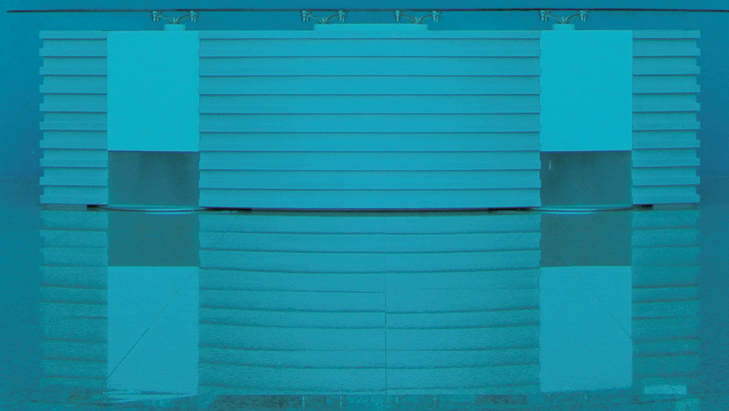


D-Link Corporation

Annual Report 2023

D-Link



Notice to Readers

This English-version Annual Report is a summary translation of the Chinese version and is not an official document of the Shareholders' Meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

I. Spokesperson & Acting Spokesperson Information:

Item	Spokesperson	Acting Spokesperson
Name	CJ Chang	Linda Wu
Title	CEO	Manager of Global Marketing & Public Relations Div.
Telephone	(02) 6600-0123	(02) 6600-0123
E-mail	ir@dlinkcorp.com	pr@dlinkcorp.com

II. Headquarters, Branches and Subsidiaries:

Company	Address	Telephone
Headquarters	No.289, Xinhua 3rd Rd., Neihu District, Taipei City, Taiwan, R.O.C.	(02) 6600-0123
Taiwan Branch	4F, No.289, Xinhua 3rd Rd., Neihu District, Taipei City, Taiwan, R.O.C.	(02) 6600-0123

III. Name, Address, Website, and Telephone of Stock Transfer Agency:

Name: Stock Transfer Agency Unit, Yuanta Securities
Address: B1, No. 210, Section 3, Chengde Road, Datong Dist., Taipei City 103
Telephone: (02) 2586-5859
Website: www.yuanta.com

IV. Name of the CPA and CPA Firm Auditing the Financial Statements in the Most Recent Year:

Name: Hsieh, Chiu-Hua and Chang, Stu-Ying,
CPA Firm: KPMG
Address: 68F, Taipei 101 Tower, No.7, Section 5, Xinyi Road, Taipei City 110
Telephone: (02) 8101 6666
Website: www.kpmg.com.tw

V. Overseas Securities Exchange: None**VI. D-Link Corporation Website**

Web: <https://company.dlink.com/zh-hant>
IR Web: <http://www.ir-cloud.com/taiwan/2332/irwebsite/>

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Chapter 1 Letter to Shareholders

Dear Shareholders,

I. Operating Performance in 2023

(I) Implementation Results of the 2023 Business Plan

Looking back at the past year, in the midst of the ongoing Russo-Ukrainian war and the lingering pandemic, the global demand for internet terminal products has weakened due to the tightening of currency resulting from the continuous rise in global inflation. With the easing of material shortages, global enterprises are facing serious pressure regarding increased inventories. Despite strict inventory control and effective inventory level control, our company experienced a 6.7% decline in revenue in 2023 due to market weakness. By region, sales in the Asia-Pacific region have significantly declined due to the severe destocking and dumping of mainland Chinese products; by product, it was mainly benefited from increased sales of switch products. Despite the negative effect of the New Taiwan Dollar's depreciation against the US Dollar in 2023, we have successfully maintained a satisfactory gross profit margin by optimizing our product portfolio. Looking ahead to 2024, the Company will continue to enhance its core competitiveness and strengthen its management by launching new quality products, carrying out in-depth development of cloud platform services, and optimizing its product mix to increase gross profit. In addition, while increasing revenue, we will manage operating expenses in a prudent manner to improve the profitability of our main business and continue to pay attention to market changes in response to the impact of changes in the general environment.

(II) Budget Implementation

The Company did not disclose its financial forecast for 2024.

(III) Profitability analysis

With a review of the financial performance in 2023, the global consolidated revenue was NT\$15.941 billion, a decrease of 6.7% compared with 2022; the gross profit margin was 24.1%, a decrease of 1.2% from 25.3% in 2022; the net operating profit was NT\$126 million, which was a decrease of NT\$427 million from the net operating profit of NT\$553 million in 2022; the net income after tax was NT\$568 million; the earnings per share after tax was NT\$0.95.

(IV) Research and Development Status

➤ Commercial Product Line

- (1) **Switch Products:** To meet the increasing demand for Wi-Fi 6E/7 wireless products, we have introduced the DXS-3130 series of 10G PoE management switches and the DMS-1250 series of 2.5G PoE smart switches. These products, when combined with Wi-Fi 6E/7 commercial wireless products, provide the optimal solution for enterprise and campus networks. As part of the product generation update, we have introduced the DQS-3610 series, which is a new line of 100G/25G L3 core Switch. This series offers a comprehensive range of switch products suitable for both large enterprises and small businesses. Customers can centrally manage all

smart and management switches through the D-View8 management platform using the standard SNMP.

- (2) **Enterprise Access Point (EAP) and VPN Gateway Products:** Introduce the brand-new Wi-Fi 6 indoor and outdoor AX3000 commercial wireless products, DAP-X3060 and X3060OU. Moreover, responding to the growing popularity of tri-band applications, the Wi-Fi 6E indoor AX5400 product will also be launched subsequently. Users can choose stand-alone operations or utilize the Nuclias Connect management platform, offering a user-friendly centralized management solution for commercial wireless networks. It is anticipated that following the introduction of Wi-Fi 6E, there will be a gradual rollout of Wi-Fi 7 related products, offering a comprehensive range of commercial wireless solutions to the market.

➤ **Home Product Line**

- (1) **Home Wireless Routers:** We are currently in the development phase of Wi-Fi 7 320MHz products. In addition to inheriting the intelligent features of AQUILA PRO AI, we are integrating a 2.5Gbps Ethernet interface and a tri-band wireless solution (2.4GHz, 5GHz, 6GHz) for home networks. This aims to deliver a low-latency and higher bandwidth network experience. The Wi-Fi 6 product series is designed for the new type of field networks in smart homes and smart buildings. It integrates the planning and development of the Matter product series and utilizes the Thread specification to create more stable and flexible mesh networks for smart home devices.
- (2) **IP Camera and IoT:** To fulfill the needs of smart homes and remote care, we have developed AI capabilities and integrated services for Cloud to Cloud service integration and created a new central monitoring system that enables customers to remotely and instantly monitor the status of their devices and household members. Furthermore, the original cloud service can be integrated with specific services to broaden the scope and reach a wider audience of cloud service users. The application of IoT enables the integration of the Matter protocol, enabling products to seamlessly collaborate with third-party Matter Controllers. This enhances product convenience and compatibility.

➤ **Telecom Product Line**

- (1) **Broadband Network Products:** We continue to develop XGPON product lines, mainly XGPON modems. The Company will promote Two-box home network solutions integrated with Wi-Fi Mesh products. In addition to the demand of telecom providers, we have also started to plan and develop related products with third-party partners.
- (2) **Mobile Broadband Products:** We offer a variety of devices for LTE/5G mobile broadband communication. In addition to our existing LTE 4G Cat4/Cat6 AX1500 CPE products, we have also introduced ODU supporting 5G-NR 3GPP R16 specifications and a 5G CPE series that integrates Wi-Fi 6 AX3000/AX6000 and wireless Mesh functionality. It is expected that the Company is able to meet the needs of telecom providers at different levels.
- (3) **M2M Industry Application:** The Company launches the industrial applications

integrated with the Internet devices. The main feature of the product is that it can be used in various vertical applications. The product series mainly supports LTE/5G networks, as well as Ethernet and Wi-Fi. The Company promotes the Internet access of devices in various industries, the collection and monitoring of data and status, and the integration of D-ECS platform functions to provide the comprehensive wireless connectivity solution for industrial applications. Successful cases can now be found globally, with applications in various sectors such as public transportation, charging stations, electronic billboards in shopping malls, and city bike rentals.

II. Business Plan for 2024

(I) 2024 Business objectives

The Company adheres to the following operating guidelines to achieve the established strategic targets.

1. Keep abreast of the trends in the networking market through global bases, formulate innovative product development plans, enhance the partnership with key technology strategic partners, launch high-quality leading products, and continue to develop value-added AI-powered smart functions.
2. Stick with discipline in research and development (R&D) and production, continue to improve processes, optimize the global supply chains, and capitalize on the Group's synergy.
3. Global teamwork: Closely communicate the Company's strategies and policies, build consensus across different cultures and regions, and share local successful experiences.
4. Sustainable operation: Committed to environmental protection, fulfill social responsibilities, and continuously improve corporate governance.

(II) Sales Forecast and Basis

According to the latest data released by IBISWorld in September 2023, the total monthly Internet traffic in 2023 was approximately 374 EB (1 EB = 103 PB = 106 TB = 109 GB), an increase of approximately 13% compared to 331 EB per month in 2022. The slight decrease in demand for home internet traffic is attributed to the slowdown in growth due to the easing of the pandemic, global reopening, return to office, and revenge travel. However, 4K/8K video streaming, Internet browsing, various online games, gaming platforms, generative AI and social networks, has expected to continue growing. The growth in traffic is complemented by the demand for network infrastructure and equipment, which includes the switches of telecom suppliers and cloud centers, transmission equipment to enterprise-level switches, wireless base stations to home wireless routers, broadband and mobile routers, and other networking equipment.

1. Commercial Product Line

- (1) **Switch Products:** As expectations for a temporary pause in interest rate hikes and subsequent rate cuts by the ECB and the Fed gradually diminish, it is anticipated that corporate capital expenditure will rebound this year. Furthermore, the ongoing trend of generative AI is expected to persist, necessitating not only significant computing power but also a substantial increase in network traffic

demand. Consequently, the demand for switches in the corporate, telecommunications, and retail markets is expected to remain stable and gradually increase. This year, in addition to the continued promotion of enterprise cloud solutions, the introduction of multiple new series of 10G/25G/100G switches will also contribute to revenue growth, and together with the existing main 1Gbps class switches, the overall market share will likely further increase.

- (2) **Wireless Access Point and VPN Gateway Products:** In the new year, in addition to launching several models of enterprise-grade Wi-Fi 6 access points at the beginning of the year, we have also planned for the release of the next-generation enterprise-grade Wi-Fi 7 access points, which are expected to be available in the second half of the year. With Wi-Fi 6 VPN Gateway and intelligent management platform, we aim to assist SMEs in building a smoother, more convenient, stable, and secure remote office environment.

2. Home Product Line

- (1) **Home Wireless Routers:** The widespread use of mobile devices, along with the availability of various internet services, has transformed the wireless router at home into the central hub for household internet usage. The Company not only continuously launches routers with the latest specifications of Wi-Fi 6E and Wi-Fi 7, but we have also started integrating Matter technology based on AI, coupled with a series of IoT devices, to build a smart home solution that provides services in a hope to increase sustainable revenue and stabilize profitability.
- (2) **IP Camera and IoT:** Among all AIoT devices, the digital camera serves as the eyes of the smart home network, being the only device capable of receiving images. On the other hand, the various IoT detectors are like the sensory nerves of the human body, responsible for receiving different types of information. Once transmitted through the network to the router for analysis, appropriate actions are taken. According to market research predictions, the annual compound growth rate of demand for IPCAM from 2022 to 2027 was approximately 20.68%. The overall market size reaches 147.7 billion US dollars. This year, the Company will continue to work closely with its ODM partners, to strengthen AI integration in products and expand the application of affordable cloud added-value services based on high-level network security standards. The Company is expecting an increase in brand awareness in the competition and proportion of service fee income by a series of Matter-based smart networking devices in the future.

3. Telecom Product Line

- (1) **Broadband Network Products:** Although the demand for copper wire is gradually being replaced by optical fiber, there is still some demand in developing countries. The Company continues to invest some resources to serve the existing customers in order to secure the market share and customers. There is insufficient bandwidth in the previous fiber optic network of GPON (2.5Gbps). The major network companies are making every effort to gain a foothold in the 10G PON market. With the maturity of the technology, the market share of XGS-PON (10Gbps for both uploading and downloading) is expected to increase rapidly in

recent years in response to the emergence of KOLs and the huge traffic demand of Tik Tok and generative AI for uploading videos. Following the ongoing telecom project in 2023, XGS-PON products will be expanded in 2024 together with a series of Mesh Router to offer telecommunications companies more options, either in the form of one-box or two-boxes, and expedite the customization process with our experienced research and development team, this year will commence the Company's Transition from Copper to Fiber.

- (2) **Mobile Broadband Products:** With the gradual increase in 5G coverage, 5G FWA (Fixed Wireless Access) has become a broadband access solution for low population-density areas due to its advantages such as shorter deployment time, lower manpower, and equipment costs. This can significantly reduce the cost of fiber optic deployment for operators while increasing broadband network coverage. We have successively launched high-speed 5G outdoor and indoor router products for FWA applications. In addition to incorporating Wi-Fi 6 and next-generation Wi-Fi 7 technologies, our products can also establish a Wi-Fi Mesh network for seamless Wi-Fi user experience. Furthermore, we have also launched 5G mobile internet sharing devices with market share already established.
- (3) **M2M Industry Applications:** By combining 5G with technologies such as artificial intelligence and cloud computing, various applications and services can be developed, such as connected cars, smart monitoring, remote industrial control, and much more. This year, the focus will be on 4G/5G vertical integration applications. By combining our products, management platforms, and services to provide a series of application solutions, such as smart business, smart industry, and smart vehicles, to meet the increasing demand and opportunities for mobile internet connection in various industries. In addition, we will continue to strengthen the development of our long-established enterprise private 5G network solutions.

(III) **Important Production and Sales Policies**

The market sentiment is continuing to decline, with the consumer goods market being particularly affected by a severe imbalance between supply and demand. The Company has conducted a thorough review and adjustment of orders in the first quarter and has instructed overseas subsidiaries to efficiently manage inventory control. The objective is to mitigate cash flow risks, and it currently seems that the policies are being implemented as necessary. Currently, there are no indications of a temporary slowdown in the US-China trade war. Trade barriers and reciprocal tariffs will become standard. Non-CHN production will be available as an alternative for customer orders. However, the Company remains committed to investing in Taiwan for research, production, and manufacturing, offering a wide range of solutions developed by the Taiwan network team with a global market focus. This will undoubtedly provide us with a competitive advantage. The general principles of the Company's sales strategy in 2024 are still "selection" and "concentration", that is, we will adopt the optimized product mix and work with the optimal team of ODM partners and suppliers and adjust our sales strategies flexibly in different regions through our three business divisions in America, Europe, and APAC & Others regions and overseas

subsidiaries on the front line, to increase our market shares in the home, commercial, and industrial markets, while strengthening our long-term partnership with mobile network operators.

III. Future Development Strategy

(I) Short-term Development Strategy

1. Cooperate with high-quality ODMs within the conglomerate group to establish a controllable supply chain system with close relationships.
2. Reshape D-Link's brand image and enhance brand value from three aspects: specifications and prices, functional performance, and corporate identity.
3. In addition, the Company has been able to provide the specifications and functions required by each industry and expand its market share to reduce the competition of products with general specifications.

(II) Mid- and Long- term Development Strategy

1. Achieve the extreme simplification of the supply and management of networking products with cloud computing as the main pillar.
2. We develop and create coordinated product services for our customers by leveraging the synergies of resources within our group.
3. Strengthening cooperation with Tier 2 and Tier 3 telecom operators to secure long-term contracts with localized services.

IV. The Impact of the External Competitive Environment, Regulatory Environment, and Macroeconomic Conditions

Competition in the networking market is fierce. Not only are new brands entering the market one after another, but also ODMs are often directly involved in telecom bidding projects. However, the Chinese manufacturers who are competing for market share at low prices continue to emerge, squeezing the gross profit of the networking companies. The Company will continue to optimize its supply chain, reform its global organization, and carry out stringent inventory management to reduce costs and expenses, as well as AI and cloud platforms form the core, presenting a variety of solutions to surpass individual product approaches so as to increase sustainable revenue and stabilize profitability. In addition, in response to rising security awareness in various countries, the Company has been well-prepared for "local manufacturing". The Company has established ESG Committee to create a sustainable business environment from three aspects, namely environment, society, and corporate governance, in addition to striving to make profits in the core business. Regarding the overall business environment, the pandemic gradually eases and lockdowns are lifted, inflation appears to be curbed. However, geopolitical tensions remain high. In the upcoming year, the prices of raw materials, energy, and the supply chain will undoubtedly be significantly impacted. It remains to be seen whether we will experience a repetition of the cycle from two years ago, when the epidemic caused shortages, hoarding, material scarcity, excessive ordering, and a substantial increase in inventory levels. This led to a period required for destocking and resulted in an economy downturn. Additionally, central banks in Europe and the United States have been signaling the possibility of interest rate cuts, raising concerns about potential speculative inflows causing

currency fluctuations. This situation also requires close observation. Lastly, this year is an election year. According to statistics, approximately 2 billion people worldwide are expected to participate in voting across various elections, representing around 60% of GWP. Key regions for the company's operations include the United States, Taiwan, India, and the 27 member states of the European Union. Therefore, in addition to planning, developing and promoting various solutions as usual, the main focus of this year is to work closely with our subsidiaries, pay attention to local situations, understand local needs and dynamically adjusting inventories, keep an eye on central bank policies of each country, and seek expert advice to implement exchange rate risk management.

Last but not least, we would like to express our sincere appreciation to all shareholders for your support and trust in the Company. Our management team and all employees will strive to create the maximum values for all shareholders.

Chairperson: Victor Kuo

CEO: CJ Chang

Chapter 2 Company Profile

I. Date of Incorporation: 1987.06.20

II. Company History:

1986	<ul style="list-style-type: none"> D-Link Company Ltd. was established (later changed to D-Link Corporation Ltd.) A subsidiary was established in the US in the same year.
1987	<ul style="list-style-type: none"> D-Link Corporation was formally established at the Hsinchu Science Park.
1989	<ul style="list-style-type: none"> A subsidiary was established in the UK.
1990	<ul style="list-style-type: none"> A subsidiary was established in Canada. A subsidiary was established in France.
1991	<ul style="list-style-type: none"> The construction of a plant in the Hsinchu Science Park was completed. A subsidiary was established in Australia. A subsidiary was established in Germany.
1992	<ul style="list-style-type: none"> Awarded the first "Outstanding Award for Excellent Industrial Technology Development" from the Ministry of Economic Affairs. Awarded the "1st Taiwan Excellence Awards".
1994	<ul style="list-style-type: none"> The stock was listed for public trading with the stock code 2332 on TWSE. A subsidiary was established in Singapore. D-Link Charity Foundation was established.
1995	<ul style="list-style-type: none"> A subsidiary was established in India through a joint venture. A subsidiary was established in Latin America. Won the "4th Taiwan Excellence Awards" with 3 products
1996	<ul style="list-style-type: none"> Won the "5th Taiwan Excellence Awards" with 7 products and 1 Taiwan Excellence Gold Award.
1997	<ul style="list-style-type: none"> Won the "6th Taiwan Excellence Awards" with 3 products.
1998	<ul style="list-style-type: none"> Won the "7th Taiwan Excellence Awards" with 2 products.
1999	<ul style="list-style-type: none"> Won the "8th Taiwan Excellence Awards" with 4 products and 2 Taiwan Excellence Silver Award.
2000	<ul style="list-style-type: none"> Won the "9th Taiwan Excellence Awards" with 1 product.
2001	<ul style="list-style-type: none"> The subsidiary in India was listed in India's stock market as Taiwan's first company listed in India's stock market. A subsidiary was established in Brazil. Won the "10th Taiwan Excellence Awards" with 3 products and 1 Taiwan Excellence Silver Award.
2002	<ul style="list-style-type: none"> A subsidiary was established in Russian. A subsidiary was established in the Middle East. A subsidiary was established in Shiang-Hai. Won the "11th Taiwan Excellence Awards" with 3 products and 1 Taiwan Excellence Gold Award.
2003	<ul style="list-style-type: none"> The original OEM/ODM business department, including the Dongguan factory in China, was demerged into Alpha Networks Inc.
2004	<ul style="list-style-type: none"> Certificated with ISO 9001 the quality management system. According to Synergy Research Group's survey, D-Link ranked first in terms of the market share in global consumer network connection products. Selected as Taiwan's top 10 international brands by the Bureau of Foreign Trade, Ministry of Economic Affairs. Won the "13th Taiwan Excellence Awards" with 5 products.

2005	<ul style="list-style-type: none"> • Officially moved into the Neihu Corporate Operational Headquarters building. • A subsidiary was established in Japan. • Selected as Taiwan's top 10 international brands by the Bureau of Foreign Trade, Ministry of Economic Affairs, for the second consecutive year. • Won the "14th Taiwan Excellence Awards" with 4 products.
2006	<ul style="list-style-type: none"> • Certificated with ISO 14001 the environmental management system. • Selected as Taiwan's top 10 international brands by the Bureau of Foreign Trade, Ministry of Economic Affairs, for the third consecutive year. • Won the "15th Taiwan Excellence Awards" with 4 products.
2007	<ul style="list-style-type: none"> • Led the world and launched green switch of Green Ethernet, and successively launched the "D-Link Green", a series of products to implement the Company's vision of corporate sustainability. • Recognized by Business Week as the top 100 IT companies in the world and the IT company with the 9th best return on investment in the world. • Selected as Taiwan's top 10 international brands by the Bureau of Foreign Trade, Ministry of Economic Affairs, for the fourth consecutive year. • Mr. Ken Kao, the Chairman, was awarded the "Technology and Communication Entrepreneur Award" at the 2007 EY Entrepreneur of the Year Awards. • Won the "16th Taiwan Excellence Awards" with 14 products and 1 Taiwan Excellence Silver Award.
2008	<ul style="list-style-type: none"> • Surpassed the standards in the industry and won TÜV Rheinland STAR's highest score of five stars for the enterprise quality rating. • Selected as Taiwan's top 10 international brands by the Bureau of Foreign Trade, Ministry of Economic Affairs, for the fifth consecutive year. • Mr. Ken Kao, the founder and Chairperson of the Board, passed away. • Won the "17th Taiwan Excellence Awards" with 5 products.
2009	<ul style="list-style-type: none"> • Awarded the Outstanding Innovation Enterprise Award at the 17th Industrial Technology Development Award held by the Ministry of Economic Affairs. • Mr. John Lee, the Chairman, was awarded the personal achievement award "R&D Management Innovation Award" at the 17th Industrial Technology Development Award. • Certificated with ISO/IEC 27001:2005 the information security system. • Won the German "Red Dot Design Award 2009". • Won the Japan "Good Design Award 2009". • Won the German "iF Design Award 2009". • Won the "Japan INTEROP Design Award" with 2 products. • Won the "18th Taiwan Excellence Awards" with 6 products and 1 Taiwan Excellence Gold Award.
2010	<ul style="list-style-type: none"> • D-Link's network security system was recognized and patented in the UK. • Won the "Innovation Award" and the first place of Last Gadget Standing at the 2010 CES. • Won the "19th Taiwan Excellence Awards" with 5 products and 1 Taiwan Excellence Gold Award.
2011	<ul style="list-style-type: none"> • A subsidiary was established in Korea. • Led the networking industry as the first player to launch innovative and revolutionary new products of "D-Link Cloud Series", a pioneering initiative to integrate cloud services for networking products. • Awarded the "Top 100 Taiwanese Brands" organized by Bureau of Foreign Trade, Ministry of Economic Affairs.

	<ul style="list-style-type: none"> • Won the "2011 Taiwan Top 20 International Brands" award organized by the Bureau of Foreign Trade, Ministry of Economic Affairs. • Won the German "iF Design Award 2011" with 2 products. • Won the German "Red Dot Design Award 2011" with 2 products. • Won the Japan "Good Design Award 2011" • Won the "20th Taiwan Excellence Awards" with 17 products.
2012	<ul style="list-style-type: none"> • The innovative technology of "Zero Setting" was launched. • Participated in the World IPV6 Launch Day. • Awarded "2012 Taiwan Top 20 International Brands" organized by the Bureau of International Trade, Ministry of Economic Affairs. • Awarded "Outstanding Innovation Enterprise Award" at the 2nd National Industrial Innovation Awards launched by the Ministry of Economic Affairs. • Won the German "Red Dot Design Award 2012" with 4 products. • Won the Japan "Good Design Award 2012". • Won the "21st Taiwan Excellence Awards" with 16 products and 1 Taiwan Excellence Gold Award and 2 Taiwan Excellence Silver Award.
2013	<ul style="list-style-type: none"> • Won first place in the wireless router evaluation conducted by Small Net Builder, a well-known network equipment evaluation unit. • Awarded the "2013 Taiwan Top 20 International Brands" organized by Industrial Development Bureau, Ministry of Economic Affairs. • Won the German "Red Dot Design Award 2013" with 2 products. • Won the Japan "Good Design Award 2013". • Won the "Innovation Award" at the 2013 CES. • Won the "22nd Taiwan Excellence Awards" with 19 products.
2014	<ul style="list-style-type: none"> • Launched the concept of "GET YOUR HOME TALKING; Smart Home • Internet of Things" with the most comprehensive layout in the smart home field in the networking industry. • Launched the first smart socket. • Won the "2014 Taiwan Top 20 International Brands" organized by Industrial Development Bureau, Ministry of Economic Affairs. • Won the German "iF Design Award 2014" with 2 products. • Won the "23rd Taiwan Excellence Awards" with 8 products.
2015	<ul style="list-style-type: none"> • Led the world by launching the first home-use 180° super wide-angle network cameras. • Became the first company in Taiwan to pass the latest version of ISO 9001:2015 and ISO 14001:2015 certification. • Won the "2015 Taiwan Top 20 International Brands" organized by Industrial Development Bureau, Ministry of Economic Affairs. • Won the "24th Taiwan Excellence Awards" with 11 products.
2016	<ul style="list-style-type: none"> • Led the industry to launch a full range of smart home products that supported IFTTT. • Cooperated with Microsoft to enter the Super Wi-Fi market. • Won the "Innovation Award" with 2 products at the 2016 CES. • Won the "25th Taiwan Excellence Awards" with 8 products.
2017	<ul style="list-style-type: none"> • Became the first networking company in Taiwan to be verified through BSIMM. • Won the "26th Taiwan Excellence Awards" with 6 products.

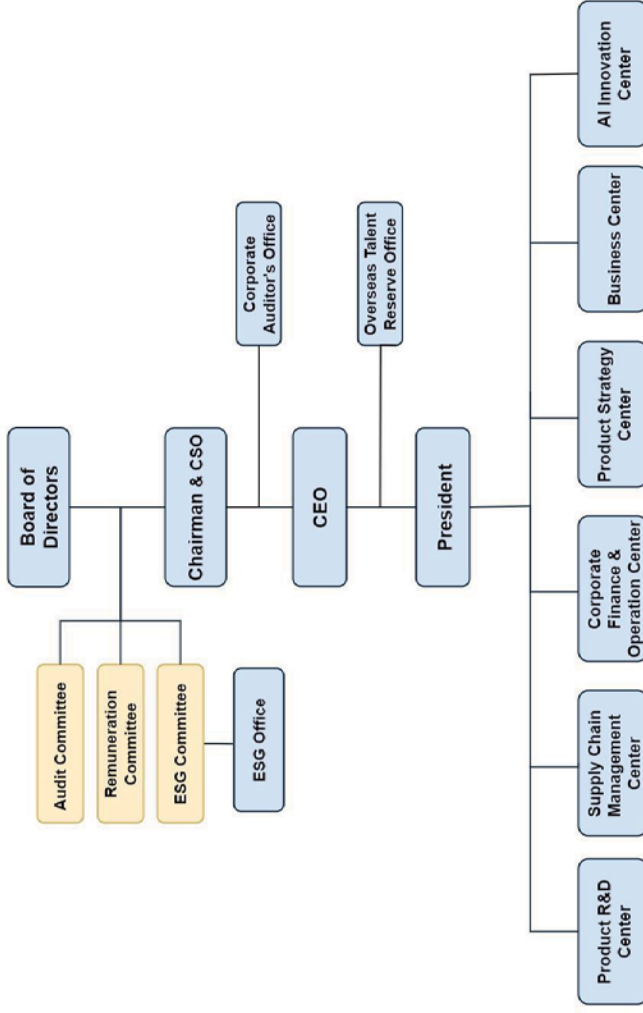
2018	<ul style="list-style-type: none"> • Launched the first Open Thread Border Router (OTBR) in the world. • Certificated with BS 10012:2017 the personal information management system. • Won the "Innovation Award" with 2 products at the 2018 CES. • Won the German "iF Design Award 2018". • Won the Japan "Good Design Award 2018". • Won the "2018 COMPUTEX d&i awards". • Won the "27th Taiwan Excellence Awards" with 8 products.
2019	<ul style="list-style-type: none"> • Certificated with ISO 45001:2018 the occupational safety and health management system. • Won the "Innovation Award" at the 2018 CES. • Won the "28th Taiwan Excellence Awards". • In a survey conducted by 1111 Job Bank, D-Link was selected by office workers as a Happy Enterprise.
2020	<ul style="list-style-type: none"> • Joined the Taiwan Steel Group. • Launch of brand new 5G mobile communication wireless routers management solution. • Announced that it has officially become an agent for Juniper Networks in Taiwan. • Passed the IEC 62443-4-1 Secure Product Development Lifecycle Requirements certification. • Certificated with ISO/IEC 27001:2013 the information security system. • Won the German "iF Design Award 2020". • Won the "IoT Breakthrough 2020". • Won the "Innovation Award" with 2 products at the 2020 CES. • Won the "29th Taiwan Excellence Awards" with 2 products.
2021	<ul style="list-style-type: none"> • Released the latest series of products at CES 2021, including mydlink home wireless network cameras, Wi-Fi 6 wireless products, 5G wireless mobile products, and 2.5 GbE solutions, to facilitate the digital transformation for smart homes and satisfy users' needs in the post-pandemic era. • Announced that it has officially become the agent for the international information security brand, Cyberbit, in Taiwan. • Launched the all-new EAGLE PRO AI series. • Launched the DWA-X1850 Wi-Fi 6 USB WNIC. • Re-certificated with BS 10012:2017 the personal information management system. • Re-certificated with ISO 14001:2015 the environmental management system. • Won the "Innovation Award" with 2 products at the 2021 CES. • Won the German "Red Dot Design Award 2021" with 3 products. • Won the German "iF Design Award 2020" with 2 products. • Won the Japan "Good Design Award 2021" with 3 products. • Won the "30th Taiwan Excellence Awards" with 2 products.
2022	<ul style="list-style-type: none"> • Exclusive cooperation with Meta to create DWA-F18 virtual reality projection network bridge, which wirelessly connects a computer to a head-mounted device, making the PC VR experience perfect. • Joined the Metaverse Standard Forum. • Launched the "D-Link Green Pack" project. • Obtained TRUSTe Privacy Certification Label. • Implemented and verified the Taiwan Intellectual Property Management System (TIPS). • Adopted "Task Force on Climate-related Financial Disclosures (TCFD)".

	<ul style="list-style-type: none"> • Certified greenhouse gas emissions with ISO 14064-1:2018. • Re-certificated with ISO 9001:2015 the quality management system. • Re-certificated with ISO 45001:2018 the occupational safety and health management system. • DCS-8350LH 2K QHD wireless webcam won the German "iF Design Award 2022". • M15 AX1500 Wi-Fi 6 dual band wireless router and M32 AX3200 Wi-Fi 6 dual band wireless router won the "2022 MIT Golden Award", the only networking brand and product that receive the award this year. • Won the "31st Taiwan Excellence Awards" with the DWA-F18 virtual reality projection network bridge. • Released the first sustainability report referred to SASB and compliant with the Type 2 moderate-level assurance of AA1000 ASv3 and certified by an independent inspection agency. • Cooperated with National Taiwan University of Science and Technology to establish the "D-Link Group Scholarship" to encourage and subsidize Ukrainian and other foreign students to study and help introduce to and nurture more technology talent in Taiwan.
2023	<ul style="list-style-type: none"> • Merged Cameo Communications, Inc. into subsidiary since April. • Launched AQUILA PRO AI Series. • Launched the first Post-Consumer Recycled (PCR) plastic remanufactured product - M30 AX3000 Wi-Fi 6 mesh router. • First networking equipment brand in Taiwan to acquire the ETSI EN 303 645 cybersecurity certification (M30 AX3000 mesh router). • Ranked top 5% in the market capitalization category of \$5 billion to \$10 billion and in the second tier of 6% to 20% of all listed companies in the Corporate Governance Evaluation. • Won the "Top 100 Taiwanese Sustainable Corporates Award" and the top-level "Platinum Class CSR Award" at TCSA 2023. • Won the "2023 Happy Enterprise Gold Award". • Won the Interop Tokyo 2023 "Best of Show Grand Prize" with Nuclias DBG-2000 and DBG-X1000 products. • Won the Japan "Good Design Award 2023" with the M30 AX3000 Wi-Fi 6 mesh router and MS30 AX3000 Wi-Fi 6 Smart Home Gateway of the AQUILA PRO AI Series. • Won the "32nd Taiwan Excellence Awards" with the AQUILA PRO AI Smart Mesh Wi-Fi System. • Awarded "Accredited Healthy Workplace" certification badge by the Ministry of Health and Welfare. • Awarded "Taiwan i Sports" certification badge by the Ministry of Education. • Listed in Business Weekly's Carbon Competitiveness Top 100.

Chapter 3 Corporate Governance Report

I. Organization

(I) Organizational Chart



(II) Major Corporate Functions

Department	Functions
Board of Directors	Decision-making on business plans, earnings distribution, Articles of Incorporation and important contracts, the examination and approval of budget and final account, the appointment and dismissal of managerial officers or other major matters.
Audit Committee	Assisting the Board of Directors in fulfilling the supervision of the Company's adequate expression in the Company's financial statements, appointment (dismissal) of CPAs and their independence, effective implementation of the Company's internal control, the Company's compliance with relevant laws and regulations, as well as the control and management of the Company's existing or potential risks.
Remuneration Committee	Improving corporate governance and strengthening the remuneration management function of the Board of Directors, assisting in the implementation and assessment of the remuneration policies of the Directors and managerial officers of the Company, and proposing to the Board of Directors for reference in decision-making.
ESG Committee	Regulating D-Link's operation and management activities and improving the Company's performance in the environmental, social, and governance aspects, thereby achieving the goal of sustainable development.
Corporate Auditor's Office	Evaluating the effectiveness of the Company's internal control system and the deficiencies during its implementation, while providing suggestions for improvement in a timely manner.
Overseas Talent Reserve Office	Responsible for recruiting, training, and managing the talent for overseas subsidiaries and branches to ensure a diverse talent pool for the company and meet the talent needs for global operational development.
ESG Office	Analyzing domestic and international sustainability trends, coordinating and overseeing sustainability strategies and projects, and managing stakeholder issues and sustainability issues.
Product R&D Center	<ol style="list-style-type: none"> 1. Planning and formulating the overall research and development (R&D) strategies for products and technologies. 2. Research, planning, design, and specification setting for full range of products. 3. Development and design of the service platform as well as planning and management of software project schedules. 4. Software specification setting and testing for products; automatic test development and test case setting. 5. Product software application systems, development and testing of functions. 6. Product software and hardware functions and compatibility verification; providing quick and effective technical support services. 7. Integrating the needs across different units and product lines and completing communication and introduction through PLM. 8. Collaborate with relevant departments to analyze competitors' product design, interface, and packaging design.

Department	Functions
	<ol style="list-style-type: none"> 9. Collaborate with relevant departments to specification products (hardware and software), packaging for smooth delivery. 10. Verify the usability of product's software and hardware interfaces. 11. Managing the hardware and software operations and planning for global information related systems; establishing and implementing information standardization systems in conjunction with the IT/MIS integrated systems. 12. Handling of information security issues.
Supply Chain Management Center	<ol style="list-style-type: none"> 1. Management of procurement, price negotiation, delivery, and distribution logistics of products outsourced. 2. Supplier management, product supply and demand management, as well as import and export operations. 3. Integrating estimates for global procurement needs for products and components, strategic procurement management. 4. Establishing a comprehensive product development quality control system, setting mid- and long-term quality objectives and plans, and improving product quality and the Company's brand image. 5. Performing regular audits of suppliers' product quality, development, and production capabilities.
Corporate Finance & Operation Center	<ol style="list-style-type: none"> 1. Formulating the Company's wealth management and investment strategies, making effective use of funds, controlling financial risks, to achieve the reasonable return on the Company's overall investments. 2. Analyzing the operating performance of each operating unit. 3. Facilitating the communication between the Company and investors to enhance the transparency of financial information. 4. Financial related business, including cash management, financing management, hedging, credit risk management, investment management, and stock affairs. 5. Conducting relevant accounting operations of the Headquarters and the Taiwan Branch; coordinating and compiling relevant accounting operations of the branches and subsidiaries around the world. 6. Providing various financial and management reports for decision-making. 7. Executing human resources-related affairs, including education and training, recruitment and appointment, and salary management. 8. Management of corporate legal affairs, business contracts, personal information protection, litigation, intellectual property rights and other legal matters. 9. Logistics support for general affairs, property and equipment management, and occupational safety and health management.

