106,963	-	(34,134)	7,706	199,602
	$	233,799	-	114,651	(14,867)	(34,134)	6,460	305,909

(Continued)

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

(r) Refund liabilities

	December 31, 2023	December 31, 2022
Refund liabilities	$ **463,639**	**473,514**

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

(s) Operating leases

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

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

	December 31, 2023	December 31, 2022
Within one year	$ 6,464	3,166
One to two years	3,166	691
Two to five years	9,235	-
Total undiscounted lease payments	$ **18,865**	**3,857**

(t) Employee benefits

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

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	$ 76,168	70,547
Fair value of plan assets	(117,275)	(80,571)
Net defined benefit assets	$ **(41,107)**	**(10,024)**

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.

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

1) Composition of plan assets

The domestic company of the Consolidated 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 foreign company of the Consolidated Company made defined benefit plans contributions to the pension fund in accordance with local regulations.

The Consolidated Company's Bank of Taiwan labor pension reserve account balance amounted to $117,275 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) The movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations in 2023 and 2022 for the Company were as follows:

	2023	2022
Defined benefit obligations at January 1	$ 70,547	86,814
Acquisition of subsidiaries	4,112	-
Acquisition of defined benefit obligations	478	-
Current service costs and interests	1,395	1,227
Remeasurement of the net defined benefit liabilities		
－Actuarial losses and (gains) from changes in the financial assumptions	917	(5,647)
－Actuarial losses and (gains) from changes in experience adjustments	5,344	(8,629)
Effect of movements in exchange rates	8	-
Benefits paid	(6,633)	(3,218)
Defined benefit obligations at December 31	**$ 76,168**	**70,547**

D-LINK CORPORATION AND SUBSIDIARIES
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3) The movements in the fair value of the plan assets

The movements in the present value of the defined benefit plan assets in 2023 and 2022 for the Consolidated Company were as follows:

	2023	2022
Fair value of plan assets at January 1	$ 80,571	75,551
Acquisition of subsidiaries	39,844	-
Interest income	1,724	605
Remeasurement of the net defined benefit assets		
—Actuarial return on plan assets (excluding interests)	634	5,830
Contributions made	124	1,803
Benefits paid	(5,622)	(3,218)
Fair value of plan assets at December 31	**$ 117,275**	**80,571**

4) Expenses recognized in profit or loss

The expenses recognized in (profit) loss in 2023 and 2022 for the Consolidated Company were as follow:

	2023	2022
Current service costs	$ 314	532
Net interest on the net defined benefit assets	(643)	90
	$ (329)	**622**

	2023	2022
Operating costs	$ -	9
Selling expenses	114	355
Administrative expenses	8	136
Research and development expenses	(451)	122
	$ (329)	**622**

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

The Consolidated Company’ s remeasurements of the net defined benefit assets recognized in other comprehensive income as of December 31, 2023 and 2022 were as follows:

	2023	2022
Balance on January 1	$ 28,911	49,017
Recognized	5,627	(20,106)
Balance on December 31	**$ 34,538**	**28,911**

(Continued)

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

6) Actuarial assumptions

The Consolidated Company's principal actuarial assumptions at the reporting date were as follows:

	2023.12.31	2022.12.31
Discount rate	1.300%~7.170%	1.400 %
Future salary increases	2.000%~8.000%	3.000 %

The Consolidated Company has a net defined benefit asset as of December 31, 2023 and 2022 and no provision is expected to be made within one year.

The weighted average lifetime of the defined benefit plans was 8.63~14.02 years.

7) Sensitivity analysis

As of December 31, 2023 and 2022, the impacts on present value due to the changes in the actuarial assumptions were as follows:

	Effective of defined benefit obligations	
	Increase	Decrease
December 31, 2023		
Discount rate (0.25% change)	$ (2,233)	2,320
Discount rate (1.00% change)	(59)	71
Future salary increases (0.25% change)	2,093	(2,031)
Future salary increases (1.00% change)	69	(59)
December 31, 2022		
Discount rate (0.25% change)	(2,202)	2,289
Future salary increases (0.25% change)	2,071	(2,007)

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

(Continued)

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

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

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

		2023	2022
Operating costs	$	11,735	7,414
Operating expenses	$	127,459	110,855

(u) Income Taxes

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

		2023	2022
Current income tax expense	$	207,633	141,227
Deferred tax (benefit) expense			
Origination and reversal of temporary differences		(44,235)	55,969
Income tax expenses	$	163,398	197,196

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

		2023	2022
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign financial statements	$	(61,698)	97,156

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

		2023	2022
Profit before income tax	$	861,076	457,578
Income tax using the Company's statutory tax rate		172,215	91,516
Effect of tax rate in foreign jurisdiction		(58,231)	(3,088)
Share of profit of associates accounted for using equity method		23,127	6,356
Change in unrecognized temporary differences		107,399	111,254
Disposal of domestic investments accounted for using equity method		(67,999)	-
Income tax adjustments on prior years and others		(13,113)	(8,842)
	$	163,398	197,196

(Continued)

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

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, 2023	December 31, 2022
Deductible temporary differences		
Unrealized expenses	$ 93,747	66,311
Provisions for warranty	11,245	12,796
Unrealized impairment	200	24,318
Write-down of inventories to net realizable value	50,850	26,720
Others	119,139	107,455
	275,181	237,600
Operating loss carry forward	1,286,922	1,217,104
	$ 1,562,103	**1,454,704**

(ii) Recognized deferred tax assets and liabilities

The movements in the amount of deferred tax assets and liabilities for the years ended December 31, 2023 and 2022 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, 2023	$ 27,494	226,455	4,095	44,832	251	316,745	67,242	687,114
Recognized in profit or loss	(18,329)	-	9,807	40,069	(90)	(170,461)	19,156	(119,848)
Exchange differences on translation of foreign financial statements	-	61,698	-	-	-	-	-	61,698
Balance at December 31, 2023	**$ 9,165**	**288,153**	**13,902**	**84,901**	**161**	**146,284**	**86,398**	**628,964**
Balance at January 1, 2022	$ 43,265	323,611	26,166	69,281	391	370,746	36,496	869,956
Recognized in profit or loss	(15,771)	-	(22,071)	(24,449)	(140)	(54,001)	30,746	(85,686)
Exchange differences on translation of foreign financial statements	-	(97,156)	-	-	-	-	-	(97,156)
Balance at December 31, 2022	**$ 27,494**	**226,455**	**4,095**	**44,832**	**251**	**316,745**	**67,242**	**687,114**

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

	Investments under equity method	Others	Total
Deferred income tax liabilities:			
Balance at January 1, 2023	$ 243,067	80,053	323,120
Recognized in profit or loss	(164,799)	716	(164,083)
Balance at December 31, 2023	**$ 78,268**	**80,769**	**159,037**
Balance at January 1, 2022	$ 296,579	56,258	352,837
Recognized in profit or loss	(53,512)	23,795	(29,717)
Balance at December 31, 2022	**$ 243,067**	**80,053**	**323,120**

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, Yeotai and Cameo as assessed by the tax authorities can be carried forward for ten consecutive years to reduce future taxable income. As of December 31, 2023, 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	$ 1,241,323
The Company	2019	2029	162,350
The Company	2020	2030	620,355
The Company	2021	2031	250,835
Yeotai	2014	2024	2,659
Yeotai	2016	2026	1,330
Yeotai	2019	2029	5,947
D-Link Europe	2015~2016 and 2021~2022	Unlimited	250,951
D-Link Brazil	2014~2019 and 2021~2023	Unlimited	1,086,482
D-Link Mexicana	2014~2015 and 2017~2019	2024~2025 and 2027~2029	139,576
D-Link Shianghai	2019~2021	2024~2026	117,713
D-Link Systems	2017~2021	2037~2041	531,551
D-Link International	2016~2019 and 2021	Unlimited	1,673,271
D-Link Korea	2014~2019 and 2021~2023	2024~2029 and 2031~2033	70,432
Cameo	2019	2029	285,012
Cameo	2020	2030	283,079
Cameo	2021	2031	276,846
Cameo	2023	2033	96,845
			$ 7,096,557

(Continued)

The income tax returns of the Company, Cameo and Qianjin Investment have been examined by the tax authority through 2021. The income tax returns of Yeotai and Soarnex Technology have been examined by the tax authority through 2022, and Soarnex Technology was completed liquidation on April 20, 2023.

(v) Capital and other equity

(i) Common stock

As of December 31, 2023 and 2022, the authorized capital amounted to $8,800,000 thousand (including $750,000 thousand authorized for the issuance of the employee shares options). As of December 31, 2023 and 2022, all the paid-in capital consisted 602,837 thousand shares, and 599,837 thousand shares, respectively, with a par value of $10 per share, amounting to $6,028,365 thousand and $5,998,365 thousand, respectively.

On August 14, 2023, the Company's Board of Directors resolved to increase the capital by issuing 3,000 thousand employee restricted shares for its employees based on the resolutions approved by the shareholders' meeting held on May 27, 2022. Above was approved by the competent authority and all relevant registration procedures had been completed as of the reporting date.

(ii) Capital surplus

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

	December 31, 2023	December 31, 2022
Common stock in excess of par value	$ 1,037,080	1,037,080
Treasury shares transactions	39,817	39,310
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
Issue employee restricted shares	21,205	-
Total	**$ 1,364,335**	**1,342,623**

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.