Department	Functions
Product Strategy Center	<ol style="list-style-type: none"> 1. Plan the product strategy direction according to the market competition and future development trend. 2. Competitive analysis and research, product direction development, including new product specification and function development, product map release, management and product acceptance, etc. 3. Develop product launch strategies, formulate sales documents, and execute product business marketing plans. 4. Product technical documentation, life cycle management and package materials development design. 5. Integrated management of the corporate external image, maintenance of media relations, and handling media public relations crises. 6. Brand positioning and internal and external promotion of the brand. 7. Visual Brand Image Planning and Management. 8. Global website planning and management.
Business Center	<ol style="list-style-type: none"> 1. Implementing the guiding principles and operating policies stipulated by the Headquarters for each OBUs to formulate business strategies, business plans, and risk management policies respectively. 2. Implementing the regulations stipulated by the Headquarters on the relevant business practices of each OBUs. 3. Being Responsible for each OBU's performance of various operating indicators. 4. Provide pre-sales technical and customer service support for products in collaboration with OBUs. 5. Improving the service quality and accurately understanding the status of product quality through the operation of the global RMA system and the establishment of the global customer service centers for customer relationship management. 6. Reporting the local market demands and situations of each OBUs in time and coordinating internal resources of D-Link Headquarter for enhancing the performance efficiency of the Company overall. 7. Responsible for the business development of D-Link global/overseas consumer products market and effectively increase the market share of D-Link products. 8. Develop global/overseas distribution strategies for D-Link consumer products based on market characteristics to achieve the operational goals of the Company. 9. Develop distributor management system, channel development and incentive strategies, and conduct regular review and revision to help distributors achieve their performance targets.
AI Innovation Center	<ol style="list-style-type: none"> 1. AI Solution Planning. 2. Mastery of AI Technology and Implementation of Functions.

II. Information on the Company's Directors, President, Vice Presidents and Managerial officers of All the Company's Divisions and Branches

(I) Directors

Title	Nationality / Place of Registration	Name	Gender Age	Date Elected	Term (years)	Date First Elected	Shareholding when Elected		Current shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Education and Work Experiences	Other Position Concurrently Held at the Company or Other Companies	Executives, Directors, or Supervisors who are Spouses or Within the Second Degree of Kinship	Remarks
							Shares	%	Shares	%	Shares	%	Shares	%				
Chairperson	R.O.C.	Taiwan Network Group United Co., Ltd.	—	2023 MAY 31	3	2023 MAY 31	5,000	0%	5,000	0%	0	0%	0	0%	—	—	—	—
	R.O.C.	Representative: Victor Kuo	Male 61	2023 MAY 31	3	2021 Feb 2	0	0%	0	0%	0	0%	0	0%	Education: Master of Electrical Engineering, National Taiwan University Experience: CEO and President of Amigo Technology Inc., President of AXUS Microsystems, Inc.	Note 1	None	—
	R.O.C.	Taiwan Network Group United Co., Ltd.	—	2023 MAY 31	3	2023 MAY 31	5,000	0%	5,000	0%	0	0%	0	0%	—	—	—	—
Director	R.O.C.	Representative: Joseph Wang	Male 61	2023 MAY 31	3	2020 Oct 26	0	0%	0	0%	0	0%	0	0%	Education: Department of Law, National Chung Hsing University Experience: Director of MMC (Kuei Meng) International Inc., Independent Director of Aeon Motor Co., Ltd., Independent Director of Huang Long Development Co., Ltd., Representative of Institutional Director of Cameo Communications, Inc., Representative of Institutional Director of Yung Fu Co., Ltd., Director of TSG Star Travel Corp.	Note 2	None	—
	R.O.C.	E-TOP Metal Co., Ltd.	—	2023 MAY 31	3	2023 MAY 31	28,904,189	4.82%	28,904,189	4.80%	0	0%	80,653,510	13.38%	Education: M.A., Communication Management, Ming Chuan University Ph.D., Finance, Xiamen University Experience: Editor-in-chief of Investment Media, Deputy Editor-in-chief of Business Today, Deputy Editor-in-chief of Business Weekly, Independent Director of Solar Applied Materials	—	—	—
Director	R.O.C.	Representative: Amy Wu	Female 60	2023 MAY 31	3	2023 MAY 31	45,520	0.01%	47,366	0.01%	0	0%	0	0%	—	Note 3	None	—

2024.03.30; share

Title	Nationality / place of Registration	Name	Gender Age	Date Elected	Term (years)	Date First Elected	Shareholding when Elected		Current shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Education and Work Experiences	Other Position Concurrently Held at the Company or Other Companies	Executives, Directors, or Supervisors who are Spouses or Within the Second Degree of Kinship	Remarks
							Shares	%	Shares	%	Shares	%	Shares	%				
	R.O.C.	E-TOP Metal Co., Ltd.	—	2023 MAY 31	3	2023 MAY 31	28,904,189	4.82%	28,904,189	4.80%	0	0%	80,653,510	13.38%	Technology Corp.	—	—	—
Director	R.O.C.	Representative: Fred Fong	Male 75	2023 MAY 31	3	2023 MAY 31	0	0%	0	0%	0	0%	0	0%	Education: Ph. D., University of Pittsburgh Technical Director of NXP Semiconductors Taiwan Ltd., President of Philips Electronics Industry (Changhua), Vice President of Tiangong Communication Integrated Circuit Co., Ltd., Independent Director of D-Link Corporation, Consultant of D-Link Corporation Experience: Master of Business Administration, National Chia-Tung University (NCTU), Hsinchu, Taiwan Experience: Senior Software Engineer of Alpha networks Inc., Project Manager of Tiger Color, Inc.	—	None	—
Director	R.O.C.	Brian Kao	Male 48	2023 MAY 31	3	2023 MAY 31	0	0%	0	0%	0	0%	0	0%	Education: Master of school of Law, Fu Jen University Experience: Managing Attorney of DZ International Law Firm	Note 4	None	—
Director	R.O.C.	Victor Wu	Male 47	2023 MAY 31	3	2023 MAY 31	0	0%	0	0%	0	0%	0	0%	Education: Department of Accounting, Chinese Culture University Experience: Accounting Manager of DBtel Incorporated, Manager of Tze Hsin Transportation and Terminal Co., Ltd., Partner Accountant of Cheng He CPAs Firm, Accountant of Ie-Ming CPAs Firm, Accountant of Jung-Tsung CPAs Firm, Supervisor of Huang Long Development Co., Ltd., Independent Director of Advanced Wireless & Antenna Inc.	Note 5	None	—
Independent Director	R.O.C.	Richard Chen	Male 60	2023 MAY 31	3	2020 Jun 15	0	0%	0	0%	0	0%	0	0%	Education: Master of Mainland China Studies, National Sun Yat-Sen University Experience: Division-Chief Judge of Taiwan Taitung District Court, Presiding Judge of Taiwan Kaohsiung District Court, Director of Bank of Kaohsiung Co., Ltd., Supervisor of Senao	Note 6	None	—
Independent Director	R.O.C.	Richard Lee	Male 62	2023 MAY 31	3	2020 Jun 15	0	0%	0	0%	0	0%	0	0%	Education: Master of Mainland China Studies, National Sun Yat-Sen University Experience: Division-Chief Judge of Taiwan Taitung District Court, Presiding Judge of Taiwan Kaohsiung District Court, Director of Bank of Kaohsiung Co., Ltd., Supervisor of Senao	Note 7	None	—

Title	Nationality / place of Registration	Name	Gender Age	Date Elected	Term (years)	Date First Elected	Shareholding when Elected		Current shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Education and Work Experiences	Other Position Concurrently Held at the Company or Other Companies	Executives, Directors, or Supervisors who are Spouses or Within the Second Degree of Kinship		Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Relation	
Independent Director	R.O.C.	Chun-Hsiung Chu	Male 60	2023 MAY 31	3	2021 Jul 05	0	0%	0	0%	0	0%	0	0%	International Co., Ltd., Representative of Institutional Director of Taiwan Styrene Monomer Corporation, Independent Director of Tatung Company, Consultant of Taiwan Medical Association. Education: Master of Law, National Chung Hsing University Experience: Director of Hwacom Systems Inc., Independent Director of S-Tech Corp., Director of Panam International Corporation, Independent Director of Honey Hope Honesty Enterprise Co., Ltd.,	Note 8	None	—	

Note 1: CSO of D-Link Corporation, Chairperson and Representative of Institutional Director of Yeo-Tai Investment Inc., Chairperson and Representative of Institutional Director of Yong Rui Investment Co., Ltd, CSO and Representative of Institutional Director of Amigo Technology Inc, Chairperson of Amit Wireless Inc, Chairperson and Representative of Institutional Director of Cameo Communications, Inc., Director of D-Link International Pte. Ltd., Director of D-Link Holding Co. Ltd., Director of D-Link (Holdings) Ltd., Director of D-Link (Europe) Ltd., Director of D-Link Systems, Inc., Director of D-Link Shiang-Hai (Cayman) Inc., Director of D-Link Capital Investment Co. Ltd., Director of D-Link Holding Mauritius Inc., Director of D-Link Japan K.K.

Note 2: Chairperson of Kings Asset Management Co., Ltd, Chairperson of Taiwan Steel Group United Co., Ltd., Chairperson of Taiwan Network Group United Co., Ltd., Chairperson of Gloria Material Technology Corp., Chairperson of S-Tech Corp, Chairperson of Ho Yang Investment Corp., Chairperson of Rong Yang Investment Co., Ltd., Chairperson of Na Neng Co., Ltd., Chairperson of Jade Colorful Co., Chairperson of TSG Hawks Baseball Co., Ltd., Chairperson of TSG Sports Marketing Co., Ltd., Representative of Institutional Director of Chun Yu Works & Co., Ltd., Representative of Institutional Director of Taiwan Styrene Monomer Corporation, Representative of Institutional Director of Chun Bang Precision Co., Ltd., Representative of Institutional Director of UFC Gym Taiwan Ltd., Director of Soft-World International Corporation, Director of Shiang-Hai Chun Zu Machinery Industry Co., Ltd., Supervisor of Chun Yu (DongGuan) Metal Products Co., Ltd., Supervisor of Shiang-Hai Uchee Hardware Products Co., Ltd., Chairperson of Guanzhou Goldway Special Metal Corp., Ltd., Chairperson of Tianlin Goldway Special Metal Corp., Ltd., Chairperson of XiAn Goldway Special Metal Corp, Ltd., Chairperson of Zhejiang JiaXing Goldway Special Metal Corp., Ltd., Chairperson of Shiang Yang Metal Material Technology Co., Ltd., Chairperson of G-Yao Enterprises Ltd., Chairperson of All Win Enterprises Ltd., Chairperson of Alloy Tool Steel Inc, Chairperson of Gloria Material Technology Japan Co., Ltd., Managing Attorney / Chairperson of East Win Administration Consultant Co., Ltd., Chairperson of East Win Enterprises Ltd., Director of Kao Yuan University.

Note3: Assistant Professor Rank Specialist of Ming Chuan University, Representative of institutional director of Chun Yu Works & Co., Ltd., Representative of institutional director of OFCO Industrial Corporation.

Note4: Founder/Chairperson of Sixnology Inc., Consultant of Fast Internet Retailing (FIR) Holding Company Limited (HK)

Note5: Managing Attorney of Peiran Law Firm., Independent Director of EASYCARD Corporation., Consultant of Taipei City Government.

Note6: Accountant of TrustWorthy CPAs Firm, Independent Director of Generalplus Technology Inc., Independent Director of Radiant Innovation Inc., Supervisor of Tung Hwei Corp., Independent Director of Huang Long Development Co., Ltd.

Note7: Partner Lawyer of Yuan-Chen & Partners Attorneys-at-Law. Independent Director of Taiwan Tea Corporation, Independent Director of S-Tech Corp., Representative of institutional director of Bank of Kaohsiung.

Note8: Lawyer of Yuan-Ying Law Office, Independent Director of Gloria Material Technology Corp., Independent Director of Panjit International Inc., Independent Director of Huang Long Development Co., Ltd.

Annexed Table 1: Major Shareholders of Institutional Shareholders 2024.03.31

Name of Institutional Shareholders	Major Shareholders	Percentage (%)
Taiwan Network Group United Co., Ltd.	Kings Asset Management Co., Ltd.	100.00
E-TOP Metal Co., Ltd.	First Capital Holding Corporation	99.99
	Qing-Li Yan	0.01

Annexed Table 2: Major Shareholders of the Company's Major Institutional Shareholders 2024.03.31

Name of Institutional Shareholders	Major Shareholders of Institutions	Percentage (%)
Kings Asset Management Co., Ltd.	Chun-Yi Huang	45.00
	Joseph Wang	36.00
	E-TOP Metal Co., Ltd.	19.00
First Capital Holding Corporation	Mount Fame International Co., Ltd	100.00

1. Professional Qualifications and Independence Analysis of Directors

Qualification		Professional Qualifications, Experience and Ability	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Title	Name			
Chairperson	Victor Kuo	Mr. Victor Kuo graduated from the Graduate Institute of Electrical Engineering, National Taiwan University and founded Amit Wireless Inc. in 1998 to develop wireless IoT products. He once served as the CEO and the president of Amigo Technology Inc. listed on TPEX. He has been in the network communication industry for many years and therefore possesses complete, professional and extensive industry knowledge. He serves as the Chief Strategy Officer of D-Link Corporation and a member of ESG Committee of D-Link Corporation, planning the strategic development of products, technologies and investments in relation to the medium and long-term development of the Company, he has successfully led the Company to achieve a ranking in the top 5% category in the 9th Corporate Governance Evaluation. This evaluation compares companies in the same industry with a market value ranging from NT\$ 5 billion to NT\$ 10 billion. As well as supervising the risks regarding the Company's strategies and operations, with decision-making and risk management capabilities.	Mr. Victor Kuo serves as a Director as a Representative of an Institutional Director. According to the regulations of the "Securities and Exchange Act", the Company has obtained a written statement from him and confirmed that there is no violation of Article 26-3, paragraphs 3 of the "Securities and Exchange Act".	0

Qualification		Professional Qualifications, Experience and Ability	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Title	Name			
		No circumstances under any subparagraph of Article 30 of the Company Act.		
Director	Joseph Wang	Mr. Joseph Wang graduated from the Department of Law, National Chung Hsing University. With profound legal expertise, which is one of the necessary specialties for the Board, he helps the Company's Board of Directors make an evaluation before each major decision, thereby reducing our operational risks. In addition, he has been the Chairman and CEO of Gloria Material Technology Corp and S-Tech Corp for many years and has been personally involved in the management of the companies, with extensive experience in corporate management. In recent years, he has served as the top advisory committee member of the Corporate Sustainability Committee of Gloria Material Technology Corp and is committed to promoting sustainable development policies, leading Gloria Material Technology Corp to achieve the top 5% performance of the 8th and 9th Corporate Governance Evaluation. No circumstances under any subparagraph of Article 30 of the Company Act.	Mr. Joseph Wang serves as a Director as a Representative of an Institutional Director. According to the regulations of the "Securities and Exchange Act", the Company has obtained a written statement from him and confirmed that there is no violation of Article 26-3, paragraphs 3 of the "Securities and Exchange Act".	0
Director	Amy Wu	Mrs. Amy Wu graduated from the	Mrs. Amy Wu serves as a Director	0

Qualification		Professional Qualifications, Experience and Ability	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Title	Name			
		<p>Department of New Media and Communication Administration at Ming Chuan University with a Master of Arts in Media Management. She has held positions as the Editor-in-chief of Investment Media, Deputy Editor-in-chief of Business Today and Business Weekly, and an Independent Director at Solar Applied Materials Technology Corp. With extensive international market insights and industry knowledge, she brings valuable expertise to the table. The book "Rebuilding EZSET Lock" received the Golden Book Award in 2007. Moreover, she is actively promoting the sustainable development in Taiwan Steel Group and has successfully obtained the certification of Corporate Sustainability Manager. She offers expert guidance to the Company regarding sustainable development strategies.</p> <p>Currently serving as Representative of Institutional Director of CHUN YU WORKS & CO., LTD. and practical experience in operations and business management.</p> <p>No circumstances under any subparagraph of Article 30 of the Company Act.</p>	<p>as a Representative of an Institutional Director. According to the regulations of the "Securities and Exchange Act", the Company has obtained a written statement from her and confirmed that there is no violation of Article 26-3, paragraphs 3 of the "Securities and Exchange Act".</p>	
Director	Fred	Mr. Fred Fong holds a Ph.D. from	Mr. Fred Fong serves as a	0

Qualification		Professional Qualifications, Experience and Ability	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Title	Name			
	Fong	the University of Pittsburgh in the United States. Previously, he served as an independent director at D-Link Corporation, and later joined the Company as a consultant. He brings with him a wealth of industry knowledge and valuable insights into the international market. He has also held positions as the Technical Director at NXP Semiconductors Taiwan Ltd. and the President at Koninklijke Philips N.V. He has demonstrated the ability to make operational judgments, manage operations, and make strategic leadership decisions. No circumstances under any subparagraph of Article 30 of the Company Act.	Director as a Representative of an Institutional Director. According to the regulations of the “Securities and Exchange Act”, the Company has obtained a written statement from him and confirmed that there is no violation of Article 26-3, paragraphs 3 of the “Securities and Exchange Act”.	
Director	Brian Kao	Mr. Brian Kao holds a Master's degree in Business Administration from National Chiao Tung University. He currently serves as the Chairperson of Sixnology Inc., He has extensive expertise and management experience in AI, cloud, and communication software development. With his leadership, his team has successfully developed a range of IoT products with a focus on AI technologies, including speech recognition and image recognition. Mr. Kao's achievements in this field have been internationally	Mr. Brian Kao serves as a natural-person Director. According to the regulations of the “Securities and Exchange Act”, the Company has obtained a written statement from him and confirmed that there is no violation of Article 26-3, paragraphs 3 of the “Securities and Exchange Act”.	0

Qualification		Professional Qualifications, Experience and Ability	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Title	Name			
		<p>recognized, earning him prestigious awards such as IF, Red Dot, GOOD DESIGN, and IDEA. In addition, he has also excelled in the field of information security and has authored or translated multiple books, including works such as "Building Secure Software Systems with Zero Defects".</p> <p>No circumstances under any subparagraph of Article 30 of the Company Act.</p>		
Director	Victor Wu	<p>Victor Wu graduated from the Law Department of Fu Jen University and currently serves as a municipal government consultant for the Taipei City Government, the managing lawyer at Po Hung Law Firm, and an Independent Director at EasyCard Corporation. With his legal expertise, he supports the Company's Board of Directors in managing risks and offering professional advice during decision-making.</p> <p>No circumstances under any subparagraph of Article 30 of the Company Act.</p>	Mr. Victor Wu serves as a natural-person Director. According to the regulations of the "Securities and Exchange Act", the Company has obtained a written statement from him and confirmed that there is no violation of Article 26-3, paragraphs 3 of the "Securities and Exchange Act".	1
Independent Director	Richard Chen	Mr. Richard Chen graduated from the Department of Accounting, Chinese Culture University. In addition to passing the Senior Professional and Technical Examination for Certified Public	Mr. Richard Chen was elected as an Independent Director by the shareholders' meeting. As per the "Securities and Exchange Act", the Company has obtained a written statement from him and	3

Qualification		Professional Qualifications, Experience and Ability	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Title	Name			
		<p>Accountants, he obtained the securities analyst and the land administration agent licenses, with accounting professional and financial analysis capabilities. Therefore, he has met the professional qualifications for an independent director. He is also the convener of the Company's Audit Committee and a member of the Remuneration Committee and the ESG Committee.</p> <p>No circumstances under any subparagraph of Article 30 of the Company Act.</p>	<p>confirmed that he is not under any circumstances under Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". In addition, he is not concurrently serving as an independent director of other companies with similar business or financial transactions. Therefore, he can exercise his powers independently and make business decisions by exercising his own judgment objectively.</p>	
Independent Director	Richard Lee	<p>Mr. Richard Lee, a graduate of the Institute of China and Asia-Pacific Studies at National Sun Yat-sen University, brings extensive legal experience as a former District Court Division-Chief Judge and Presiding Judge. He also served as a Congressional Assistant in the Legislative Yuan, authoring interpellation papers for legislators and assisting in managing public petitions. This experience showcases his strong cross-disciplinary conceptual and analytical thinking, adept information consolidation abilities, and crisis management skills. As a Partner in a law firm, he oversees operational guidelines and business</p>	<p>Mr. Richard Lee was elected as an Independent Director by the shareholders' meeting. As per the "Securities and Exchange Act", the Company has obtained a written statement from him and confirmed that he is not under any circumstances under Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". In addition, he is not concurrently serving as an independent director of other companies with similar business or financial transactions. Therefore, he can exercise his powers independently and make</p>	2

Qualification		Professional Qualifications, Experience and Ability	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Title	Name			
		<p>execution, meeting the professional qualifications that qualify him as an Independent Director. He is currently serving as the Convener of the Company's Remuneration Committee and a member of the Audit Committee and the ESG Committee.</p> <p>No circumstances under any subparagraph of Article 30 of the Company Act.</p>	<p>business decisions by exercising his own judgment objectively.</p>	
Independent Director	Chun-Hsiung Chu	<p>Mr. Chun-Hsiung Chu graduated from the master's program, School of Law, National Chung Hsing University. He has practiced as an attorney for more than 30 years with profound legal expertise. He has participated in the evaluation and operation of large-scale projects of customers in terms of integrated finance, law, technology, management, and risk, such as the information and communication software and hardware construction project of the Terminal Three of Taoyuan International Airport and the military procurement project of the Ministry of National Defense, with cross-disciplinary conceptual and analytical thinking, information consolidation and crisis management skills. Therefore, he has met the professional qualifications for an independent</p>	<p>Mr. Chun-Hsiung Chu was elected as an Independent Director by the shareholders' meeting. As per the "Securities and Exchange Act", the Company has obtained a written statement from him and confirmed that he is not under any circumstances under Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". In addition, he is not concurrently serving as an independent director of other companies with similar business or financial transactions. Therefore, he can exercise his powers independently and make business decisions by exercising his own judgment objectively.</p>	3

Qualification		Professional Qualifications, Experience and Ability	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Title	Name			
		<p>director. He has long served as a member of the Neighborhood Committee of the Ministry of National Defense and is responsible for assisting each township in using the funds donated by the Ministry of National Defense for the sustainable work of general construction and regional revitalization in each township. He can provide professional advice on the sustainable development of the Company from different perspectives. Therefore, he is also the convener of the Company's CSR Committee and a member of the Audit Committee and the Remuneration Committee. No circumstances under any subparagraph of Article 30 of the Company Act.</p>		

2. Diversity and Independent of Board Members

(1) Diversity of Board Members:

- The Company has formulated the “Corporate Governance Best Practice Principles” and stated in Article 20 that the policy of board member diversity shall include but not limited to the following two aspects of standard:
 - Basic qualification and value: gender, age, nationality, and culture.
 - Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience.
- The Company has a total of 9 Directors, including 3 Independent Directors (accounting for 33.3%), with tenure of less than 3 years; Meanwhile, 1 Directors are employees (accounting for 11%). Mr. Richard Chen has professional background in accounting and financial analysis; Mr. Joseph Wang, Mr. Victor Wu, Mr. Richard Lee and Mr. Chun-Hsiung Chu possess the expertise in legal background and can provide professional advice to the Company from different perspectives.
- Specific management objectives and achievement of the Board's Diversity Policy:

Management Target	Status of Achievement
Directors concurrently serving as the Company's managerial officers shall not exceed one-third of the total number of the board members.	Achieved. The directors are employees accounting for 11%.
Independent Director shall serve no more than three consecutive terms.	Achieved. All three independent directors in 13 th session served as independent directors of the Company for the second time.
Independence Director serve as director (including independence director) or supervisor of no more than five other TWSE/TPEX listed companies at the same time.	Achieved. None of the three independent directors had any such affair.
Achieved one-third of independent directors.	Achieved. The Company has a total of 9 Directors, including 3 Independent Directors.
The Directors have diverse backgrounds and professional capabilities.	Achieved. The Directors have diverse professional backgrounds, including the networking equipment industry, technology industry, media and communications, sustainable development, finance and accounting, and law. (Please refer to the next page for more information on the implementation of diversity by the 13th Board of Directors.) In 2023, a 3-hour Director training course will be organized with the theme of "Integrating Strategic Development and New Perspectives on Enterprise Risk Management with ESG". Additionally, courses on corporate governance and information security will be planned for 2024, aiming to enhance the diverse professional capabilities of the Directors.
At least one Director should have experience in AI startups or cybersecurity.	Achieved. Mr. Brian Kao currently serves as the Chairperson of Sixnology Inc., He has extensive expertise and management experience in AI, cloud, and communication software development. With his leadership, his team has successfully developed a range of IoT products with a focus on AI technologies, including speech recognition and image recognition. In addition, he has also excelled in the field of information security and has authored or translated multiple books, including works such as "Building Secure Software Systems with Zero Defects".
One-third of the Board of Directors consists of female members.	Not achieving. The 13th Board of Directors have been elected in 2023, and one female director has been elected. The objective is to have one-third of female members in the 14th Board of Directors in 2026.

- The implementation status of Board members diversity in 13th session is shown in the table below:

Date: 2023.12.31

Name of Directors	Item	Basic Information						Ability		
		Gender	Employee of the Company	Age			Tenure of Independent Director			
				Under 50 years	51 to 60 years	61 to 70 years	Under 3 years		3 to 9 years	Over 9 years
Victor Kuo	M	✓			✓		Networking	He founded Amit Wireless Inc. to develop wireless IoT products. He once served as the CEO and the president of Amigo Technology Inc. He has been in the network communication industry for many years .		
							ESG	As the Chairperson of the Company and a member of the ESG Committee, he has successfully led the Company to achieve a ranking in the top 5% category in the 9th Corporate Governance Evaluation. This evaluation compares companies in the same industry with a market value ranging from NT\$ 5 billion to NT\$ 10 billion.		
Joseph Wang	M				✓		Legal	He has served as the attorney at law of Prolaw Law Firm. With profound legal expertise.		
							ESG	He has served as the committee member of the Corporate Sustainability Committee of Gloria Material Technology Corp and is committed to promoting sustainable development policies, leading Gloria Material Technology Corp to achieve the top 5% performance of the 8th and 9 th Corporate Governance Evaluation.		
Amy Wu	F						Media	She has held positions as the Eidtor-in-chief of Investement Media, Deputy Editor-in-chief of Business Today and Business Weekly. She has been in the media industry for many years.		
							ESG	She is actively promoting the sustainable development in Taiwan Steel Group and have successfully obtained the certification of Corporate Sustainability Manager.		

Fred Fong	M			✓				Technology	He has held positions as the Technical Director at NXP Semiconductors Taiwan Ltd. and the President at Koninklijke Philips N.V., With technology expertise.
Brian Kao	M	✓						Networking	He has worked as a software development engineer at Alpha Networks Inc. and as a project manager at Xiang Hu Internet Technology Co., Ltd., demonstrating his expertise in the industry.
								AI Innovation	He currently serves as the Chairperson of Sixnology Inc. He has extensive expertise and management experience in AI, cloud, and communication software development. With his leadership, his team has successfully developed a range of IoT products with a focus on AI technologies, including speech recognition and image recognition.
Victor Wu	M		✓					Legal	currently serves as a municipal government consultant for the Taipei City Government, the managing lawyer at Po Hung Law Firm, with his legal expertise
Richard Chen	M		✓			✓		Accounting	He has served as the accountant at Trust Worthy CPAs Firm. He obtained the securities analyst and the land administration agent licenses
Richard Lee	M			✓		✓		Legal	He used to be the district court chief judge and chief justice. He has served as the partner Lawyer at Yuan-Chen Law Firm.
Chun-Hsiung Chu	M		✓				✓	Legal	He has practiced as an attorney for more than 30 years. Currently, he is a Lawyer of Cyuan-Ying Law Office.
								ESG	He has long served as a member of the Neighborhood Committee of the Ministry of National Defense, and is responsible for assisting in the sustainable work of general construction and regional revitalization in each township. Moverover, he is also the convener of the Company's ESG Committee.

(2) Independent of Board Members: The current board of directors of the Company consists of 9 directors, including 3 independent directors (accounting for 33.3%). All directors meet the independence criteria and have not served more than three consecutive terms. In addition, none of the directors has a relationship within the spousal or second degree of kinship, which complies with the provisions of Paragraphs 3, Article 26-3, of the Securities and Exchange Act.

(II) Information Regarding President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branches

2024-03-31: shares

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and Work Experiences	Other Position	Managers Who Are Spouses or Within Two Degrees of Kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
CSO	R.O.C.	Victor Kuo	Male	Mar 1 2022	0	0%	0	0%	0	0%	<p>Education: Master of Electrical Engineering, National Taiwan University</p> <p>Experience: CEO and President of Amigo Technology Inc., President of AXUS Microsystems, Inc.</p> <ul style="list-style-type: none"> • Director of D-Link International Pte. Ltd. • Director of D-Link Holding Co. Ltd. • Director of D-Link (Holdings) Ltd. • Director of D-Link (Europe) Ltd • Director of D-Link Systems, Inc. • Director of D-Link Shang-Hai (Cayman) Inc. • Director of D-Link Capital Investment Co. Ltd • Director of D-Link Holding Mauritius, Inc. • Director of D-Link Japan K.K. • Chairperson and Representative of Institutional Director of Yeoo-Tai Investment Inc. • Representative of Institutional Director of Cameo Communications, Inc. • Chairperson and Representative of Institutional Director of Yong Rui Investment Co., Ltd. • CSO and Representative of Institutional Director of Amigo Technology Inc. • Chairperson of Amit Wireless Inc. 					
CEO	R.O.C.	CJ Chang	Male	Aug 31 2021	1,306	0%	800	0%	0	0%	<p>Education: Institute of Business Management, Senshu University</p> <p>Experience: COO of The Network Inc., Executive Assistant and President of Advantage Century Telecommunication, D-Link Corporation, Northeast Asia Region Business Unit (NEA), Pan-Asia-Pacific Business Group</p>	<ul style="list-style-type: none"> • Chairperson of D-Link Japan K.K. • Director of D-Link Australia Pty. Ltd. • Director of D-Link Middle-East FZE • Chairperson of D-Link (Shanghai) Co., Ltd. & Representative of Beijing Branch and First Branch • Chairperson of Netpro (Shanghai) Co., Ltd. And Representative of Beijing 				

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and Work Experiences	Other Position	Managers Who Are Spouses or Within Two Degrees of Kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
											<p>Branch and Changsha Branch</p> <ul style="list-style-type: none"> Representative of Institutional Director of Cameo Communications, Inc. Director of D-Link Canada Inc. Director of D-Link (Europe) Ltd. Director of D-Link (Magyarország) Kft. Director of D-Link France SARL Director of D-Link Polska Sp. z o.o. Director of D-Link Iberia SL Director of D-Link s.r.o. Director of D-Link Mediterraneo SRL Director of D-Link (Deutschland) GmbH Director of D-Link (UK) Ltd. Director of Success Stone Overseas Corp. Director of D-Link Korea Ltd. Company Ltd. Director of D-Link Latin-America Co., Ltd. Director of Netpro (Shanghai) Co., Ltd. 					
Senior Vice President	R.O.C.	Sara Cheng	Female	Mar 02 2021	0	0	0	0	0	0	<p>Education: MBA- Finance of Fairleigh Dickinson University Experience: TP-LINK Sales VP, Alpha Networks A.P.V, MitraStar Technology Sales VP, Edada Communications Director, ZYEL Communication Corp Senior Account manager, MicoMax Computers Business manager</p>	None				
Vice President	R.O.C.	Kevin Chung	Male	Oct 11 2012	296,751	0.05	0	0	0	0	<p>Education: Bachelor of Industrial Engineering, Tunghai University Experience: Senior Director of Product & Support Administration Center of Taiwan Branch, D-Link Corporation</p>	President of Taiwan Branch, D-Link Corporation	None			
CFO	R.O.C.	Joanne Chen	Female	Aug 24 2020	200,000	0.03	0	0	0	0	<p>Education: Master of Arts in International Affairs and Management, University of California, San Diego (USA) Experience: Co-Founder & CFO of New Taiding Investment Co., Ltd., Accounting Supervisor of Toyota Financial Services Corporation (USA), Senior Advisor of Ernst & Young</p>	<ul style="list-style-type: none"> Director of D-Link International Pte. Ltd. Director of D-Link Japan K.K. Director of New Taiding Investment Co., Ltd. Representative of Institutional Director of Cameo Communications, Inc. 	None			

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and Work Experiences	Other Position	Managers Who Are Spouses or Within Two Degrees of Kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C.	Claire Chou	Female	Aug 11 2020	0	0	0	0	0	0	LLP (USA), Audit Senior Associate of KPMG LLP (USA) Education: Bachelor of Accounting, National Taiwan University Experience: Deputy Director of D-Link Corporation. • Supervisor of D-Link Japan K.K. • Director of D-Link Holding Co. Ltd. • Director of D-Link Holding Mauritius, Inc. • Director of D-Link Capital Investment Co., Ltd. • Director of Yeo-Tai Investment Inc. • Supervisor of D-Link (Shanghai) Co., Ltd. • Supervisor of Netpro (Shanghai) Co., Ltd.	None				
Corporate Governance Officer	R.O.C.	Wynne Ho	Female	Nov 05 2021	1,000	0	0	0	0	0	Education: Master of Finance, Fu-Jen Catholic University Experience: Senior Deputy Manager of Finance Management Division of SinoPac Holdings, Deputy Manager of Finance Department of President Securities Corp.	—	None			

Note 1 : Vice President Rita Huang has been on leave without pay since January 10, 2023 and resigned on June 30, 2023

Note 2 : President Mark Chen resigned from his position as President on January 6, 2023 and was designated as an external consultant of the Company from February 1, 2023, to July 31, 2023.

III. Remuneration of Directors, President, and Vice Presidents

(I) Directors' Remuneration

Title	Name	Remuneration					Relevant Remuneration Received by Directors Who are Also Employees					2023.12.31; Unit: NT\$ Thousand		Remuneration From Ventures Other Than Subsidiaries or From the Parent Company										
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Allowances (D)		Total Remuneration (A+B+C+D) and Ratio to Net Income After Tax		Salary, Bonuses, and Allowances (E)			Severance Pay (F)		Employee Compensation (G)		Total Remuneration (A+B+C+D+E+F+G) and Ratio to Net Income After Tax					
		All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company		All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company		
Chairperson	Victor Kuo ^{Note 1}	364	364	0	0	0	48	48	0.07%	412	6,996	7,531	0	0	2,185	0	2,185	0	2,185	0	9,593	10,128	1.78%	0
Institutional Director	Young Syun Investment Co., Ltd. ^{Note 2}	0	0	0	832	832	0	0	0.15%	832	0	0	0	0	0	0	0	0	0	0	832	832	0.15%	0
	Representative: Joseph Wang ^{Note 2}	50	50	0	0	0	18	18	0.01%	68	0	0	0	0	0	0	0	0	0	0	68	68	0.01%	5
Institutional Director	Taiwan Network Group United Co., Ltd. ^{Note 2}	0	0	0	610	610	0	0	0.11%	610	0	0	0	0	0	0	0	0	0	0	610	610	0.11%	0
	Representative: Joseph Wang ^{Note 2}	70	70	0	0	0	24	24	0.02%	94	0	0	0	0	0	0	0	0	0	0	94	94	0.02%	0
	Representative: E-TOP Metal Co., Ltd. ^{Note 3}	0	0	0	610	610	0	0	0.11%	610	0	0	0	0	0	0	0	0	0	0	610	610	0.11%	0
Institutional Director	Amy Wu ^{Note 3}	70	70	0	0	0	24	24	0.02%	94	0	0	0	0	0	0	0	0	0	0	94	94	0.02%	0
	Representative: Fred Fong ^{Note 3}	70	70	0	0	0	24	24	0.02%	94	0	0	0	0	0	0	0	0	0	0	94	94	0.02%	0
Director	Brian Kao ^{Note 3}	70	70	0	305	305	24	24	0.07%	399	0	0	0	0	0	0	0	0	0	0	399	399	0.07%	0
Director	Victor Wu ^{Note 3}	70	70	0	305	305	24	24	0.07%	399	0	0	0	0	0	0	0	0	0	0	399	399	0.07%	0
Director	Howard Kao ^{Note 4}	50	50	0	238	238	18	18	0.05%	306	773	773	44	44	62	0	62	0	62	0	1,185	1,185	0.21%	0
Institutional Director	Pu Ju Investment Co., Ltd. ^{Note 4}	0	0	0	238	238	0	0	0.04%	238	0	0	0	0	0	0	0	0	0	0	238	238	0.04%	0
	Representative: David Tai ^{Note 4}	50	50	0	0	0	12	12	0.01%	62	0	0	0	0	0	0	0	0	0	0	62	62	0.01%	0

Representative: Alan Yu ^{Note 4}	50	50	0	0	0	0	12	62	62	0	0	0	0	0	0	0	0	0	62	62	0
								0.01%	0.01%	0	0	0	0	0	0	0	0	0	0.01%	0.01%	0
Independent Director	840	840	0	0	0	48	48	888	888	0	0	0	0	0	0	0	0	0	888	888	0
								0.16%	0.16%	0	0	0	0	0	0	0	0	0	0.16%	0.16%	0
Independent Director	840	840	0	0	0	48	48	888	888	0	0	0	0	0	0	0	0	0	888	888	0
								0.16%	0.16%	0	0	0	0	0	0	0	0	0	0.16%	0.16%	0
Independent Director	840	840	0	0	0	48	48	888	888	0	0	0	0	0	0	0	0	0	888	888	0
								0.16%	0.16%	0	0	0	0	0	0	0	0	0	0.16%	0.16%	0

1. Please Describe the Policy, System, Standard, and Structure of the Remuneration Paid to the Independent Directors and Describe the Relevance Between the Remuneration Amount Paid and Factors, such as their Functions, Risks, and Time Commitment.