On March 29, 2022, the Company's Board of Directors decided to distribute the cash dividends by using the capital surplus of $0.3 per share, with the ex-dividend base date and cash payment date set on August 2, 2022 and August 31, 2022, respectively.

(Continued)

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

(iii) Retained earnings

1) Legal reserve

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

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

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

2) Special reserve

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

3) Earning distribution

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

The Company's Board of Directors resolved to distribute the cash dividends of $0.2246 per share on February 22, 2023. The appropriation of earnings for 2022 was approved by the shareholders' meeting on May 31, 2023. The related information was available at the Market Observation Post System website.

The Company’s appropriation of earnings for 2021 has no earnings to distribute after earnings being retained as legal reserve and special earings, and was approved by the shareholders’ meeting on May 27, 2022.

4) Dividend policy

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

(iv) Treasury shares

Qianjin Investment, a subsidiary of the Consolidated Company, acquired the Company's shareholdings in 2008, with a par value of $36.66 per share. As of December 31, 2023, a total of 5,434 thousand shares, with a market value of $19.95 per share, had yet to be sold.

(v) Other equity

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

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income
Balance at January 1, 2023	$ (1,359,264)	(44,193)
The Consolidated Company	(187,324)	3,396
Associates	307	8,473
Associates－disposal	(11,214)	15,320
Balance at December 31, 2023	**$ (1,557,495)**	**(17,004)**
Balance at January 1, 2022	$ (1,863,596)	(2,439)
The Consolidated Company	493,832	(16,112)
Associates	10,500	(9,376)
Associates-liquidation	-	(16,266)
Balance at December 31, 2022	**$ (1,359,264)**	**(44,193)**

(Continued)

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

2) Unearned compensation

	Unearned Compensation
Balance at January 1, 2023	$ -
Issued in the current period	(51,205)
Restricted shares for employees	11,095
Balance at December 31, 2023	**$ (40,110)**

(vi) Non-controlling interests

	2023	2022
Balance at the beginning of the period	$ 651,784	524,978
Attributable to non-controlling interest:		
Changes in non-controlling interests from acquisition of subsidiaries	1,850,939	-
Net income	130,097	151,149
Remeasurements of defined benefit plans	(325)	-
Exchange differences on translation of foreign financial statements	(5,753)	(3,544)
Cash dividends distributed	(110,687)	(20,799)
Balance at the end of the period	**$ 2,516,055**	**651,784**

(w) Earnings per share

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

(i) Basic earnings per share

	2023	2022
Net profit of the parent company for the year	**567,581**	**109,233**
Outstanding ordinary shares	**598,142**	**599,837**
Basic earnings per share	**0.95**	**0.18**

(ii) Diluted earnings per share

	2023	2022
Net profit of the parent company for the year	**567,581**	**109,233**

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

	2023	2022
Weighted average number of outstanding ordinary shares (basic)	598,142	599,837
Unvested employee restricted share	319	-
Employees' compensation has not been resolved by the Board of Directors	1,613	677
Weighted average number of outstanding ordinary shares (diluted)	**600,074**	**600,514**
Diluted earnings per share	**0.95**	**0.18**

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.

(x) Revenue from contracts with customers

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

Major product / service lines	**2023**	**2022**
Switch and Security products	$ 7,362,542	7,356,385
Wireless and IoT products	2,290,620	3,060,556
Mobile and Broadband products	1,960,334	2,940,381
Others	4,327,781	3,720,566
	$ 15,941,277	**17,077,888**

Primary geographical markets	**2023**	**2022**
American	$ 1,222,790	1,332,290
European	4,256,653	4,887,624
Asian and others	10,461,834	10,857,974
	$ 15,941,277	**17,077,888**

(ii) Contract liabilities

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

	December 31, 2023	**December 31, 2022**
Current contract liabilities (sales)	**$ 145,163**	**109,075**

2) The beginning contract liabilities were recognized as income, amounting to $68,495 thousand and $91,923 thousand for the years ended December 31, 2023 and 2022, respectively.

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(y) Remunerations to employees and directors

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

In 2023, the Company estimated the remunerations to its employees and directors to be $31,381 thousand and $3,138 thousand, respectively. The estimated amounts mentioned above were calculated based on the profit before tax, excluding the remunerations to employees and directors of each period. These remunerations were expensed under operating expenses during 2023.

In 2022, the Company's remunerations to its employees and directors were $7,372 thousand and $737 thousand, respectively, based on the resolution of the board meeting held on February 22, 2023 and had been reported at the shareholders' meeting thereafter. Related information was available at the Market Observation Post System website.

(z) Other income and losses

(i) Interest income

		2023	2022
Interest income from bank deposits	$	71,917	19,419
Other interest income		4,065	5,175
Total	**$**	**75,982**	**24,594**

(ii) Other income

		2023	2022
Rent income	$	4,887	5,488
Dividend income		1,060	578
Total	**$**	**5,947**	**6,066**

(iii) Other gains and losses

		2023	2022
Gain on disposals of investments	$	365,684	10,929
Foreign exchange gains (losses)		72,064	(174,244)
Valuation gains from financial assets and liabilities		161,537	18,252
Others		81,275	29,872
Total	**$**	**680,560**	**(115,191)**

(Continued)

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

(iv) Finance costs

	2023	2022
Interest expense	$ (14,296)	(3,406)
Lease liability interests	(18,338)	(14,170)
Total	**$ (32,634)**	**(17,576)**

(aa) Reclassification adjustments of components of other comprehensive income

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

	2023	2022
Exchange differences on translation of foreign financial statements		
Change in exchange from the Consolidated Company	$ (249,022)	590,988
Change in exchange from non-controlling interests	(5,753)	(3,544)
Change in exchange differences on translation of foreign financial statements recognized in other comprehensive (loss) income	**$ (254,775)**	**587,444**
Share of other comprehensive income of associates accounted for using equity method		
Change in foreign currency exchange from associates	$ 307	10,500
Share of other comprehensive income	**$ 307**	**10,500**

(ab) Financial instruments

(i) Category of financial instruments

1) Financial Assets

	December 31, 2023	December 31, 2022
Cash and cash equivalents	$ 4,097,696	2,713,085
Financial assets at fair value through profit or loss (current and non-current)	684,015	284,830
Notes receivable, accounts receivable and other receivables (including related parties)	3,126,660	3,452,584
Finance lease payment receivable (current and non-current)	112,062	144,517
Financial assets at fair value through other comprehensive income - non-current	19,989	16,703
Refundable deposits and other current assets	551,445	208,005
	$ 8,591,867	**6,819,724**

(Continued)

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

2) Financial liabilities

	December 31, 2023	December 31, 2022
Financial liabilities at fair value through profit or loss - current	$ 23,812	15,331
Notes payable, accounts payable and other payables (including related parties)	2,661,898	3,812,705
Long-term borrowings (including borrowings due within one year)	651,032	-
Lease liability (current and non-current)	454,808	453,986
Guarantee deposits received	68,337	79,030
	$ 3,859,887	4,361,052

(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, 2023 and 2022, the maximum exposure to credit risk has amounted to $8,591,867 thousand and $6,819,724 thousand, respectively.

(iii) Liquidity risk

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

	Carrying amount	Contractual cash flows	Within six months	6-12 months	1-2 years	2-5 years	Over five years
December 31, 2023							
Non-derivative financial liabilities							
Notes payable	$ 76	76	76	-	-	-	-
Accounts payable	1,465,613	1,465,613	1,465,613	-	-	-	-
Accounts payable - related parties	120,359	120,359	120,359	-	-	-	-
Other payables	1,075,850	1,075,850	1,075,850	-	-	-	-
Lease liability	454,808	480,924	101,767	94,371	193,810	86,806	4,170
Guarantee deposits received	68,337	68,337	68,337	-	-	-	-
Long-term borrowings (including borrowings due within one year)	651,032	710,811	67,304	66,801	97,065	238,224	241,417
Derivative financial liabilities							
Cross currency swaps							
Outflow	$ 20,159	1,818,495	1,818,495	-	-	-	-
Inflow	-	1,804,142	1,804,142	-	-	-	-

(Continued)

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

	Carrying amount	Contractual cash flows	Within six months	6-12 months	1-2 years	2-5 years	Over five years
Forward foreign exchange contracts							
Outflow	3,653	322,752	322,752	-	-	-	-
Inflow	-	319,018	319,018	-	-	-	-
	$ 3,859,887	8,186,377	7,163,713	161,172	290,875	325,030	245,587
December 31, 2022							
Non-derivative financial liabilities							
Notes payable	$ 2,056	2,056	2,056	-	-	-	-
Accounts payable	2,198,737	2,198,737	2,198,737	-	-	-	-
Accounts payable - related parties	735,769	735,769	735,769	-	-	-	-
Other payables	876,143	876,143	876,143	-	-	-	-
Lease liability	453,986	487,056	81,919	77,138	131,905	190,915	5,179
Guarantee deposits received	79,030	79,030	79,030	-	-	-	-
Derivative financial liabilities							
Cross currency swaps							
Outflow	$ 1,361	313,330	313,330	-	-	-	-
Inflow	-	311,564	311,564	-	-	-	-
Forward foreign exchange contracts							
Outflow	13,970	1,005,124	1,005,124	-	-	-	-
Inflow	-	988,556	988,556	-	-	-	-
	$ 4,361,052	6,997,365	6,592,228	77,138	131,905	190,915	5,179