In accordance with the "Management Regulations on the Remuneration of Directors and Functional Committee Members", the Company pays the remuneration of directors and independent directors, which includes Base Compensation (A), Directors Compensation (C) and Allowances (D), the descriptions of which are as follows:

- (1) Base Compensation (A) : Independent directors serve on functional committees such as audit and remuneration. Their responsibilities, risks and time commitment are greater and more important than those of ordinary directors. Therefore, the compensation of director varies depending on the nature.
- (2) Directors Compensation (C): The Company's Articles of Incorporation specify that directors' compensation shall not exceed 1% of the current year's profitability and shall be allocated on a point basis, considering the status of the board members, their duties, board attendance and other contributions. Independent directors shall not participate in the profit distribution.
- (3) Allowances (D): The attendance fees for directors (including independent directors) to attend the Board of Directors' meetings or shareholders' meetings in person.

2. Except as Disclosed in the Table above, Remuneration to Directors Received for the Service Provided (such as Serving as Non-employee Consultants) to all Companies Listed in the Consolidated Financial Statements in the Most Recent Year: None.

Note 1: Institutional Director of Young Syun Investment Co., Ltd. Representative Victor Kuo tenure expired on May 31, 2023, and assumed as Institutional Director at Taiwan Network Group United Co., Ltd. on May 31, 2023.

Note 2: Institutional Director of Young Syun Investment Co., Ltd. Representative Joseph Wang tenure expired on May 31, 2023, and assumed as Institutional Director at Taiwan Network Group United Co., Ltd. on May 31, 2023. Therefore, it is indicated separately.

Note 3: Institutional Director of E-IOP Metal Co., Ltd. Representative Amy Wu, Fred Fong, Director Brian Kao, and Victor Wu, elected on May 31, 2023. And the disclosure period of remuneration is from the date of elected to December 31, 2023.

Note 4: Institutional Director of Pu Ju Investment Co., Ltd. Representative David Tai, Alan Yu, and Director Howard Kao tenure expired on May 31, 2023. And the disclosure period of remuneration was from January 1, 2023 to the date of tenure expired.

Note 5: The directors' compensation (C) and employees' compensation (G) of 2023 was approved by the board of directors on 2024.02.27.

Note 6: Profit refers to the profit for the year in the 2023 parent company only financial statements of D-Link Corporation.

✘ Table of Remuneration Ranges for the Directors

Range of Remuneration	Name of the Directors			
	Total of (A+B+C+D) The Company	Companies in the Consolidated Financial Statements	The Company	Total of (A+B+C+D+E+F+G) Companies in the Consolidated Financial Statements
Less than NT\$1,000,000	Victor Kuo, Joseph Wang, Amy Wu, Fred Fong, Brian Kao, Victor Wu, Howard Kao, David Tai, Alan Yu, Richard Chen, Richard Lee, Chun-Hsiung Chu, Taiwan Network Group United Co., Ltd., E-TOP Metal Co., Ltd., Young Syun Investment Co., Ltd. and Pu Ju Investment Co., Ltd.	Victor Kuo, Joseph Wang, Amy Wu, Fred Fong, Brian Kao, Victor Wu, Howard Kao, David Tai, Alan Yu, Richard Chen, Richard Lee, Chun-Hsiung Chu, Taiwan Network Group United Co., Ltd., E-TOP Metal Co., Ltd., Young Syun Investment Co., Ltd. and Pu Ju Investment Co., Ltd.	Joseph Wang, Amy Wu, Fred Fong, Brian Kao, Victor Wu, David Tai, Alan Yu, Richard Chen, Richard Lee, Chun-Hsiung Chu, Taiwan Network Group United Co., Ltd., E-TOP Metal Co., Ltd., Young Syun Investment Co., Ltd. and Pu Ju Investment Co., Ltd.	Joseph Wang, Amy Wu, Fred Fong, Brian Kao, Victor Wu, David Tai, Alan Yu, Richard Chen, Richard Lee, Chun-Hsiung Chu, Taiwan Network Group United Co., Ltd., E-TOP Metal Co., Ltd., Young Syun Investment Co., Ltd. and Pu Ju Investment Co., Ltd.
NT\$1,000,000 (inclusive) to 2,000,000 (exclusive)	—	—	Howard Kao	Howard Kao
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)	—	—	—	—
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)	—	—	—	—
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	—	—	Victor Kuo	Victor Kuo
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)	—	—	—	—
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)	—	—	—	—
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)	—	—	—	—
More than NT\$100,000,000	—	—	—	—
Total	16	16	16	16

(II) Supervisors' Remuneration: The Company has established the Audit Committee on 2017.04.28.

(III) Remuneration of the President and Vice Presidents

2023.12.31; Unit: NT\$ Thousand

Title	Name	Salary (A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)			Total Remuneration (A+B+C+D) and Ratio to Net Income After Tax (%)		Remuneration from Ventures Other than Subsidiaries or from the Parent Company
		The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements		The Company	All Companies in the Consolidated Financial Statements	
									Cash	Stock			
CSO	Victor Kuo												
CEO	Cl Chang												
President	Mark Chen Resigned on 2023.01.06												
Senior Vice President	Sara Cheng												
CFO	Joanne Chen	20,931	23,947	437	437	6,017	6,017	6,294	0	6,294	0	33,679	36,695
	Rita Huang On Leave without pay from 2023.01.10											5.93%	6.47%
Vice President	Resigned on 2023.06.30												
Vice President	Kevin Chung												

❖ Table of Remuneration Ranges for the President and Vice Presidents

Range of Remuneration	Name of the President and Vice Presidents	
	The Company	Companies in the Consolidated Financial Statements
Less than NT\$1,000,000	Rita Huang, Mark Chen	Rita Huang, Mark Chen
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)	—	—
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)	—	—
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)	Kevin Chung	Kevin Chung
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	Victor Kuo, CJ Chang, Sara Cheng, Joanne Chen	Victor Kuo, Sara Cheng, Joanne Chen
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)	—	CJ Chang
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)	—	—
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)	—	—
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)	—	—
More than NT\$100,000,000	—	—
Total	7	7

❖ Names and Distributions of Employee Profit-Sharing Compensation to Managerial Officers

2023.12.31; Unit: NT\$ Thousand

Title	Name	Amount in Stock	Amount in Cash	Total	Ratio of Total Amount to Net Income (%)
CEO	CJ Chang				
Senior Vice President	Sara Cheng				
Vice President	Kevin Chung	0	6,667	6,667	1.17%
CFO	Joanne Chen				
Director	Claire Chou				
Corporate Governance Officer	Wynne Ho				

Note: On 2024.02.27, the Board of Directors resolved that the employees' compensation in 2023 was NT\$31,381 thousand.

(IV) Separately compare and describe total remuneration, as a Percentage of net Income stated in the parent company only financial statements or individual financial statements, as paid by the Company and by all other companies included in the consolidated financial statements in the most recent two years to Directors, Supervisors, President and Vice Presidents of the Company and the analysis and description of remuneration policies, standards, packages and the procedure for determining remuneration, and their correlations with the operating performance and future risk exposure.

1. Policies, Standards, Combinations for Remuneration, and the Correlation with Business Operation Performance and Future Risks:

- (1) The major components of the remuneration of the Directors of the Company are general remuneration and compensation. In accordance with Article 27 of the “Articles of Incorporation” of the Company, the compensation of the Directors of the Company shall be distributed no more than one percent of the profit for the year. The profit for the year shall refer to the profit before tax for the year and before the distribution of employees’ compensation and Directors’ compensation. The remuneration policy of the Directors is based on the “Measures for the Management of the Remuneration of Directors and Functional Committees”, “Rules for Performance Evaluation of Board of Directors” and with reference to the payment level of peer companies, the Company’s operating results and the contribution of the Directors to the Company’s operational objectives, and the distribution is made after weighting by point method and calculated according to the established formula. Independent Directors do not take part in the distribution. The related performance evaluation and the reasonableness of the remuneration are reviewed by the Remuneration Committee and the Board of Directors. The remuneration system is reviewed from time to time in accordance with the actual operating conditions and relevant laws and regulations.
- (2) The President, Vice Presidents and High-Level Managerial Officers: Remuneration of the Company’s managerial officers, including the President and Vice Presidents, is determined in accordance with the Company’s “Performance Evaluation Management Measures”, with reference to the remuneration level of the industry for the position, the scope of responsibilities of the position, the achievement of the performance targets. The main components of managerial officers’ performance targets are operational indicators, strategic indicators, and sustainability and internal control indicators.
- (3) Since 2022, the performance target setting of the high-level managerial officers such as Company’s Chairperson serving concurrently as CSO and CEO serving concurrently as the President has included ESG sustainability indicators. The assessment results are also linked to the distribution of short-term compensation, long-term reward (such as restricted stock award), annual salary increase, etc.

Starting from 2023 and on, ESG indicators are to be gradually implemented to the management at all levels, and eventually to all employees.

The 2023 annual performance targets are as follows:

Chairperson and CSO

Indicator	Weight	Description
Operational	40%	According to annual operating targets set by the board of directors such as global sales, EPS, etc.
Strategic	30%	1. Promote brand value and corporate image by winning important domestic and international awards or improving ranking for products or the brand as the criteria. 2. Develop or promote new series of products, new businesses, or new investments.
Sustainability and Internal Control	30%	Improve corporate governance evaluation and international ESG ratings (15%), pay attention to climate change and independently conduct greenhouse gas carbon emissions (5%), and formulate and implement a sustainable talent succession plan (10%)

CEO and the President		
Indicator	Weight	Description
Operational	70%	According to annual operating targets set by the board of directors such as global sales, EPS, etc.
Strategic	5%	Promote brand value and corporate image by winning important domestic and international awards or improving ranking for products or the brand as the criteria.
Sustainability and Internal Control	25%	Improve corporate governance evaluation and international ESG ratings (5%), implement systematic enterprise risk management (5%), pay attention to climate change and independently conduct greenhouse gas carbon emissions (5%), and formulate and implement a sustainable talent succession plan (10%)

Sustainability Indicators of Other High-Level Managerial Officers		
Indicator	Weight	Description
Environmental	9%~10%	Green product (10%), supplier sustainability auditing (TCFD included) (9%)

Social	5%	Customer management(5%)、talent development(5%)、
Governance	5%~15%	Research and development: patent application (10%), compliance (5%), information security red team assessment (5%), corporate governance evaluation(5%), ESG rating (5%), global taxation planning and group fund management (15%), product design award winning (12%)

The managerial officer remuneration package comprises of fixed and variable components, the former being the basic salary and the latter being mainly incentives linked to the operating performance of the Company or the center in which he or she belongs to. The more excellent of the performance, the higher the proportion of the latter in relation to the package. The aforementioned performance targets and the reasonableness of remuneration are reviewed and evaluated by the Remuneration Committee, and submitted to the Board of Directors for approval before distribution of remuneration.

- (4) Future risks: The Company will review the remuneration payment system of the Directors and managerial officers in a timely manner in accordance with the actual operating conditions and requirements of the relevant laws and regulations, with a view to retaining high quality decision-making and managerial level, and with a view to effectively leading the Company's long-term operating performance, avoiding risks resulting from the managerial officers' pursuit of short-term benefits, in order to strike a balance between sustainable operation and risk control.

2. Ratio of Directors, President, and Vice Presidents' Total Remuneration to Net Income after Tax in Recent Two Years:

- (1) Directors : In accordance with the "Articles of Incorporation" of the Company, the compensation of the Directors of the Company shall be distributed no more than one percent of the profit for the year. The remuneration shall be distributed based on the "Measures for the Management of the Remuneration of Directors and Functional Committees", "Rules for Performance Evaluation of Board of Directors" and with reference to the payment level of peer companies, the Company's operating results and the contribution of the Directors to the Company's operational objectives.
- (2) President and Vice Presidents: Remuneration of the Company's managerial officers, is determined in accordance with the Company's "Performance Evaluation Management Measures", with reference to the remuneration level of the industry for the position, the scope of responsibilities of the position, the achievement of the performance targets, and the contribution to the Company operational objectives, reviewed and evaluated by the Remuneration Committee, and submitted to the Board of Directors for approval before the distribution.

- (3) Future risks: The Company will review the remuneration payment system of the Directors and managerial officers in a timely manner in accordance with the actual operating conditions and requirements of the relevant laws and regulations, in order to strike a balance between sustainable operation and risk control.

Title	Ratio of Total Remuneration to Net Income After Tax			
	2023		2022	
	The Company	Consolidated Financial Statements	The Company	Consolidated Financial Statements
Directors	4.82%	4.82%	4.82%	4.82%
President and Vice Presidents	5.93%	6.47%	35.01%	36.71%

IV. Implementation of Corporate Governance

(I) Board of Directors

In 2023 (7 meetings) and 2024 (1 meetings) as of the publication date of this Annual Report, the Company's Board of Directors held a total of 8 meetings ; the attendance of Directors is as follows:

Title	Name	Number of Meetings should Attend (A)	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Chairperson	Young Syun Investment Co., Ltd. Representative: Victor Kuo	3	3	0	100%	Tenure expired on May 31, 2023, should have attended 3 meetings.
Director	Young Syun Investment Co., Ltd. Representative: Joseph Wang	3	3	0	100%	Tenure expired on May 31, 2023, should have attended 3 meetings.
Director	Pu Ju Investment Co., Ltd. Representative: David Tai	3	2	1	67%	Tenure expired on May 31, 2023, should have attended 3 meetings.
Director	Pu Ju Investment Co., Ltd. Representative: Alan Yu	3	2	1	67%	Tenure expired on May 31, 2023, should have attended 3 meetings.
Director	Howard Kao	3	3	0	100%	Tenure expired on May 31, 2023, should have attended 3 meetings.
Chairperson	Taiwan Network Group United Co., Ltd. Representative: Victor Kuo	5	4	1	80%	Elected on May 31, 2023, should have attended 5 meetings.
Director	Taiwan Network Group United Co., Ltd. Representative: Joseph Wang	5	4	1	80%	Elected on May 31, 2023, should have attended 5 meetings.
Director	E-TOP Metal Co., Ltd. Representative: Amy Wu	5	5	0	100%	Elected on May 31, 2023, should have attended 5 meetings.
Director	E-TOP Metal Co., Ltd. Representative: Fred Fong	5	5	0	100%	Elected on May 31, 2023, should have attended 5 meetings.
Director	Brian Kao	5	5	0	100%	Elected on May 31, 2023, should have attended 5 meetings.
Director	Victor Wu	5	5	0	100%	Elected on May 31, 2023, should have attended 5 meetings.
Independent Director	Richard Chen	8	8	0	100%	Re-elected on May 31, 2023, should have attended 8 meetings.
Independent Director	Richard Lee	8	8	0	100%	Re-elected on May 31, 2023, should have attended 8 meetings.
Independent Director	Chun-Hsiung Chu	8	8	0	100%	Re-elected on May 31, 2023, should have attended 8 meetings.
Other Mentionable Items:						

- I. If Any of the Following Circumstances Occur, the Dates, Terms of the Meetings, Contents of Motions, all Independent Directors’ Opinions and the Company’s Response Should be Specified:**
- i. Items Listed in Article 14-3 of the “Securities and Exchange Act”:** The Company has established an Audit Committee, so it is not applicable.
 - ii. Other Matters Involving Objections or Expressed Reservations by Independent Directors that were Recorded or Stated in Writing that Require a Resolution by the Board of Directors:** None.
- II. If there are Directors’ Avoidance of Motions in Conflict of Interest, the Directors’ Names, Contents of Motion, Causes for Avoidance and Voting should be Specified:**

Meeting Date (Term and Session)	Proposal	Director Recused	Reason for Recusal	Voting Status
2023.02.22 (20 th meeting of the 12 th term)	Proposal for evaluation of managerial officers' 2022 performance results.	Victor Kuo	Serves as a managerial officer concurrently at the Company	Did not participate in discussion and voting
	Details of allocation of 2022 directors’ compensation	Victor Kuo, Joseph Wang, Howard Kao, David Tai, Alan Yu	Discussion of allocation for themselves or the institutional director they represented	Did not participate in discussion and voting
2023.04.12 (21 st meeting of the 12 th term)	Details of allocation of 2022 managerial officers’ compensation	Victor Kuo Howard Kao	Serves as a managerial officer concurrently at the Company	Did not participate in discussion and voting
	Performance target plan of 2023 managerial officers.	Victor Kuo Howard Kao	Serves as a managerial officer concurrently at the Company	Did not participate in discussion and voting
2023.05.10 (22 nd meeting of the 12 th term)	The managerial officers’ 2023 Salary and Compensation Adjustment	Howard Kao	Serves as a managerial officer concurrently at the Company	Did not participate in discussion and voting
2023.06.20 (2 nd meeting of the 13 th term)	The Appointment of Members for the Second Term of the ESG Committee of the Company	Victor Kuo	Due to conflict of interests	Did not participate in discussion and voting
2023.08.14 (3 rd meeting of the 13 th term)	The evaluation of the performance assessment results of managerial officers for the fiscal year 2023 of the Company	Victor Kuo	Serves as a managerial officer concurrently at the Company	Did not participate in discussion and voting
	The Restricted Employee Stock Distribution Details Plan of the Company	Victor Kuo	Serves as a managerial officer concurrently at the Company	Did not participate in discussion and voting
2023.11.14 (4 th meeting of the 13 th term)	The Chief Strategy Officer’s Salary and Compensation Adjustment	Victor Kuo	Serves as a Chief Strategy Officer concurrently at the Company	Did not participate in discussion and voting
2024.02.27 (5 th meeting of the 13 th term)	Details of allocation of 2023 directors’ compensation	Joseph Wang, Amy Wu, Fred Fong, Brian Kao, Victor Wu	Discussion of allocation for themselves or the institutional director they represented	Did not participate in discussion and voting

III. Implementation Status of Board Evaluations:

On August 12, 2022, the Board of Directors of the Company approved an amendment to the "Rules for Performance Evaluation of Board of Directors", which stipulates that the Board of Directors shall conduct an internal performance evaluation of the Board of Directors, its members, and functional committees at least once a year, and an external evaluation by an external independent institution or a team of external experts and scholars at least once every three years.

(I) External Evaluation of the Board of Directors

In May 2022, the Company appointed the Taiwan Corporate Governance Association, a non-governmental, non-profit and independent corporation that provides professional corporate governance system assessment and the Board of Directors' performance evaluation services in Taiwan, to conduct an evaluation. The association issued an evaluation report on July 7, 2022, and the overall evaluation results were submitted to the Board of Directors on August 12, 2022 for approval and served as a basis for review and improvement. The Scope, method and content of the evaluation are as follow.

Evaluation Cycle	Once every three years
Evaluation Period	2021.06.01~2022.05.31
Scope of Evaluation	The Board of Directors and functional committees of the Company
Evaluation Method	Site visits
Evaluation Items	<ol style="list-style-type: none"> 1. Composition of the Board of Directors 2. Instructions of the Board of Directors 3. Authorization of the Board of Directors 4. Supervision of the Board of Directors 5. Communication of the Board of Directors 6. Internal control and risk management 7. Self-regulation of the Board of Directors 8. Others (such as meetings of the Board of Directors, support systems, etc.)
Suggestions of the association	<ol style="list-style-type: none"> 1. We suggest the Company to further strengthen the existing whistle-blower mechanism by setting up an independent director to receive emails in person or an acceptance unit to receive emails simultaneously. 2. We suggest establishing a "Directors' Handbook" to clearly establish a training system for the new directors to facilitate future implementation. 3. It is recommended to including at least one female director. 4. It is recommended that the Company establishes a training and succession plan for senior managers in line with the development vision and strategy as well as the global ESG development trend. 5. It is recommended that the Company reviews the design of the questionnaire for the Board of Directors' performance evaluation and adds forward-looking and strategic qualitative indicators.
Implementation status of the Company	<ol style="list-style-type: none"> 1. The Company has communicated with the independent director Mr. Chun-Hsiung Chu and has simultaneously transferred the whistleblowing mailbox to the independent director Mr. Chu to receive emails in person. 2. The Directors' Handbook and a training session for new directors are already under planning by the Corporate Governance Officer. 3. After the re-election of directors in 2023 upon expiry of term of office, at least one female director shall be held on the Board. 4. The Company has established the procedure of "Senior Manager Successor Recommendation and Selection Program" and establish a comprehensive training system on November 4, 2022. 5. The Company has amended the "Rules for Performance Evaluation of Board of Directors " at the Board of Directors' meeting on August 12, 2022, adding ESG-related qualitative indicators.

(II) Internal Evaluation of the Board of Directors

The results of the Board of Directors' performance evaluation for 2023 were presented to the Board of Directors on February 27, 2024, together with the proposal on improvement measures, which were used as a reference for individual director's compensation and nomination for reappointment. The overall average score of the board performance self-evaluation was 4.91 points (out of 5 points), and the overall average score of individual board members' performance self-evaluation was 4.59 points (out of 5 points), indicating that the Board of Directors is functioning well. In addition, we completed the Audit Committee's, Remuneration Committee's, and the ESG Committee's performance self-evaluations, and the evaluation results all reached 4.50 points (out of 5 points), indicating that the Company's functional committees are functioning and operating well. The evaluation scope, method, and content are as follows:

Evaluation Cycle	Once a year		
Evaluation Period	2023.05.31~2023.12.31(The evaluation period is less than one year due to a Board of Directors re-election.)		
Scope of Evaluation	<ol style="list-style-type: none"> 1. Board performance evaluation 2. Board members' performance evaluation 3. Audit Committee 4. Remuneration Committee 5. ESG Committee 		
Evaluation Method	Internal self-evaluation		
Evaluation Items	The board performance evaluation covers six major aspects:	The board members' performance evaluation covers six major aspects:	Functional committees' performance evaluation covers:
	<ol style="list-style-type: none"> 1. Involvement in the Company's operations 2. Improvement to the quality of decision-making by the board 3. Composition and structure of the Board of Directors 4. Directors' election and continuing education 5. Internal control 6. Focus on sustainable management (ESG) 	<ol style="list-style-type: none"> 1. Understanding of the Company goals and tasks 2. Awareness of directors' responsibilities 3. Involvement in the Company's operations 4. Internal relationship management and communication 5. Directors' professionalism and continuing education 6. Internal control 	<ol style="list-style-type: none"> 1. Involvement in the Company's operations 2. Awareness of functional committee members' responsibilities 3. Improvement to the quality of decision-making by functional committees 4. Composition of functional committees and selection of members 5. Internal control (Audit Committee Only)

IV. Measures Taken to Strengthen the Function of the Board and Results Thereof:

- (I) In late 2022, the KPMG professional team was engaged to help establish an effective corporate risk management mechanism. Their role included identifying, monitoring, and addressing the appropriate risks, allowing the Board of Directors and the Audit Committee to implement comprehensive business risk management in the correct direction. The project was successfully completed in March 2023.
- (II) To address the Company's implementation of a risk management mechanism, a risk management expert has been hired to deliver a 3-hour in-house training course on "Integrating Strategic Development and New Perspectives on Enterprise Risk Management with ESG". The objective of

this course is to help the Directors gain a comprehensive understanding of the operational risks the Company faces and how to effectively respond to them. A total of 96 hours of continuing education were provided to directors in 2023.

- (III) Since 2023, the Board of Directors has required the CEO and the Accounting Supervisor to attend and report on the alignment between the Company's goals and budget during the annual budget and financial report review.
- (IV) Since the 13th Board of Directors in 2023, a regular "Directors' Exchange Meeting" has been conducted prior to each quarterly Board meeting. This meeting serves as an opportunity for Directors to actively engage and gain insights into the Company's significant matters and strategic objectives.
- (V) Since the 13th Board of Directors in 2023, a "Director's Handbook" has been established. It includes not only a company profile and industry updates, but also information on legal regulations and the rights and obligations of Directors. This enables Directors to have a comprehensive understanding of the Company's operational status and gather ESG-related information and trends for their reference.
- (VI) Since 2023, the ESG Committee has held meetings twice a year and reported to the board of directors on the Company's sustainable development and the short, medium, and long-term ESG strategic objectives.
- (VII) The 13th Board of Directors have been elected in 2023 and the specific management goal of at least one female director in 2023 has been achieved.
- (VIII) To enable the independent directors to fully exercise their duties and responsibilities, the independent directors have been arranged to attend separate meetings with the auditors and the certified public accountants on a quarterly basis.
- (IX) In order to conduct stringent review on the financial statement financial statements, the Company's 2023 interim financial statement and annual financial statement were reviewed by the Audit Committee and then submitted to the Board of Directors for discussion.
- (X) In order to enhance the professionalism of board members, it is expected to plan two in-house training courses with a total of 6 hours credits each year starting from 2024.

(II) Operations of the Audit Committee

The Audit Committee aims to assist the Board of Directors in overseeing the quality and integrity during the Company's implementation of accounting, auditing, and financial reporting processes, as well as financial controls. The Audit Committee's major tasks in 2023 are as follows:

- Reviewed quarterly financial statements.
- Formulated or amended the internal control system and relevant important measures.
- Assessed the effectiveness of internal control system.
- Regularly communicated the audit report results with the Internal Auditor as per the annual audit plan.
- Audit of transactions in which the Company acquires or disposes of assets, and significant endorsements or guarantees for others.
- Assessed the audit fees, independence, and suitability of CPAs.
- Reviewed investment proposals.
- Handled matters bearing on the personal interest of a director.
- Issuance of equity securities.
- Appointment and termination of financial, accounting, or internal audit supervisors.
- Audit the policies, procedures, and frameworks related to risk management, and regularly assess their relevance and effectiveness of implementation.
- Establish the risk appetite (risk tolerance) to inform resource allocation.
- Ensure that the risk management mechanism effectively addresses the risks faced by the Company and seamlessly integrates into the daily operational processes.
- Determine the priority and risk levels for risk management.
- The implementation of risk management should be reviewed, and necessary improvement suggestions should be provided. A report should be submitted to the Board of Directors at least once a year.
- Implementation of the risk management decisions made by the Board of Directors.

In 2023 (5 meetings) and 2024(1 meeting) as of the publication date of this Annual Report, the Company's Audit Committee held a total of 6 meetings (A); the attendance of Independent Director is as follows:

Title	Name	Number of Meetings Should Attend (A)	Attendance in Person (B)	By Proxy	Attendance Rate (B/A)	Remarks
Independent Director	Richard Chen	6	6	0	100%	Convener
Independent Director	Richard Lee	6	6	0	100%	
Independent Director	Chun-Hsiung Chu	6	6	0	100%	

Other mentionable items:

- I. If any of the Following Circumstances Exists, Specify the Audit Committee Meeting Date, Meeting Session Number, Content of the Motion(s), the Content of any Dissenting or Qualified Opinion or Significant Recommendation of the Independent Directors, the Outcomes of Audit Committee Resolutions, and the Measures Taken by the Company Based on the Opinions of the Audit Committee:**

- (I) Matters referred to in Article 14-5 of the Securities and Exchange Act:**

Meeting Date (Term of Meeting)	Proposal	Audit Committee Resolution Results	The Company's Response to the Audit Committee's Opinions
2023.02.22 (The 17 th meeting of the 2 nd term)	<ol style="list-style-type: none"> 1. Proposal for the 2022 Internal Control System Statement. 2. Proposal for the Company's 2022 business report and financial statements. 3. Proposal for the earnings distribution for 2022. 4. Proposal for independence and suitability evaluation report of the CPAs appointed by the Company for 2023. 5. Proposal for the appointment of the Company's CPA. 6. Proposal for the CPAs' fees for the Company's financial statements and taxation. 7. Proposal for the establishment of the "Non-Assurance Services Pre-approval Policy". 8. Proposal for the amendment to the "2022 Restricted Stock Award Plan". 9. Proposal for the abolishment and re-establishment of the "Rules and Procedures of Shareholding's Meeting". 10. Proposal for the amendment to the "Operational Procedures for Lending Funds to Others". 11. Proposal for the amendment to the "Operational Procedures for Endorsements and Guarantees". 	All Independent Directors agreed to pass it without any opinion.	Submitted to the Board of Directors for a resolution and approved by all the Directors present.
2023.04.12 (The 18 th meeting of the 2 nd term)	<ol style="list-style-type: none"> 1. Nomination and Review of Candidates for Directors (including Independent Directors) Proposed by the Board of Directors. 2. Release of non-competition restrictions for new directors. 3. Proposal for amendment to the independence and suitability evaluation report of the CPAs appointed by the Company for 2023. 	All Independent Directors agreed to pass it without any opinion.	Submitted to the Board of Directors for a resolution and approved by all the Directors present.
2023.05.10 (The 19 th meeting of the 2 nd term)	<ol style="list-style-type: none"> 1. Proposal for the 2023 Q1 consolidated financial statements. 2. Proposal to acquire 100% equity of D-Link (Europe) Ltd. held by the Company's subsidiary. 3. The cash capital reduction case proposed by the Company's subsidiary. 4. Proposal for the amendment to the "Internal Audit Procedures" and "Internal Audit Implementation Rules" 5. Proposal for the amendment to the "Risk Management Policies and Procedures". 	All Independent Directors agreed to pass it without any opinion.	Submitted to the Board of Directors for a resolution and approved by all the Directors present.
	<ol style="list-style-type: none"> 6. Proposal for the amendment to the "Regulations for the Security and Maintenance of Personal Information Files" 	Independent Director Chun-Hsiung Chu suggested reconfirming the legality of the revised text and proposed	As a result of the Audit Committee's decision to withdraw the case from discussion, and with the unanimous

			temporarily withdrawing the case. After consulting all present committee members, the Chairperson found no objections to the withdrawal.	agreement of all attending Directors, this case will not be further deliberated.
2023.08.14 (The 1 st meeting of the 3 rd term)	<ol style="list-style-type: none"> 1. The Restricted Employee Stock Distribution Details Plan of the Company 2. Proposal for the 2023 Q2 consolidated financial statements. 3. Proposal for the amendment to the "Related party transaction Management Measures" 		All Independent Directors agreed to pass it without any opinion.	Submitted to the Board of Directors for a resolution and approved by all the Directors present.
2023.11.14 (The 2 nd meeting of the 3 rd term)	<ol style="list-style-type: none"> 1. Proposal for the Company's 2024 annual audit plan. 2. Proposal for the 2023 Q3 consolidated financial statements. 3. Proposal for the amendment to the "D-Link division of authority & responsibility" 4. Proposal for exceeding the expected annual transaction limit for purchases and sales of goods, services, or technical services to Related Party for 2024 of the Company. 		All Independent Directors agreed to pass it without any opinion.	Submitted to the Board of Directors for a resolution and approved by all the Directors present.
2024.02.27 (The 3 rd meeting of the 3 rd term)	<ol style="list-style-type: none"> 1. Proposal for the 2023 Internal Control System Statement. 2. Proposal for the Company's 2023 business report and financial statements. 3. Proposal for the earnings distribution for 2023. 4. Proposal for independence and suitability evaluation report of the CPAs appointed by the Company for 2024. 5. Proposal for the 2024 appointment of the Company's CPA. 6. Proposal for the CPAs' 2024 fees for the Company's financial statements and taxation. 7. Proposal for the establishment of the "Non-Assurance Services Pre-approval Policy". 8. Proposal for the amount of the current additional endorsements/guarantees for D-Link (Shanghai) Co., Ltd. 9. Proposal for the establishment of the "Corporate Governance Best Practice Principles" 		All Independent Directors agreed to pass it without any opinion.	Submitted to the Board of Directors for a resolution and approved by all the Directors present.

(II) Other Matters Which were not Approved by the Audit Committee but were Approved by Two-Thirds or More of all Directors: None.

II. If there are Independent Directors' Avoidance of Motions in Conflict of Interest, the Directors' Name, Contents of Motion, Causes for Avoidance and Voting should be Specified: There was no recusal due to conflict of interests in 2023.

III. Communication Between the Independent Directors, Chief Internal Auditor, and CPAs (Including Material Items, Methods, and Results of the Company's Finance and

Operations):

- (I) The Company's Internal Auditor regularly reports to the Independent Directors alone on the performance of the Company's annual audit plan as well as improvement and tracking of internal control deficiencies on an annual basis. Meanwhile, the Internal Auditor submits an audit report and defect tracking report for the previous month before the end of each month. In the event of a major abnormal incident, the Internal Auditor will immediately report to the Independent Directors. There was no such special situation in 2023, and the communication between the Company's Independent Directors and the Internal Auditor is in good condition.
- (II) The Company's CPAs report the audit or review results of the quarterly financial statement or and other matters required by law to the Independent Directors alone at the quarterly Audit Committee meeting. In the event of a special circumstance, the CPAs will also report to the Independent Directors immediately. There was no such special situation in 2023, and the communication between the Company's Independent Directors and the CPAs is in good condition.
- (III) Communication between Independent Directors and the Internal Auditor, and CPAs:

1. Communication between Independent Directors and the Internal Auditor:

Date	Session of Meeting	Attendee	Communication Focus	Independent Directors' Suggestions and Results
2023.02.22	Audit Committee (2-17)	Independent Director Richard Chen Richard Lee Chun-Hsiung Chu Internal Auditor Richard Yang	<ol style="list-style-type: none"> 1. Report on the implementation of the 2022 Q4 audit plan. 2. The latest implementation status of the audit and reporting items stipulated by laws and regulations. 3. The Company issued the 2022 Statement on Internal Control, and the internal auditor explained to the independent directors the change of the signatory (from the President to CEO). 	No opinion.
2023.05.10	Audit Committee (2-19)	Independent Director Richard Chen Richard Lee Chun-Hsiung Chu Internal Auditor Richard Yang	<ol style="list-style-type: none"> 1. Report on the implementation of the 2023 Q1 audit plan. 2. The latest implementation status of the audit and reporting items stipulated by laws and regulations. 3. Review the ESG sustainability report. 4. Based on the sampling results of the TIPS review team from the Institute for Information Industry, partial texts of the Internal Audit Procedures and the Internal Audit System and Implementation have been 	No opinion.

			revised, and operation forms have been added.	
2023.08.14	Audit Committee (3-1)	Independent Director Richard Chen Richard Lee Chun-Hsiung Chu Internal Auditor Richard Yang	1. Report on the implementation of the 2023 Q2 audit plan.	Independent Director Chun-Hsiung Chu further inquired about the management status of the existing employee attendance. After the audit supervisor provided additional explanations, no further comments have been made.
			2. The latest implementation status of the audit and reporting items stipulated by laws and regulations. 3. In accordance with the TIPS certification application process for this fiscal year, an audit team has been formed to conduct project audits as required by management regulations. 4. Participated in the operation of the Risk Management meeting, assisting in supervising the implementation	No opinion.
2023.11.14	Audit Committee (3-2)	Independent Director Richard Chen Richard Lee Chun-Hsiung Chu Internal Auditor Richard Yang	1. Report on the implementation of the 2023 Q3 audit plan.	Independent Director Chun-Hsiung Chu recommends implementing a systematic operational control system in the legal department to manage intellectual property rights and prevent human errors. No further comments have been made. Update: The Director's suggestion has been forwarded to the appropriate department for further planning and evaluation.
			2. The TIPS project audit for this fiscal year has been completed, and the certification application result is "passed." Relevant non-compliance and	No opinion.

			<p>observation items are being continuously monitored.</p> <p>3. Participated in the third quarter Risk Management meeting to understand the current risks and their management status, and assisted in supervising the implementation.</p>	
2024.02.27	Audit Committee (3-3)	<p>Independent Director Richard Chen Richard Lee Chun-Hsiung Chu</p> <p>Internal Auditor Richard Yang</p>	<p>1. Report on the implementation of the 2023 Q4 audit plan.</p> <p>2. To address information security risk incidents, discussions were conducted with the information department to improve control systems for managing the testing server room. Consequently, the "Regulations Governing Internal Testing Server Rooms" were established, along with a plan for inspecting the testing server room.</p> <p>3. The Company should establish operational procedures for preparing and verifying sustainability reports, and integrate the management of sustainability information into the internal control system. Additionally, it should include sustainability reporting as an audit item in the annual audit plan.</p>	No opinion.

2. Communication Between Independent Directors and CPAs:

Date	Session of Meeting	Attendee	Communication Focus	Independent Directors' Suggestions and Results
2023.02.22	Audit Committee (2-17)	Independent Director Richard Chen Richard Lee Chun-Hsiung Chu CPAs	CPAs explained details of the 2022 financial statements audited and key audit matters.	Informed; reported to the Audit Committee and the Board of Directors.
2023.05.10	Audit Committee (2-19)	Independent Director Richard Chen Richard Lee Chun-Hsiung Chu CPAs	CPAs explained the key audit matters in the 2023 Q1 financial statements.	Informed; reported to the Audit Committee and the Board of Directors.
2023.08.14	Audit Committee (3-1)	Independent Director Richard Chen Richard Lee Chun-Hsiung Chu CPAs	CPAs explained the key audit matters in the 2023 Q2 financial statements.	Informed; reported to the Audit Committee and the Board of Directors.
2023.11.14	Audit Committee (3-2)	Independent Director Richard Chen Richard Lee Chun-Hsiung Chu CPAs	CPAs explained the key audit matters in the 2023 Q3 financial statements.	Informed; reported to the Audit Committee and the Board of Directors.
2024.02.27	Audit Committee (3-3)	Independent Director Richard Chen Richard Lee Chun-Hsiung Chu CPAs	CPAs explained the key audit matters in the 2023 financial statements.	Informed; reported to the Audit Committee and the Board of Directors.

(III) Corporate Governance – Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
I. Does the Company establish and disclose its Corporate Governance Best-Practice Principles based on “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The Company has formulated the “Corporate Governance Best Practice Principles”, which has been disclosed on the Company’s website and the MOPS.
II. Shareholding structure & shareholders’ rights (I) Does the Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	✓		The Company has appointed a spokesperson and an acting spokesperson, as well as a point of contact for investor relations to handle issues, such as shareholders’ suggestions or disputes. We also fully disclose the contact information on the Company website and regularly report to the Board of Directors on the communication with stakeholders.
(II) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	✓		The Company possesses a list of major shareholders and their ultimate owners and, subject to Article 25 of Securities and Exchange Act, reports any changes in equity held by its internal person (directors, managerial officers, and the major shareholders holding more than 10% of shares).
(III) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	✓		The Company has formulated relevant measures in the internal control system to establish an appropriate risk control and firewall mechanism.

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
(IV) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	✓		<p>None.</p> <p>◇ The Company has formulated the “Procedures for Materiality Management and Prevention of Insider Trade” and the “Corporate Governance Best Practice Principles”, which prohibit insiders of the Company from trading securities using undisclosed information in the market and require the Directors to prohibit dealing in securities of the Company during the closed period (30 days before the annual financial report announcement and 15 days before the quarterly financial report announcement).</p> <p>◇ Our 2022 annual and 2023 quarterly financial reports were approved by the board of directors on February 22th, May 10th, August 14th, and November 14th respectively, and our shareholder services personnel also proactively reminded directors and insiders through e-mails on January 19th, April 24th, July 28th, and October 27th respectively from trading their shares before the financial report announcement. In 2023, no issue related to insider trading was reported.</p> <p>◇ In October and November 2023, we held courses of “Understanding the Responsibilities and Duties of Directors, Supervisors and Senior Managers from Securities and Exchange Act” and “Understanding Related Party Transactions and Transactions not in the Normal Course of Operation from Case Studies” respectively, with the intention of raising awareness of these topics to managers and employees at the head office and Taiwan branch office. The courses included the promotion of ethical management, anti-money laundering, anti-corruption and insider trading. A total of 72 people participated in the course, totaling 180 training hours.</p>

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
<p>III. Composition and Responsibilities of the Board of Directors</p> <p>(I) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?</p>	✓		None.
			<p>◇ In the “Corporate Governance Best Practice Principles” formulated by the Company, it is clearly stated that the composition of the Board of Directors shall be diversified, and the elected Directors are from different professional backgrounds and fields of work, which can improve the structure of the Board of Directors of the Company.</p> <p>◇ The current Board of the Company comprises 9 Directors with different professional backgrounds, including networking, technology, media, ESG, accountants and lawyers. There are 3 Independent Directors, accounting for 33.3% of the total number of directors.</p> <p>◇ Every Director has completed at least a 6-hour course in 2023 and is encouraged to continue their studies to keep abreast of their knowledge and enhance their decision-making abilities. Additionally, courses on corporate governance and information security will be planned for 2024, aiming to enhance the diverse professional capabilities of the Directors.</p> <p>◇ The 13th Board of Directors have been elected in 2023, The objective of having a female director have been achieved and also achieving the policy of gender equality and diversity, and continuing to improve corporate governance. Next objective is to achieve one-third of female members in the 14th Board of Directors election in 2026.</p> <p>◇ The 13th Board of Directors have been elected in 2023, The objective of having a director with expertise in AI innovation or information security have been achieved to enhance the directors’ diverse professional abilities and to improve the</p>

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
(II) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?	✓		The Company established an ESG Committee on February 2, 2021, which is responsible for fulfilling corporate sustainable development and improving corporate governance to achieve the goal of sustainable operation.
(III) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?	✓		<p>None.</p> <p>None.</p> <p> ✧ The Company’s Board of Directors has approved the “Rules for Performance Evaluation of Board of Directors” on August 12, 2022, stipulating that the Board of Directors should perform performance evaluations for the Board of Directors and its members at least once a year, and perform external evaluations at least every three years by an external independent agency or a team of external experts and scholars. </p> <p> ✧ The Taiwan Corporate Governance Association was appointed in May 2022 to conduct an external evaluation of the Board of Directors’ performance. The association issued an evaluation report on July 7, 2022, and the overall evaluation results were submitted to the Board of Directors on August 12, 2022, for approval and as the basis of review and improvement. </p> <p> ✧ The results of the Board of Directors’ performance evaluation for 2023 were presented to the Board of Directors on February 27, 2024, together with the proposal on improvement measures, which were used as a reference for individual director’s compensation and nomination for reappointment. </p>

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
		<p>◇ Based on the Board of Directors' performance evaluation for 2023, the following improvement measures are proposed:</p> <ol style="list-style-type: none"> 1. Board performance evaluation: In 2024, two in-house training courses with a total of 6 hours credits will be organized for Directors to complete their required annual training. 2. Board members' performance evaluation: As a result of the director election in 2023, the newly appointed Directors were not familiar with the Company's annual strategic objectives. On February 27th of 2023, the CEO explained the strategic objectives for 2024 to the directors at the directors' exchange meeting. Additionally, it is planned for the Supervisor of the ESG Office to explain the short, medium, and long-term ESG strategic objectives at the upcoming directors' exchange meeting. 3. Audit Committee: The Audit Committee of the Company prepares reports on the implementation of quarterly audit plans, discusses quarterly financial statements, and provides updates on the execution of annual risk management operations. In the future, we will ensure that Directors are fully briefed on the specific accomplishments in each evaluation category before distributing self-assessment questionnaires, to facilitate their completion. 4. Remuneration Committee: The Human Resources Department plans to provide the meeting records to the committee members prior to issuing the minutes. This will facilitate their review and confirmation and improve the decision-making quality of the Remuneration 	

Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	
(IV) Does the Company regularly evaluate its certified public accountants independence?	✓		<p>Committee.</p> <p>5. ESG Committee: It is planned for the Supervisor of the ESG Office to explain the short, medium, and long-term ESG strategic objectives at the upcoming director's exchange meeting. Moreover, ESG committee members are invited to conduct supervision, so that the ESG Committee can accurately assess and monitor the Company's various existing or potential risks.</p> <p>✧ Please refer to page 46 for the evaluation results of the Board of Directors' Performance.</p> <p>The Company's Audit Committee conducts an annual evaluation of the independence and suitability of its affiliated certified public accountants. This evaluation includes requesting the certified public accountants to provide a "Statement of Independence" and "Audit Quality Indicators (AQIs)". The evaluation is based on the criteria and 13 AQI indicators specified in Note 1. After confirming that the accountant has no other financial interests or business relationships with the Company, apart from the fees for auditing and tax matters, and ensuring that no family members of the accountant violate the independence requirements, we have verified that the accountant and the firm have auditing experience and training hours comparable to the industry average by referencing AQI indicators information. Furthermore, they consistently utilize digital auditing tools to enhance the quality of the audit. After the discussion and approval by the Audit Committee on April 10, 2024, and the subsequent resolution passed by the Board of Directors on the same date, an assessment was conducted to evaluate the independence and suitability of the certified public</p>
			None.

Evaluation Item	Implementation Status		Summary Description	Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons		
	Yes	No		Evaluation items	Evaluation Result	Whether compliance Independence
			accountant. Note 1: Evaluation for CPA			
			Does the certified public accountant have a direct or material indirect financial interest in the Company?	No	Yes	
			Has the certified public accountant received a loan or guarantee from the Company or Company's directors?	No	Yes	
			Does the certified public accountant have a close business relationship and potential employer-employee relationship with the Company?	No	Yes	

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
	Summary Description		
		Is the certified public accountant or audit committee member currently holding or has in the past two years held, a position in the Company as director or managerial personnel, or a position that has a significant impact on the audit work?	Yes
		Has the certified public accountant provided the Company with non-audit related services that may directly impact the audit work?	Yes
		Has the certified public accountant acts as an agent of shares or other securities issued by the company?	Yes
		Has the certified public accountant acts as a defender of the Company or represented the Company in mitigating a dispute with a third party?	Yes
		Is the certified public accountant a relative of the	Yes

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
<p>IV. Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?</p>	✓		<p>Company’s director, managerial person or personnel whose position has a significant influence on the audit?</p> <p>✧ The Company was approved by the Board of Directors on November 5, 2021, and the manager of the Finance Division, Wynne Ho, was appointed as the corporate governance officer. Her primary responsibilities are to handle matters related to Board of Directors and shareholders’ meetings in accordance with the laws, to provide information required by the directors for the execution of their business, to collect information on the latest regulatory developments in relation to the operation of the Company, to assist the directors’ compliance, to assist the directors in their appointment and continuous training.</p> <p>✧ Implementation status of the Corporate Governance Officer in 2023:</p> <ol style="list-style-type: none"> 1. Reporting to the Board of Directors, directors, and the functional committees on the status of corporate governance practices and ensuring that shareholders and board meetings are called in compliance with the applicable regulations and corporate governance principles. 2. Held 7 board meetings, 5 Audit Committee meetings. The above meetings give a minimum of 7-day notice to all directors to attend a meeting and provide sufficient materials for the directors to familiarize themselves with the motions. 3. Inspecting the disclosure of material information passed by the board of directors after a board meeting or shareholders
			None.

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
		<p>meeting in order to ensure the legality and accuracy of said material information and protect parity of investor information.</p> <p>4. Keeping board members informed of the latest changes and developments in laws and regulations relevant to the Company’s field and corporate governance.</p> <p>5. The detailed minutes of the General Shareholders’ Meeting held on May 31, 2023 indicated the items to be discussed of the items, and the continuous uninterrupted audio and video files of the entire General Shareholders’ Meeting have been published on the Company’s official website.</p> <p>6. Report to the Audit Committee for the implementation of the Company’s risk management operations and integrity management to the Audit Committee, which will then be reported to the board of directors to comply with the requirements of the competent authorities and ensure the implementation of Ethical Corporate Management Best Practice Principles.</p> <p>7. To strengthen Risk Management awareness and cultivate risk identification capabilities, educational training for directors and senior managers in the Company was arranged in June 2023. The course theme was “ Integration of strategic development and new thinking on enterprise risk management of ESG”, and the attendance was over 75%.</p> <p>8. Arrange for the independent directors to communicate individually with the internal audit manager to understand the Company’s financial operations.</p> <p>9. Arrange for the independent directors to communicate individually with Certified Public Accountants to understand</p>	

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
		<p>No</p> <p>the Company's financial operations and also arrange for the Certified Public Accountants to attend the Audit Committee meeting.</p> <p>10. The Corporate Governance Officer has reported to the Board of Directors that the newly elected independent directors met the professional qualifications and independence requirements as stipulated by relevant laws and regulations at the time of nomination and election, and that the report will be submitted to the competent authorities for inspection within 10 days after the assumption of duty in accordance with the law.</p> <p>11. Pursuant to the External Performance Evaluation of Board of Directors in 2022, after the re-election of the Board of Directors in 2023, to familiarize the new members of the thirteenth Board of Directors with the Company's business and the duties of directors, a “Director's Handbook” has been established, which contains a brief introduction of the Company's business, the networking equipment industry trends, laws and regulations, Directors' rights and obligations, special reports, and International Corporate Governance Information for Directors' reference. The Internal Performance Evaluation of the Board of Directors has been completed in December 2023 as well, and the results are approved to the Board of Directors on February 27, 2024.</p> <p>12. The “Improvement of Corporate Governance Evaluation Plan” was implemented. With a total score of 103.04 points in fiscal year 2022, a significant increase of nearly 15 points from fiscal year 2021, the Company was ranked in the second tier of the 6% to 20% of listed companies for the first time. In</p>	

Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	
V. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	✓		None.
VI. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	✓		None.

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
VII. Information Disclosure (I) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status? (II) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	<p>✓</p> <p>✓</p>	<p>The Company has set up a company website (https://company.dlink.com, English and Chinese versions) to disclose financial, business and corporate governance information at any time, and an "Investor Relations" section for the reference of shareholders and related stakeholders.</p> <p>✧ The Company has set up a company website (https://company.dlink.com, English and Chinese versions), the contents of which are updated regularly. It has appointed CJ Chang, CEO, as the spokesperson and Linda Wu, manager, as the acting spokesperson. External announcement is made through the Company's spokesperson system to implement the spokesperson system .</p> <p>✧ The Company is regularly invited to attend (or hosts) investor conferences, the presentation materials of which are placed on the Investor Relations section of the Company's website for the public's enquiry. In addition, the Company has designated a person to disclose the Company's information on the Market Observation Post System in accordance with the Securities and Exchange Act.</p>	<p>None.</p> <p>None.</p>
(III) Does the Company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for	<p>✓</p>	<p>✧ The Company's consolidated and individual financial statements in 2023 were discussed and approved by the Audit Committee and the Board of Directors on February 27, 2024, and were announced and reported on the Market Observation Post System on the same day.</p> <p>✧ The financial statements for the first, second and third quarters of 2023 were announced and reported on the Market Observation Post System after discussion and approval by the Audit Committee and the Board of Directors</p>	<p>None.</p>

Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	
<p>each month before the specified deadlines?</p> <p>VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?</p>	✓	<p>No</p>	None.
		<p>prior to the prescribed deadline.</p> <p>◇ The Company announced and reported its operations for each month of 2023 on the Market Observation Post System in accordance with the prescribed deadline.</p> <p>◇ Employee rights and employee care: As the Company has attached great importance to labor-management harmony and employee' rights and benefits since the establishment, our labor-management relations have been harmonious and positive. We hold labor-management meetings regularly every quarter to discuss labor-management issues and reach consensus through communication. The Company started the "Appointment with Supervisor" event at the end of 2022. Through this activity, employees can interact with senior executives and directly express their ideas and opinions. For details of employee rights and implementation of employee care, please refer to the descriptions of "Labor Relations" and "Implementation of Sustainable Development" in the Annual Report.</p> <p>◇ Investor relations: The Company has set up a section dedicated to investor on the website, which provides investors with real-time company information, such as company information, financial information, stock information, and investor events.</p> <p>◇ Supplier relationship: The Company has formulated the Supplier Management Regulations and the Supplier Management Procedures to manage the promotion and termination of partnership with suppliers. Our Quality Control and Procurement Departments conduct supplier evaluations.</p>	

Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	
		<p>Summary Description</p> <ul style="list-style-type: none"> ◇ Stakeholders' rights: The Company has set up section and personnel dedicated to stakeholders on the website. With that, relevant dedicated personnel may establish appropriate communication channels with stakeholders and report to the Board of Directors on a regular basis. ◇ Directors' continuing education: The Company's Directors received a total of 96 hours of continuing education in 2023. ◇ Implementation of the risk management policy and the risk assessment standards: <ol style="list-style-type: none"> 1. To meet the requirements of the Financial Supervisory Commission's "Corporate Governance 3.0 - Sustainable Development Blueprint" and the "Practical Guidelines for Risk Management of Listed and OTC Companies", the Company has engaged KPMG Advisory Services Co., Ltd. to optimize our risk management operations. This project entailed establishing risk measurement standards and identifying the top ten risks for 2023. The project was successfully concluded on April 10, 2023. 2. In response to the current operational risk management mechanism within the company, the Company has amended the "Risk Management Policies and Procedures". The revised policies were approved by the Board of Directors on May 10, 2023, and have been implemented since then. 3. The Company adheres to the "Risk Management Policies and Procedures" by conducting quarterly risk management meetings to plan, execute, and monitor risk management operations. These meetings took place on February 15, June 28, October 16, 2023, and January 22, 	

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
			<p>2024, intending to ensure effective control of all risks.</p> <p>4. The Company provided a report to the Board of Directors on February 27, 2024, regarding the implementation of the annual risk management action plan for 2023, addressing the top ten risks identified earlier in the year. To control these risks and mitigate their impact, the Company has utilized Key Risk Indicators (KRI).</p> <p>◇ Implementation of the client policy: The Company conducts its business activities in a fair and transparent manner in accordance with the Ethical Corporate Management Best Practice Principles, considers the legitimacy of agents, customers or other business counterparties and whether they are involved in unethical conduct before entering into business transactions, as well as avoids dealing with parties involved in unethical conduct. In addition, the contracts entered into between the Company and its agents, customers or other business counterparties include the provisions for compliance with the ethical corporate management policies and for termination or cancellation of the contracts at any time if the counterparties are involved in unethical conduct.</p> <p>◇ The Company’s purchase of liability insurance for directors: The Company has purchased liability insurance for all directors with an insured amount of US\$ 5 million, with the insurance period from December 31, 2023, through December 31, 2024, and reported on the insured amount, coverage, and premium rates of directors’ liability insurance to the Board of Directors on February 27, 2024.</p>

Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	
<p>IX. Please Describe Improvements that Have Already been Made Based on the Corporate Governance Evaluation Results Released for the Most Recent Fiscal Year by the Corporate Governance Center, Taiwan Stock Exchange, and Specify the Priority Enhancement Objectives and Measures Planned for any Matters still Awaiting Improvement:</p> <p>(I) Directors' remunerations were disclosed in the 2023 annual report and reported on the receipt of director remuneration at the shareholders' meeting.</p> <p>(II) The company has published the annual financial report audited and certified by the accountant within two months after the end of the fiscal year 2023.</p> <p>(III) The board of directors' supervision of ESG Committee and review and amend ESG Short, Medium, and Long-Term Strategic Goals. The results were disclosed in the 2023 annual report and website.</p> <p>(IV) The minutes of the Annual Shareholders' Meeting, which are uploaded on the Public Information Observation Station, should accurately document the significant details of shareholder inquiries and the corresponding company responses.</p> <p>(V) The Company provides complete transparency regarding the purchase of renewable energy certificates on its website. This includes disclosing the purchase amount, number of certificates, energy consumption, and relevant data on energy conservation and carbon reduction.</p> <p>(VI) The Board of Directors of the Company evaluated the independence and suitability of the certified public accountant during the Board of Directors evaluation on April 10, 2024. The evaluation results were disclosed in the 2023 annual report.</p> <p>(VII) It is planned to revise the "Related Party Transaction Regulations" of our company on May 14, 2024. Written standards for financial transactions between related parties will be established, covering procedures for managing transactions such as purchases, sales, acquisition, or disposal of assets. Significant transactions will require approval by the Board of Directors and reporting to the shareholders' meeting.</p> <p>(VIII) It is anticipated that in the 14th election of directors in the year 2026, the proportion of female members will reach one-third.</p> <p>(IX) In compliance with Financial Supervisory Commission's regulation, the Company shall continue to reinforce corporate governance and information disclosure.</p>			

X. The Directors of the Company Have Attended Relevant Training Courses and the 2023 Years of Training for Directors are as Follows:

Title	Name	Date of Course	Name of Course	Conducting Entity	Course Duration
Chairperson	Victor Kuo	2023.06.20	Integrating Strategic Development and New Perspectives on Enterprise Risk Management with ESG	Taiwan Corporate Governance Association	3
		2023.10.13	Annual Insider Trading Prevention Advocacy Conference of 2023	Securities & Futures Institute (SFI)	3
Director	Joseph Wang	2023.05.10	Artificial Intelligence Booming: The Technology Development and Application Opportunities of the ChatGPT	Securities & Futures Institute (SFI)	3
		2023.05.25	Corporate Governance 3.0 Sustainable Development Road Map and Regulations for Disposal	Taiwan Corporate Governance Association	3
		2023.08.09	Under the Threat of Ransomware, the Legality of Cyber Security Management Act	Securities & Futures Institute (SFI)	3
Director	Amy Wu	2023.06.20	Integrating Strategic Development and New Perspectives on Enterprise Risk Management with ESG	Taiwan Corporate Governance Association	3
		2023.08.09	The impact of carbon pricing on corporate operations	Greater China Financial and Economic Development Association	3
		2023.08.10	Industry 4.0 and how enterprises lead innovation and transformation	Taiwan Corporate Governance Association	3
		2023.11.09	ESG and new opportunities for corporate transformation	Taiwan Corporate Governance Association	3
Director	Fred Fong	2023.06.20	Integrating Strategic Development and New Perspectives on Enterprise Risk Management with ESG	Taiwan Corporate Governance Association	3
		2023.09.18	Low-carbon Transition Planning: Carbon Footprint Verification	Taipei Foundation of Finance (TFF)	3
Director	Brian Kao	2023.06.20	Integrating Strategic Development and New Perspectives on Enterprise Risk Management with ESG	Taiwan Corporate Governance Association	3
		2023.10.17	Development trends and applications of Reg Tech	Taiwan Securities Association	3
		2023.10.20	Annual Insider Trading Prevention Advocacy Conference of 2023	Securities & Futures Institute (SFI)	3
		2023.10.24	AI application, legal issues and auditing	Taiwan Corporate Governance Association	3
Director	Victor Wu	2023.06.20	Integrating Strategic Development and New Perspectives on Enterprise Risk Management with ESG	Taiwan Corporate Governance Association	3
		2023.10.18	Shareholders' Meeting, Proxy Contest and Ownership Strategy	Corporate Operation and sustainable development Association	3
		2023.10.20	Annual Insider Trading Prevention Advocacy Conference of 2023	Securities & Futures Institute (SFI)	3
		2023.12.01	An Era of Stringent Data Protection Regulation	Taiwan Corporate Governance Association	3
Independent Director	Richard Chen	2023.01.13	Comparison between Mainland China's corporate income tax and	Taiwan CPA all rights reserved	3

			Taiwan's profit-making enterprise income tax (Part I)		
		2023.02.03	Comparison between Mainland China's corporate income tax and Taiwan's profit-making enterprise income tax (Part II)	Taiwan CPA all rights reserved	3
		2023.06.20	Integrating Strategic Development and New Perspectives on Enterprise Risk Management with ESG	Taiwan Corporate Governance Association	3
Independent Director	Richard Lee	2023.02.14	New Challenge to Corporate Governance as ESG Knocking	Taiwan Corporate Governance Association	3
		2023.03.27	Low-carbon Transition Planning: Carbon Footprint Verification	Taipei Foundation of Finance (TFF)	3
		2023.04.10	Business opportunities and challenges under the Net Zero Emissions of 2023	Taiwan Investor Relations Institute	3
		2023.05.25	Corporate Governance 3.0 Sustainable Development Road Map and Regulations for Disposal	Taiwan Corporate Governance Association	3
		2023.07.10	Principle for Financial Service Industries to Treat Clients Fairly	Securities & Futures Institute (SFI)	3
Independent Director	Chun-Hsiung Chu	2023.05.25	Corporate Governance 3.0 Sustainable Development Road Map and Regulations for Disposal	Taiwan Corporate Governance Association	3
		2023.06.20	Integrating Strategic Development and New Perspectives on Enterprise Risk Management with ESG	Taiwan Corporate Governance Association	3
		2023.07.11	Risk management and internal controls	Taiwan Corporate Governance Association	3
		2023.08.29	How to Expand Influence, Support Sustainable SDGs, and Enhance Corporate Value	Taiwan Corporate Governance Association	3
		2023.09.12	Corporate Growth Strategy and Open Innovation	Taiwan Corporate Governance Association	3

XI. Succession Planning and Operation of Board Members and Key Management:

(I) Succession Planning and Operation of Board Members and Key Management

1. The structure of the Company's Board of Directors shall be decided in consideration of its business scale, the shareholdings of its major shareholders, and practical operational needs. The Company has stipulated in the "Articles of Incorporation" and "Rules for Election of Directors" that the election of Directors shall be based on the candidate nomination system in full compliance with Article 192-1 of the Company Act. In addition, the "Corporate Governance Best Practice Principles" stipulates that the composition of the board shall be considered in terms of diversity and that a diversity policy shall be formulated in respect of the operation, operation type and development needs of the Company.
2. The Company has established a database of candidates for Directors based on the following criteria to plan for the succession of directors :
 - (1)"Entrepreneurial, responsible, honest and valuing teamwork", which is in line with the Company's core values and in line with the Company's medium to long-term development strategy.
 - (2)Familiar with the industry to which the Company belongs and has relevant experience in the industry.

- (3) His or her joining will continuously provide the Company with an effective, synergistic, diverse and tailored board with the target is to have at least one female director.
- (4) Has professional knowledge and skills required for the operation of the Company, covering corporate strategy, accounting and tax, finance, legal, management and international market perspective.
3. The Company continues to promote the entry of management professionals into the Board of Directors or the boards of overseas subsidiaries, so that they are familiar with the operations of the board and the overseas business of the group, as well as the industry experience and decision-making ability, so as to form a succession team for the directors.
4. The Company has also set forth the "Rules for Performance Evaluation of Board of Directors" to ensure the effectiveness in the operation of the Board and evaluate the performance of Directors by evaluation items of performance evaluation, including the alignment of the goals and missions of the Company, awareness of the duties, participation in the operation, management of internal relationship and communication, professionalism and continuing education, internal control and expression of specific opinion, which will be the future reference in the selection of directors.

(II) Key Management Succession Planning and Operation

1. For the sustainable development of the Company, the Board of Directors approved the "Succession Planning for Senior Manager" in 2022 to establish a talent selection mechanism to identify potential successors at key management levels, and then build a succession team through a training mechanism to improve corporate governance and operational performance. The Company regularly promotes internal talents and gives priority to internal promotion for management positions. For the succession planning of key management, in addition to inventory and selection of potential successors, performance appraisal is performed on a regular basis, which is complemented with the guidelines of planning and mentors for individual development, to assist them to effectively enhance their ability to shift and shorten their succession schedule.
2. The Company has established a comprehensive position agent system, arranging agents of key management personnel to perform their duties and increasing their experience to strengthen the senior decision-making and management capabilities.
3. The Company arranges the management personnel to attend the board meetings and participate in regular important operating management meetings. It also assigns the management personnel to serve on the boards of overseas subsidiaries to enhance their functions from corporate governance, board operations, corporate operating practices, etc., and participate in the vision and strategic direction of the group in order to hold important management positions in the future.

(IV) Composition, Responsibilities, and Operations of the Remuneration Committee

1. Information of Remuneration Committee Members

Title (Note 1) Name		Qualification	Professional Qualifications, Experience and Ability	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member
Convener/ Independent Director	Richard Lee	Mr. Richard Lee graduated from the Institute of China and Asia-Pacific Studies, National Sun Yat-sen University. He used to be the district court chief judge and chief justice. He has extensive experience in court proceedings as a legal specialist. He has served as a Congressional Assistant in the Legislative Yuan, writing interpellation papers for legislators and assisting in handling public petitions. He possesses cross-disciplinary conceptual and analytical thinking, information consolidation and crisis management skills. In addition, he is also a partner of a law firm and is responsible for the firm's operational guidelines and business execution. Therefore, he has met the professional qualifications for an independent director. He is also the convener of the Company's Remuneration Committee and a member of the Audit Committee and the ESG Committee.	Mr. Richard Lee was elected as an Independent Director by the shareholders' meeting. The Company obtained a written statement from him, confirming that he complies with the positive and negative conditions specified in the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange or the Taipei Exchange". It is confirmed that he as an Independent Director can independently exercise his powers and make decisions, through his professional qualifications and experience, in alignment with the needs of the Remuneration Committee.	1	
Independent Director	Richard Chen	Mr. Richard Chen graduated from the Department of Accounting, Chinese Culture University. In addition to passing the Senior Professional and Technical Examination for Certified Public Accountants, he obtained the securities analyst and the land administration agent licenses, with accounting professional and financial analysis capabilities. Therefore, he has met the professional qualifications for an independent director. He is also the convener of the Company's Audit Committee and a member	Mr. Richard Chen was elected as an Independent Director by the shareholders' meeting. The Company obtained a written statement from him, confirming that he complies with the positive and negative conditions specified in the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange". It is confirmed that he as an independent director can independently exercise his powers	3	

Qualification		Professional Qualifications, Experience and Ability	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member
Title (Note 1)	Name			
		of the Remuneration Committee and the ESG Committee.	and make decisions, through his professional qualifications and experience, in alignment with the needs of the Remuneration Committee.	
Independent Director	Chun-Hsiung Chu	<p>Mr. Chun-Hsiung Chu graduated from the master's program, School of Law, National Chung Hsing University. He has practiced as an attorney for more than 30 years with profound legal expertise. He has participated in the evaluation and operation of large-scale projects of customers in terms of integrated finance, law, technology, management, and risk, such as the information and communication software and hardware construction project of the Terminal Three of Taoyuan International Airport and the military procurement project of the Ministry of National Defense, with cross-disciplinary conceptual and analytical thinking, information consolidation and crisis management skills. Therefore, he has met the professional qualifications for an independent director. He has long served as a member of the Neighborhood Committee of the Ministry of National Defense and is responsible for assisting each township in using the funds donated by the Ministry of National Defense for the sustainable work of general construction and regional revitalization in each township. He can provide professional advice on the sustainable development of the Company from different perspectives. Therefore, he is also the convener of the Company's CSR Committee and a member of the Audit</p>	<p>Mr. Chun-Hsiung Chu was elected as an Independent Director by the shareholders' meeting. The Company obtained a written statement from him, confirming that he complies with the positive and negative conditions specified in the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange". It is confirmed that he as an independent director can independently exercise his powers and make decisions, through his professional qualifications and experience, in alignment with the needs of the Remuneration Committee.</p>	3

Title (Note 1)	Name	Qualification	Professional Qualifications, Experience and Ability	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member
		Committee and the Remuneration Committee.			

2. Duties of Remuneration Committee

The Remuneration Committee is operated in accordance with the "Remuneration Committee Charter." The main duties of this committee are described as follows:

- (1) Stipulate and regularly review the policies, systems, standards, and structure of performance assessment, salaries, and remunerations of Directors and managerial officers.
- (2) Regularly review and stipulate the salaries and remunerations of Directors and managerial officers.
- (3) Review and recommend the Board's remuneration package for long-term incentive and talent retention.

3. Operations of Remuneration Committee

- (1) The 4th Remuneration Committee is composed of 5 members. And the 5th Remuneration Committee is composed of 3 members.
- (2) Term of office of the 4th Committee: From 2020.07.10 to 2023.05.31, And term of office of the 5th Committee: From 2023.06.20 to 2026.05.30, the Remuneration Committee held 5 meetings in 2023 and held 1 meeting prior to the publication deadline of the Annual Report for 2024. The Remuneration Committee held a total of 6 meetings on 2023.02.22, 2023.04.12, 2023.05.10, 2023.08.14, 2023.11.14 and 2024.02.27 respectively. The attendance of the members are as follows:

Title	Name	Number of Meetings should Attend (A)	Attendance in Person (B)	By Proxy	Actual Attendance Rate (B/A)	Remarks
Independent Director	Richard Lee	6	6	0	100%	Convener
Independent Director	Richard Chen	6	6	0	100%	
Independent Director	Chun-Hsiung Chu	6	6	0	100%	
Member	Chien Yang	3	3	0	100%	Tenure expired on 2023.5.31
Member	Shu-Fen Wang	3	3	0	100%	Tenure expired on 2023.5.31

Other Mentionable Items:

- I. If the Board of Directors Declines to Adopt or Modifies a Recommendation of the Remuneration Committee, it Should Specify the Date of the Meeting, Session, Content of the Motion, Resolution by the Board of Directors, and the Company's Response to the Remuneration Committee's Opinion (e.g., the Remuneration Passed by the Board of Directors Exceeds the Recommendation of the Remuneration Committee, the Circumstances and Cause for the Difference Shall be Specified): None.

II. Resolutions of the Remuneration Committee Objected to by Members or Expressed Reservations and Recorded or Declared in Writing, the Date of the Meeting, Session, Content of the Motion, all Members' Opinions and the Response to Members' Opinion Should be Specified: None.

4. The Discussion Items and Resolution Results of the Remuneration Committee in the Most Recent Year, and the Company's Handling of Members' Opinions:

Remuneration Committee Date and Session	Proposal	Resolution	Company's Response Regarding the Remuneration Committee's Opinions
2023.02.22 The 12 th meeting of the 4 th term	<ol style="list-style-type: none"> 1. Proposal for evaluation of managerial officers' 2022 performance results. 2. Proposal for 2022 employees' and Directors' compensation distribution. 3. The details of allocation of 2022 directors' compensation. 	Approved by all members present and submitted to the Board of Directors for discussion.	None
2023.04.12 The 13 th meeting of the 4 th term	<ol style="list-style-type: none"> 1. Details of allocation of 2022 managerial officers' compensation 2. Performance target plan of 2023 managerial officers. 	Approved by all members present and submitted to the Board of Directors for discussion.	None
2023.05.10 The 14 th meeting of the 4 th term	The managerial officer Salary and Compensation Adjustment	Approved by all members present and submitted to the Board of Directors for discussion.	None
2023.08.14 The 1 st meeting of the 5 th term	<ol style="list-style-type: none"> 1. The evaluation of the performance assessment results of managerial officers for the fiscal year 2023 of the Company 2. The Restricted Employee Stock Distribution Details Plan of the Company 	Approved by all members present and submitted to the Board of Directors for discussion.	None
2023.11.14 The 2 nd meeting of the 5 th term	The Chief Strategy Officer Salary and Compensation Adjustment	Approved by all members present and submitted to the Board of Directors for discussion.	None
2024.02.27 The 3 rd meeting of the 5 th term	<ol style="list-style-type: none"> 1. Proposal for evaluation of managerial officers' 2023 performance results. 2. Performance target plan of 2024 managerial officers. 3. Proposal for 2023 employees' and Directors' compensation 	Approved by all members present and submitted to the Board of Directors for discussion.	None

Remuneration Committee Date and Session	Proposal	Resolution	Company's Response Regarding the Remuneration Committee's Opinions
	distribution. 4. Details of allocation of 2023 directors' compensation.		