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:

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets (note):						
Monetary items:						
CLP	$ 140,468	0.03	4,881	51,842	0.03	1,852
JPY	839,830	0.22	183,039	900,870	0.23	211,078
EUR	20,076	33.92	680,950	-	-	-
CAD	-	-	-	6,125	22.68	138,914
USD	159,747	30.74	4,909,836	209,971	30.71	6,447,767
BRL	5,557	6.35	35,276	10,070	5.89	59,263
AUD	4,235	20.94	88,657	4,749	20.93	99,394
			$ 5,902,639			6,958,268

(Continued)

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

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Non-monetary items:						
USD	$ 13,933	30.74	428,245	8,849	30.71	271,724
Derivative instruments:						
EUR	-	-	-	-	32.87	13
USD	-	30.74	2	52	30.71	1,585
JPY	18,816	0.22	4,101	55,377	0.23	12,975
CNH	288	4.33	1,246	606	4.41	2,674
CAD	-	-	-	8	22.68	185
			$ 5,349			17,432
Financial liabilities (note):						
Monetary items:						
JPY	$ 2,094,344	0.22	456,457	2,094,822	0.23	490,827
CAD	-	-	-	3,470	22.68	78,691
EUR	10,674	33.92	362,057	-	-	-
BRL	21,585	6.35	137,034	21,851	5.89	128,603
USD	91,653	30.74	2,816,968	149,608	30.71	4,594,173
CLP	142,107	0.03	4,938	131,909	0.03	4,713
AUD	2,033	20.94	42,561	2,560	20.93	53,591
			$ 3,820,015			5,350,598
Derivative instruments:						
EUR	$ 139	33.92	4,709	118	32.87	3,885
CAD	15	23.19	358	3	22.68	68
JPY	6,882	0.22	1,500	19,859	0.23	4,653
IDR	71,122	0.0200	142	10,137	0.0020	19
KRW	33,643	0.03	905	117,881	0.03	3,171
BRL	262	6.35	1,662	341	5.89	2,007
USD	384	30.74	11,808	-	-	-
INR	-	-	-	151	0.37	56
CNH	611	4.33	2,645	175	4.41	772
AUD	4	20.94	83	33	20.93	700
			$ 23,812			15,331

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

The Consolidated Company' s exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, borrowings, accounts payable and other payables that are denominated in foreign currency. A 1.5% of appreciation (depreciation) of each consolidated components currency, other than the functional currency, against the functional currency for the years ended December 31, 2023 and 2022 would have increased or decreased the net income after tax by $29,865 thousand and $22,526 thousand and increased or decreased the equity by $55 thousand and $65 thousand, respectively, assuming all other variables were held constant.

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Notes to the Consolidated Financial Statements

(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, 2023			
Assets and liabilities	**Total**	**Level 1**	**Level 2**	**Level 3**
Measured at fair value on recurring basis				
Non-derivative assets and liabilities				
Assets:				
Financial assets at fair value through profit or loss - current	$ 424,566	424,566	-	-
Financial assets at fair value through other comprehensive income	19,989	16,310	-	3,679
Financial assets at fair value through profit or loss - non-current	254,100	-	-	254,100
Derivatives				
Assets:				
Financial assets at fair value through profit or loss - current	5,349	-	5,349	-
Liabilities:				
Financial liabilities at fair value through profit or loss - current	23,812	-	23,812	-

	December 31, 2022			
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	$ 267,398	267,398	-	-
Financial assets at fair value through other comprehensive income	16,703	12,377	-	4,326
Derivatives				
Assets:				
Financial assets at fair value through profit or loss - current	17,432	-	17,432	-
Liabilities:				
Financial liabilities at fair value through profit or loss - current	15,331	-	15,331	-

(Continued)

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

2) Valuation techniques for financial instruments measured at fair value

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

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

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

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

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

3) Transfer between Level 1 and Level 2

For the years ended December 31, 2023 and 2022, there were no transfers between level 1 and level 2 of the fair value hierarchy.

4) Reconciliation of level 3 fair values

	Non derivative financial assets mandatorily measured at fair value through profit or loss	Financial assets at fair value through other comprehensive income
Balance at January 1, 2023	$ -	4,326
Total gains and losses recognized:		
In profit or loss	182,100	-
In other comprehensive income	-	(647)
Acquisition	72,000	-
Balance at December 31, 2023	**$ 254,100**	**3,679**

(Continued)

	Non derivative financial assets mandatorily measured at fair value through profit or loss	Financial assets at fair value through other comprehensive income
Balance at January 1, 2022	$ -	4,093
Recognized in other comprehensive income	-	233
Balance at December 31, 2022	$ -	4,326

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

	2023	2022
Total gains or losses recognized:		
In profit or loss, and reported in “other gains and losses”	182,100	-
In other comprehensive income, and reported in “ unrealized gains (losses) from financial assets at fair value through other comprehensive income”	(647)	233

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

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

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

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets mandatorily measured at fair value through profit or loss - equity investments without an active market	The option pricing model (Black-Scholes model) and the liquidity discount model (Finnerty model)	·Lack of market liquidity discount (24.82% on December 31, 2023)	·The higher the lack of market liquidity discount, the lower the fair value

(Continued)

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

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

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

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

(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, 2023		December 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-financial assets:				
Investment property	$ 38,083	61,990	38,480	73,181

	December 31, 2023			
Assets and liabilities	**Total**	**Level 1**	**Level 2**	**Level 3**
Non-financial assets:				
Investment property	$ 61,990	-	-	61,990

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	December 31, 2022				
Assets and liabilities		**Total**	**Level 1**	**Level 2**	**Level 3**
Non-financial assets:					
Investment property	$	73,181	-	-	73,181

2) Valuation techniques

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

a) The carrying amount of cash and cash equivalents and other financial instruments that approximate their fair value due to their short maturities or similar to the future receipt and payment price.

b) The fair value of investment property that was based on the comparable deal information with similar location and category.

(ac) Financial risk management

(i) Overview

The Consolidated Company was exposed to the following risks 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 risk exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

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

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

(Continued)

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

(iii) Credit risk

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

1) Accounts receivable

The credit risk exposure of the Consolidated Company arises from the operations and financial conditions of each customer and the political and economic stability of the Consolidated Company’s customer base, including the default risk of the industry and country in which customers operate in. However, the Consolidated Company operates worldwide, and thus, risk is diversified. As of December 31, 2023 and 2022, revenue from each customer does not exceed 10% of the Consolidated Company’s revenue, therefore, there is no concentration of credit risk.

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

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

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

(Continued)

2) Investment in securities and derivative financial instruments

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

3) Guarantees

Pursuant to the Articles of Association, it is only permissible to provide financial guarantees to subsidiaries. As of December 31, 2023 and 2022, the Consolidated Company has not provided any guarantees to a third party.

(iv) Liquidity risk

Liquidity risk is the risk that the Consolidated Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Consolidated Company’ s approach to manage liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Company’s reputation. The Consolidated Company aims to maintain the level of its cash and short-term bank facilities at an amount in excess of expected cash flows on financial liabilities over the succeeding 60 days. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Consolidated Company had unused credit facilities for $4,222,789 thousand $3,236,868 thousand as of December 31, 2023 and 2022.

(v) Market risk

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

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

1) Currency risk

The Consolidated Company is exposed to currency risk on sales, purchases and borrowings that are denominated in currencies other than its respective functional currencies. The functional currencies of the Consolidated Company are primarily denominated in US Dollars (USD) and TWD, and include denominated in Euro (EUR), Chinese Yuan (CNY), Japanese Yen (JPY) and Brazilian Real (BRL) of other countries in which the subsidiaries registered. Purchases are mainly denominated in USD while sales are denominated in USD, EUR, CNY, TWD, British Pounds (GBP), Australian Dollar (AUD), Canadian Dollar (CAD), JPY, South Korean Won (KRW), Russian Ruble (RUB), Indian Rupee (INR), Indonesian Rupiah (IDR), BRL, and so on.

(Continued)

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

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

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

2) Interest rate risk

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

3) Other price risks

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

(ad) Capital management

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

(Continued)

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Debt-to-equity ratio:

	December 31, 2023	December 31, 2022
Total liabilities	$ 5,025,056	5,860,085
Less: cash and cash equivalents	(4,097,696)	(2,713,085)
Net debt	**$ 927,360**	**3,147,000**
Total equity	**$ 11,595,723**	**9,561,456**
Debt-to-equity ratio	**8.00%**	**32.91%**

As of December 31, 2023, the methods of the Consolidated Company' s capital management remained unchanged.

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

Information of non-cash-traded investing and financing activities for the years ended December 31, 2023 and 2022 were as follows:

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

(ii) The reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Acquisition of subsidiaries	Non-cash changes Exchange	Fair value changes	Others	December 31, 2023
Long-term borrowings (including borrowings due within one year)	$ -	(213,765)	864,797	-	-	-	651,032
Lease liabilities	453,986	(212,685)	68,370	-	-	145,137	454,808
Others	79,030	(10,693)	-	-	-	-	68,337
Total liabilities from financing activities	**$ 533,016**	**(437,143)**	**933,167**	**-**	**-**	**145,137**	**1,174,177**

	January 1, 2022	Cash flows	Non-cash changes Exchange	Fair value changes	Others	December 31, 2022
Lease liabilities	$ 440,451	(150,693)	-	-	164,228	453,986
Others	82,860	(3,830)	-	-	-	79,030
Total liabilities from financing activities	**$ 523,311**	**(154,523)**	**-**	**-**	**164,228**	**533,016**

(7) Related-party transactions:

(a) Names and relationship with related parties

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

Name of related party	Relationship with the Consolidated Company
Cameo	An associate prior to April 1, 2023. Since April 1, 2023, the Consolidated Company changed its control on Cameo from having significant influence to having substantial control over it, and it became a consolidated subsidiary.
PC	An associate
T-COM, LLC (T-COM)	An associate
Yeochia Investment Ltd.(Yeochia)	An associate (The company was liquidated in July, 2022)
Yeomao Investment Inc.(Yeomao)	An associate (The company was liquidated in October, 2022)
Amigo Technology Inc.(Amigo)	Other related party
Amit Wireless Inc.(Amit)	Other related party
Sapido Technology Inc.(Sapido)	Other related party
E-Sheng Steel Co., Ltd.	Other related party
TSG Hawks Baseball Co., Ltd.	Other related party
Tainan TSG Ghosthawks Co., Ltd.	Other related party
Gloria Material Technology Corp	Other related party

(b) Significant related party transactions

(i) Sales and service revenue

	2023	2022
Associates	$ 62,975	104,996
Other related parties	4,343	4,347
	$ 67,318	**109,343**

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.

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(ii) Purchases

		2023	2022
Associates:			
Cameo	$	666,555	1,631,359
Other related parties:			
Amigo		555,295	902,254
Amit		3,315	6,700
	$	1,225,165	2,540,313

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

(iii) Receivables from related parties

Account	Relationship		December 31, 2023	December 31, 2022
Accounts receivable	Associates－T-COM	$	33	3,217
Accounts receivable	Associates－PC		-	1,800
Accounts receivable	Other related parties－Sapido		-	10
Accounts receivable	Other related parties－Amigo		25	-
Accounts receivable	Other related parties－Other		2,640	-
Other receivables	Associates－Cameo		-	73
Other receivables	Associates－T-COM		-	65
Other receivables	Other related parties－Amigo		-	18
Prepayment for purchase	Other related parties－Amigo		93	-
		$	2,791	5,183

(iv) Payables to related parties

Account	Relationship		December 31, 2023	December 31, 2022
Accounts payable	Associates－Cameo	$	-	530,536
Accounts payable	Other related parties－Amigo		120,124	203,678
Accounts payable	Other related parties－Amit		235	1,555
Other payables	Associates－Cameo		-	3,396
Other payables	Other related parties－Amigo		4,325	12,235
Other payables	Other related parties－Amit		2,379	6,490
Other payables	Other related parties－Sapido		-	2,100
Contract liabilities	Associates－T-COM		2,952	8,137
		$	130,015	768,127

(Continued)

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

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

(v) Property transaction

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

		2023	2022
Associates:			
Cameo	$	-	7,510
Other related parties:			
Amigo		24,699	32,574
Amit		5	472
Sapido		-	2,000
	$	**24,704**	**42,556**

(vi) Services purchased from related parties and expenses

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

		2023	2022
Associates:			
Cameo	$	134	847
Other related parties:			
Amigo		5,718	10,102
Amit		12,272	14,466
Others		2,264	-
	$	**20,388**	**25,415**

(vii) Other income and losses

Account	Relationship		2023	2022
Other gains and losses	Associates－Yeochia	$	-	286
Other gains and losses	Associates－Yeomao		-	(2,453)
Other gains and losses	Associates－Cameo		266	-
Other gains and losses	Other related parties－Amigo		-	96
Other interest income	Other related parties－Amigo		-	373
		$	**266**	**(1,698)**

D-LINK CORPORATION AND SUBSIDIARIES
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Other income and losses composed of interest income, gain on disposal of miscellaneous equipment from other related parties, other losses from the liquidation of interest of associates, as well as remunerations to directors from associates, Cameo, before Cameo became a consolidated subsidiary.

(viii) Lease

The Consolidated Company leased out or lease from its related parties with monthly rental based on the market rates within their respective vicinities.

In October 2021 and March 2022, the Consolidated Company entered into separate lease agreements with its other related party, Amigo, and its subsidiary, Cameo, respectively, to lease out its office buildings to both parties. For the years ended December 31, 2023 and 2022, the Consolidated Company recognized the rental income from Amigo amounting to $3,590 thousand and $3,488 thousand and from Cameo amounting to $175 thousand and $524 thousand, respectively. Both amounts mentioned above had been fully collected as of December 31, 2023.

On November 1, 2021, the Consolidated Company leased a portion of its Tainan plant from Cameo. For the years ended December 31, 2023 and 2022, the rental expenses recognized as operating cost amounting to $593 thousands and $2,371 thousands, respectively, and the relevant amounts had been fully paid as of December 31, 2023.

(c) Key management personnel compensation

Key management personnel compensation comprised:

		2023	2022
Short-term employee benefits	$	34,079	45,338
Post-employee benefits		609	904
Share-based payments		1,901	-
	$	**36,589**	**46,242**

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object		December 31, 2023	December 31, 2022
Other current assets and other non-current assets	Rental deposits, performance bond and time deposits	$	118,968	97,164
Property, plant, and equipment-land	Long-term bank borrowings		346,639	-
Property, plant, and equipment-buildings	Long-term bank borrowings		929,171	-
		$	**1,394,778**	**97,164**

(Continued)

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

(9) Significant contingent liabilities and unrecognized commitments:

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

(b) The Consolidated Company’ s subsidiary, D-Link India, had disputes regarding prior year's declaration tax on customs with the local tax authorities. Based on its evaluation, the Consolidated Company believes the above litigation will not have any significant impact on its current operations.

(c) Israel Consumers Council filed a group lawsuit against the Consolidated Company's subsidiary, D-Link International, in 2020, alleging that D-Link International was suspected of restricting product resale prices in Israel. D-Link International has appointed its attorneys to handle and negotiate a settlement. Based on its evaluation, the Consolidated Company believes the above litigation will not have any significant impact on its current operations.

(d) In 2023, Bell Northern Research, LLC filed a lawsuit against D-Link Systems, alleging that some of D-Link Systems’ products have infringed its patents. Hence, D-Link Systems has decided to appoint attorneys to conduct defense. The Consolidated Company believes the above litigation will not have any significant impact on its current operations.

(e) The Consolidated Company is currently under negotiations with a number of companies regarding the royalty on patents. In addition to the abovementioned lawsuits, there are other disputes in the negotiation process and therefore the amount of liabilities is unclear. The Consolidated Company has accrued the possible expense.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other:

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

By function / By item	For the year ended December 31,					
	2023			2022		
	Cost of Goods Sold	Operating Expense	Total	Cost of Goods Sold	Operating Expense	Total
Employee benefits						
Salaries	195,228	1,993,752	2,188,980	72,135	1,927,470	1,999,605
Labor and health insurance	16,257	108,701	124,958	2,600	99,919	102,519
Pension	11,735	127,130	138,865	7,423	111,468	118,891
Others	21,702	213,726	235,428	8,664	218,930	227,594
Depreciation	71,511	237,823	309,334	12,164	196,038	208,202
Amortization	50	39,514	39,564	31	30,782	30,813

(Continued)

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

(13) Other disclosures:

(a) Information on significant transactions:

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

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period (%)	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note)	Maximum limit of fund financing (Note)
													Item	Value		
1	D-Link International	D-Link Shanghai	Other receivables-related parties	Yes	311,793	311,793	311,793	3.80	2	-	Operating Capital	-	-	-	2,723,964	2,723,964
1	D-Link International	D-Link Shanghai	Other receivables-related parties	Yes	360,674	360,674	360,674	-	2	-	Convert from Account receivables to loan receivable	-	-	-	2,723,964	2,723,964
2	D-Link Capital Investment	D-Link Corporation	Other receivables-related parties	Yes	753,008	753,008	753,008	-	2	-	Operating Capital	-	-	-	768,135	768,135
3	D-Link Japan	D-Link Corporation	Other receivables-related parties	Yes	392,306	392,306	392,306	0.50	2	-	Operating Capital	-	-	-	581,618	581,618
4	D-Link Deutschland	D-Link Europe	Other receivables-related parties	Yes	105,149	105,149	105,149	4.25	2	-	Operating Capital	-	-	-	150,247	150,247
5	PC	Cameo	Other receivables	Yes	85,456	76,838	-	-	2	-	Operating Capital	-	-	-	58,198	58,198
5	PC	Huge Castle	Other receivables	Yes	8,618	-	-	-	2	-	Operating Capital	-	-	-	58,198	58,198
6	Luis Jo'se	Huge Castle	Other receivables	Yes	8,618	-	-	-	2	-	Operating Capital	-	-	-	17,316	17,316
7	Qianjin Investment	Cameo	Other receivables	Yes	38,000	-	-	1.11	2	-	Operating Capital	-	-	-	60,102	60,102
8	Huge Castle	Cameo	Other receivables	Yes	92,205	92,205	92,205	-	2	-	Operating Capital	-	-	-	119,557	119,557

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 Capital Investment to the Company shall not exceed 100% of the net worth of D-Link Capital Investment.