(V) Operations of the ESG Committee

1. Information on the Members of the ESG Committee

Qualification		Professional Qualifications, Experience and Ability	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an ESG Committee Member
Title (Note 1)	Name			
Convener/ Independent Director	Chun-Hsiung Chu	Mr. Chun-Hsiung Chu graduated from the master's program, School of Law, National Chung Hsing University. He has practiced as an attorney for more than 30 years with profound legal expertise. He has participated in the evaluation and operation of large-scale projects of customers in terms of integrated finance, law, technology, management, and risk, such as the information and communication software and hardware construction project of the Terminal Three of Taoyuan International Airport and the military procurement project of the Ministry of National Defense, with cross-disciplinary conceptual and analytical thinking, information consolidation and crisis management skills. Therefore, he has met the professional qualifications for an independent director. He has long served as a member of the Neighborhood Committee of the Ministry of National Defense, and is responsible for assisting each township in using the funds donated by the Ministry of National Defense for the sustainable work of general construction and regional	Mr. Chun-Hsiung Chu was elected as an Independent Director by the shareholders' meeting. As per the "Securities and Exchange Act", the Company has obtained a written statement from him and confirmed that he is not under any circumstances under Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". In addition, he is not concurrently serving as an independent director of other companies with similar business or financial transactions. Therefore, he can exercise his powers independently and make business decisions by exercising his own judgment objectively.	0

Qualification		Professional Qualifications, Experience and Ability	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an ESG Committee Member
Title (Note 1)	Name			
		revitalization in each township. He can provide professional advice on the sustainable development of the Company from different perspectives. Therefore, he is also the convener of the Company's CSR Committee and a member of the Audit Committee and the Remuneration Committee.		
Independent Director	Richard Chen	Mr. Richard Chen graduated from the Department of Accounting, Chinese Culture University. In addition to passing the Senior Professional and Technical Examination for Certified Public Accountants, he obtained the securities analyst and the land administration agent licenses, with accounting professional and financial analysis capabilities. Therefore, he has met the professional qualifications for an independent director. He is also the convener of the Company's Audit Committee and a member of the Remuneration Committee and the ESG Committee.	Mr. Richard Chen was elected as an Independent Director by the shareholders' meeting. As per the "Securities and Exchange Act", the Company has obtained a written statement from him and confirmed that he is not under any circumstances under Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". In addition, he is not concurrently serving as an independent director of other companies with similar business or financial transactions. Therefore, he can exercise his powers independently and make business decisions by exercising his own judgment objectively.	0
Independent Director	Richard Lee	Mr. Richard Lee graduated from the Institute of China and Asia-Pacific Studies, National Sun Yat-sen University. He used to be the district court chief judge and chief justice. He has extensive experience in court proceedings as a legal specialist. He	Mr. Richard Lee was elected as an Independent Director by the shareholders' meeting. As per the "Securities and Exchange Act", the Company has obtained a written statement from him and	1

Qualification		Professional Qualifications, Experience and Ability	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an ESG Committee Member
Title (Note 1)	Name			
		has served as a Congressional Assistant in the Legislative Yuan, writing interpellation papers for legislators and assisting in handling public petitions. He possesses cross-disciplinary conceptual and analytical thinking, information consolidation and crisis management skills. In addition, he is also a partner of a law firm and is responsible for the firm's operational guidelines and business execution. Therefore, he has met the professional qualifications for an independent director. He is also the convener of the Company's Remuneration Committee and a member of the Audit Committee and the ESG Committee.	confirmed that he is not under any circumstances under Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". In addition, he is not concurrently serving as an independent director of other companies with similar business or financial transactions. Therefore, he can exercise his powers independently and make business decisions by exercising his own judgment objectively.	
Chairperson	Victor Kuo	Mr. Victor Kuo graduated from the Graduate Institute of Electrical Engineering, National Taiwan University and founded Amit Wireless Inc. in 1998 to develop wireless IoT products. He once served as the CEO and the president of Amigo Technology Inc. listed on TPEX. He has been in the network communication industry for many years and therefore possesses complete, professional and extensive industry knowledge.	Non-independent director.	0

2. Duties of the ESG Committee

The committee assists the Board of Directors in continuously fulfilling the corporate social responsibility and improving corporate governance for sustainable operation. Its responsibilities and powers should include the matters below:

- (1) Formulate annual plans and strategy for sustainable development.
- (2) Formulate sustainable development projects and activity plans.
- (3) Track and review the implementation and effectiveness of the Company's sustainable development annual plan, strategy, project, and activity plan, and report to the board of

- directors at least once a year.
- (4) Other matters to be handled by the Committee upon resolution of the Board of Directors.

3. Operations of the ESG Committee

- (1) The 1st ESG Committee is composed of 3 members. And the 2nd ESG Committee is composed of 4 members.
- (2) Term of the 1st ESG Committee: From 2021.02.02 to 2023.05.31. Term of the 2nd ESG Committee: From 2023.06.20 to 2026.05.30. The ESG Committee held 2 meetings in 2023, and a meeting in 2024 prior to the publication deadline of the Annual Report, a total of 3 meetings were convened. The attendance of the members are as follows:

Title	Name	Number of Meetings should Attend (A)	Attendance in Person (B)	By Proxy	Actual Attendance Rate (B/A)	Remarks
Independent Director	Chun-Hsiung Chu	3	3	0	100%	Convener
Independent Director	Richard Chen	3	3	0	100%	-
Independent Director	Richard Lee	3	3	0	100%	-
Chairperson	Victor Kuo	2	1	0	50%	Appointed on 2023.06.20

4. ESG Committee's Important Reports and Resolutions

Date (Session of Meeting)	Important Reports and Discussions	Resolution
2023.05.10 (1-3)	<p>[Report]</p> <ol style="list-style-type: none"> Report on the sustainability report for 2022. Report on the greenhouse gas inventory and verification disclosure plan in the first quarter of 2023. Report on the company's ESG risk assessment and management policy. Report on the company's vision and development strategy on sustainability. Report on the company's biodiversity commitment. Report on the company's climate-related financial disclosures (TCFD) identification results. Stakeholder identification results and communication plan for 2023. 	Negotiated and had no opinion. Continue to submit the 1 st , 2 nd , 3 rd and 6 th reports to the Board of Directors.

Date (Session of Meeting)	Important Reports and Discussions	Resolution
2023.11.14 (2-1)	<p>[Report]</p> <ol style="list-style-type: none"> 1. Report on the progress of sustainable development initiatives in 2023. 2. Report on the stakeholder communication results for 2023. 3. Report on the greenhouse gas inventory and verification disclosure plan in the third quarter of 2023. <p>[Discussion]</p> <p>Review and amend D-Link's "ESG Short, Medium, and Long-Term Strategic Goals".</p>	Negotiated and had no opinion. Continue to submit all the reports to the Board of Directors.
2024.02.27 (2-2)	<p>[Report]</p> <ol style="list-style-type: none"> 1. Report on the greenhouse gas inventory and verification disclosure plan in the fourth quarter of 2023. 2. Establishment of "The Procedure for the Compilation and Verification of Sustainability Reports". 3. Establishment of "D-Link Corporation Sustainable Procurement Policy <p>[Discussion]</p> <p>Amend D-Link's "Corporate Social Responsibility Best Practice Principles".</p>	Negotiated and had no opinion. Continue to submit the 1st and 4th reports to the Board of Directors.

(VI) Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation Item	Implementation status		Deviations from “the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
<p>I. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the Board of Directors authorized senior management to handle related matters under the supervision of the board?</p>	✓		<p>None.</p>
			<p>The Board of Directors, on February 2, 2021, approved the establishment of an ESG Committee, which is responsible for assisting the Board of Directors in promoting sustainable corporate development in order to achieve the goal of sustainable operation. Its responsibilities include the formulation of annual plans, strategy, projects and activity plans for sustainable development, as well as the tracking and review of implementation effectiveness, and reporting to the Board of Directors at least once a year.</p> <p>✧ The Board of Directors pays attention to the report on sustainable development, assesses the feasibility of strategies, examines the progress of each project, and reminds the management team to adjust when necessary.</p> <p>✧ The ESG Committee is composed of three independent directors, namely Mr. Chun-Hsiung Chu, Richard Chen, Richard Lee, and Victor Kuo. Please refer to page 80 of the Annual Report for the background, operation, and current year’s performance of the members.</p> <p>✧ The Company held the third 1st ESG Committee meeting on May 10, 2023. And the Company were reported four bills on the first 2nd ESG Committee meeting. Please refer to page 83 of the Annual Report for the current year’s performance.</p> <p>✧ In response to the significant ESG issues, the Company has set the following strategic objectives for the short (2022-2023), medium (2023-2026) and long (2026-2031) term of ESG strategic goals as shown in the following table, and reported to the Board of Directors on November 14 2023.</p> <p>1. Environmental:</p>

Evaluation Item	Implementation status		Deviations from “the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons																																		
	Yes	No		Summary Description																																	
			<table border="1"> <thead> <tr> <th>Term</th> <th>Strategy</th> </tr> </thead> <tbody> <tr> <td></td> <td>Proactively respond and improve CDP results.</td> </tr> <tr> <td></td> <td>Planning to commit to net-zero emission targets.</td> </tr> <tr> <td>Short-Term</td> <td>Set promotion indicators and goals according to TCFD results.</td> </tr> <tr> <td></td> <td>Initiating Green Energy Procurement Program.</td> </tr> <tr> <td></td> <td>Complete the carbon inventory and verification of consolidated subsidiaries.</td> </tr> <tr> <td></td> <td>Obtain ISO 50001 (Energy Management System).</td> </tr> <tr> <td>Long-Term</td> <td>Assessment of the Introduction of ISO 14067 Product Carbon Footprint.</td> </tr> <tr> <td></td> <td>Set overall carbon reduction target of the supply chain and assist in carbon reduction.</td> </tr> </tbody> </table> <p>2. Governance:</p> <table border="1"> <thead> <tr> <th>Term</th> <th>Strategy</th> </tr> </thead> <tbody> <tr> <td>Short-Term</td> <td>Continue to improve Corporate Governance Evaluation results.</td> </tr> <tr> <td></td> <td>Introduce Taiwan Intellectual Property Management System (TIPS).</td> </tr> <tr> <td></td> <td>Establish a complete whistle-blower process.</td> </tr> <tr> <td></td> <td>Ensure sustainability to promote the effective operation of the organization, set ESG goals, and implement plans.</td> </tr> <tr> <td>Medium-Term</td> <td>Establish supplier sustainability audit and risk assessment.</td> </tr> <tr> <td></td> <td>Establish an enterprise risk management system.</td> </tr> <tr> <td>Long-Term</td> <td>Incorporate suppliers' ESG performance into the</td> </tr> </tbody> </table>	Term	Strategy		Proactively respond and improve CDP results.		Planning to commit to net-zero emission targets.	Short-Term	Set promotion indicators and goals according to TCFD results.		Initiating Green Energy Procurement Program.		Complete the carbon inventory and verification of consolidated subsidiaries.		Obtain ISO 50001 (Energy Management System).	Long-Term	Assessment of the Introduction of ISO 14067 Product Carbon Footprint.		Set overall carbon reduction target of the supply chain and assist in carbon reduction.	Term	Strategy	Short-Term	Continue to improve Corporate Governance Evaluation results.		Introduce Taiwan Intellectual Property Management System (TIPS).		Establish a complete whistle-blower process.		Ensure sustainability to promote the effective operation of the organization, set ESG goals, and implement plans.	Medium-Term	Establish supplier sustainability audit and risk assessment.		Establish an enterprise risk management system.	Long-Term	Incorporate suppliers' ESG performance into the
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<p>II. Does the Company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the</p>	✓	<p>✧ The Company's risk assessment boundary of ESG is based on its main operating base – Taiwan. The ESG Committee conducts analysis based on the materiality principle of the sustainability report, communicates with internal and external stakeholders,</p>	None.																																

Evaluation Item	Implementation status		Deviations from “the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons						
	Yes	No							
Company’s operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?		<p>evaluates ESG issues of materiality, and formulates risk management policies for effective identification, measurement, evaluation, monitoring and control, and takes specific action plans to reduce the impact of related risks.</p> <p>✧ The information outlined above is detailed in the Company’s sustainability report, with disclosure and performance metrics reviewed and approved by the ESG Committee and the Board of Directors. The sustainability report for the fiscal year 2023 is scheduled to be presented to the Board of Directors on May 14, 2024. Following deliberation and resolution by the Board of Directors, it will be publicly disclosed on the Market Observation Post System and the Company’s website.</p> <p>✧ Based on the assessed material topics and risks, the following management policies are formulated:</p> <p>1. Governance:</p> <table border="1"> <thead> <tr> <th>ESG Material Issues</th> <th>Risk Assessment</th> <th>Management policy or strategy</th> </tr> </thead> <tbody> <tr> <td>Business Performance</td> <td> <ul style="list-style-type: none"> Impact on revenue and profitability Diminish competitiveness </td> <td> <ol style="list-style-type: none"> Continue to expand production capacity, create product and service features, and build diversified product capabilities. Regularly hold business review meetings, track business performance, fully grasp the operating status and monitor the progress. Quarterly hold board </td> </tr> </tbody> </table>	ESG Material Issues	Risk Assessment	Management policy or strategy	Business Performance	<ul style="list-style-type: none"> Impact on revenue and profitability Diminish competitiveness 	<ol style="list-style-type: none"> Continue to expand production capacity, create product and service features, and build diversified product capabilities. Regularly hold business review meetings, track business performance, fully grasp the operating status and monitor the progress. Quarterly hold board 	
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Evaluation Item	Implementation status		Deviations from “the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
	Summary Description		
			meetings to ensure the foresight and feasibility of business strategies.
	<ul style="list-style-type: none"> Impact on reputation Diminishing competitiveness Impact on market share Impact on revenue and profitability 	<ol style="list-style-type: none"> Set up management representatives, establish quality policies, set management goals in accordance with the quality policies and review them regularly for effective management and continuous improvement. The President serves as the management representative of the ISO management system, scrutinizes the direction of quality policies, and adjust them during each annual management review meeting. 	
	Product Quality		
		<ul style="list-style-type: none"> Diminishing competitiveness Impact on market share Damaging investors' interests 	Enhanced D-Link's products with new AI functions as the direction of innovation at this stage and continued to create product differentiation and market segmentation through its industry-leading cloud service platform and forward-looking innovative
	Innovation and R&D		

Evaluation Item	Implementation status		Summary Description		Deviations from “the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No			
				<ul style="list-style-type: none"> • Impact on operational stability • Impact on market share • Lead to financial losses • Damaging investors' interests • Diminish competitiveness <p>Information Security</p>	
			<ul style="list-style-type: none"> • Impact on operational stability • Impact on reputation • Impact on revenue and profitability <p>Supply Chain Management</p>	<p>1. Implement risk-graded assessments of suppliers, regularly schedule different audit strategies according to different levels, and conduct regular investigations or audits to eliminate system risks.</p> <p>2. Establish supplier management guidelines, incorporate ESG-related impacts and risks, and regularly evaluate the impact of suppliers on society and the environment.</p>	
			<p>Governance</p> <ul style="list-style-type: none"> • Impact on 	<p>1. Regularly convene the</p>	

Evaluation Item	Implementation status		Summary Description		Deviations from “the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons	
	Yes	No				
				<p>reputation</p> <ul style="list-style-type: none"> • Impact on operational stability • Impact on revenue and profitability • Lead to financial losses • Damaging investors’ interests 		<p>and Ethical Management</p>
			<ul style="list-style-type: none"> • Impact on operational stability • Lead to financial losses 	<p>Risk Management</p>	<p>Establish a Risk Management Taskforce. The President acts as the convener of the committee and convenes risk management meetings</p>	

Evaluation Item	Implementation status		Deviations from “the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
	Summary Description		
			<p>every quarter. The duties of the President are responsible for the planning, implementation, and supervision of risk management-related matters and reporting the risk management implementation status to the Audit Committee at least once a year.</p> <ol style="list-style-type: none"> 1. Establish the ESG Committee to assist the Board of Directors in continuously promoting sustainable corporate development and achieving sustainable business objectives. 2. Establish the ESG Office, hold monthly meetings with senior executives from various departments through functional working groups to review and discuss the Company's core operating capabilities and set the direction for ESG development and optimization.
		<ul style="list-style-type: none"> • Impact on reputation • Impact on operational stability • Diminish competitiveness <p>Sustainable Development Strategy</p>	

Evaluation Item	Implementation status		Summary Description	Deviations from “the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons											
	Yes	No													
					<p>2. Social:</p> <table border="1"> <thead> <tr> <th>ESG Material Issues</th> <th>Risk Assessment</th> <th>Management policy or strategy</th> </tr> </thead> <tbody> <tr> <td>Talent Attraction and Retention</td> <td> <ul style="list-style-type: none"> Impact on competitiveness Impact on operational stability Impact on revenue and profitability </td> <td>Based on the Company's strategy, vision, and values, we have developed a comprehensive learning and training system. Furthermore, we have implemented several campus collaboration projects to attract potential talent. We provide competitive remuneration policies and benefit systems to ensure that exceptional individuals can grow alongside the Company.</td> </tr> <tr> <td>Customer Relationship Management</td> <td> <ul style="list-style-type: none"> Impact on reputation Impact on market share Impact on revenue and profitability </td> <td>Developed standard operating procedures, and performed regular surveys of customer satisfaction and reviews of various service management indicators to protect customer rights and increase trust..</td> </tr> <tr> <td>Social Engagement</td> <td> <ul style="list-style-type: none"> Impact on reputation </td> <td>The Company demonstrates its social</td> </tr> </tbody> </table>	ESG Material Issues	Risk Assessment	Management policy or strategy	Talent Attraction and Retention	<ul style="list-style-type: none"> Impact on competitiveness Impact on operational stability Impact on revenue and profitability 	Based on the Company's strategy, vision, and values, we have developed a comprehensive learning and training system. Furthermore, we have implemented several campus collaboration projects to attract potential talent. We provide competitive remuneration policies and benefit systems to ensure that exceptional individuals can grow alongside the Company.	Customer Relationship Management	<ul style="list-style-type: none"> Impact on reputation Impact on market share Impact on revenue and profitability 	Developed standard operating procedures, and performed regular surveys of customer satisfaction and reviews of various service management indicators to protect customer rights and increase trust..	Social Engagement
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Evaluation Item	Implementation status		Summary Description	Deviations from “the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No		
			value through 7 major social engagement projects such as charitable donations, online health check-ups and education, environmental education, arts and cultural promotion, business promotion, sports promotion, and scholarships.	
			3. Environmental:	
			ESG Material Issues	
			Green Products	
			Risk Assessment	
			Management policy or strategy	
			<ul style="list-style-type: none"> • Impact on reputation • Impact on market share • Impact on revenue and profitability 	<ul style="list-style-type: none"> 1.Launched programs to realize the concept of environmental protection from product design, function, material and packaging. 2.Increase the proportion of green products year by year, and reduce the impact on the environment by continuously developing green design and reducing resource consumption.

Evaluation Item	Implementation status		Deviations from “the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons	
	Yes	No		Summary Description
III. Environmental issues (I) Has the Company set an environmental management system designed to industry characteristics?	✓		<p>Climate Change and Adaptation</p> <ul style="list-style-type: none"> • Lead to financial losses • Impact on competitiveness • Impact on reputation <p>1. Commit to achieving the net-zero target by 2050 and develop corresponding strategic objectives and performance indicators.</p> <p>2. Actively utilize the influence of the D-Link brand in the industry value chain to improve the operational efficiency of related initiatives.</p>	None.
			<p>✧ The Company complies with the requirements of ISO 14001 Environmental Management System and formulates the specifications of environmental policies. We are committed to comply with applicable laws and other requirements, continuously reduce impacts on the environment, promote green products, conserve energy and resources, and prevent environmental pollution. In the spirit of sustainable operation, we will require environmental protection quality, and actively educate employees to implement environmental protection policies, and promptly and properly handle internal and external opinions and reactions on environmental protection.</p> <p>✧ The Company has implemented the ISO 14064-1 Greenhouse Gas Emission Verification Mechanism and set a target of carbon reduction of 10% by 2026 on the basis of 2021.</p>	

Evaluation Item	Implementation status		Deviations from “the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
(II) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	✓		<p>◇ The Company created the D-Link Green project to reduce our carbon footprint. We are committed to introducing the most advanced product design thinking, technology, and compliance with relevant international energy regulations, such as products are designed in accordance with the European Union’s Energy-related Product (ErP) directive to minimize the energy consumption of our products. To maintain people’s health, we use materials that adhere to the RoHS and REACH regulations set by the European Union. Furthermore, we make use of PCR (Post Consumer Recycled) plastics that are more environmentally friendly, thereby minimizing our impact on the environment.</p> <p>◇ The Company follows the requirements of ISO 14001 Environmental Management System and sets targets for energy conservation every year. Since most of the energy consumption in the D-Link building comes from purchased electricity, reduction of electricity consumption the building has become the direction of our efforts. We set a target of carbon reduction of 10% by 2026 on the basis of 2021. The energy-saving measures that have been carried out in the past five years are as follows:</p> <ol style="list-style-type: none"> 1. In 2020, the Company replaced its lighting with LED panel lights in the public areas and restrooms on the 1st through 6th floors. 2. In 2021, the lighting in offices, meeting rooms and supervisors’ offices on the 5th and 6th floors of D-Link’s Taipei operation headquarters was replaced with energy-saving LED panel lights.
			None.

Evaluation Item	Implementation status		Deviations from “the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
		<p>3. In 2022, the lighting in offices, meeting rooms and supervisors' offices on the 4rd floor of D-Link's Taipei operation headquarters was replaced with energy-saving LED panel lights.</p> <p>4. In 2023, the lighting in offices, meeting rooms and supervisors' offices on the 3rd floor of D-Link's Taipei operation headquarters was replaced with energy-saving LED panel lights.</p> <p>5. In 2024, we expect to continue to replace the lighting with energy-saving LED panel lights on other floors of the building.</p> <p>✧ In addition to the above-mentioned improvements of facilities in the building, we regularly promote energy conservation among our employees and place energy conservation signs in conference rooms, so that our employees can develop a good habit of turning off lights and air conditioning. Additionally, to save water, water-saving switches have been set up for all toilet taps in the building, so that everyone can conserve water.</p>	
(III) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	✓	<p>✧ The Company has implemented the TCFD framework since 2022. We regularly assess and identify climate-related risks and opportunities, along with their financial impacts, based on the four core elements and relevant indicators outlined by TCFD to develop response strategies and measures, set target indicators, and establish a proper governance structure and risk management system. Furthermore, we set up an appropriate governance structure and risk management system to ensure that the relevant supervisory and</p>	None.

Evaluation Item	Implementation status		Deviations from “the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons												
	Yes	No													
(IV) Did the Company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	✓	<p>management responsibilities are fulfilled.</p> <p>◇ The above information is annually disclosed on the Company's website and in the sustainability reports. For further details, please refer to the Company's website and the sustainability reports.</p> <p>◇ The Company has developed a specific energy-saving plan for the future. In 2023, the lighting of D-Link's operation headquarters in Taipei will be replaced by energy-saving LED lights successively. With 2021 as the base year, we target to reduce the emission of greenhouse gases by 10.0%, water consumption by 2.5% and waste by 2.5% in the next five years.</p> <p>◇ The following table describes the Company's greenhouse gas emission, water consumption and total weight of waste: GHG emissions (unit: ton-CO2e) Based on laws and regulations or the international standard: ISO 14064-1</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Item</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Scope1</td> <td>119.87</td> <td>119.90</td> </tr> <tr> <td>Scope2</td> <td>1,255.52</td> <td>1,148.88</td> </tr> <tr> <td>Scope3</td> <td>523,159.00</td> <td>419,593.44</td> </tr> </tbody> </table> <p>*0.509kgCO2e/kWh ** The above greenhouse gas emission data is the preliminary internal inventory data, with the scope of verification being the HQ headquarters building. The external verification is expected to be completed in the middle of May. The operation headquarters building of the Company has completed the GHG inventory in accordance with ISO14064-1:2018 Scope 1 and Scope 2 in 2023 and third-party verification. Please refer</p>	Item	2022	2023	Scope1	119.87	119.90	Scope2	1,255.52	1,148.88	Scope3	523,159.00	419,593.44	None.
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	Yes	No	
		<p>◇ Management Policies:</p> <ol style="list-style-type: none"> 1. The Company is committed to the disclosure of corporate carbon emissions so as to facilitate a precise understanding of the Company’s carbon emissions, and we work with business partners to expand the scope of reduction activities. 2. The Company provides customers and consumers with more diversified low-carbon options to increase information transparency and reduce volumes toward product carbon footprint. 3. In order to implement carbon reduction, the Company sets the target of achieving carbon emission reduction of 10% in 2026 taking 2021 as the base year. In order to make the carbon emission information more transparent, the Company commissioned SGS to conduct ISO 14064 greenhouse gas verification in the past two years, and completed the verification on May 16, 2023 and May 2, 2024, respectively, and will continue to carry out ISO 14064 greenhouse gas verification. 4. In 2023, the Company fully replaced the lighting with energy-saving LED panel lights on the 3rd floor of the operation headquarters. A total of 427 lights were replaced on the 3rd floor, which is estimated to save 46,975 kWh of electricity each year, accounting for 1.90% of the total annual electricity consumption. 5. The Company has implemented water-saving and waste reduction plans, including adjusting the temperature of the 	

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	Yes	No	
		<p>air conditioning unit's water outlet in 2023. This adjustment has led to a decrease in the amount of water used for air conditioning circulation. As a result, water consumption in 2023 decreased by 1.9% compared to the base year of 2021. The usage of photocopy paper in the building has decreased from 20,124 sheets per month to 18,600 sheets, resulting in an annual paper reduction of 7.5%. The waste volume in 2023 has decreased by 17.95% compared to the base year of 2021.</p> <p>6. The Company actively supports the government's renewable energy policy, participating in initiatives such as the voluntary green electricity pricing system trial program by the Ministry of Economic Affairs and the renewable energy certificate trading system. In 2023, we started procuring green electricity, supplying 6,000 kilowatt-hours and obtaining 6 renewable energy certificates. In 2024, we aim to procure 2.5% of the total electricity, which is projected to yield 74 certificates and reduce carbon emissions by 36.9 metric tons.</p>	
<p>IV. Social issues</p> <p>(I) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?</p>	✓	<p>✧ The Company is committed to safeguarding employee human rights and creating an environment that fully protects human rights. The Company recognizes and supports international human rights conventions such as the Universal Declaration of Human Rights (UDHR) and International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and requires that the operating activities of its cooperating contractors should also eliminate any violation</p>	None.

Evaluation Item	Implementation status		Deviations from “the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
	Summary Description		
		<p>and breach of human rights so that members within and outside the Company can receive fair and respectful treatment.</p> <ul style="list-style-type: none"> ✧ The Company has formulated human rights policies and management plans, which are published on the Company’s website. Every year, the Company reviews whether the policies are in line with the original policies through employee surveys focusing on major social issues. ✧ The Company established the "Human Rights Policy and Management Plan" on September 7, 2021, and had it further revised and approved by the Board of Directors on November 4, 2022. The number of times human rights awareness video played was 2,642, and the hours of video promotion was 136.7. The number of people trained in the human rights awareness course was 519, and the hour of training is was 259.5. It has been included in the mandatory course for new employees course was 92, and the hour of training is was 46. ✧ In the fourth quarter of 2022, D-Link initiated a human rights due diligence project to conduct risk assessments related to headquarters employees and suppliers. We mapped the items in a human rights risk matrix and developed mitigation and remediation measures for high-risk and medium-risk items. The ""D-Link 2023 Human Rights Due Diligence Report"" has been completed in the second quarter of 2023. We shall regularly review the implementation status of various mitigation and remediation measures in the future, and we intend to engage in human rights due diligence every three 	

Evaluation Item	Implementation status		Deviations from “the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons				
	Yes	No					
		<p>years in principle.</p> <p>◇ The Company's human rights management policy and specific plan are as follows:</p> <table border="1"> <thead> <tr> <th>Human Right Management Policy</th> <th>Specific Plan</th> </tr> </thead> <tbody> <tr> <td>Forced labor and child labor are prohibited</td> <td> <ol style="list-style-type: none"> 1. The employment process is carried out in accordance with the requirements of the Company. 2. Interview with the applicant for his/her willingness to work and request the candidate to provide relevant identity documents in order to implement the examination. 3. All work must be carried out on a voluntary basis to ensure that workers are not threatened. 4. All forms of forced or compulsory labor is prohibited. 5. The Company must comply with national or local minimum employment age requirements or other explicit regulations to protect underage technical trainees. 6. The Company must comply with Article 44 of the Labor Standards Act, which prohibits the employment of child workers over fifteen years old, </td> </tr> </tbody> </table>	Human Right Management Policy	Specific Plan	Forced labor and child labor are prohibited	<ol style="list-style-type: none"> 1. The employment process is carried out in accordance with the requirements of the Company. 2. Interview with the applicant for his/her willingness to work and request the candidate to provide relevant identity documents in order to implement the examination. 3. All work must be carried out on a voluntary basis to ensure that workers are not threatened. 4. All forms of forced or compulsory labor is prohibited. 5. The Company must comply with national or local minimum employment age requirements or other explicit regulations to protect underage technical trainees. 6. The Company must comply with Article 44 of the Labor Standards Act, which prohibits the employment of child workers over fifteen years old, 	
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	Summary Description		
		<p>but less than sixteen years old to do work that is dangerous or hazardous in nature.</p> <p>7. We will not withhold any applicant’s or employee’s identification card, work certificate, or any other certifications, nor request surrendering any other personal information unrelated to the employment against his or her will.</p>	
	Assure labor conditions	<p>1. The salaries and benefits provided are all in line with the requirements of local laws and regulations, and in no way lower than the legal minimum wage. The Company regularly participates in salary surveys and adjusts according to needs. In addition to complying with the employees’ statutory salary requirement, the Company also ensures that employee salaries in various regions is competitive to a certain level in the same industry.</p> <p>2. The Company carries out salary surveys in the industry every year, and conduct annual salary review based on changes in the external environment, company operating</p>	

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	Yes	No	
	Summary Description		
			<p>conditions, and personal performance. In addition to being better than the statutory minimum pay, the Company further ensures that the salary meets or exceeds the market standard, in order to retain outstanding talents.</p> <p>3. The Company has established attendance management procedures, paid attention to and promoted employee working hours issues to ensure that reliable and detailed records of working hours and overtime are maintained; in case there is a demand for overtime work, overtime pay or compensatory leave is provided in accordance with the law to ensure employee’s rights and interests.</p> <p>4. Employees are provided with one and a half hours of flexible working hours, and three days of paid family leave annually to tend to personal and family needs.</p> <p>1. The Company respects the freedom and exercise of the choice of occupation and provide equal opportunities for work without discrimination on grounds of religion,</p>
		Assure right to work	

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	Yes	No	
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		<p>gender, sexual orientation, marriage, age, pregnancy, skin color, race, nationality, disability, political affiliation, etc. The Company shall follow the government regulations to collect, process, and utilize personal information with relevant notification procedures, and conduct regular deletion of personal information of job applicants as protection.</p> <ol style="list-style-type: none"> The work environment is in compliance with the requirements of the laws and regulations to protect the basic rights of employees at work. There is no taking away of existing jobs through a large number of contractual personnel, dispatch workers and foreign workers. In the event of material changes in employer-employee relation, an appropriate notice period and severance payment will be given and relevant supporting documents will be given to ensure their rights and interests, subject to relevant laws and regulations. 	
		Assure Workplace Health	<ol style="list-style-type: none"> Nurses are regularly employed to provide necessary emergency medical

Evaluation Item	Implementation status		Deviations from “the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
	Summary Description		
			<p>services immediately in case of an emergency.</p> <p>2. Exceeding statutory requirements, health examinations are held every two years to eligible employees with subsidies of not less than 6,000 dollars. Corresponding follow-up tracking and counseling measures are carried out for different levels of health examination conditions, and the factors that are harmful to health in the workplace are improved.</p> <p>3. Physicians are stationed on site for employee's direct consultation every two months.</p> <p>4. Health promotion activities or seminars are organized every month.</p> <p>1. Anti-workplace discrimination, anti-workplace bullying and anti-sexual harassment prevention were conducted during new employee training.</p> <p>2. All employees were educated on the prevention of sexual harassment and gender equality. The number of times of relevant video played was 7,051, and the hours of video promotion was 186.3.</p>
		Elimination of discrimination, bullying and sexual harassment	

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	Yes	No	
	Summary Description		
		<p>3. June 2023, the Company has arranged training courses on gender equality and prevention of sexual harassment in the workplace for all employees. The number of people trained in the course was 509, and the hours of training was 254.5. It was also included in the mandatory course for new employees.</p> <p>4. Standardize relevant content in work rules and complaints and sexual harassment handling methods, and provide diverse and smooth complaint channels.</p> <p>5. Providing equal work opportunities without discrimination based on race, color, age, gender, sexual orientation, disability, nationality, pregnancy, religion belief, political affiliation, club membership , marriage, or other legal regulations.</p>	
	Assure occupational safety	<p>1. Introduced and received ISO 45001:2018 certification.</p> <p>2. In accordance with the Occupational Safety and Health Management Measures, the Company has established a Level 1 management unit responsible for formulating,</p>	

Evaluation Item	Implementation status		Deviations from “the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
			<p>planning, promoting and supervising the safety and health management matters, and established an Occupational Safety and Health Committee which holds meetings and exercises its authority in accordance with the law.</p> <p>3. In accordance with the Occupational Safety and Health Education and Training Rules, safety and health education training is regularly provided to employees at least once a quarter for new employees and once a year for existing employees.</p> <p>4. In accordance with the Measures for the Implementation of Monitoring of Work Environment, carbon dioxide and noise in the workplace are regularly monitored on a semi-annual basis, and employees are required to use personal protective equipment when there are dangerous operations to prevent them from being exposed to dangerous factors in the workplace.</p>
(II) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation,	✓	✧	<p>Employee Compensation:</p> <p>1. The Company provides a reasonable salary condition for new employees based on the Company's operating abilities and market salary level and reviews the salary of</p>
			None.

Evaluation Item	Implementation status		Deviations from “the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?			<p>employees annually with reference to economic trends, industry development, company operating performance, market salary and individual performance, and makes appropriate adjustments to maintain the overall competitiveness of remuneration. The average salary increases of the Company in 2023 was 4.17%, with some employees receiving 18% or more.</p> <p>2. The operating performance of the Company is appropriately reflected in the employees' compensation, which is distributed in accordance with the Articles of Incorporation of the Company based on 1% to 15% of the profit for the year. The Company's employees' compensation for 2023 was 5% of the Company's profit and distributed in 2024.</p> <p>3. In order to attract and retain required professional talents, motivate and enhance the solidarity of employees to jointly create the interests of the Company and shareholders, in order to ensure the combination of the interests of the Company's employees and shareholders, the Company formulated the "2022 Restricted Stock Award Plan " and implemented in September 2023.</p> <p>◇ Employee welfare benefits:</p> <ol style="list-style-type: none"> 1. In order to improve employees' health and well-being, the Company sets up an employee restaurant, coffee bar, outdoor coffee shop, vending machines, employee lounge and employee fitness center, basketball court, aerobics dance classroom, shower room, and

Evaluation Item	Implementation status		Deviations from “the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
	Summary Description		
		<p>independent space of breastfeeding room for employees in the operational headquarters building in Taipei.</p> <ol style="list-style-type: none"> 2. The staff lounge is equipped with several massage chairs for free use by employees. From 2022, professional disabled massage therapists were hired to provide employees with stress relief massage service for 25 minutes each time. 3. The employee cafeteria provides a healthy lunch buffet. The Company also subsidizes employees' meal costs. 4. The Company has set up an employee welfare committee to handle various employee welfare matters. More than 14 clubs have been established with various activities subsidized. Various intellectual, leisure, sports and entertainment activities have been arranged for employees to participate freely and learn and grow with their peers. The books in the reading area are regularly updated and available for employees to borrow free of charge. 5. The employee welfare committee provides meals allowances for employee gatherings to encourage colleagues to participate in activities and have fun together. It also provides various types of subsidies such as wedding gifts, maternity allowance, hospitalization consolations, funeral allowance, birthday coupons, emergency relief, and gifts. 6. The employee welfare committee subsidizes employee travel expenses to encourage employees to go outdoors and take a break. In addition, it offers contract vendors to 	

Evaluation Item	Implementation status		Deviations from “the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
		<p>provide employees with special offers.</p> <p>7. The total amount of benefits provided in 2023 was approximately NT\$5.3million.</p> <p>8. In order to create a more welcoming childcare workplace environment for our colleagues and support their work-life balance, the Company partners with legally registered childcare service organizations to provide childcare services for employees' children.</p> <p>❖ Comprehensive Insurance Policies: In addition to insurance coverage as stipulated in government regulations, the Company provides free employee group insurance: term life insurance, accident insurance, hospitalization insurance, cancer insurance, major disease insurance, and occupational accident insurance, as well as subsidizes employees' dependents for group insurance, hospitalization insurance, cancer insurance. In response to the pandemic, the Company increased the statutory infectious disease claim items for all employees in 2022 to provide protection during the special pandemic prevention period; and provides travel safety insurance and medical insurance coverage for sudden illnesses during overseas business trips, to ensure that employees can carry out their works without worries.</p> <p>❖ Attendance and Leave: In addition to the leave granted under the Labor Standards Act, new employees are entitled to three days of special leave in advance from the date of their arrival. Moreover, five days of full-pay sick leave, three days of paid family leave, and one</p>	

Evaluation Item	Implementation status		Deviations from “the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
		<p>week of paid maternity leave for miscarriages of more than two months and less than three months of pregnancy are granted, which are superior than that stipulated by law. In 2023 and 2024, employees are exempted from work on Saturday compensatory days; in recent years, the Company has been actively promoting flexible working hours (1.5 hours each on work and off work) to enable employees to take care of both work and family like in a flexible manner. In order to take care of the health of employees during the pandemic outbreak in 2022, a telecommuting system was activated.</p> <p>◇ Workplace Diversity and Equal Opportunity:</p> <ol style="list-style-type: none"> The Company provides employees with a diverse and inclusive working environment, and has employed employees from 34 different countries with equal pay for equal work, and with equal opportunities for training, further education, promotion and development, regardless of gender, religion, race, nationality, etc. The Company also formulates human rights policies and management plans to safeguard the basic human rights of employees. The percentage of female employees of the Company is 46.1%, higher than 37.2% in the industrial sector (according to the 2022 gender analysis data on the website of National Statistics, R.O.C. (Taiwan)), and the percentage of female executives is 57.14%, which is higher than the percentage of female colleagues in the Company. In 2023, the Company hired 17 middle-aged and elderly 	

Evaluation Item	Implementation status		Deviations from “the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
(III) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	✓	<p>employees and was awarded a "Stable Employment Incentive Grant" of NT\$30,000.</p> <p>✧ The Company provides employees with a comfortable and safe office and work environment and complies with occupational safety regulations and high-standard safe working conditions. In addition to regular safety and health education and on-the-job and emergency response education and training, we hold health promotion seminars every two months, health checkups every two years with regular follow-ups by occupational doctors and nurses, as well as implement the annual occupational safety and health plan. We are committed to improving our safety and health standards and continue to improve and promote our occupational safety culture to achieve the occupational safety targets.</p> <p>✧ Occupational safety and health performance:</p> <ol style="list-style-type: none"> 1. In 2023, there was zero occupational accident, the disabling injury frequency rate (FR) in 2023 was 0 and the disabling injury severity rate (SR) was 0. 2. In 2023, there were five traffic accidents, the FR was 4.99, the SR was 70, and the total number of lost workdays was 70. 3. Regarding the five traffic accidents occurring to and from work, we actively reviewed the causes and continued to raise employees' awareness of traffic safety and defensive driving to improve their driving safety. <p>✧ To improve employees' awareness of safety and health in the workplace, we offer education and training to new and in-</p>	None.