Note 4: Total amount of loans from D-Link Japan to the Company shall not exceed 100% of the net worth of D-Link Japan.

Note 5: Total amount of loans from D-Link Deutschland to the Company’s 100% directly or indirectly owned overseas subsidiaries shall not exceed 100% of the net worth of D-Link Deutschland.

Note 6: The total amount of loans from PC, Luis Jo’se, Qianjin Investment and Huge Castle to Cameo and its 100% directly or indirectly owned overseas subsidiaries shall not exceed 40% of the net worth of PC, Luis Jo's e, Qianjin Investment and Huge Castle.

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

(Continued)

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

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the Company	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
0	D-Link Corporation	D-Link Europe	2	2,009,455	126,383	126,383	60,976	-	1.39 %	6,028,365	Y	N	N
0	D-Link Corporation	D-Link Shanghai	2	2,009,455	150,260	76,838	4,474	-	0.85 %	6,028,365	Y	N	Y

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

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

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

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

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

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars/shares)

Name of holder	Category and name of security	Relationship with company	Account name	Ending balance: Shares/Units	Ending balance: Carrying value	Ending balance: Percentage of ownership (%)	Ending balance: Fair value	Highest percentage of ownership (%)	Note
D-Link Corporation	EHOO	None	Financial assets at fair value through profit or loss-non-current	749,663	-	4.11 %	-	4.11 %	Note
D-Link Corporation	EWAVE	None	Financial assets at fair value through profit or loss-non-current	83,334	-	1.89 %	-	1.89 %	Note
D-Link Corporation	TGC	None	Financial assets at fair value through profit or loss-non-current	500,000	-	1.84 %	-	1.84 %	Note
D-Link Corporation	YICHIA Information Corporation	None	Financial assets at fair value through profit or loss-non-current	73,500	-	6.68 %	-	6.68 %	Note
D-Link Corporation	UBICOM.	None	Financial assets at fair value through profit or loss-non-current	926,814	-	3.05 %	-	3.05 %	Note
D-Link Corporation	PurpleComm, Inc.	None	Financial assets at fair value through profit or loss-non-current	3,385,417	-	14.10 %	-	14.10 %	Note
D-Link Corporation	Global Mobile Corp.	None	Financial assets at fair value through profit or loss-non-current	6,600,000	-	2.39 %	-	2.39 %	Note
D-Link Corporation	Ensure	None	Financial assets at fair value through profit or loss-non-current	5,000,000	127,050	3.16 %	127,050	3.16 %	
D-Link Holding	Best 3C	None	Financial assets at fair value through profit or loss-non-current	600,000	-	1.88 %	-	1.88 %	Note
D-Link Holding	E2O	None	Financial assets at fair value through profit or loss-non-current	252,525	-	0.05 %	-	0.05 %	Note

(Continued)

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

Name of holder	Category and name of security	Relationship with company	Account name	Ending balance				Highest percentage of ownership (%)	Note
				Shares/Units	Carrying value	Percentage of ownership (%)	Fair value		
Yeotai	Stemcyte	None	Financial assets at fair value through other comprehensive income-non-current	18,950	214	0.01 %	214	0.01 %	
Yeotai	Kaimei	None	Financial assets at fair value through other comprehensive income-non-current	231,342	16,310	0.21 %	16,310	0.21 %	
D-Link India	MIRAE MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	28,135	26,017	- %	26,017	- %	
D-Link India	ICICI MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	287,258	37,225	- %	37,225	- %	
D-Link India	ADITYA BIRLA MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	398,215	56,263	- %	56,263	- %	
D-Link India	MAHINDRA MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	32,955	18,787	- %	18,787	- %	
D-Link India	UNION MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	13,207	11,151	- %	11,151	- %	
D-Link India	NIPPON INDIA MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	22,717	48,668	- %	48,668	- %	
D-Link India	TATA MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	19,467	26,623	- %	26,623	- %	
D-Link India	SBI MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	41,299	56,593	- %	56,593	- %	
D-Link India	HDFC MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	10,744	18,482	- %	18,482	- %	
D-Link India	UTI MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	39,628	56,876	- %	56,876	- %	
D-Link India	AXIS MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	31,478	30,408	- %	30,408	- %	
D-Link India	KOTAK MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	21,181	37,473	- %	37,473	- %	
Cameo	Harvatek Corporation	None	Financial assets at fair value through profit or loss-non current	6,000,000	-	14.46 %	-	- %	Note
Cameo	Covia Inc.	None	Financial assets at fair value through profit or loss-non current	400	-	5.40 %	-	- %	Note
Cameo	Ensure	None	Financial assets at fair value through profit or loss-non current	5,000,000	127,050	3.16 %	127,050	3.16 %	
Qianjin Investment	D-Link Corporation	Parent company	Treasury shares	5,434,069	108,410	0.91 %	108,410	- %	

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

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

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

(In Thousands of New Taiwan Dollars/shares)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance (Note 1)	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
D-Link Corporation	D-Link Europe	Investment accounted for using equity method	D-Link Holding	Subsidiary	-	-	32,497,455	1,260,451	-	-	-	-	32,497,455	459,982
D-Link Holding	D-Link Europe	Investment accounted for using equity method	D-Link Corporation	Parent company	32,497,455	970,342	-	-	32,497,455	1,260,451	1,260,451	(Note2)	-	-

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

Note 2: Due to organizational restructuring, D-Link Corporation acquired the 100% shares of D-Link Europe from D-Link Holding in May 2023, resulting in no disposal gains or losses being recognized.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ (Sales)	Amount	Percentage of total purchases/ (Sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
D-Link Corporation	D-Link International	Subsidiary	(Sales and service revenue)	(390,832)	(8) %	60 Days	—	—	62,896	5%	
D-Link Corporation	D-Link Systems	Subsidiary	(Sales and service revenue)	(365,360)	(8) %	75 Days	—	—	17,318	1%	
D-Link Corporation	D-Link Europe	Subsidiary	(Sales and service revenue)	(1,919,329)	(41) %	60 Days	—	—	483,093	36%	
D-Link Corporation	D-Link ME	Subsidiary	(Sales and service revenue)	(602,354)	(13) %	60 Days	—	—	114,125	8%	
D-Link Corporation	D-Link Australia	Subsidiary	(Sales and service revenue)	(114,514)	(2) %	60 Days	—	—	7,123	1%	
D-Link Corporation	D-Link Shanghai	Subsidiary	(Sales and service revenue)	(111,501)	(2) %	90 Days	—	—	58,606	4%	
D-Link Corporation	D-Link Japan	Subsidiary	(Sales and service revenue)	(653,164)	(14) %	60 Days	—	—	84,591	6%	
D-Link Corporation	D-Link India	Subsidiary	(Sales and service revenue)	(657,887)	(14) %	45 Days	—	—	85,358	6%	
D-Link Corporation	Cameo	Subsidiary	Purchase	1,160,162	27 %	90 Days	—	—	(91,986)	(15)%	Note 2
D-Link Corporation	AMIGO	Other related party	Purchase	459,585	10 %	90 Days	—	—	(102,006)	(17)%	
D-Link International	D-Link Corporation	Parent company	Purchase	390,138	69 %	60 Days	—	—	(62,896)	(57)%	
D-Link Systems	D-Link Corporation	Parent company	Purchase	391,394	91 %	75 Days	—	—	(17,318)	(8)%	
D-Link Europe	D-Link Corporation	Parent company	Purchase	1,908,109	98 %	60 Days	—	—	(483,093)	(86)%	
D-Link ME	D-Link Corporation	Parent company	Purchase	601,828	31 %	60 Days	—	—	(114,125)	(35)%	
D-Link Australia	D-Link Corporation	Parent company	Purchase	113,533	89 %	60 Days	—	—	(7,123)	(84)%	
D-Link Japan	D-Link Corporation	Parent company	Purchase	603,286	90 %	60 Days	—	—	(84,591)	(96)%	

(Continued)

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

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ (Sales)	Amount	Percentage of total purchases/ (Sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
D-Link India	D-Link Corporation	Parent company	Purchase	591,844	15 %	45 Days	—	—	(85,358)	(17)%	
Cameo	D-Link Corporation	Parent company	(Sales)	(1,166,651)	(46) %	90 Days	—	—	92,106	37%	
D-Link Shanghai	D-Link Trade	The ultimate parent company is D-Link Corporation	(Sales)	(1,351,174)	(94) %	120 Days	—	—	389,526	96%	
D-Link Trade	D-Link Shanghai	The ultimate parent company is D-Link Corporation	Purchase	1,351,174	100 %	120 Days	—	—	(389,526)	(48)%	
Cameo	D-Link Shanghai	The ultimate parent company is D-Link Corporation	(Sales)	(283,282)	(11) %	90 Days	—	—	18,423	7%	
D-Link Shanghai	Cameo	The ultimate parent company is D-Link Corporation	Purchase	283,118	20 %	90 Days	—	—	(18,423)	(5)%	

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

Note 2: Cameo was an associate in the first quarter of 2023 and became a subsidiary after the Consolidated Company changed its control over Cameo from having significant influence to having substantial control over it on April 1, 2023.

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

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Overdue (Note 1)		Amounts received in subsequent period (Note 2)	Allowance for bad debts
					Amount	Action taken		
D-Link Corporation	D-Link Europe	Subsidary	483,093	5.00	23,045	-	45,352	-
D-Link Corporation	D-Link ME	Subsidary	114,125	2.42	-	-	-	-
D-Link International	D-Link L.A.	The ultimate parent company is D-Link Corporation	639,804	-	639,804	-	-	-
D-Link International	D-Link Brazil	The ultimate parent company is D-Link Corporation	149,692	-	149,692	-	-	-
D-Link International	D-Link Trade	The ultimate parent company is D-Link Corporation	416,786	-	416,786	-	-	-
D-Link Shanghai	D-Link Trade	The ultimate parent company is D-Link Corporation	389,526	3.43	-	-	5,690	-

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

Note 2: The amount represents collections subsequent to December 31, 2023 up to January 23, 2024.

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

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

(ix) Trading in derivative instruments:

(In Thousands of New Taiwan Dollars)

Company Name	Derivative Instruments Category	Holding Purpose	Contract Amount		Book Value	Fair Value
		Non-trading:				
D-Link Corporation	Cross currency swap	JPY	JPY	800,000	3,773	3,773
D-Link International	Cross currency swap	CNH	CNH	25,044	1,050	1,050
D-Link Corporation	Forward foreign exchange contract	JPY(Sell)	JPY	360,000	328	328
D-Link Corporation	Forward foreign exchange contract	USD(Sell)	USD	1,000	2	2
D-Link International	Forward foreign exchange contract	CNH(Buy)	CNH	10,670	196	196
D-Link India	Forward foreign exchange contract	INR(Sell)	INR	20,808	-	-
D-Link Corporation	Cross currency swap	AUD	AUD	500	(83)	(83)
D-Link Corporation	Cross currency swap	EUR	EUR	14,100	(4,639)	(4,639)
D-Link Corporation	Cross currency swap	JPY	JPY	1,000,000	(793)	(793)
D-Link Corporation	Cross currency swap	CAD	CAD	1,400	(228)	(228)
D-Link Corporation	Cross currency swap	USD	USD	18,500	(11,808)	(11,808)
D-Link International	Cross currency swap	CNH	CNH	115,296	(2,608)	(2,608)
D-Link Corporation	Forward foreign exchange contract	EUR(Sell)	EUR	700	(70)	(70)
D-Link Corporation	Forward foreign exchange contract	JPY(Sell)	JPY	100,000	(707)	(707)
D-Link International	Forward foreign exchange contract	BRL(Sell)	BRL	15,327	(1,662)	(1,662)
D-Link International	Forward foreign exchange contract	CAD(Sell)	CAD	500	(130)	(130)
D-Link International	Forward foreign exchange contract	CNH(Buy)	CNH	10,623	(37)	(37)
D-Link International	Forward foreign exchange contract	IDR(Sell)	IDR	10,868,900	(142)	(142)
D-Link International	Forward foreign exchange contract	KRW(Sell)	KRW	3,520,260	(905)	(905)
D-Link India	Forward foreign exchange contract	INR(Sell)	INR	45,791	-	-

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

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions: 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	1,354,549	-	8%
0	D-Link Corporation	D-Link International	1	Investments accounted for using equity method	2,626,654	-	16%
0	D-Link Corporation	D-Link Holding	1	Investments accounted for using equity method	879,726	-	5%
0	D-Link Corporation	D-Link ME	1	Investments accounted for using equity method	912,027	-	5%
0	D-Link Corporation	D-Link Japan	1	Investments accounted for using equity method	590,278	-	4%
0	D-Link Corporation	D-Link Europe	1	Investments accounted for using equity method	459,982	-	3%
0	D-Link Corporation	Cameo	1	Investments accounted for using equity method	1,597,905	-	10%
0	D-Link Corporation	D-Link Brazil	1	Investments accounted for using equity method-credit	(191,902)	-	(1)%
0	D-Link Corporation	D-Link L.A.	1	Investments accounted for using equity method-credit	(628,119)	-	(4)%
0	D-Link Corporation	D-Link International	1	Sales and service revenue	390,832	60 Days	2%
0	D-Link Corporation	D-Link Systems	1	Sales and service revenue	365,360	75 Days	2%
0	D-Link Corporation	D-Link Europe	1	Sales and service revenue	1,919,329	60 Days	12%
0	D-Link Corporation	D-Link ME	1	Sales and service revenue	602,354	60 Days	4%
0	D-Link Corporation	D-Link Japan	1	Sales and service revenue	653,164	60 Days	4%
0	D-Link Corporation	D-Link India	1	Sales and service revenue	657,887	45 Days	4%
0	D-Link Corporation	D-Link Europe	1	Accounts receivable–related party	483,093	60 Days	3%
1	D-Link Holding	D-Link Mauritius	3	Investments accounted for using equity method	1,133,545	-	7%
2	D-Link International	D-Link L.A.	3	Accounts receivable–related party	639,334	75 Days	4%
2	D-Link International	D-Link Trade	3	Accounts receivable–related party	416,786	180 Days	3%
2	D-Link International	D-Link Capital Investment	3	Investments accounted for using equity method	768,135	-	5%
3	D-Link Mauritius	D-Link India	3	Investments accounted for using equity method	1,129,686	-	7%
4	D-Link Shanghai	D-Link Trade	3	Sales	1,351,174	120 Days	8%
4	D-Link Shanghai	D-Link Trade	3	Accounts receivable–related party	389,526	120 Days	2%

(Continued)

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

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions: Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
5	Cameo	Huge Castle	3	Investments accounted for using equity method	298,896	-	2%
5	Cameo	D-Link Corporation	2	Sales	1,166,651	90 Days	7%
5	Cameo	D-Link Shanghai	3	Sales	283,282	90 Days	2%

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

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

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

Note 3: Nature of relationship are listed as below:

No. 1 represents the transaction from parent company to subsidiary

No. 2 represents the transaction from subsidiary to parent company

No. 3 represents the transaction from subsidiary to subsidiary

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

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2023 (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, 2023	Original investment amount: December 31, 2022	Balance as of December 31, 2023: Shares	Balance as of December 31, 2023: Percentage of ownership	Balance as of December 31, 2023: Carrying value	Highest percentage of ownership	Net income (losses) of investee	Investment income (losses)	Note
D-Link Corporation	D-Link Systems	USA	Sales and after-sales service in USA	1,672,702	1,672,702	48,045,007	100.00 %	1,354,549	100.00 %	(142,983)	(142,983)	D-Link Corporation acquired 1.56% of the shareholding in D-Link Systems from D-Link Holding in November 2022
D-Link Corporation	D-Link Canada	Canada	Sales and after-sales service in Canada	-	216,354	-	- %	-	100.00 %	-	-	D-Link Corporation transferred 100% of its shareholding in D-Link Canada to D-Link Systems in January 2023.
D-Link Corporation	D-Link International	Singapore	Sales and after-sales service in Southeast Asia	1,941,986	1,941,986	66,074,660	99.36 %	2,626,654	99.36 %	101,227	317,279	100% shares owned by D-Link Corporation and D-Link Holding. Investment income included the amounts of transactions between affiliated companies.
D-Link Corporation	D-Link L.A.	Cayman Island	Sales and after-sales service in Latin America	326,600	326,600	41,000	100.00 %	(628,119)	100.00 %	-	-	
D-Link Corporation	D-Link Sudamerica	Chile	Sales and after-sales service in Chile	6,512	6,512	199,999	100.00 %	11,507	100.00 %	581	581	100% shares owned by D-Link Corporation and D-Link Holding
D-Link Corporation	D-Link Mexicana	Mexico	Sales and after-sales service in Mexico	301,036	301,036	152,066	100.00 %	3,381	100.00 %	(562)	(562)	100% shares owned by D-Link Corporation and D-Link Sudamerica; In liquidation process.
D-Link Corporation	D-Link Brazil	Brazil	Sales and after-sales service in Brazil	932,197	932,197	2,964,836,727	100.00 %	(191,902)	100.00 %	1,766	1,766	100% shares owned by D-Link Corporation and D-Link Holding
D-Link Corporation	D-Link ME	UAE	Sales and after-sales service in Middle East and Africa	103,930	71,484	6	100.00 %	912,027	100.00 %	15,321	15,321	D-Link Corporation acquired 16.67% of the shareholding in D-Link ME from D-Link International in June 2023.