Evaluation Item	Implementation status		Deviations from “the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
(IV) Has the Company established effective career development training programs for employees?	✓	<p>service employees in accordance with Articles 15 and 17 of the Occupational Safety and Health Education and Training Rules. A total of 61 employees who have worked at the Company for three years and a total of 106 new employees participated and completed the training in 2023.</p> <p>✧ During the fiscal year 2023, there were no fire incidents. We conduct two fire self-defense teams every year and require firefighters to explain proper evacuation procedures to both the Company and the members of the self-defense team, ensuring their comprehension. During safety and health education and training for new and existing employees, measures for preventing and responding to emergencies, such as earthquakes and fires, are explained to improve employees' disaster preparedness.</p> <p>✧ The Company, including the Taiwan branch, has passed the certification of ISO 45001 occupational health and safety management system (the certificate is valid from 2022/01/31 to 2025/01/30).</p> <p>✧ The Company's sustainable development relies on talents' long-term adaptive learning and development. The Company differentiates employees into different categories based on their attributes, including new employees, general staff, front-line managers, mid-level managers, and senior managers. According to employees' different attributes, we plan and arrange external training, on-the-job training, and self-development for employees at different stages of their career.</p> <p>✧ The above off-the-job training includes new comer training,</p>	None.

Evaluation Item	Implementation status		Deviations from “the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
	Summary Description		
		<p>general training, professional training, and management training. On-the-job training includes substitution, job coaching, job expansion, job enrichment, project experience, coaching, internship, and internal classroom sharing. Self-development includes self-education and study, seminars, and book clubs.</p> <ul style="list-style-type: none"> ◇ The Company has planned a complete training program for new recruits. New employees are required to participate in orientation and training programs. In addition, according to the needs of each unit, the Company will also arrange internal training courses for professional skills. ◇ In 2023, the Company held 45 orientation courses and 6 training courses for new employees, and included "Human Rights Promotion", "Intellectual Property and Personal Data Act Promotion", "Ethical Management Promotion" and "Gender Equality and Prevention of Sexual Harassment in the Workplace Promotion" as mandatory courses for new employees. ◇ To meet each unit's needs for professional skills, the Company arranges employees to receive relevant training courses at external professional institutions or invite outstanding internal employees to share their work experience as an internal training session, enabling them to pass on their experience but improve our internal training system. ◇ In 2023, the Company held 4 general training, including "Human Rights Promotion", "Intellectual Property and Personal Data Act Promotion", "Ethical Management 	

Evaluation Item	Implementation status		Deviations from "the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	
		<p>Promotion" and "Gender Equality and Prevention of Sexual Harassment in the Workplace Promotion".</p> <p>✧ In 2023, in cooperation with 12 schools, including Tsing Hua University, National Taiwan University of Science and Technology, National Taipei University, Taipei University of Education, Taiwan Ocean University, Tamkang University, United University, Yuan Ze University, Aletheia University, Taipei University of Technology, Shih Chien University and Takming University of Science and Technology, a total of 18 interns and 10 work-study students have been employed to receive guidance and training provided by the Company's coaches.</p> <p>✧ In addition to the course planning, the Company broadcasted promotional videos on TV on the first floor of the Company building, such as "ethical management", "business secrets", "personal data protection", "human rights", "anti-corruption", "prevention of money laundering", "prevention of insider trading", "prevention of sexual harassment" and "gender equality", to enhance awareness of the law and remind employees to comply with the rules. In 2023, the total number of times promotional video played was 25,961, and the hours of video promotion was 962.</p>	
(V) Does the Company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and	✓	<p>✧ The Company's design and R&D team follows EU environmental standards, plans for compliance with EU RoHS, RoHS, WEEE, and REACH, and abides by the RoHS' restriction on hazardous substances, and promotes green products and formulates product hazardous substance management</p>	None.

Evaluation Item	Implementation status		Deviations from “the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
marketing and labeling of products and services, and implement consumer protection and grievance policies?		<p>mechanism to protect consumers' interests.</p> <p>❖ The Company has introduced BS10012: 2017 (PIMS - Personal Information Management System) to regulate all relevant procedures and applicable documents. In addition to complying with the EU GDPR (General Data Protection Regulation), the Company has simultaneously conducted proper identification, assessment and management of personal data through the system. The Company has successfully passed the annual verification of BS10012: 2017 in November of 2021 and passed the annual verification to maintain the validity of the certificate on November 30th of 2024.</p> <p>❖ The Company follows relevant regulations and international standards in handling customer health and safety, customer privacy, marketing and labeling of its products and services, and has a service hotline (0800-002-615), online message board and internal processing procedures to handle customer feedback effectively. For products sold to different regions, information in compliance with relevant local regulations and standards is also indicated. In addition to compliance with regulations, customer privacy and rights and interests are also protected by international standards such as ISO/IEC 27001: 2013 Information Security Management System, IEC 62443-4-1: 2018, BS 10012: 2017 Personal Data Protection Management System and TRUSTe.</p> <p>❖ The Company has call centers around the country to provide immediate support and services to local consumers on the first line. In addition, the customer support department at the</p>	

Evaluation Item	Implementation status		Deviations from “the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
(VI) Has the Company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	✓		<p>headquarters is committed to the second line of technical support services, regularly reviewing customer satisfaction performance, and assisting the customer service center in handling product customer complaints and listening to market sales feedback, so as to safeguard customers' rights and interests.</p> <p>✧ Based on the social moral code of promoting the spirit of humanity and practicing human dignity and fulfilling the corporate social responsibility, the Company manages suppliers as follows:</p> <ol style="list-style-type: none"> 1. The Company is concerned with the issue of conflict minerals and requires suppliers to sign the Declaration of Minerals Conflict-Free to prevent the purchase of minerals from conflict zones. 2. The Company's requirements for suppliers' integrity and honesty have been included in the contracts between the parties. The Company may immediately cancel or terminate the contract if any supplier has engaged in any illegal conduct. 3. In the procurement contracts, the Company also require suppliers to prohibit the use of child labor. All suppliers have signed the agreements. 4. In terms of environmental protection, suppliers are required to comply with the EU regulations on hazardous substances. 5. The sustainability management audits (health, safety/environment/labor/suppliers/social ethics) of 7 suppliers were completed in 2023, which accounted for
			None.

Evaluation Item	Implementation status		Deviations from “the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
		<p>more than 85% of the annual procurement.</p> <p>✧ In addition to providing customers with excellent quality products and services, the Company expects its suppliers to pay attention to the social and environmental values and actively implement the operation mission of “environmental protection, energy conservation and love for the earth”. We regard suppliers as important partners for long-term cooperative development and growth and uphold the principle of mutual benefit and common prosperity with suppliers, and will continue to work together to promote sustainable management. Moreover, the supplier ESG self-assessment will be implemented in 2024. ESG-related issues have been collected and communicated via email within a six-month period, effectively serving the purpose of providing guidance and education.</p> <p>✧ Based on the audit result. It is expected to improve the effectiveness of sustainable supply chain management, reduce supply chain operational risks, and establish a partnership for sustainable growth.</p>	
V. Does the Company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the Company obtain third party assurance or certification for the reports above?	✓	<p>✧ The Company’s sustainability reports are prepared following the latest version of the GRI Standards, published by the Global Reporting Initiative. "D-Link 2022 Sustainability Report" has been verified by TUV NORD in accordance with AA1000 ASv3 Type 1, Medium Assurance Level. The assurance statement is attached in the appendix of the sustainability report.</p> <p>✧ The third-party assurance of "D-Link 2023 Sustainability Report" is expected to be completed by the end of April 2024,</p>	None.

Evaluation Item	Implementation status		Deviations from “the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
			and the assurance statement will be disclosed in the sustainability report.
<p>VI. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviation from the principles in the Company’s operations:</p> <p>The Company has implemented the “D-link Sustainable Development Best Practice Principles” in accordance with “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies”. No discrepancy is found.</p> <p>VII. Other important information to facilitate better understanding of the Company’s promotion of sustainable development:</p> <p>Please refer to the “Sustainable Development” of the Company’s official website and sustainability reports (https://company.dlink.com/zh-hant/esg/landing).</p>			

(VII) Implementation of Climate-Related Information

Item	Implementation status
<ol style="list-style-type: none"> 1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities. 2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term). 3. Describe the financial impact of extreme weather events and transformative actions. 4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system. 5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described. 6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks. 7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated. 8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or 	<ol style="list-style-type: none"> 1. The Board of Directors serves as the highest authority in D-Link's climate governance organizational structure. Its responsibilities include overseeing management reports and implementation reports on climate change-related risks and opportunities. The ESG Committee acts as the primary decision-making body to ensure the effective implementation of relevant management systems. The ESG Office is responsible for promoting management plans related to climate change. It consists of department managers who collaborate as a working group to implement and regularly review relevant projects. The ESG Office is obligated to provide annual reports on the progress and performance of the implementation to the ESG Committee and the Board of Directors. 2. To comprehensively understand the impact of various climate-related risks and opportunities on the company's operations, the Company not only collects relevant issues and assesses impact through regular working group meetings but also plans a comprehensive reevaluation every three years. During this process, we identify and assess the specific impact of each risk and opportunity, allowing us to plan appropriate response strategies and action plans. The Company defines short-term, medium-term, and long-term as within the next 3 years, within the next 10 years, and beyond the next 10 years, respectively. For further information, please refer to the Company's sustainability reports. 3. In response to the identified climate risks, the Company has assessed its potential financial impact on aspects such as revenue, costs, and assets. Taking regulatory policy-related risks within the transitional risk as an example, we consider the resources and execution costs required to comply with regulatory requirements, resulting in associated expenditure. For further details, please refer to the Company's sustainability reports. 4. The Company plans to simultaneously report material climate change risks to the Risk Management Taskforce. The severity of these risks will be assessed to determine whether they should be integrated into the risk management system to

<p>RECs to be offset should be specified.</p> <p>9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).</p>	<p>regularly track changes in the overall risk status and report relevant improvement actions to the Board of Directors.</p> <p>5. The Company primarily assesses the risk of transformation based on the 2050 Net Zero (SSP1-1.9) scenario. For physical risks, the assessment is based on the simulation of RCP8.5 Mid Century. For information on the factors used in the financial impact analysis and estimated financial impact data for various risks, please refer to the Company's sustainability reports.</p> <p>6. The Company is committed to achieving 2050 Net Zero. Our mid-term goal is to reduce carbon emissions by 10% from the base year of 2021 to 2026. To achieve this, our recent transition action plan includes replacing energy-consuming lighting fixtures, consistently purchasing green electricity, and conducting organizational carbon inventories of subsidiary companies using the ISO 14064-1:2018 methodology for consolidated reporting. We also plan to gradually upgrade air conditioning units, establish solar power equipment, obtain ISO 50001 energy management system certification, and explore other feasible and effective solutions.</p> <p>7. Currently, the Company does not utilize internal carbon pricing as a strategic planning tool.</p> <p>8. At the current stage, the Company has set climate goals encompassing Scope 1 and Scope 2 emissions. Using the year 2021 as the base year, we aim for a 10% reduction by the year 2026. In the fiscal year 2023, the company achieved an emission reduction performance of 17.45%, which includes the contribution of 6 green energy certificates. Moving forward, there will be regular rolling reviews to assess the appropriateness of target years and target values. We will continue to strengthen our diverse carbon reduction initiatives, regularly disclose relevant progress, and actively work towards achieving our commitment to 2050 Net Zero.</p>
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1-1.

Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

<p>1. Greenhouse Gas Inventory Information Describe the emission volume (metric tons CO₂e), intensity (metric tons CO₂e/NT\$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.</p> <ul style="list-style-type: none">•In fiscal year 2022, the Company emitted a total of 524,534.39 metric tons of CO₂e, with a revenue intensity of 30.71 metric tons CO₂/NT\$ million, including:<ul style="list-style-type: none">scope 1: 119.87 metric tons CO₂e (revenue intensity of 0.0070 metric tons CO₂e/NT\$ million)scope 2: 1,255.52 metric tons CO₂e (revenue intensity of 0.0735 metric tons CO₂e/NT\$ million)scope 3: 523,159.00 metric tons CO₂e (revenue intensity of 30.6337 metric tons CO₂e/NT\$ million)•In fiscal year 2023, the Company emitted a total of 1,229,151.32 metric tons of CO₂e, with a revenue intensity of 77.11 metric tons CO₂/NT\$ million, including:<ul style="list-style-type: none">scope 1: 119.90 metric tons CO₂e (revenue intensity of 0.0075 metric tons CO₂e/NT\$ million)scope 2: 1,148.88 metric tons CO₂e (revenue intensity of 0.0721 metric tons CO₂e/NT\$ million)scope 3: 419,593.44 metric tons CO₂e (revenue intensity of 26.3217 metric tons CO₂e/NT\$ million)
<p>2. Greenhouse Gas Assurance Information</p> <p>Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.</p> <ul style="list-style-type: none">•Explanation of the Assurance Status for the Fiscal Year 2022:<ul style="list-style-type: none">● Scope of Assurance: D-Link Corporation/ No. 289, Xinhu 3rd Rd., Neihu District, Taipei City, Taiwan, R.O.C.● Assurance Unit: AFNOR Asia Ltd.● Principle of Assurance: ISO 14064-3:2019● Verification Conclusion: Confirm that the organization submits a greenhouse gas statement in accordance with the requirements of the verification criteria agreed by both parties, and fairly presents the greenhouse gas data and related information, which is consistent with the verification scope, objectives, and criteria by both parties. Declares that the reasonable assurance level of the inventory data is Category 1 (Scope 1) and Category 2 (Scope 2).•Explanation of the Assurance Status for the Fiscal Year 2023:<ul style="list-style-type: none">● Scope of Assurance: D-Link Corporation/ No. 289, Xinhu 3rd Rd., Neihu District, Taipei City, Taiwan, R.O.C.•Assurance Unit: AFNOR Asia Ltd.•Principle of Assurance: ISO 14064-3:2019 <p>Verification Conclusion: Complete assurance information for the year 2023 will be disclosed in the “D-Link 2023 Sustainability Report” and the Company’s website</p>

1-2. Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets

- The Company plans to complete the inventory of the subsidiary companies of the consolidated financial statements by the year 2026 (inventory data for the year 2025). In the same year, using 2025 as the base year, we prioritize setting parent company reduction targets, and outlining emission reduction strategies and action plans. Starting from the year 2027, we will disclose the progress of target achievements annually.
- The Company has implemented the ISO 14064-1 greenhouse gas emission verification mechanism and has set 2021 as the base year. We have also developed specific energy-saving plans for the future. In 2023, D-Link Taiwan Headquarters will gradually replace conventional lights with energy-saving LED lights. Our goal over the next 5 years is to reduce greenhouse gas emissions by 10.0%, decrease water consumption by 2.5%, and minimize waste emissions by 2.5% compared to the 2021 base year.
- The replacement of 427 lamps on the 3rd floor of the headquarters building with energy-efficient LED lamps has been completed. Compared to the base year of 2021, electricity consumption has been reduced by 1.90%, resulting in an annual saving of 46,975 kWh.
- The Green Energy Procurement Program was initiated, and green electricity has been supplied since July 1. As of December 31, a total of 6,000 kWh have been supplied, and 6 certificates have been obtained.

(VII) Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Evaluation Item	Implementation Status		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
<p>I. Establishment of ethical corporate management policies and programs</p> <p>(I) Does the Company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and</p>	✓		<p>The Company has formulated the “Ethical Corporate Management Best Practice Principles” and the “Code of Conduct” in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”, which are applicable to the Company, its subsidiaries and group enterprises and organizations, and has been effective after being passed by the Board of</p>
			None.

Evaluation Item	Implementation Status		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?			<p>Directors. The Company will also disclose such regulations on the Company’s website, express the policies and practices of ethical management, and regularly report the implementation status to the Board of Directors.</p> <p>✧ All 9 Directors and 7 senior managerial officers of the Company have signed the Statement of Compliance with Ethical Corporate Management Policies, stating that they will fully comply with the Company’s “Ethical Corporate Management Best Practice Principles”, “Code of Conduct” and relevant ethical corporate management policies.</p> <p>✧ All 93 new employees of the Company in 2023 have signed and agreed to comply with the “Code of Conduct”.</p>
(II) Whether the Company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best	✓		<p>The Company has established the “Corporate Governance Best Practice Principles”, work rules, and various rewards and disciplinary actions and formulated the “Gift-receiving Management Procedure”, which clearly state that the behavior of individuals and collectives, bribery, provision of unreasonable gifts, and hospitality or other improper benefits shall be prohibited, as well as relevant response and handling measures for all employees to follow.</p> <p>None.</p>

Evaluation Item	Implementation Status		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
Practice Principles for TWSE/TPE Listed Companies?			
(III) Does the Company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	✓		The Company specifies, in the “Corporate Governance Best Practice Principles” and the “Code of Conduct”, the relevant operating procedures, guidelines for conduct, punishments for violations, and a grievance system and has duly implemented them and reviewed and rectified them in alignment with law revision and audit results.
II. Ethical Management Practice (I) Does the Company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	✓		The Company evaluates both suppliers and customers’ integrity records and signs relevant documents with them, and the contracts signed with the transaction counterparties clearly stipulate the relevant integrity clauses.
(II) Has the Company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor	✓		The Company’s ESG Committee under the Board of Directors supervises the implementation of ethical management, and the Legal Department is responsible for improving various ethical management operations and regularly reporting to the Board of Directors at least once a year on relevant policy plans and the implementation thereof. The latest annual report on the policies related to ethical management, plan to prevent unethical acts and supervision of implementation has been made to the Board of Directors on November 4th, 2023.
			None.
			None.

Evaluation Item	Implementation Status		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
their implementation?			
(III) Has the Company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	✓		The Company has established the “Corporate Governance Best Practice Principles”, the “Code of Conduct”, and the “Gift-receiving Management Procedure”, to prevent conflicts of interest and provide appropriate channels for complaints, and duly implements them accordingly.
(IV) Does the Company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?	✓		The Company has established an accounting system and an internal control system. The internal audit unit formulates audit plans based on the results of risk assessment, performs audits on a regular basis, and performs project audits as required, while reporting the audit results to the Audit Committee and the Board of Directors.
(V) Does the Company provide internal and external ethical corporate management training programs on a regular basis?	✓		None.

Evaluation Item	Implementation Status		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
	Summary Description		
		<p>employees, each new employee is required to comply with the Company's ethical management principles and ethical conduct regulations. The orientation for new employees is held every 2 months to ensure that each new employee understands they should fully comply with the Company's "Ethical Corporate Management Best Practice Principles", "Code of Conduct" and relevant ethical corporate management policies. In 2023, all 93 new employees have completed 0.5 hours of ethical management education and training, totaling 46.5 training hours.</p> <p>2. External training: A total of 12 employees applied for external education and training in 2023, which is related to the accounting system and internal control system, totaling 117 training hours.</p> <p>3. Internal training:</p> <ul style="list-style-type: none"> • During October and November of 2023, the Company organized two courses titled "Responsibilities and Obligations of Directors, Supervisors, and Senior Managerial Officers from the Perspective of Securities and Exchange Act" and "Understanding Related Party Transactions and Unconventional Transactions through Practical Cases". A total of 72 individuals participated in these courses, accumulating 180 training hours. • The Company conducted the "Ethical Management Course" to bring awareness to all employees at the 	

Evaluation Item	Implementation Status		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
			<p>headquarters and Taiwan branch office in November 2023. The course included promotion of the concept of ethical management, anti-money laundering, anti-corruption, and insider trading. There was an aggregate of 506 attendees for the course, totaling 253 training hours. The course had an attendance rate of 97%, and the average test score was 99 (out of 100).</p> <ul style="list-style-type: none"> The Company also broadcasted videos related to ethical management, anti-corruption and insider trading regularly in the public area of the headquarters building in 2023, having a total of 16 videos of different topics, more than 9,900 playback times and more than 300 hours of playback. <p>✧ All courses were made online internally and became a part of our training system from 2022 and on. The Company hopes that through new employee, external, and internal education and training, D-Link's ethical management policy and direction will be conveyed to all employees, and the Company will continue to promote a high-standard business ethics culture and comply with various laws and regulations.</p>
III. Implementation of Complaint Procedures (I) Has the Company established specific whistleblowing and reward procedures, set up	✓		None.

Evaluation Item	Implementation Status		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
conveniently accessible whistleblowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle-blowers?			reward mechanism, and responsible personnel. Since November 4, 2022, the Company has updated the reporting unit as the Audit Committee and the corresponding contact information.
(II) Has the Company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	✓		The Company's "Implementation Measures for the Whistleblowing System" contain relevant regulations on the investigation standard operating procedures for accepting reports, the subsequent measures to be taken after the investigation is completed, and the relevant confidentiality measures.
(III) Has the Company adopted proper measures to protect whistle-blowers from retaliation for filing complaints?	✓		The Company's "Implementation Measures for the Whistleblowing System" contain protection measures for whistle-blowers, so that they will not be improperly treated due to whistleblowing.
IV. Strengthening Information Disclosure Does the Company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post	✓		The Company discloses relevant information and implementation effectiveness of ethical management on the website and the MOPS, so as to enhance the stakeholders' understanding of the Company.
			None.
			None.

Evaluation Item	Implementation Status		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
System (MOPS)?			
<p>V. If the Company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviations between the principles and their implementation: The Company has formulated the “Ethical Corporate Management Best Practice Principles”, the “Code of Conduct”, and the work rules and the overall operation has no significant deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies”.</p> <p>VI. Other Important Information to Facilitate a Better Understanding of the Company’s Ethical Corporate Management Practices (e.g., the Company’s reviewing and amending of its ethical corporate management best practice principles):</p> <p>(I) The Company’s “Regulations Governing Procedure for Board of Directors Meetings” contain a system for Directors’ recusal. Those or juridical persons they represent who have a personal interest in any proposals on the agenda of a Board meeting, which may undermine the Company’s interests, may state their opinions and answer inquiries but shall recuse themselves from the discussion and voting and may not exercise their voting rights on behalf of other Directors.</p> <p>(II) The Company’s “Procedures for Materiality Management and Prevention of Insider Trade” specify that Directors, managerial officers, and employees shall not disclose material internal information they are aware of to others, nor shall they inquire or collect information unrelated to their personal duties from those who have knowledge of the Company’s.</p> <p>(III) The Company’s “Ethical Corporate Management Best Practice Principles” stipulate a policy based on integrity, which helps to establish a corporate culture for sound development, thereby developing a sustainable business environment.</p>			

(VIII) For Companies Having Principles and Regulations on Corporate Governance in Place, Access Shall be Disclosed:

1. The Company Website: <https://company.dlink.com>
2. MOPS: <https://mops.twse.com.tw/mops/web/index>

(IX) Other Important Information to Facilitate a Better Understanding of the Company's Corporate Governance Shall be Disclosed All Together:

The managers of the Company have attended relevant training courses and the 2023 years of training are as follows:

Title	Name	Date	Name of Class	Organization	Course Duration
Director	Claire Chou	2023.12.04	Promoting Sustainable Development through Risk Management -Best Practice Principles on Risk Management for TWSE/TPEx Listed Companies	Accounting Research and Development Foundation	6
		2023.12.12	The latest policy development and internal control management practices related to "ESG Sustainability" and "Self-preparation of Financial Reports"	Accounting Research and Development Foundation	6
Corporate Governance Officer	Wynne Ho	2023.01.10	Enhance the sustainable value of enterprises and improve the risk management system	The Institute of Internal Auditors-Chinese Taiwan	6
		2023.06.20	Integrating Strategic Development and New Perspectives on Enterprise Risk Management with ESG	Taiwan Corporate Governance Association	3
		2023.06.30	Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees and the Acquisition and Disposal of Assets Practical analysis	The Institute of Internal Auditors-Chinese Taiwan	6
		2023.07.13	Sustainable Development Roadmap Advocacy Conference	Taiwan Stock Exchange and Taipei Exchange	3
		2023.09.04	The 14 th Taipei Corporate Governance Forum	Financial Supervision Commission	6
		2023.10.13	Annual Insider Trading Prevention Advocacy Conference of 2023	Securities and Futures Institute	3
Internal Auditor	Richard Yang	2023.11.27	Common deficiencies in "Financial Report Review" and practical analysis of important internal control regulations	Accounting Research and Development Foundation	6
		2023.11.29	Carbon market for a new chapter of sustainable future summit	Taiwan Stock Exchange and Taipei Exchange	3
		2023.11.22	The "corporate governance" qualities that internal auditors should have and the practice of financial reporting risk assessment	Accounting Research and Development Foundation	6
		2023.12.11	Legal Liability and Internal Control and Internal Audit Practices for "Employee Fraud"	Accounting Research and Development Foundation	6

(X) The Implementation of the Internal Control System Shall Disclose the Following Items

1. Statement on Internal Control

D-Link Corporation

Statement on Internal Control System

Date: 2024.02.27

According to the results of the Company's self-assessment, the Company's statement pertaining to the internal control system in 2023 is as follows:

- I. The Company acknowledges that the establishment, implementation, and maintenance of an internal control system is the responsibility of the Board of Directors and managerial officers, and the Company has established an internal control system. The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance, and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.
- II. The internal control system has innate limitations. No matter how robust and effective the internal control system, it can only provide reasonable assurance of the achievement of the foregoing three goals; in addition, the effectiveness of the internal control system may vary due to changes in the environment and conditions. However, the internal control system of the Company has self-monitoring mechanisms in place, and the Company will take corrective action against any defects identified.
- III. The Company uses the assessment items specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "the Regulations") to determine whether the design and implementation of the internal control system are effective. Based on the process of control, the assessment items specified in the Regulations divide the internal control system into five constituent elements: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communications; and 5. monitoring activities. Each constituent element includes a certain number of items. For more information on such items, refer to the Regulations.
- IV. The Company has already adopted the aforementioned Regulations to evaluate the effectiveness of its internal control system design and operating effectiveness.
- V. Based on the aforementioned audit findings, the Company holds that as of December 31, 2023, its internal control procedures (including the procedures to monitor subsidiaries), effectiveness and efficiency of operations, reliability, timeliness, transparency of reporting, and compliance with relevant legal regulations, and design and enforcement of internal controls, are effective. The aforementioned goals can be achieved with reasonable assurance.
- VI. This statement will constitute the main content of the Company's Annual Report and the prospectus and will be disclosed to the public. Any falsehood or concealment with regard to the contents above will entail legal liability under Articles 20, 32, 171, and 174 of the "Securities and Exchange Act".
- VII. This Statement has been passed at the Board of Directors meeting on February 27, 2024, with none of the eight attending Directors expressing objections; all Directors affirmed the content of this Statement.

D-Link Corporation

Chairperson: Victor Kuo

CEO: CJ Chang

2. Where CPAs are commissioned to audit the Company's internal control systems, the Audit Report Prepared by the CPAs Shall be Disclosed: None.

(XI) For Penalties Imposed Upon the Company and Its Employees in Accordance with the Law or Penalties Imposed by the Company Upon Its Employees for the Violation of the Internal Control System Policy During the Most Recent Fiscal Year up to the Date of Publication of the Annual Report, if the Result of Such Penalties May Have a Significant Impact on the Shareholders' Equity or the Price of Securities, the Contents of the Penalties, Principal Deficiencies, and Improvements Shall Be Specified: None.

(XII) Major Resolutions Adopted at the Shareholders' Meetings and the Board of Directors Meeting in the Most Recent Fiscal Year and as of the Printing Date of this Annual Report.

1. Resolutions Voted on by All Shareholders Present at the Company's General Shareholders' Meeting, and Implementation Thereof:

Date of meeting: 2023.05.31

Place of meeting: :D-Link Corporation Building(No.289, Xinhu 3rd Rd., Neihu Dist., Taipei City)

Major Resolutions	Implementation
<p>(1) Adopted the 2022 Business Report and Financial Statements.</p> <p>(2) Adopted 2022 earnings distribution proposal.</p> <p>(3) Election of the 13th board of directors.</p> <p>(4) Approved abolishment and re-establishment of the "Rules and Procedures of Shareholders' Meetings".</p> <p>(5) Approved amendments of the "Operational Procedures for Lending Funds to Others".</p> <p>(6) Approved amendments of the "Operational Procedures for Endorsements and Guarantees"</p> <p>(7) Approved the release of non-competition restrictions for new directors</p>	<p>(1) Resolution was passed.</p> <p>(2) Resolution was passed.</p> <p>(3) 9 directors (including 3 independent directors) were elected at the 13th board of directors for a term of three years from May 31, 2023 to May 30, 2026. The appointment of new directors was approved by the Department of Commerce, the Ministry of Economic Affairs, for registration on July 4, 2023 (No. 11230107100).</p> <p>(4) Resolution was passed.</p> <p>(5) The resolution was passed and the revised procedure was uploaded to the MOPS on June 9, 2023.</p> <p>(6) The resolution was passed and the revised procedure was uploaded to the MOPS on June 9, 2023.</p> <p>(7) Resolution was passed.</p>

2. Major Resolutions of the Board of Directors Meetings in 2022 and as of the Printing Date of this Annual Report for 2023:

Date of Meeting (Term-Session)	Major Resolutions
2023.02.22 (12-20)	<ul style="list-style-type: none"> (1) Approved the proposal for the 2022 Internal Control System Statement. (2) Approved the Company's 2022 business report and financial statements. (3) Approved the earnings distribution for 2022. (4) Approved the 2023 business plan and budget proposal. (5) Approved the proposal for independence and suitability evaluation report of the CPAs appointed by the Company for 2023. (6) Approved the appointment of the Company's CPA for 2023. (7) Approved the proposal for the 2023 CPAs' fees for the Company's financial statements and taxation. (8) Approved the establishment of the "Non-Assurance Services Pre-approval Policy". (9) Approved the proposal for evaluation of managerial officers' 2022 performance results. (10) Approved the amendment to the "2022 Restricted Stock Award Plan". (11) Approved the release of non-competition restrictions for the Company's managerial officer. (12) Approved the proposal for 2022 employees' and Directors' compensation distribution. (13) Approved the details of allocation of 2022 directors' compensation. (14) Approved the proposal for application for renewal of credit line and derivatives trading with banks. (15) Approved the proposal for addition of the authorized traders for derivatives trading. (16) Approved the proposal of convening the 2023 Annual General Shareholders' Meeting. (17) Approved the proposal for election of the 13th board of directors. (18) Approved matters relating shareholders' proposals for the Company's 2023 Annual General Shareholders' Meeting from the shareholders with at least a 1% stake in D-Link. (19) Approved the acceptance and the nomination of nine seats of directors (including three seats of independent directors) from the shareholders with at least a 1% stake in D-Link. (20) Approved the abolishment and re-establishment of the "Rules and Procedures of Shareholding's Meeting". (21) Approved the amendment to the "Operational Procedures for Lending Funds to Others". (22) Approved the amendment to the "Operational Procedures for Endorsements and Guarantees".
2023.04.12 (12-21)	<ul style="list-style-type: none"> (1) Approved details of allocation of 2022 managerial officers' compensation (2) Approved performance target plan of 2023 managerial officers. (3) Approved of Nomination and Review of Candidates for Directors (including Independent Directors) Proposed by the Board of Directors, (4) Approved the release of non-competition restrictions for new directors (5) Approved proposal for the establishment of the "Non-Assurance Services Pre-approval Policy".

Date of Meeting (Term-Session)	Major Resolutions
2023.05.10 (12-22)	<ul style="list-style-type: none"> (1) Approved the managerial officers' 2023 Salary and Compensation Adjustment (2) Approved for the 2023 Q1 consolidated financial statements. (3) Approved acquire 100% equity of D-Link (Europe) Ltd. held by the Company's subsidiary. (4) Approved the cash capital reduction case proposed by the Company's subsidiary. (5) Approved the proposal for application for renewal of a short-term credit line and derivatives trading to banks. (6) Approved amendment to the "Internal Audit Procedures" and "Internal Audit Implementation Rules" (7) Approved amendment to the "Risk Management Policies and Procedures". (8) Approved amendment to the "Regulations for the Security and Maintenance of Personal Information Files"
2023.05.31 (13-1)	Approved the election of the 13 th Chairman of the Company
2023.06.20 (13-2)	<ul style="list-style-type: none"> (1) Approved amendment to the "ESG Committee Charter" (2) Approved the Appointment of Members for the 2nd Term of the ESG Committee of the Company (3) Approved the Appointment of Members for the 5th Term of the Remuneration Committee of the Company, (4) Approved the resolution on setting the ex-dividend date and related matters for cash dividends of the Company for the fiscal year 2023. (5) Approved the release of non-competition restrictions for the Company's managerial officers.
2023.08.14 (13-3)	<ul style="list-style-type: none"> (1) Approved the evaluation of the performance assessment results of managerial officers for the fiscal year 2023 of the Company (2) Approved the Restricted Employee Stock Distribution Details Plan of the Company (3) Approved the 2023 Q2 consolidated financial statements. (4) Approval of the application to Bills Finance Corporations for a new issuance of commercial paper backup lines (5) Approved the proposal for application for renewal of credit line and derivatives trading with banks. (6) Approved the proposal for application for renewal of credit line and derivatives trading with banks. (7) Approved the proposal for addition of the authorized traders for derivatives trading. (8) Approved the amendment to the "Related party transaction Management Measures". (9)
2023.11.14 (13-4)	<ul style="list-style-type: none"> (1) Approved the Company's 2024 annual audit plan. (2) Approved the 2023 Q3 consolidated financial statements. (3) Approved the amendment to the "D-Link division of authority & responsibility" (4) Approved exceeding the expected annual transaction limit for purchases and sales of goods, services, or technical services to Related Party for 2024 of the

Date of Meeting (Term-Session)	Major Resolutions
	<p>Company.</p> <p>(5) Approved review and amend D-Link's "ESG Short, Medium, and Long-Term Strategic Goals".</p> <p>(6) Approved The Chief Strategy Officer's Salary and Compensation Adjustment</p> <p>(7) Approved the proposal for application for renewal of credit line and derivatives trading with banks.</p> <p>(8) Approved the proposal for application for renewal of credit line with banks.</p> <p>(9) Approved the proposal for application for renewal of credit line and derivatives trading with banks.</p> <p>(10) Approved the proposal for application for a new derivatives trading with banks.</p>
2024.2.27 (13-5)	<p>(1) Approved the 2023 Internal Control System Statement.</p> <p>(2) Approved the Company's 2023 business report and financial statements.</p> <p>(3) Approved the earnings distribution for 2023.</p> <p>(4) Approved the 2024 business plan and budget proposal.</p> <p>(5) Approved independence and suitability evaluation report of the CPAs appointed by the Company for 2024.</p> <p>(6) Approved the appointment of the Company's CPA for 2024.</p> <p>(7) Approved the 2024 CPAs' fees for the Company's financial statements and taxation.</p> <p>(8) Approved the amendment to the "Non-Assurance Services Pre-approval Policy".</p> <p>(9) Approved the amount of the current additional endorsements/guarantees for D-Link (Shanghai) Co., Ltd.</p> <p>(10) Approved the amendment to the "Corporate Governance Best Practice Principles"</p> <p>(11) Approved evaluation of managerial officers' 2023 performance results.</p> <p>(12) Approved Performance target plan of 2024 managerial officers.</p> <p>(13) Approved the proposal for 2023 employees' and Directors' compensation distribution.</p> <p>(14) Approved Details of allocation of 2023 directors' compensation</p> <p>(15) Approved the registration case for the cancellation of capital reduction by restricting employee rights to new shares has been approved.</p> <p>(16) Approved the proposal of convening the 2024 Annual General Shareholders' Meeting.</p> <p>(17) Approved matters relating shareholders' proposals for the Company's 2024 Annual General Shareholders' Meeting from the shareholders with at least a 1% stake in D-Link.</p> <p>(18) Approved the release of non-competition restrictions for directors.</p> <p>(19) Approved the amendment to the "Sustainable Development Best Practice Principles".</p>

(XIII) Major Issues of Record or Written Statements Made by any Director Dissenting to Important Resolutions Passed by the Board of Directors in the Most Recent Year and as of the Printing Date of this Annual Report:

Date of Meeting	Term-Session	Major Resolutions
2023.06.20	13-2	Proposal: Proposal for the appointment of Members for the Second Term of the ESG Committee of the Company. Directors' dissenting opinions: Director Victor Wu suggested that Brian Kao be appointed as a member of the ESG Committee.