(Continued)

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

				Original investment amount		Balance as of December 31, 2023						
Name of investor	Name of investee	Location	Main businesses and products	December 31, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value	Highest percentage of ownership	Net income (losses) of investee	Investment income (losses)	Note
D-Link Corporation	D-Link Australia	Australia	Sales and after-sales service in Australia and New Zealand	16,764	16,764	1,000,000	100.00 %	132,707	100.00 %	(21,968)	(21,968)	D-Link Corporation acquired 0.1% of the shareholding in D-Link Australia from D-Link International in December 2022.
D-Link Corporation	D-Link Holding	BVI	Investment company	891,177	2,242,837	27,044,212	100.00 %	879,726	100.00 %	261,454	201,141	Investment income included the amounts of transactions between affiliated companies; D-Link Holding conducted a cash capital reduction and return the capital USD 41,018 thousand to D-Link Corporation in May 2023.
D-Link Corporation	D-Link Deutschland	Germany	Sales and after-sales service in Germany	120,047	120,050	- (Note2)	- %	120,047	- %	10,769	-	100% shares owned by D-Link Corporation directly and indirectly. Investment income was recognized in D-Link Europe.
D-Link Corporation	D-Link Japan	Japan	Sales and after-sales service in Japan	595,310	595,310	9,500	100.00 %	590,278	100.00 %	7,352	7,352	
D-Link Corporation	D-Link Investment	Singapore	Investment company	67,191	67,191	2,200,000	100.00 %	(9,391)	100.00 %	(48,912)	(48,912)	
D-Link Corporation	Yeotai	Taiwan	Investment company	146,000	146,000	14,600,000	100.00 %	49,139	100.00 %	773	773	
D-Link Corporation	Cameo	Taiwan	Manufacturing and sell computer networks system equipment and its components and related technology research and development	1,102,479	1,102,479	137,532,993	41.58 %	1,597,905	41.58 %	(37,160)	(42,995)	Investment losses included the amounts of transactions between affiliated companies; Cameo was an associate before March 31, 2023.
D-Link Corporation	D-Link Europe	UK	Sales and after sales service in Europe	1,260,451	-	32,497,455	100.00 %	459,982	100.00 %	(341,259)	(323,215)	D-Link Corporation acquired 100% of the shareholding in D-Link Europe from D-Link Holding in May 2023.
D-Link Systems	D-Link Canada	Canada	Sales and after sales service in Canada	159,585	-	5,736,000	100.00 %	92,302	100.00 %	(70,583)	(70,583)	D-Link Corporation transferred 100% of its shareholding in D-Link Canada to D-Link Systems in January 2023.
D-Link Investment	D-Link Trade	Russia	Sales and after sales service in Russia	66,538	66,538	(Note 2)	100.00 %	(9,244)	100.00 %	(50,614)	(50,614)	
D-Link Trade	T-COM	Russia	Sales and after sales service in Russia	12,485	12,485	(Note 2)	40.00 %	14,123	40.00 %	22,077	13,616	
D-Link International	D-Link ME	UAE	Sales and after sales service in Middle East and Africa	-	34,260	-	- %	-	16.67 %	-	-	D-Link International transferred 16.67% of its shareholding in D-Link ME to D-Link Corporation in June 2023.
D-Link International	D-Link Korea	Korea	Sales and after sales service in Korea	44,300	44,300	330,901	100.00 %	(51,809)	100.00 %	(13,202)	(13,202)	
D-Link International	D-Link Trade M	Republic of Moldova	Sales and after sales service in Moldova	13	13	-	100.00 %	438	100.00 %	628	628	
D-Link International	D-Link Capital Investment	BVI	Investment company	789,757	789,757	25,000,000	100.00 %	768,135	100.00 %	178,366	178,366	D-Link Russia Investment Co., Ltd. was renamed to D-Link Capital Investment Co., Ltd. on July 28, 2023.

(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, 2023	Original investment amount December 31, 2022	Balance as of December 31, 2023 Shares	Balance as of December 31, 2023 Percentage of ownership	Balance as of December 31, 2023 Carrying value	Highest percentage of ownership	Net income (losses) of investee	Investment income (losses)	Note
D-Link International	D-Link Malaysia	Malaysia	Sales and after sales service in Malaysia	6,130	6,130	800,000	100.00 %	8,362	100.00 %	811	811	
D-Link International	D-Link Lithuania	Lithuania	Sales and after sales service	3,574	3,574	1,000	100.00 %	8,376	100.00 %	4,171	4,171	
D-Link Lithuania	D-Link Ukraine	Ukraine	Sales and after sales service in Ukraine	4,883	-	(Note 2)	100.00 %	2,472	100.00 %	(2,138)	(2,138)	
D-Link Lithuania	D-Link Kazakhstan	Kazakhstan	Sales and after sales service in Kazakhstan	612	-	(Note 2)	100.00 %	357	100.00 %	(227)	(227)	
D-Link Holding	D-Link Europe	UK	Sales and after sales service in Europe	-	971,293	-	- %	-	100.00 %	-	(18,044)	D-Link Holding transferred 100% of its shareholding in D-Link Europe to D-Link Corporation in May 2023.
D-Link Holding	D-Link International	Singapore	Sales and after-sales service in Southeast Asia	8,466	8,466	425,340	0.64 %	(15,060)	0.64 %	101,227	-	D-Link International's investment income was recognized in D-Link Corporation.
D-Link Holding	OOO D-Link Russia	Russia	After sales service in Russia	11,309	11,309	-	100.00 %	4,678	100.00 %	289	289	
D-Link Holding	D-Link Mauritius	Mauritius	Investment company	186,789	186,789	200,000	100.00 %	1,133,545	100.00 %	159,226	159,226	
D-Link Holding	D-Link Shiang-Hai (Cayman)	Cayman Island	Investment company	654,974	654,974	50,000	100.00 %	(148,666)	100.00 %	116,021	116,021	
D-Link Holding	Success Stone	BVI	Investment company	297,027	297,027	9,822	100.00 %	142,659	100.00 %	4,703	4,703	
D-Link Holding	MiiiCasa Holding	Cayman Island	Investment company	61,087	61,087	21,000,000	28.98 %	-	28.98 %	-	-	
D-Link Holding	D-Link Brazil	Brazil	Sales and after sales service in Brazil	-	-	100	- %	-	- %	1,766	-	D-Link Brazil's investment income was recognized in D-Link Corporation.
D-Link Holding	D-Link Sudamerica	Chile	Sales and after sales service in Chile	-	-	1	- %	-	- %	581	-	D-Link Sudamerica's investment income was recognized in D-Link Corporation.
D-Link Mauritius	D-Link India	India	Sales and after sales service in India	340,319	340,319	18,114,663	51.02 %	1,129,686	51.02 %	323,009	164,799	
D-Link Mauritius	TeamF1 India	India	Technical services for software and hardware system integration	8	8	1	0.01 %	15	0.01 %	7,016	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 %	131,509	99.99 %	7,016	7,015	100% shares owned by D-Link Mauritius and D-Link India.
D-Link L.A	D-Link Peru S.A.	Peru	Sales and after sales service in Peru	-	-	1	0.03 %	3	0.03 %	(330)	-	D-Link Peru S.A.'s investment loss was recognized in D-Link Sudamerica.
D-Link Sudamerica	D-Link de Colombia SAS.	Colombia	Sales and after sales service in Colombia	22,213	22,213	1,443,605	100.00 %	7,167	100.00 %	812	812	
D-Link Sudamerica	D-Link Guatemala S.A.	Guatemala	Sales and after sales service in Guatemala	410	410	99,000	99.00 %	578	99.00 %	-	-	In liquidation process.
D-Link Sudamerica	D-Link Peru S.A.	Peru	Sales and after sales service in Peru	38	38	3,499	99.97 %	8,348	99.97 %	(330)	(330)	
D-Link Sudamerica	D-Link Mexicana	Mexico	Sales and after sales service in Mexico	6	6	3	- %	6	- %	(562)	-	D-Link Mexicana's investment loss was recognized in D-Link Corporation; In liquidation process.
D-Link Sudamerica	D-Link Argentina S.A.	Argentina	Sales and after sales service in Argentina	-	2,750	-	- %	-	100.00 %	-	-	Liquidation completed in December 2023.
D-Link Europe	D-Link Deutschland	Germany	Sales and after sales service in Germany	131,769	131,769	(Note 2)	100.00 %	150,247	100.00 %	10,769	10,769	
D-Link Europe	D-Link AB	Sweden	Sales and after sales service in Sweden	9,022	9,022	15,500	100.00 %	15,840	100.00 %	(1,025)	(1,025)	
D-Link Europe	D-Link Iberia	Spain	Sales and after sales service in Spain	1,976	1,976	50,000	100.00 %	70,988	100.00 %	3,507	3,507	
D-Link Europe	D-Link Mediterraneo	Italy	Sales and after sales service in Italy	2,177	2,177	50,000	100.00 %	30,742	100.00 %	1,473	1,473	
D-Link Europe	D-Link (Holdings) Ltd.	UK	Investment company	-	-	3	100.00 %	9,576	100.00 %	-	-	
D-Link Europe	D-Link France	France	Sales and after sales service in France	5,287	5,287	114,560	100.00 %	43,563	100.00 %	310	310	

(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, 2023	Original investment amount December 31, 2022	Balance as of December 31, 2023 Shares	Balance as of December 31, 2023 Percentage of ownership	Balance as of December 31, 2023 Carrying value	Highest percentage of ownership	Net income (losses) of investee	Investment income (losses)	Note
D-Link Europe	D-Link Netherlands	Netherlands	Sales and after sales service in Netherlands	2,132	2,132	50,000	100.00 %	6,424	100.00 %	(2,204)	(2,204)	
D-Link Europe	D-Link Polska	Poland	Sales and after sales service in Poland	1,210	1,210	100	100.00 %	28,749	100.00 %	2,409	2,409	
D-Link Europe	D-Link Magyarorszag	Hungary	Sales and after sales service in Hungary	523	523	300	100.00 %	3,946	100.00 %	(2,094)	(2,094)	
D-Link Europe	D-Link s.r.o	Czech	Sales and after sales service in Czech	329	329	100	100.00 %	3,393	100.00 %	(1,046)	(1,046)	
D-Link (Holdings) Ltd	D-Link UK	UK	Sales and after sales service in UK	-	-	300,100	100.00 %	9,576	100.00 %	-	-	
D-Link Mediterraneo	D-Link Adria d.o.o.	Croatia	Sales and after sales service in Croatia	326	326	(Note 2)	100.00 %	-	100.00 %	-	-	In liquidation process.
Yeotai	Xtramus Technologies Co. Ltd.	Taiwan	Research, development, manufacturing and sell of testing equipment for network	38,110	38,110	1,832,446	41.18 %	2,129	41.18 %	1,286	337	
Cameo	Huge Castle	Samoa	Investment company	295,006	-	9,329,718	100.00 %	298,894	100.00 %	(24,431)	(24,431)	
Cameo	Qianjin Investment	Taiwan	Investment company	270,000	-	27,000,000	100.00 %	150,193	100.00 %	1,348	1,348	
Qianjin Investment	Soarnex Technology	Taiwan	International Trade	-	-	-	- %	-	100.00 %	(13)	(13)	Liquidation completed on April 24, 2023.
Huge Castle	PC	Mauritius	Investment company and trading	(16,261)	-	10,000	100.00 %	145,496	100.00 %	(23,566)	(23,566)	
Huge Castle	Luis Jo'se	BVI	Investment company	43,673	-	1,362,680	100.00 %	43,291	100.00 %	1,749	1,749	

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

Note 2: Limited Company

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

(c) Information on investment in Mainland China:

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

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows Outflow	Investment flows Inflow	Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses)	Book value (Note 2)	Accumulated remittance of earnings in current period	Note
D-Link Shanghai	Buy and sell of networking equipment and wireless system	599,333	2	599,333	-	-	599,333	115,536	100.00 %	100.00%	115,536	(160,688)	-	
Netpro	Research, development and trading business	21,515	2	20,054	-	-	20,054	485	100.00 %	100.00%	485	14,619	-	
YouXiang	Technical Service and Import/Export trading business	61,493	3	-	-	-	-	(10,884)	9.86 %	9.86%	-	3,465	-	
Cameo Technology Developement (Shenzhen) Co., Ltd.	R&D for communications technology and products	-	2	17,175	-	5,543	11,632	N/A	- %	-%	N/A	Note 3	-	Note 3：Liquidation completed in March 2012.
Nettech Technology (Suzhou) Co., Ltd.	Production, processing, and sale of electronic communications equipment	-	2	141,739	-	83,705	58,034	(9,916)	- %	100.00%	(9,916)	-	291,885	Note 4, 7, 8, 9, 10, 11, 12, 13：Liquidation completed in August 2023.
Wide View Technology Inc.	R&D, production, and sale of electronic components	-	2	20,923	-	-	20,923	N/A	- %	-%	N/A	Note 5	-	Note 5：Liquidation completed in September 2018.
Suzhou Soarnex Technology Co., Ltd	Software development and software services for computer information systems	22,064	2	-	-	-	-	1,003	100.00 %	100.00%	1,003	25,137	-	Note 4, 6

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

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 30.74 and CNY 4.33 as of December 31, 2023.

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

Note 4:In the investment income (loss) column, except for Suzhou Soarnex Technology Co., Ltd, which is not significant and is calculated based on the unaudited financial statements of the investee company, Nettech Technology (Suzhou) Co., Ltd. is calculated based on evaluation of the financial statement reviewed by the certified public accountant of Cameo.

Note 5:Wide View Technology Inc. completed its liquidation process in September 2018, wherein it refunded the shares amounting to USD $740 thousand to Luis Jo'se on September 4, 2018, with the approval of the MOEAIC.

Note 6:Suzhoa Soarnex Technology Co., Ltd. was invested by Nettech Technology (Suzhou) Co., Ltd. in Mainland China through self-funding. In August 2019, Nettech Technology (Suzhou) Co., Ltd. transferred 100% of its shareholdings to Luis Jo'se.

Note 7:Nettech Technology (Suzhou) Co., Ltd. conducted a capital reduction to return the shares amounting to USD $25,000 thousand, at the percentage rate of 90.20%, based on a resolution of the Board of Directors held on December 8, 2021. The relevant statutory registration procedures had been completed on February 11, 2022. Thereafter, Nettech Technology (Suzhou) Co., Ltd. remitted USD $25,000 thousand to PC on February 21, 2022.

Note 8:PC conducted a capital reduction to return the shares amounting to USD $22,000 thousand, at the percentage rate of 81.48%, based on a resolution of the Board of Directors held on April 29, 2022, which is the base date of the capital reduction. PC remitted USD $22,000 thousand to Huge Castle on June 22, 2022.

Note 9: Huge Castle conducted a capital reduction to return the shares amounting to USD $22,000 thousand, at the percentage rate of 57.30%, based on a resolution of the Board of Directors held on March 16, 2022, with the base date of the capital reduction on June 8, 2022. Huge Castle remitted USD $22,000 thousand to Cameo on June 23, 2022, with the approval of the MOEAIC on July 5, 2022.

Note 10:In the third quarter of 2022, Nettech Technology (Suzhou) Co., Ltd. remitted the surplus of USD $13,219 thousand to PC, and PC remitted the surplus of USD13,057 thousand to Huge Castle. Thereafter, the surplus of $271,678 thousand (USD $9,003 thousand) was remitted by Huge Castle to Cameo on September 2, 2022. The investment income of $271,678 thousand (USD $9,003 thousand) was remitted to Taiwan in 2022.

Note 11:Nettech Technology (Suzhou) Co., Ltd. remmitted the surplus of USD $8,240 thousand and $2,678 thousand to PC in the second and third quarter of 2023, respectively, had been liquidated based on a resolution of the Board of Directors held in November 2022, with the approval of the NAFR on August 31, 2023. PC remitted the surplus of USD $2,862 thousand to Huge Castle in the fourth quarter of 2023. Thereafter, the surplus of $20,207 thousand (USD $643 thousand) was remitted by Huge Castle to Cameo on December 20, 2023. The investment income of $20,207 thousand (USD $643 thousand) was remitted back to Taiwan in 2023.

Note 12:PC conducted a capital reduction to return the shares amounting to USD $4,900 thousand, at the percentage rate of 98%, based on a resolution of the Board of Directors held on October 6, 2023, with the base date of the capital reduction on November 13, 2023. PC remitted USD $4,900 thousand to Huge Castle on December 12, 2023.

Note 13:Huge Castle conducted a capital reduction to return the shares amounting to USD $7,068 thousand, at the percentage rate of 43.10%, based on a resolution of the Board of Directors held on November 7, 2023, with the base date of the capital reduction on December 1, 2023. Huge Castle remitted USD $7,068 thousand to Cameo on December 20, 2023, which hadn't yet approved by the MOEAIC.

(ii) Limitation on investment in Mainland China:

Company Name	Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by the MOEAIC	Upper Limit on Investment
D-Link Corporation	619,387	619,387	(Note 1)
Cameo	90,589	103,766	1,890,428 (Note 2)

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

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

(Continued)

(iii) Significant transactions:

For the year ended December 31, 2023, the significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders:

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

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

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

(14) Segment information:

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

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

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

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

(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.

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	2023				
	American markets	European markets	Asian markets and others	Adjustments and eliminations	Total
Revenue:					
Third-party customers	$ 1,222,790	4,256,653	10,461,834	-	15,941,277
Inter-company	32,581	22,156	2,411,745	(2,466,482)	-
Total revenue	**$ 1,255,371**	**4,278,809**	**12,873,579**	**(2,466,482)**	**15,941,277**
Reportable segment profit (loss)	**$ (134,029)**	**(185,955)**	**1,606,569**	**(425,509)**	**861,076**

	2022				
	American markets	European markets	Asian markets and others	Adjustments and eliminations	Total
Revenue:					
Third-party customers	$ 1,332,290	4,887,624	10,857,974	-	17,077,888
Inter-company	30,411	22,969	2,839,566	(2,892,946)	-
Total revenue	**$ 1,362,701**	**4,910,593**	**13,697,540**	**(2,892,946)**	**17,077,888**
Reportable segment profit (loss)	**$ (140,985)**	**(86,434)**	**1,465,273**	**(780,276)**	**457,578**

	American markets	European markets	Asian markets and others	Adjustments and eliminations	Total
Reportable segment assets:					
December 31, 2023	**$ 2,373,984**	**3,973,091**	**25,593,155**	**(15,319,451)**	**16,620,779**
December 31, 2022	**$ 2,954,333**	**4,585,624**	**23,412,208**	**(15,530,624)**	**15,421,541**

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

Total reportable segment revenues after eleminating the intergroup revenues were $2,466,482 thousand and $2,892,946 thousand for 2023 and 2022, respectively.

(b) Products and services information

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

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(c) Geographic information

Country		**2023**	**2022**
Non-current assets			
Taiwan	$	2,306,523	856,630
India		504,679	496,376
Other countries		966,244	728,589
Total	**$**	**3,777,446**	**2,081,595**

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

(d) Major customers

There were no individual customers representing greater than 10% of consolidated revenue in 2023 and 2022.