(XIV) A Summary of Resignations and Dismissals of the Company's Chairperson, President, Chief Accounting Officer, Financial Manager, Internal Auditor, Corporate Governance Officer, or Research and Development Officer During the Most Recent Fiscal Year and up to the Date of Publication of the Annual Report:

Title	Name	Date of Appointment	Date of Termination	Reasons for resignation or dismissal
President	Mark Chen	2020.08.11	2023.01.06	Resigned

V. Information Regarding CPA Professional Fees

(I) CPA Professional Fees in the Most Recent Year

Unit: NT\$ Thousand

CPA Firm	Name of CPAs	Audit Period	Audit Fee	Non-Audit Fee	Total	Remarks
KPMG Taiwan	Chiu-Hua Hsieh	2023.01.01 2023.12.31	\$3,775	\$2,517	\$6,292	Non-audit fees were mainly fees related to registration changes for issuance of new employee restricted shares, certification of profit-seeking enterprise income tax returns filed, certification of value-added non-value-added business tax direct deduction method, audit certification for provisional payment settlement and declaration of business income tax, consulting services for upgrading the consolidated financial reporting system and enterprise risk management optimization assistance service, and employee salary review service, etc.
	Stu-Ying Chang	2023.01.01 2023.12.31				

(II) Where the CPA Firm was Replaced, the Audit Fees Paid in the Fiscal Year When the Replacement was Made were Less Than that in the Previous Fiscal Year Before Replacement, the Amount of Audit Fees Paid Before/After Replacement and Reasons Thereof Shall be Disclosed: Not applicable.

(III) Where Accounting Fee Paid for the Year was More Than 10% Less Than that of the Previous Year, the sum, Proportion, and Cause of the Reduction Shall Be Disclosed: Not applicable.

VI. Replacement of CPA:

(I) Former CPAs

Date of replacement	February 22,2023 (2023Q1)		
Reason for replacement	KPMG Taiwan's adjustment to CPAs' internal positions		
Whether the termination of audit service was initiated by the client or by the auditor	Concerned party		
	Status	CPA	Client
	Service terminated by	N/A	N/A
	Service no longer accepted (continued) by		N/A
Opinions other than unqualified opinions issued in the last two years, and the reason for such opinions	None		
Disagreement with the issuer	Yes		Accounting principles or practices
			Disclosure of financial statements
			Audit scope or procedures
			Others
	None	V	
	Description		
Other disclosures (Disclosures deemed necessary under Article 10, subparagraph 6, item 1-4 to item 1-7 of the Regulations)	Not applicable		

(II) Successor CPAs

Name of accounting firm	KPMG Taiwan
Name of CPA	Chang, Stu-Ying
Date of reappointment	February 22,2023 (2023Q1)
Inquiries and replies regarding accounting practices or principles on certain transactions, or any audit opinions the auditors were likely to issue on the financial statements prior to reappointment	Not applicable
Written disagreements from the succeeding CPAs against the opinions made by the former CPAs	Not applicable

(III) The Reply of Former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Standards: Not applicable

VII. The Company's Chairperson, President, or any Managerial Officer in Charge of Finance or Accounting Matters Who Has, in the Most Recent Year, Held a Position at the Accounting Firm of its CPA or at an Affiliated Firm: None.

VIII. Equity Transfer or Changes in Equity Pledged by the Company's Directors, Managerial Officers, or Shareholders with Shareholding Percentage Exceeding 10% in the Most Recent Year as of the Publication Date of this Annual Report:

(I) Shareholding Changes of Directors, Managerial Officers and Major Shareholders

Unit: Share

Title	Name	2023		Up to 2024.03.31	
		Change in Quantity of Shareholding	Change in Quantity of Pledged Shares	Change in Quantity of Shareholding	Change in Quantity of Pledged Shares
Chairperson	Victor Kuo (Representative of Taiwan Network Group United Co., Ltd.)	0	0	0	0
Institutional Director	Taiwan Network Group United Co., Ltd.	0	0	0	0
	Representative: Joseph Wang	0	0	0	0
Institutional Director	E-TOP Metal Co., Ltd.	0	0	0	0
	Representative: Amy Wu	1,846	0	0	0
	Representative: Fred Fong	0	0	0	0
Director	Brian Kao	0	0	0	0
Director	Victor Wu	0	0	0	0
Independent Director	Richard Chen	0	0	0	0
Independent Director	Richard Lee	0	0	0	0
Independent Director	Chun-Hsiung Chu	0	0	0	0
CEO	CJ Chang	0	0	0	0
Senior Vice President	Sara Cheng	0	0	0	0
CFO	Joanne Chen	0	0	0	0
Vice President	Kevin Chung	0	0	0	0
Director	Claire Chou	0	0	0	0
Corporate Governance Officer	Wynne Ho	1,000	0	0	0

(II) Stock Transfer with Related Party: None.

(III) Stock Pledged with Related Party: None.

IX. Information on the Relationship Between the Top 10 Shareholders of the Company

2024.03.30

Name	Shares Held		Shares Held by Spouse & Minors		Shares Held in the Name of Other		Name and Relationship between DLC's Shareholders		Note
	Shares	%	Shares	%	Shares	%	Name	Relation	
Sapido Technology Inc. Representative: Yun-Chin Li	59,818,400	9.93	0	0.00	0	0.00	E-Top Metal Co., Ltd.	subordinate company	-
E-Top Metal Co., Ltd. Representative: Ching-Li Yen	28,904,189	4.80	0	0.00	80,653,510	13.39	Sapido Technology Inc.	Controlling company	-
Yitongyuan investment Co., Ltd. Representative: Chun-Yi Huang	20,835,110	3.46	0	0.00	0	0.00	-	-	-
Pu Ju Investment Co., Ltd. Representative: Lori Hu	15,939,120	2.65	0	0.00	0	0.00	-	-	-
Chia Hwa Investment Co., Ltd. Representative: Feng-Yun Chou	7,836,000	1.30	0	0.00	0	0.00	-	-	-
Gao-Huang Lin	7,500,000	1.24	0	0.00	0	0.00	-	-	-
JPMorgan Chase Bank N.A. Taipei Branch in custody for Vanguard Total International Stock Index Fund a series of Vanguard Star Funds	6,750,584	1.12	0	0.00	0	0.00	-	-	-
Qianjin Investment Co., Ltd. Representative: Ji-Zhi Zheng	5,434,069	0.90	0	0.00	0	0.00	-	-	-
Acadian Emerging Markets Small Cap Equity Fund LLC	4,307,000	0.71	0	0.00	0	0.00	-	-	-
Vanguard Fiduciary Trust Company Institutional Total International Stock Market Index Trust II	3,833,960	0.64	0	0.00	0	0.00	-	-	-

X. The Shareholding of the Same Invested Company by the Company, the Directors, the Managerial officers, or Another Business that is Controlled by the Company Directly or Indirectly

2023.12.31; Note 1: Refers to limited company

Investee	Investment by the Company		Investments Directly or Indirectly Controlled by Directors, Supervisors, and Managerial Officers of the Company		Total Investments	
	Shares	%	Shares	%	Shares	%
D-Link Canada Inc.	0	0.0	5,736,000	100.00	5,736,000	100.00
D-Link Systems, Inc.	48,045,007	100.00	0	0.0	48,045,007	100.00
D-Link Holding Company Ltd.	27,044,212	100.00	0	0.0	27,044,212	100.00
D-Link (Europe) Ltd.	32,497,455	100.00	0	0.0	32,497,455	100.00
D-Link AB	0	0.0	15,500	100.00	15,500	100.00
D-Link (Magyarország) Kft	0	0.0	300	100.00	300	100.00
D-Link France SARL	0	0.0	114,560	100.00	114,560	100.00
D-Link Polska Sp. Z.o.o.	0	0.0	100	100.00	100	100.00
D-Link Iberia SL	0	0.0	50,000	100.00	50,000	100.00
D-Link s.r.o.	0	0.0	100	100.00	100	100.00
D-Link (Netherlands) BV	0	0.0	50,000	100.00	50,000	100.00
D-Link Mediterraneo SRL	0	0.0	50,000	100.00	50,000	100.00
D-Link (Deutschland) GmbH	0	0.0	Note 1	100.00	Note 1	100.00
D-Link (Holdings) Ltd.	0	0.0	3	100.00	3	100.00
D-Link (UK) Ltd.	0	0.0	300,100	100.00	300,100	100.00
D-Link Adria d.o.o.	0	0.0	Note 1	100.00	Note 1	100.00
OOO D-Link Russia	0	0.0	Note 1	100.00	Note 1	100.00
Success Stone Overseas Corp.	0	0.0	9,822	100.00	9,822	100.00
D-Link Holding Mauritius, Inc.	0	0.0	200,000	100.00	200,000	100.00
D-Link (India) Ltd.	0	0.0	18,114,663	51.02	18,114,663	51.02
Team F1 Networks Private Ltd.	0	0.0	10,500	100.00	10,500	51.02
D-Link Shiang-Hai (Cayman) Inc.	0	0.0	50,000	100.00	50,000	100.00
D-Link (Shanghai) Co., Ltd.	0	0.0	Note 1	100.00	Note 1	100.00

Investee	Investment by the Company		Investments Directly or Indirectly Controlled by Directors, Supervisors, and Managerial Officers of the Company		Total Investments	
	Shares	%	Shares	%	Shares	%
Netpro (Shanghai) Co., Ltd.	0	0.0	Note 1	100.00	Note 1	100.00
D-Link International Pte. Ltd.	66,074,660	99.36	425,340	0.64	66,500,000	100.00
D-Link Korea Limited	0	0.0	330,901	100.00	330,901	100.00
D-Link Trade M	0	0.0	Note 1	100.00	Note 1	100.00
D-Link Capital Investment Co. Ltd..	0	0.0	25,000,000	100.00	25,000,000	100.00
D-Link Malaysia Sdn Bhd	0	0.0	800,000	100.00	800,000	100.00
D-Link Service Lithuania, UAB	0	0.0	1,000	100.00	1,000	100.00
D-Link Service (Ukraine)	0	0.0	Note 1	100.00	Note 1	100.00
D-Link Service (Kazakhstan)	0	0.0	Note 1	100.00	Note 1	100.00
D-Link Sudamerica SpA	199,999	100.00	1	0.0	200,000	100.00
D-Link Mexicana S.A de C.V	152,066	100.00	3	0.0	152,069	100.00
D-Link Japan K.K.	9,500	100.00	0	0.0	9,500	100.00
D-Link Australia Pty Ltd.	1,000,000	100.00	0	0.0	1,000,000	100.00
D-Link Middle East FZE	6	100.00	0	0.0	6	100.00
D-Link Brazil LTDA.	2,964,836,727	100.00	100	0.0	2,964,836,827	100.00
D-Link Investment Pte. Ltd.	2,200,000	100.00	0	0.0	2,200,000	100.00
OOO D-Link Trade	0	0.0	Note 1	100.00	Note 1	100.00
T-COM, LLC	0	0.0	Note 1	40.00	Note 1	40.00
D-Link Latin-America Company Ltd.	41,000	100.00	0	0.0	41,000	100.00
D-Link Peru S.A.	0	0.0	3,500	100.00	3,500	100.00
D-Link de Colombia S.A.S.	0	0.0	1,443,605	100.00	1,443,605	100.00
D-Link Guatemala S.A.	0	0.0	99,000	99.00	99,000	99.00
Yeo-Tai Investment Inc.	14,600,000	100.00	0	0	14,600,000	100.00
Xtramus Technologies Co., Ltd.	0	0.0	1,832,446	41.18	1,832,446	41.18
MiiiCasa Holding (Cayman) Inc.	0	0.0	21,000,000	28.98	21,000,000	28.98
Cameo Communications, Inc.	137,532,993	41.58	0	0.0	137,532,993	41.58

Investee	Investment by the Company		Investments Directly or Indirectly Controlled by Directors, Supervisors, and Managerial Officers of the Company		Total Investments	
	Shares	%	Shares	%	Shares	%
Huge Castle Ltd	0	0.0	9,329,718	100.00	9,329,718	41.58
Qianjin Investment Co., Ltd	0	0.0	27,000,000	100.00	27,000,000	41.58
Perfect Choice Co., Ltd.	0	0.0	10,000	100.00	10,000	41.58
Luis Jo'se Investment Inc.	0	0.0	1,362,680	100.00	1,362,680	41.58
Suzhou Soarnex Technology Co., Ltd	0	0.0	Note 1	100.00	Note 1	41.58

Chapter 4 Capital Overview

I. Capital and Shares

(I) Sources of Capital

Unit: NT\$ Thousand; 2024.03.31

Month/ Year	Issued Price	Authorized capital		Paid-in Capital		Remarks		
		Shares (K)	Amount (NT\$ thousands)	Shares (K)	Amount (NT\$ thousands)	Sources of Capital	Capital Increase by Assets Other than Cash	Other
Aug. 2006	10	880,000	8,800,000	675,378	6,753,780	Capital increase from retained earnings 119,432 thousand. Capital increase from employee bonus by 65,000 thousand. Capital increase from capital surplus by 477,729 thousand.	—	08/21/2006 Department of Commerce, MOEA No. 09501184120
Nov. 2006	10	880,000	8,800,000	663,378	6,633,780	Reduction of treasury shares by 120,000 thousand.	—	11/28/2006 Department of Commerce, MOEA No. 09501266710
Aug. 2007	10	880,000	8,800,000	683,846	6,838,456	Capital increase from retained earnings 132,676 thousand. Capital increase from employee bonus by 72,000 thousand.	—	08/14/2007 Department of Commerce, MOEA No. 09601196230
Nov. 2007	10	880,000	8,800,000	547,076	5,470,765	Cash capital reduction 1,367,691 thousand.	—	11/21/2007 Department of Commerce, MOEA No. 09601286290
Aug. 2008	10	880,000	8,800,000	565,218	5,652,180	Capital increase from retained earnings 109,415 thousand. Capital increase from employee bonus by 72,000 thousand.	—	08/19/2008 Department of Commerce, MOEA No. 09701205030
Sep. 2009	10	880,000	8,800,000	647,580	6,475,803	Capital increase from retained earnings 823,623 thousand.	—	09/08/2009 Department of Commerce, MOEA No. 09801206030
Oct. 2014	10	880,000	8,800,000	635,580	6,355,803	Reduction of treasury shares 120,000 thousand.	—	10/17/2014 Department of Commerce, MOEA No. 10301214590

Month/ Year	Issued Price	Authorized capital		Paid-in Capital		Remarks		
		Shares (K)	Amount (NT\$ thousands)	Shares (K)	Amount (NT\$ thousands)	Sources of Capital	Capital Increase by Assets Other than Cash	Other
Oct. 2014	10	880,000	8,800,000	647,756	6,477,557	Capital increase from retained earnings 121,755 thousand.	—	10/17/2014 Department of Commerce, MOEA No. 10301214590
Sep. 2015	10	880,000	8,800,000	678,803	6,788,032	Capital increase from retained earnings 155,237 thousand. Capital increased by capital surplus 155,237 thousand.	—	09/02/2015 Department of Commerce, MOEA No. 10401179680
Nov. 2015	10	880,000	8,800,000	676,996	6,769,962	Reduction of treasury shares 18,070 thousand.	—	11/27/2015 Department of Commerce, MOEA No. 10401253760
Apr. 2016	10	880,000	8,800,000	651,996	6,519,962	Reduction of treasury shares 25,000 thousand.	—	04/07/2016 Department of Commerce, MOEA No. 10501064990
Oct. 2021	10	880,000	8,800,000	599,836	5,998,365	Cash capital reduction 521,597 thousand.	—	10/05/2021 Department of Commerce, MOEA No. 11001171690
Oct. 2023	10	880,000	8,800,000	602,836	6,028,365	Capital increase from New Restricted Employee Shares 3,000 thousand.	—	10/30/2023 Department of Commerce, MOEA No. 11230197070
Mar. 2024	10	880,000	8,800,000	602,655	6,026,555	Reduction of New Restricted Employee Shares 1,810 thousand.	—	3/22/2024 Department of Commerce, MOEA No. 11330041410

Type of Stock	Authorized Capital			Remarks
	Outstanding Shares	Unissued Shares	Total	
Registered Common Shares	602,655,473	277,344,527	880,000,000	Listed

Note: The Restricted Employee Shares have been reclaimed and are pending cancellation of capital registration with 139,000 shares.

Information Relating to the Shelf Registration System: None

(II) Shareholder Composition

Reference date: 2024.03.30

Shareholder Composition \ Quantity	Government Agencies	Financial Institutions	Other legal entities	Individuals	Foreign Institutions and foreign individuals	Total
Number of shareholders	2	0	264	84,132	217	84,615
Number of shares held	174	0	151,085,647	411,543,558	40,026,094	602,655,473
Shareholding Ratio (%)	0.00	0.00	25.07	68.29	6.64	100.00

Note: The Restricted Employee Shares have been reclaimed and are pending cancellation of capital registration with 139,000 shares.

(III) Distribution of Shareholding

Reference date: 2024.03.30

Range of number of shares held	Number of shareholders	Shareholding (shares)	Shareholding Ratio (%)
1 – 999	43,407	7,272,932	1.21
1,000 – 5,000	28,017	65,489,240	10.87
5,001 – 10,000	6,523	52,200,000	8.66
10,001 – 15,000	1,933	24,473,643	4.06
15,001 – 20,000	1,406	26,039,114	4.32
20,001 – 30,000	1,150	29,426,538	4.88
30,001 – 40,000	569	20,467,298	3.40
40,001 – 50,000	387	18,042,709	2.99
50,001 – 100,000	698	50,251,526	8.34
100,001 – 200,000	291	41,232,006	6.84
200,001 – 400,000	144	40,561,019	6.73
400,001 – 600,000	41	19,758,382	3.28
600,001 – 800,000	16	10,861,848	1.80
800,001 – 1,000,000	11	10,025,726	1.66
1,000,001 or more	22	186,553,492	30.96
Total	84,615	602,655,473	100

Note: The Restricted Employee Shares have been reclaimed and are pending cancellation of capital registration with 139,000 shares.

(IV) List of Major Shareholders

Reference date: 2024.03.30

Name of Major shareholders	Shares	Shareholding (shares)	Shareholding Ratio (%)
Sapido Technology Inc.		59,818,400	9.93%
E-Top Metal Co., Ltd.		28,904,189	4.80%
Yitongyuan investment Co., Ltd.		20,835,110	3.46%
Pu Ju Investment Co., Ltd.		15,939,120	2.65%
Chia Hwa Investment Co., Ltd.		7,836,000	1.30%
LIN,GAO-HUANG		7,500,000	1.24%
JPMorgan Chase Bank N.A. Taipei Branch in custody for Vanguard Total International Stock Index Fund a series of Vanguard Star Funds		6,750,584	1.12%
Qianjin Investment Co., Ltd.		5,434,069	0.90%
Acadian Emerging Markets Small Cap Equity Fund LLC		4,307,000	0.71%
Vanguard Fiduciary Trust Company Institutional Total International Stock Market Index Trust II		3,833,960	0.64%

(V) Market Price, Net Worth, Earnings, and Dividends Per Share and Relevant Information in the Most Recent Two Years

Unit: NT\$; thousand shares; %

Item	Year	2022	2023	
Market Price Per Share (Note 1)	Highest	19.10	26.90	
	Lowest	13.80	14.65	
	Average	16.39	21.24	
Net Worth Per Share (Note 2)	Before Distribution	14.85	15.12	
	After Distribution	14.63	14.58	
Earnings Per Share	Weighted Average Shares	599,837	598,142	
	Earnings Per Share (Note 3)	0.18	0.95	
Dividends Per Share	Cash Dividends		0.2246	0.5355
	Stock Dividends	From Retained Earnings	—	—
		From Capital Surplus	—	—
	Accumulated Unpaid Dividends (Note 4)		—	—
Return on Investment Analysis	Price/Earnings Ratio (Note 5)	91.06	22.36	
	Price/Dividend Ratio (Note 6)	72.97	39.66	
	Cash Dividend Yield (Note 7)	1.37%	2.52%	

* If shares are distributed in connection with a capital increase out of earnings or capital surplus, further disclose information on

- market prices and cash dividends retroactively adjusted based on the number of shares after distribution.
- Note 1: List the highest and lowest market price of common shares in each fiscal year and calculate the average market price by weighing transacted prices against transacted volumes in each respective fiscal year.
- Note 2: Calculate the net worth per share based on the number of outstanding shares at year-end. Calculate the amount of distribution based on the amount resolved by the board of directors or resolved in the next year's shareholders meeting.
- Note 3: If retrospective adjustment is required due to distribution of stock dividends, the earnings per share before and after adjustment shall be entered.
- Note 4: If the conditions for the issuance of equity securities stipulate that the unpaid dividends in the year can be accumulated till the year in which there is a surplus, the cumulative unpaid dividends up to the year shall be disclosed separately.
- Note 5: Price/Earnings Ratio = Average closing price per share for current fiscal year / Earnings per share.
- Note 6: Price/Dividend Ratio = Average closing price per share of the year / Cash dividend per share.
- Note 7: Cash Dividend Yield Rate = Cash dividend per share / Average closing price per share for the current fiscal year.
- Note 8: Net worth per share and earnings per share shall be based on the information, audited (reviewed) by CPAs, in the most recent quarter as of the publication date of the Annual Report. The remaining fields shall be based on the information in the current year up to the publication date of the Annual Report.

(VI) Dividend Policy and Implementation Status

1. Dividend Policy:

In response to the overall business environment and the nature industrial growth, the Company's long-term financial planning recruitment of domestic and foreign talents and pursuit of sustainable business operations, the Company adopts a residual dividend policy. The Company's "Articles of Incorporation" provides that the Company's annual profit, if any, at the end of the year, it shall be distributed in the following order: (1) Tax payment. (2) Set off accumulated deficits (3) Appropriate 10% as legal reserve. (4) Appropriate or return to special reserve pursuant to regulations formulated by the competent authority. (5) If there is a surplus after the preceding deductions, the balance and the accumulated undistributed surplus will be determined by the Board for distribution. Shall the remuneration be distributed in form of new shares, such matter shall be resolved by the Shareholders' Meeting before distribution thereof. The total amount of shareholder dividends shall be no less than 30% of the distributable profit of the year.

As stipulated by Article 240 and 241 of the Company Act, the Company may distribute the dividends to be distributed, or all or part of the legal reserve and capital reserve in form of cash and report to the Shareholders' Meeting, after such matter has been determined by a majority of the Directors at a meeting attended by two-thirds or more of the total number of Directors.

Dividend types: Based on the Company's capital budget plan, stock dividends may be distributed to retain the required funds, and the rest are distributed in in form of cash, provided that the cash dividends are not less than 10% of the total dividends.

2. Proposed Dividend Distribution at the Shareholders' Meeting:

The dividend distribution of the Company in 2023 was approved by the Board of Directors on February 27, 2024. The cash dividend of NT\$0.5355 per share will be distributed based on the shareholders and the number of shares held recorded in the register of shareholders on the distribution date of cash dividends and reported to shareholders' meeting on May 29, 2024.

(VII) Impact of Issuing Stock Dividend Proposed in this Shareholders' Meeting on the Company's Operational Performance and Earnings Per Share: Not applicable.

(VIII) Compensation of Employees and Directors

1. Information Relating to Percentage or Scope of Compensations for Employees and

Directors in the “Articles of Incorporation”:

The Company shall distribute 1% to 15% of the current year's profit for employee remuneration and no more than 1% of the current year's profit for the remuneration to Directors. However, the Company shall reserve a portion to make up for the losses in advance, if applicable.

2. The Basis for Estimating the Amount of Remuneration to Employees and Directors, for Calculating the Number of Shares to be Distributed as Employee Compensation, and the Accounting Treatment of the Discrepancy, if any, Between the Actual Distributed Amount and the Estimated Figure, for the Current Period:

The remuneration to the Company's employees and directors is estimated based on the Company's net income before tax for the period less the employees' remuneration and directors' remuneration multiplied by the percentages for employees' remuneration and directors' remuneration stipulated in the “Articles of Incorporation” and recognized in operating costs or operating expenses for the same period. Any difference between the estimated amount and the amount distributed as resolved by the Board of Directors is accounted for as changes in estimates and recognized in the subsequent year's profit or loss.

3. Distribution of Remuneration of Employees and Directors Approved by the Board of Directors:

(1) Amount of remuneration distributed to employees and Directors in the form of cash or stock: The Board of Directors approved employees' remuneration of NT\$31,380,941 and directors' remuneration of NT\$3,138,094 on February 27, 2024, and all paid in cash.

(2) The amount of any employee remuneration distributed in stocks, and the amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial report: Not applicable.

4. Information of Distribution of 2022 Remuneration of Employees and Directors (with an Indication of the Number of Shares, Monetary Amount, and Stock Price, of the Shares Distributed) and, if there is Any Discrepancy Between the Actual Distribution and the Recognized Employee and Director Remuneration, Additionally the Discrepancy, Cause, and How it is Treated:

In 2022, the Company's actual distribution of employees' compensation and directors' remuneration were NT\$7,371,623 and NT\$737,162, respectively. There is no difference between the amounts approved by the board of directors.

(IX) Buy-back of the Company's Treasury Stock: None.

II. Issuance of Corporate Bonds: None.

III. Issuance of Preferred Shares: None.

IV. Issuance of Overseas Depository Receipts: None.

V. Status of New Restricted Employee Shares :

(I) Issuance of New Restricted Employee Shares

Reference date: 2024.03.31

Type of new restricted employee shares	New restricted employee shares of 2022
Effective registration date and total number of shares	2022/11/30 ; 6,000,000
Issue date	112/09/25
Number of new restricted employee shares issued	3,000,000
Number of new restricted employee shares still available for issuance	0
Issue price	0
Ratio of the number of new restricted employee shares issued to the total number of issued shares	0.5%
Vesting conditions of the new restricted employee shares	<p>After employees are allocated employee-restricted stocks in accordance with the Regulation, they must remain in employment until the expiration of the following vesting periods. They must also achieve a performance evaluation result of B+ (inclusive) or above each year, adhere to the Service Rules, and have no violations of the Company's labor contract, work rules, non-compete clause, confidentiality agreements, or contractual agreements with the Company. The percentage of stocks that meet the vesting conditions can be as follows:</p> <ol style="list-style-type: none"> 1. Upon completing one year of employment after allocation, 40% of the allocated stocks will be granted, contingent upon achieving a B+ or higher rating in the annual individual performance assessment. 2. Upon completing two years of employment after allocation, 30% of the allocated stocks will be granted, contingent upon achieving a B+ or higher rating in the annual individual performance assessment. 3. Upon completing three years of employment after allocation, 30% of the allocated stocks will be granted, contingent upon achieving a B+ or higher rating in the annual individual performance assessment. 4. The aforementioned actions shall be postponed to the next business day in case they fall on a public holiday.

<p>Restrictions on rights in the new restricted employee shares</p>	<p>Limitations on stock rights before meeting the vested conditions:</p> <ol style="list-style-type: none"> 1. Before the vested conditions are met, employees who have been allocated restricted stocks may not sell, pledge, transfer, give, or otherwise dispose of the restricted stock rights to others, except through inheritance. 2. Before the vested conditions are met, employees who have been allocated restricted stocks have the same rights as ordinary stockholders at the stockholders' meeting, including attendance, proposal, speaking, voting, and election rights. These rights are executed in accordance with the terms of the trust custody agreement. 3. Before the vested conditions are met, other rights associated with the restricted stock rights allocated to employees according to the Regulation include but are not limited to: dividends, legal reserves, and rights to receive capital reserve distributions, without the right to receive earnings distributions. The relevant operations are executed in accordance with the terms of the trust custody agreement. 4. During the period from the suspension date of the free distribution of stocks of the Company, suspension date of cash dividends, suspension date of cash capital increase subscriptions, the statutory suspension period of shareholder meetings specified in Article 165, Paragraph 3 of the Company Act, or any other statutory suspension period arising from actual circumstances, until the record date for entitlements, employees who meet the vested conditions will have their restricted stocks released from restrictions in accordance with the procedures outlined in the trust custody agreement or relevant regulations. 5. During the vested period, if the company conducts a reduction of capital such as a cash reduction of capital, which is not a statutory reduction of capital, the employee-restricted stocks allocated to employees should be canceled in proportion to the reduction of capital. In the case of a cash reduction, the refunded cash must be transferred to the trust and can only be disbursed to employees once the specified conditions and deadlines have been met. However, if the conditions are not met by the deadline, the Company will reclaim the cash.
<p>Custody of the new restricted employee shares</p>	<p>Trust Custody</p>
<p>Treatment of the new restricted shares for which the grantee fails to meet the vesting conditions after receiving or subscribing to the shares</p>	<ol style="list-style-type: none"> 1. If employees are no longer employed on the vested date after receiving employee-restricted stocks, or if they have committed serious misconduct such as violating the Company's labor contract, work rules, non-compete clause and confidentiality agreements, or contractual agreements

	<p>between the Company, failing to achieve the performance evaluation criteria set by the Company, violating the provisions of Article 5, Paragraph 8 of the Regulations, resulting in modification, withdrawal, revocation, termination, or cancellation of the agency authorization by the Company, the Company has the right to reclaim the restricted stocks that have not met the vested conditions and cancel them at no cost.</p> <p>2. In the event that an employee voluntarily resigns, is terminated, laid off, retires, or passes away during the vested period, the Company will reclaim and cancel any stocks that have not yet vested, without providing any compensation.</p>
Number of new restricted employee shares that have been retired or bought back	181,000
Number of new restricted shares that have vested	0
Number of unvested new restricted shares	2,819,000
The ratio of the number of unvested new restricted shares to the total number of issued shares (%)	0.5%
The effect on shareholders' equity	As employee RSUs are expected to have a limited dilution effect on the Company's EPS, there is no significant impact on the shareholders of D-Link.

(II) List of Executives Receiving New Restricted Employee Shares and the Top Ten Employees with New Restricted Employee Shares

Reference date: 2024.03.31

Job Title	Name	Number of new restricted employee shares granted	Ratio of the number of new restricted employee shares granted to the total number of issued shares (%)	Vested Restricted Shares				Unvested Restricted Shares						
				Number of vested shares	Issue price	Total purchase Price	Ratio of the number of vested restricted shares to the total number of issued shares (%)	Number of unvested shares	Issue price	Total purchase price	Ratio of the number of unvested restricted shares to the total number of issued shares (%)			
Managerial officers	Chairman & CSO	Victor Kuo												
	CEO	Cl Chang												
	Senior Vice president	Sara Cheng												
	CFO	Joanne Chen	441,000	0.07	0	0	0	-	441,000	0	0	0	0.07	
	Vice President	Kevin Chung												
	Director	Claire Chou												
	Corporate Governance Officer	Wynne Ho												
	Senior Director	Allen Lo												
	Senior Director	Laroché Hsieh	712,000	0.12	0	0	0	-	712,000	0	0	0	0.12	
	Senior Director	Alex Chiang												
Senior Director	Howard Kao													
				Employees										

Deputy Director	Julie Hsiau
Deputy Director	Dylan Fon
Deputy Director	Einstein Lin
Deputy Director	Ben Cheng (Note 1)
Deputy Director	Charlic Chen
Senior Manager	Nelly Wang
Senior Manager	Eva Huang
Senior Manager	Abbie Lin
Senior Manager	Richard Yang

Note 1 : Mr. Ben Cheng resigned on February 16,2023. The cancellation of New Restricted Employee Shares has not been completed.

VI. Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.

VII. Financing Plans and Implementation: None.

Chapter 5 Operational Overview

I. Business Activities

(I) Business scope

1. Main Lines of Business

The Company sells networking and connectivity systems and products for service providers, small and medium businesses, enterprises, and consumers. In recent years, we have developed cloud applications and management platforms, and provided three major application service solutions: smart home, smart business, and smart industry.

2. Revenue of Major Product Lines

Unit: NT\$ Thousand

Products	The Company		All Consolidated Entities	
	Total Sales Amount in 2023	Percentage of Sales (%)	Total Sales Amount in 2023	Percentage of Sales (%)
Switch & Security	3,855,309	67.38	7,362,542	46.18
Wireless & IoT	838,882	14.66	2,290,620	14.37
Mobile & Broadband	790,402	13.82	1,960,334	12.30
Others	236,861	4.14	4,327,781	27.15
Total	5,721,454	100.00	15,941,277	100.00

3. Current Main Products

➤ Commercial Product Line

- (1) **Switch products:** To meet the increasing demand for Wi-Fi 6E/7 wireless products, we have introduced the DXS-3130 series of 10G PoE management switches and the DMS-1250 series of 2.5G PoE smart switches. These products, when combined with Wi-Fi 6E/7 commercial wireless products, provide the optimal solution for enterprise and campus networks. As part of the product generation update, we have introduced the DQS-3610 series, which is a new line of 100G/25G L3 core Switch. This series offers a comprehensive range of switch products suitable for both large enterprises and small businesses. Customers can centrally manage all smart and management switches through the D-View8 management platform using the standard SNMP.
- (2) **Enterprise Access Point (EAP) and VPN Gateway Products:** In the promotion of VPN Gateway series, D-Link has cooperated with Japanese telecom customers to launch DBG-X2000 and DBG-X1000 products. The integration with the Nuclias Cloud management platform provides customers with an integrated management interface for their network development services, which can respond to the services under various local network architectures. In addition, the updated Wi-Fi 6 EAP product series not only supports standalone usage, but also can be integrated with Nuclias Connect (DNH-100/DNC-100) to enable customers to easily have a centralized EAP management solution, while integrating the applications of VPN Gateway DRS-250 and Nuclias Connect, allowing customers to control not only the EAP but also the VPN Gateway when deploying local services so as to provide a more secure environment for the

entire local network services.

➤ **Home Product Line**

- (1) **Home Wireless Routers:** The AQUILA PRO AI series M30, M60, and E30 products have already been mass-produced and launched as part of the promotion for Wi-Fi 6 160Mhz products. Continuous planning and development are underway for a series of products that integrate Matter functionality into IoT smart home products.
- (2) **IP Camera and IoT:** In addition to integrating service providers for Cloud to Cloud service interoperability, this year we've also integrated mobile apps with digital cameras (IP Cam) and IoT devices. Through real-time information presentation and remote device management, we've expanded the scope of our cloud services to not only serve users but also integrate specific services, thereby broadening the range of cloud service offerings.

➤ **Telecom Product Line**

- (1) **Broadband Network Products:** We continue to develop XGPSON product lines, mainly XGPSON modems. The Company will promote Two Box home network solutions integrated with Wi-Fi Mesh products. In addition to the demand of telecom providers, we have also started to plan and develop related products with third-party partners.
- (2) **Mobile Broadband Products:** The As the release of 5G-NR 3GPP R16 specification, 5G mobile communication broadband sharing will develop 5G CPE and 5G ODU with integrating Wi-Fi 6. Integrating the product series of AX1500 LTE Cat4/Cat6 with Wi-Fi mesh function, it is expected to meet the different requests from telecom provider.
- (3) **M2M Industry Application:** The Company launches the industrial applications integrated with the Internet devices. The main feature of the product is that it can be used in various special environment. The product series mainly supports LTE/5G networks, as well as Ethernet and Wi-Fi. The Company promotes the Internet access of devices in various industries, the collection and monitoring of data and status, and the integration of D-ECS platform functions to provide the entire industry with an Internet access solution. At present, there are some applications in the public transportation in Europe and Southeast Asia.

➤ **Cloud Service Platform**

Inheriting the existing D-Link cloud service platform, the Company has implemented unified management, monitoring, access, and sharing of network applications for consumer (mydlink), commercial (Nuclias / D-View), and industrial (D-ECS) products, providing home users, SMEs network, and system service providers with a more convenient cloud management platform solution, thereby saving the costs of architecture and time of establishment, and enhancing the product value of various product lines of the Company. In addition, the promotion of the service fee mechanism can increase the Company's revenue and enable the platform service to operate more steadily towards sustainable operation.

4. New products and Technologies Under Development

➤ **Commercial Product Line**

- (1) **Switch Products:** The demand for Internet bandwidth traffic is increasing year by year, and the demand for large bandwidth switches is also on a rise. Based on the existing switch product lines, D-Link continues to focus on the development of 10G/100G related switch product lines to cope with the increasing demand for

bandwidth in business application scenarios, and introduce the DSS-200G series surveillance switch, equipped with automatic IP Cam detection and ensuring stable video transmission, which is ideal for various surveillance solutions across different environments.

- (2) **Enterprise Access Point(EAP) and VPN Gateway Products:** Given the wireless generation with the prevalence of Wi-Fi-6 for home use, D-Link is planning to move from Wi-Fi-6 80Mhz to Wi-Fi-6 160Mhz for the enterprise wireless base station product line, while developing new Classic and Lite products for enterprise wireless base stations. Due to the increased awareness of network transmission security, many application scenarios require VPN deployment. Regarding the VPN product planning, in addition to the existing products, D-Link is also updating our products, focusing on the development of products that enhance the VPN efficiency to meet the demand for secure data transmission and transmission speed.

➤ **Home Product Line**

- (1) **Home Wireless Routers:** We are currently in the development phase of Wi-Fi 7 320MHz products. In addition to inheriting the intelligent features of AQUILA PRO AI, we are integrating a 2.5Gbps Ethernet interface and a tri-band wireless solution (2.4GHz, 5GHz, 6GHz) for home networks. This aims to deliver a low-latency and higher bandwidth network experience. The Wi-Fi 6 product series is designed for the new type of field networks in smart homes and smart buildings. It integrates the planning and development of the Matter product series and utilizes the Thread specification to create more stable and flexible mesh networks for smart home devices.
- (2) **IP Camera and IoT:** To fulfill the needs of smart homes and remote care, we have developed AI capabilities and integrated services for Cloud to Cloud service integration and created a new central monitoring system that enables customers to remotely and instantly monitor the status of their devices and household members. Furthermore, the original cloud service can be integrated with specific services to broaden the scope and reach a wider audience of cloud service users. The application of IoT enables the integration of the Matter protocol, enabling products to seamlessly collaborate with third-party Matter Controllers. This enhances product convenience and compatibility.

➤ **Telecom Product Line**

- (1) **Broadband Network Products:** We continue to develop XGPON product lines, mainly XGPON modems. The Company will promote Two-box home network solutions integrated with Wi-Fi Mesh products. In addition to the demand of telecom providers, we have also started to plan and develop related products with third-party partners.
- (2) **Mobile Broadband Products :** We offer a variety of devices for LTE/5G mobile broadband communication. In addition to our existing LTE 4G Cat4/Cat6 AX1500 CPE products, we have also introduced ODU supporting 5G-NR 3GPP R16 specifications and a 5G CPE series that integrates Wi-Fi 6 AX3000/AX6000 and wireless Mesh functionality. It is expected that the Company is able to meet the needs of telecom providers at different levels.
- (3) **M2M Industry Application :** The Company launches the industrial applications integrated with the Internet devices. The main feature of the product is that it can be used in various vertical applications. The product series mainly supports LTE/5G networks, as well as Ethernet and Wi-Fi. The Company promotes the

Internet access of devices in various industries, the collection and monitoring of data and status, and the integration of D-ECS platform functions to provide the comprehensive wireless connectivity solution for industrial applications. Successful cases can now be found globally, with applications in various sectors such as public transportation, charging stations, electronic billboards in shopping malls, and city bike rentals.

➤ **Cloud Service Platform**

To meet the demand for AIoT artificial intelligence industry application service solutions, we are expanding the integration of dlink and nuclias and implementing a new platform cloud fusion project. We have begun researching the introduction of AIoPs intelligent operation and maintenance technology, integrating automation tools for system analysis and abnormal monitoring to optimize the performance of our service platform structure. We also support the Matter smart home standard and integrate product cloud management functions, incorporating AI artificial intelligence technology to provide value-added services and enhance the functionality of our product service platform, as we strive to comprehensively build a smart living blueprint.

(II) Industry Overview

1. Development Status of the Industry

(1) Local Area Network (LAN)

Given the low-cost and easy-to-install characteristics of Ethernet, the LAN cabling at the network access layer and above around the world is still dominated by Ethernet. With the evolution of mobile Internet technology and the needs for greater bandwidth, telecommunications operators worldwide are progressively transitioning their core network infrastructure to 25G/100G switches (DQS-3610). The 2.5G switch will gradually replace the Gigabit switch. Customers can experience faster bandwidth by utilizing their existing Cat5 network cables. Additionally, WiFi6e can be powered through a 2.5G PoE switch, which further drives the demand for 2.5G switches. The popularity of mobile Internet has compensated for the inability to deploy wired network backbones in some regions. In addition, the speed of 5G mobile communication networks has led to the replacement of wired networks. In terms of the home networking, the changing habits of consumers have brought about a further need for replacement of wireless routers in the home. Wireless routers are becoming more attractive and integrated into home life due to the demand for faster, more stable, and easier settings, the concept of wireless network access at every corner, as well as the simple, modern design that blends in with the living room, along with the connection to various voice assistants. It is expected to drive a huge wave of replacement.

As Amazon, Google, and Apple are leading the Matter specification, home IoT related products are bound to be launched one after another, and integrated with the promotion of various applications such as Home Care and Home Automation, which will definitely drive the market demand of such industry in these years.

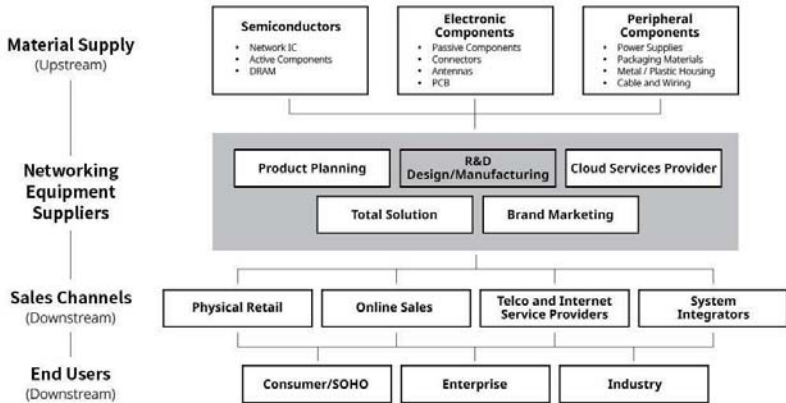
(2) Wide Area Network

At present, broadband Internet access medium is entering the fiber optic generation at a faster pace. Various passive optical network (PON) technologies are also thriving, including EPON, GPON, GEAPON, and 10G PON. With the increasing popularization of Wi-Fi 6/6E/7 and mobile 5G, 10G PON, with its advantages of 10 times the downlink and uplink transmission speed and supporting Mobile Backhaul, has become the

mainstream technology, taking the network market by storm.

Although LTE is still the mainstream of wireless wide area communication, 5G is bound to become the key infrastructure, with the increasing demand for greater bandwidth and the various services driven by technologies such as AI and big data. In addition to networking devices that access the Internet via 5G network, 5G O-RAN and Mobile Edge Computing are important areas for networking industry development.

2. Relevance of Upstream, Midstream, Downstream of the Industry



3. Development Trend and Competition of Products

(1) Innovation Results and Core Values Over the Past Three Years

A. Focus on the development of a variety of cloud applications and solutions through the D-Link Cloud

At the end of 2011, the Company first launched the "Nuclias Series" platform for the networking industry. In recent years, it has gradually introduced various applications and integrated commercial solutions to the platform, which has brought the Nuclias to be more in line with customers' needs. The Nuclias cloud platform integrates various products, including switches, wireless access points, and security gateways. It allows customers to set up a wireless LAN (hot spot) in a very short time, to not only lower the technical threshold for users, reduce the manpower, time, and cost required for network management but enhance network security.

In addition, after years of cultivation in the home cloud "mydlink", D-Link has also commenced C2C services, cooperating with different Internet service providers to offer specific service models through mydlink, with the capability of D-Link devices. Starting in 2023, we have initiated an expansion plan to integrate consumer cloud and enterprise cloud, transitioning towards becoming an enhanced value platform. This involves launching a new platform cloud fusion project aimed at optimizing service platform architecture efficiency. Additionally, we are actively promoting subscription-based services to further expand revenue

sources and user engagement. Furthermore, we are incorporating AI technology to provide value-added services and support Matter product cloud management functions, achieving highly compatible and stable smart home applications, and extending functionalities for home care services to broaden the overall solution capabilities of our cloud service platform.

B. D-Link Security Surveillance Service Solution

The mydlink service solution is centered on surveillance, and the existing switches, IoT, and software are integrated into one cloud service platform to allow customers to select, purchase, operate, and maintain security control equipment and systems more conveniently and easily, which significantly saves users' time and cost. Moreover, products of the same brand can avoid the issue of product incompatibility and provide users with a more stable security surveillance environment.

D-Link has also commenced C2C services through the home cloud “mydlink”, cooperating with different Internet service providers to offer specific service models through mydlink, with the capability of D-Link devices. In 2023, we have integrated advanced AI (Artificial Intelligence) technology for image analysis into our surveillance products. Additionally, we have incorporated IoT Matter devices and introduced value-added services such as smart home applications and home care services. This is aimed at further expanding the complete solution capabilities of our products.

C. LTE /5G Advanced Technology Application

The Company offers a range of devices for LTE/5G mobile broadband to mobile operator users. In addition to our current LTE 4G Cat4/Cat6 AX1500 CPE products, we have also introduced a series of 5G CPE products that comply with the 5G-NR 3GPP R16 standard. These products include ODU with integrated Wi-Fi 6 AX3000/AX6000 and wireless mesh functionality. We aim to meet the diverse needs of telecommunications companies. In the future, users can connect to the Internet through various CPE products anytime and anywhere, and experience the freedom and fun of the real high-quality mobile Internet access.

(2) Product Competition

At present, the leading players in high-end networking products are major networking companies in the United States. Major companies are leading the technology in the core layer of network, while the Company's strengths lie in the products at the aggregation layer and the access layer of edge switches.

In terms of enterprise network, major competitors include Cisco and HP. As the Company has been devoted to the field of Ethernet for many years, it has established a complete supply chain ecosystem, including software and hardware R&D, production, technological support, as well as customer education and training. Although facing the threat of low-price competition from China's companies, the Company is still very competitive.

In wireless LANs, low-end switches, and broadband product segments, low-priced brands, such as TP-Link, have developed rapidly in China and emerging countries, which has resulted in price competition in the retail/telecom market. In addition to consolidating the supply chain to reduce costs, the Company will enhance its technology and services to gain customers' recognition and break away from the price competition.

(III) Technologies and Recent R&D Efforts

1. R&D Expenditure in the Most Recent Two Years

Unit: NT\$ Thousand

Year	The Company	Consolidated Company
2023	404,967	728,340
2022	333,990	530,747

2. Product/System Development Success and Specific Results

The Company launches new upgraded, improved, or innovative products every quarter. The Company remains a global leading brand in wireless, broadband, SMEs and home network product markets. The main products recently launched include 2.5G/10G smart switches, enhanced enterprise integrated wireless solutions; Auqila PRO AI Wi-Fi Mesh routers, bridges, and access points; multifunctional wireless broadband 4G/5G routers and developed AIoT applications in various industries; high-resolution two-way IP cameras for real-time voice chat, peripheral devices related to smart homes, and cloud network management platforms.

Year	Item
2011	<ul style="list-style-type: none"> (1) Smart TV-related support network multimedia playing function, over-the-top (OTT) service, somatosensory games, and online community functions, such as D-Link Boxee Box, D-Link Yahoo Box, and D-Link Android Box (2) A new generation of 10G Data Center switches. (3) mydlink instant online security monitoring technology on iPhone, iPad, and Android Phone. (4) HD media routers that support wireless transmission of high-definition video and audio. (5) Smart Antenna, a wireless base station that supports longer transmission distances. (6) Wireless transmission that supports Intel wireless display to TV. (7) USB3.0 cards and hubs.
2012	<ul style="list-style-type: none"> (1) The hybrid network power cord wireless router and wireless base station that also support 802.11n wireless network and power cord network, with a transmission speed of up to 300Mbps (wireless)/500Mbps (power cord). (2) 802.11ac wireless routers and AP and USB/PCIE wireless network cards. (3) mydlink cloud network product series, including cloud routing, cloud storage, cloud monitoring. (4) Various apps in cloud routing, cloud storage, cloud monitoring on smart phones and tablets. (5) mydlink solutions for commercial cloud services. Intelligence video surveillance system (IVS).
2013	<ul style="list-style-type: none"> (1) Baby Cam: a series of dedicated webcam for baby care. (2) High-sensitivity nighttime full-color series network cameras. (3) 11ac + 3G + IP Cam portable mobile routers. (4) mydlink shareport mobile device integrated data access. (5) D-store business linkage solutions. (6) The 11ac version of all wireless devices is fully launched.

Year	Item
2014	<ul style="list-style-type: none"> (1) Smart home IoT: Guji Cloud wirelessly connects smart homes with the mydlink cloud platform to provide a complete solution in wireless service, security, and energy conservation to ensure connected operation with mydlink Home app. (2) UI and Web UI icons are updated; simple setting can be carried out through with mydlink lite, mydlink home, and QRS app. (3) The LTE smart home gateway leads the world with LTE CAT6(300Mbps), and the 11ac 3x3 router provides VoLTE and Wi-Fi-calling voice services on the OSGi JAVA open platform. (4) Logging onto Facebook fan page through Facebook Wi-Fi allows for the free use of Wi-Fi services to enhance interaction with customers. (5) Company BYOD certification and authorization solution.
2015	<ul style="list-style-type: none"> (1) Cloud services platform and enterprise cloud equipment. (2) A new generation of high-power output PoE switches and metro Ethernet switches. (3) mydlink Home series of services and products. (4) A new generation of 11ac Wave2 routers. (5) 4G LTE machine-to-machine (M2M) and vehicle communication modules.
2016	<ul style="list-style-type: none"> (1) Apple Homekit certified 180° IP-CAM. (2) Wave 2 MU-MIMO AC1900/2600. (3) Business cloud for telecom. (4) Launched smart industrial switches. (5) Tri-band AP with the Smart Antenna function.
2017	<ul style="list-style-type: none"> (1) Mesh is integrated into the switches and routers. (2) A new generation of digital camera product groups, such as LTE, battery, and dual-eye camera. (3) AI-related technologies, e.g., face recognition are applied to digital camera products. (4) 5G generation product planning and vertical market exploration.
2018	<ul style="list-style-type: none"> (1) Data Center switches. (2) Nuclias enterprise cloud management system that supports Hot Spot AP, switches, and cameras. (3) Exploration of 5G mobile communication broadband gain routers and 5G small cell technology. (4) Vertical integration of artificial intelligence, facial recognition, license plate recognition, camera, network storage, 4G router, cloud management systems, toll systems, and complete solutions. (5) Mesh home wireless routers and secured home wireless routers. (6) Complete smart home solutions.
2019	<ul style="list-style-type: none"> (1) Cloud switches. (2) 2.5Gbps smart switches. (3) New Covr series of cross-generation Mesh wireless network routers. (4) Door and window sensors, motion detection sensors, and smart switches that support Amazon Echo Plus. (5) LTE M2M VPN/Wi-Fi wireless routers.

Year	Item
	(6) 5G NR wireless routers and MiFi (sub-6GHz).
2020	<p>(1) A wireless router in alignment with the 802.11ax wireless standard (Wi-Fi 6).</p> <p>(2) A variety of 5G mobile wireless routers will provide a full range of solutions, including DWP-1020 5G outdoor CPE, DWR-978 5G wireless router, and DWR-2101 5G Wi-Fi 6 wireless router.</p> <p>(3) The new body temperature measurement solution, DCS-9500T.</p> <p>(4) EasyMesh™ dual-band wireless router, COVR-1100.</p> <p>(5) New smart network management switches: DXS-1210 series and DGS-1520 series.</p> <p>(6) DCS-8526LH Full HD rotary wireless network camera.</p> <p>(7) DSP-W320 outdoor wireless smart socket.</p>
2021	<p>(1) Launched the EAGLE PRO AI series wireless router, including Wi-Fi 6/5/4 product series, with the wireless sharing function, combined with many AI analysis functions to inform users of home network status.</p> <p>(2) Introduced Multi-G stackable smart network management switches to meet speed requirements of different applications.</p> <p>(3) Included the mobile router in Wi-Fi 6, equipped with the EasyMesh and the EAGLE PRO AI functions, with the wired network sharing function, allowing users to expand the scope of sharing through the EasyMesh function in the mobile sharing mode.</p> <p>(4) Adopted the new-generation chipset for 5G mobile routers and launched outdoor and indoor models as well as industrial 5G mobile gateways, with models corresponding to various needs during the emergence of 5G applications.</p> <p>(5) Launched a new generation of IP Cam solutions and reduce product lines, and launched Taiwan chip manufacturers' latest solutions, which have already met the market demand.</p>
2022	<p>(1) The peripheral WI-FI-6 USB Dongle DWA-F18, developed in cooperation with Meta in VR products, wirelessly transmits data to completely enhance the wired ecology of VR and entirely expand the VR space applications.</p> <p>(2) We are launching various series of Multi-G switch solutions one after another.</p> <p>(3) Nuclias Cloud platform services and VPN network security switches are updated for the next generation.</p> <p>(4) 5G mobile communication products are updated to 3GPP R16 compliant solutions and integrated with the Wi-Fi-6 technology.</p> <p>(5) Solutions to build a C2C business model for cloud platform services.</p>
2023	<p>(1) Consumer products such as AQUILA PRO AI series of Wi-Fi 6 AX3000 M30 and AX6000 M60 home wireless routers have been recently introduced. These routers utilize D-Link Mesh technology and the Aquila APP to effortlessly and rapidly expand the coverage range of home wireless networks.</p> <p>(2) Introducing new commercial switches and commercial wireless routers: the 2.5G DMS-1250 Smart Switch Series and the DAP-X3060 WiFi 6 indoor AX3000 wireless router. These products are designed for enterprise or campus network use and can be managed and configured through the Nuclias Connect network</p>

Year	Item
	management software.

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

1. Short-term Development Strategy

(1) Cooperate with Group High-quality ODMs to Establish a Controllable Supply Chain System with Close Relationships.

D-Link, as one of a few networking brand companies in Taiwan, has established subsidiaries and nearly 100 sales offices around the world. The Company will focus on deep collaboration with high-quality network ODM manufacturers within the group, leveraging synergies to introduce advanced products to the market and meet customer needs for maximum benefit.

(2) Reshape D-Link's brand image and enhance brand value from three aspects, specifications and prices, functional performance, and corporate identity (CI).

The Company's products will feature "optimal cost" and "outstanding and user-satisfactory performance", and the Company will launch the EAGLE PRO AI series with corporate identity (CI) product appearance and user experience in home, commercial, and industrial markets, to gradually win over customers and polish D-Link's brand image.

(3) Meeting the needs of each industry with the required specifications and functions.

By providing the specifications and functions required by each industry, the Company will focus on vertical market integration to reduce the competition of products with general specifications.

2. Medium and long-term Development Strategy

(1) Achieve the supply and management and services of the extreme simplification of Netcom and AI products with cloud computing as the main pillar.

For general consumers and SMEs, the operation and maintenance (installation, maintenance, upgrade, and management) of networking products are still quite a challenging task. In addition to the Company's mydlink, D-ECS, and Nuclias cloud systems we have realized the most user-friendly and manageable methods available. In the near future, the Company will launch new expansions in both AI cloud functionality and AI terminal functionality services, covering a wider range of products, aiming to comprehensively achieve seamless and convenient networking solutions.

(2) We develop and create coordinated product services for our customers by leveraging the synergies of resources within our group.

The era of intense competition among internet communication products has arrived. Despite the influence of geopolitics and the competition between the United States and China, the competition with Chinese products remains fierce. The Company's advantage in surpassing its competitors lies in its expertise in radio frequency and high-speed signal technology. Moving forward, the Company will prioritize vertical market integration and the development of high-quality AI services, providing users with safe

and reliable products and services.

(3) Strengthening cooperation with Tier 2 and Tier 3 telecom operators to secure long-term contracts with localized services.

The Company will focus on total solutions, including aggregation switch, broadband router (DSL, GPON, 4G/5G), home router (Wi-Fi/Mesh Router), together with network management system, software customization and update tools, remote maintenance management platform and localization services to secure long-term contracts.

II. Market and Sales Overview

(I) Market Analysis

1. Sales Regions of Main Products

Unit: NT\$ Thousand

Region \ Year		2022		2023	
		Amount	Percentage (%)	Amount	Percentage (%)
Export	America	793,231	10.95	476,539	8.33
	Europe	1,547,964	21.38	1,919,330	33.54
	Asia and others	4,281,350	59.13	2,673,988	46.74
	Subtotal	6,622,545	91.46	5,069,857	88.61
Domestic Sales		618,284	8.54	651,597	11.39
Total		7,240,829	100.00	5,721,454	100.00

Note: To present the figures of the Company.

Unit: NT\$ Thousand

Region \ Year		2022		2023	
		Amount	Percentage (%)	Amount	Percentage (%)
Export	America	1,332,290	7.80	1,222,790	7.67
	Europe	4,887,624	28.62	4,256,653	26.70
	Asia and others	10,239,690	59.96	9,665,315	60.63
	Subtotal	16,459,604	96.38	15,144,758	95.00
Domestic Sales		618,284	3.62	796,519	5.00
Total		17,077,888	100.00	15,941,277	100.00

Note: To present the consolidated figures of the Company.

1. Overview of Supply and Demand and Projected Growth

According to the latest estimates from the ITU, the global online population reached 5.4 billion in the year 2023, an increase of about 1.7 billion compared to 2018, with an annual growth rate of 7.8%. At the same time, this also indicates that approximately 2.6 billion people, or one-third of the global population, still lack internet coverage. In addition to the equipment replacement driven by continuous traffic growth, increasing global internet coverage and reducing information disparities are also consensus goals among major international economic organizations and member countries. Therefore, providing related products and services to areas and countries without internet coverage will bring significant new opportunities. This includes networking equipment such as switches, commercial wireless products, home wireless products, mobile broadband products, and IoT devices, all of which still have considerable growth potential.

(1) Switch

Despite the decline in corporate capital expenditure due to global inflationary pressures, the switch market in 2023 is expected to grow against the trend, according to the latest reports from various market research agencies. The year-on-year growth rate for the first three quarters is estimated to be between 20% and 30%. The main reasons for this growth include the increasing demand for data exchange processing driven by continuous growth in network traffic and the gradual normalization of supply chains post-pandemic, which previously suffered from shortages, benefiting many networking companies.

According to a recent report by Omdia, the switch market generated a total revenue of US\$49.9 billion in 2023, representing a growth of 33% compared to US\$37.5 billion in 2022. The main drivers of this growth are North America, Europe, the Middle East, and Africa. It is expected to continue growing slightly, with a projected total market size of US\$52.9 billion by 2027.

(2) Wi-Fi Product

The wireless product market primarily consists of commercial wireless access points, household wireless routers, and extenders. From the perspective of commercial wireless base stations, Wi-Fi 6 has become the mainstream in the market. The new technology, Wi-Fi 6E, is expected to gradually penetrate the market starting this year and replace Wi-Fi 6 by 2026. However, most customers are still waiting to see Wi-Fi 7. The decision to skip Wi-Fi 6E and directly upgrade to Wi-Fi 7 will depend on the maturity of Wi-Fi 7 technology and price progress. We are closely monitoring market dynamics. The latest market research data shows that the estimated overall market size for the commercial wireless base station market will reach approximately US\$12.4 billion by 2028. The market for household wireless products has experienced a decline in the past two years due to weak retail sales. However, it is anticipated to regain momentum in 2024 and exhibit gradual growth thereafter. The overall revenue is projected to rise from US\$3.1 billion in 2023 to US\$4.2 billion in 2028, with a compound annual growth rate of approximately 8.2%. The primary factor driving this growth will be the adoption of mesh routers.

(3) Mobile & Broadband Router

Based on market research, the total market value of broadband customer premises equipment (CPE) reached US\$12.5 billion in 2023. Fiber optic (PON) accounted for the largest share at 49%, followed by coaxial cable (DOCSIS) at 22%, telephone lines (DSL) at 19%, and fixed wireless access (4G/5G Fixed Wireless Access) at 9%.

The fiber optic market (PON) is currently dominated by 2.5G GPON, which holds a 51% market share. It is followed by 10G GPON, accounting for 27% of the market. However, the market share of 10G GPON is projected to increase to 56% in 2028, while 2.5GPON is expected to decline to 30%. Other technologies like EPON and P2P will gradually phase out of the market.

The DSL market for telephone lines is undergoing a substantial decline, projected to decrease from US\$24 billion in 2023 to \$19 billion in 2028. Specifically, VDSL will continue to decline, with its market share dropping from 71.3% in 2023 to 68.9% in 2028. The second highest market share, G.fast, is experiencing a gradual decline, but its market share will slightly increase from 24% to 26%.

Fixed Wireless Access (FWA), with its advantages of short deployment time and low installation cost, has become the optimal broadband access solution for areas with low population density. It can significantly reduce the installation cost of fiber optic for operators and improve the coverage of broadband networks. Hence, all market

research agencies predict a significant growth in fixed wireless access. The overall revenue is projected to rise from US\$1.15 billion in 2023 to US\$2.2 billion in 2028, with a compound annual growth rate of approximately 18%. Among them, due to its high unit price, the proportion of 5G FWA in terms of amount exceeded that of 4G FWA in 2023, reaching 66%. It is expected that the proportion of 5G FWA will reach 81% in 2028, four times that of 4G FWA. In terms of shipment volume, in 2023, 4G FWA had a slightly higher shipment volume of 7.3 million units compared to 5G FWA's 6 million units. Although in 2024, 5G FWA will surpass 4G FWA, it is expected that 4G FWA will continue to grow steadily. By 2028, the shipment volume of 4G FWA will reach 8.8 million units, while the rapidly growing 5G FWA is projected to increase from 6 million units in 2023 to 17.6 million units in 2028, with a high compound annual growth rate of 31%.

(4) AIoT

With more and more mature of key technologies to AIoT, lots of emerging application and services are gradually affecting people's work and life. According to predictions from various market research institutions, there are discrepancies in the overall market size of the Internet of Things (IoT) due to different classifications and estimation methods. However, all predictions fall within the range of several US\$ hundred billion and forecast that it will reach US\$1 trillion within a few years. Among them, Automotive IoT accounts for the highest percentage, approximately 33% to 40%. Industrial IoT follows with a share of approximately 25%, while Consumer IoT ranks third with a share of 10% to 15%. The remaining categories, including Smart City, Smart Finance, and Healthcare IoT, each account for approximately 10%.

2. Competitive Niche

- (1) We continue to create product differentiation and market segmentation through our strong R&D team and cross-industry alliances with our leading cloud service platforms and continuous launch of innovative products.
- (2) The overall networking product lines are complete, and core advantages can be created with solutions and service business models.
- (3) The Company has well-established marketing and service channels around the world, with the advantages of instant local services and production as well as customization.
- (4) We work with the world's leading service providers to thoroughly understand the needs and trends of new technologies in telecom segment, and provide industry-leading solutions with feedback from our global marketing network.

3. Favorable and Unfavorable Factors for Long-term Growth and Countermeasures

(1) Favorable Factors

A. The Global Networking Market has Development Potential

The vigorous development of various internet service applications has led to a continuous and rapid increase in global internet bandwidth, users, and traffic. This trend will necessitate the replacement of outdated network communication equipment, while also creating unlimited business opportunities through innovative application services that can generate sustainable income.

B. The Company will work closely with upstream chip suppliers to highlight brand value with differentiated software and comprehensive solutions.

The Company will form strategic alliances with major networking chip suppliers to strive to launch its products to the market in the shortest possible time with the first launch of new chips adopted. The Company will provide software with

excellent performance to increase customer stickiness to the brand.

C. Global Operations and Local Services

D-Link has established subsidiaries and nearly 100 sales offices in more than 50 countries around the world. The business covers a population of approximately 7 billion, accounting for 87% of the global population. It integrates global resources to provide the operation model of local services.

D. Flexible and Efficient Supply Chains

In order to reduce manufacturing costs and increase shipment flexibility, the current supply chains are mainly in Taiwan and mainland China. In the future, the supply chains can be applied to countries that require “local production” through turnkey transfer at any time to comply with local regulations.

E. Keeping Abreast of Customer Needs

We can create a smart home environment with mydlink as a platform, a smart enterprise environment with Nuclias as a platform, and a smart industrial environment with D-ECS as a platform to further provide customers with the best application services.

F. Cross-industry Strategic Alliance

D-Link has actively worked with the major telecom/distributors/third-party software suppliers around the world as strategic partners to create an advantage for growth, mutual benefit, and a win-win outcome.

(2) Unfavorable Factors

A. Intense Market Competition and Price-undercutting Pressure

New competitors are gradually entering the market, leading to a price war, which will affect the Company's profit.

Countermeasures:

- a. To reduce prices with large quantities by reducing the number of suppliers and reducing the number of product models to concentrate on a few ones.
- b. Reduce the distribution levels, investment in e-commerce, strengthen branches' ability to serve customers, and replace the low-price competition with the overall service quality.
- c. We are developing a series of service-oriented solutions to replace the previous single product competition, including enterprise cloud solutions, consumer cloud solution, consumer cloud integration solutions, smart home solutions, industry-specific application service solutions, and private 5G solutions, in order to provide differentiated products and services, create market segmentation, and break away from red sea price competition.
- d. Master the core networking technology to improve product quality and respond to market demand quickly.

B. Market turbulence caused by rapid Changes in monetary policy by major central banks worldwide.

The ongoing war between Russia and Ukraine, The Israel-Palestine conflict shows no signs of easing, and the unpredictable inflation complicates predictions, leading major central banks to hesitate in their monetary policies, ultimately affecting consumer confidence, further worsening the current state of rising inventory levels in the retail market, which is still expected to affect the achievement of the 2024 target.

Countermeasures:

- a. Monitor local retail market changes and customer inventory levels closely with overseas branches, and make adjustments to supply and demand.
- b. We will invest more resources in the enterprise and telecom markets to meet our customers' medium- and long-term strategic goals and replace products with services to increase our sustainable source of revenue.

(II) Main Uses and Production Process of the Main Products

1. Key Applications of Main Products

Main Products	Key Applications
Switches	Relieving network bandwidth to achieve the purpose of fast data transmission.
Internet Equipment	Connecting and integrating multiple devices between different networks.
Digital Subscriber Line Devices	Providing broadband access to telephone lines.
Wireless Network Equipment	Local area network composed of wireless transmission technology.
Home Network Equipment	Providing home computer and peripheral network equipment through the Internet and telephone lines.
Digital Home Appliances	Providing home digital devices and wireless home security automatic control devices for audio-visual multimedia applications.
Network Security Equipment	Providing network transmission security.
Optical Access Equipment	Relieving the network bandwidth to achieve the purpose of data security and fast transmission.
Mobile Communication Equipment	Connecting Internet applications through mobile communication networks.

2. Production Process of Main Products

The Company D-Link does not have its own production plants. However, after merging with Cameo on April 1, 2023, Cameo now possesses a comprehensive product production line, which includes Surface-mount technology (SMT), Dual In Line Package Process (DIP), as well as assembly and testing equipment.

(III) Supply Status of Main Materials

The Company does not engage in product manufacturing and does not face any issues with raw material supply. Since April 1, 2023, we have merged with Cameo as a subsidiary. Our main suppliers are specific domestic and foreign manufacturers with whom we have long-term cooperative relationships, and the supply of products remains normal. However, due to the impact of the epidemic, there is still a slight shortage of materials or extended delivery times in the upstream supply chain.

(IV) Information of Major Suppliers and Clients

1. Information of important suppliers and clients in the most recent two years: The consolidated Company did not have any clients whose individual amount accounted for more than 10% of the total sales revenue in 2023 and 2022.

2. Major suppliers in the most recent two years:

Unit: NT\$ Thousand

Item	2022				2023			
	Name	Amount	Percentage of Annual Net Purchases (%)	Relationship with the Issuer	Name	Amount	Percentage of Annual Net Purchases (%)	Relationship with the Issuer
1	Cameo Communications, Inc.	1,631,359	13	An associate of the Company	Company J	1,197,669	12	—
2	Alpha Networks Inc.	997,738	8	—	Company I	977,561	10	—
3	Company I	960,029	7	—	Cameo Communications, Inc.	666,555	7	An associate of the Company
4	Other	9,309,255	72	—	Other	7,293,125	71	—
	Net purchases	12,898,381	100	—	Net purchases	10,134,910	100	—

Analysis of changes: The proportion of Purchase from Company I and Company J had increased due to the changes of sales portfolio. Furthermore, the acquisition of control over Cameo in April 2023 has led to its inclusion as a subsidiary, resulting in the proportion of Purchase from Cameo Communications, Inc. decreased.

Note 1: The name, total trade amount, and the proportion to the total purchase of major suppliers that have accounted for at least 10% of procurement in the most recent two years. However, for those suppliers whose name cannot be disclosed according to the contract, or the trade counterpart is a non-related party individual, a code name can be used instead.

Note 2: Only the consolidated operating figures are demonstrated.

(V) Production Volume and Value in the Most Recent Two Years:

Unit: NT\$ Thousand/ Thousands of pieces

Production Major products	Year	2022			2023		
		Productivity	Production volume	Production value	Productivity	Production volume	Production value
Wired Communication Products		—	—	—	400	400	846,312
Wireless Communication Products		—	—	—	155	155	211,741
Other		—	—	—	3	3	245
Total		—	—	—	558	558	1,058,298

Note: On April 1, 2023, we acquired control of Cameo and incorporated its relevant data as a subsidiary.

(VI) Sales Volume and Value in the Most Recent Two Years

Unit: NT\$ Thousand/Pcs (EA)

Major Products	Annual Sales Value and Volume		2022				2023			
			Local		Export		Local		Export	
	Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount		
Switch & Security	2,407,048	227,171	7,471,865	7,129,214	180,248	331,092	6,793,131	7,031,450		
Wireless & IoT	105,215	141,877	4,586,111	2,918,679	144,215	155,168	3,080,135	2,135,452		
Mobile & Broadband	24,897	44,624	3,108,359	2,895,757	24,897	42,644	1,898,459	1,917,690		
Others	79,281	204,612	18,768,865	3,515,954	388,524	267,615	21,365,221	4,060,166		
Total	2,616,441	618,284	33,935,200	16,459,604	737,884	796,519	33,136,946	15,144,758		

Remarks: Only the consolidated operating figures of the Company are demonstrated.

III. Employee Statistics for the Most Recent Two Years

Year		2022	2023	As of March 31, 2024
Number of Employees	Direct Labor	0	0	0
	Indirect Labor	515	518	465
	Total	515	518	465
Average Age		41.67	41.92	42.32
Average Years of Service		7.07	7.44	7.66
Education Distribution Percentage (%)	Ph. D	0.19	0.19	0.22
	Master	29.32	29.34	29.89
	Bachelor	55.53	67.38	67.09
	High school	14.95	3.09	2.80
	Below high school	0	0	0

IV. Environmental Protection Expenditures

Any losses suffered by the Company in the most recent fiscal year and up to the Annual Report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

V. Labor Relations

(I) Implementation of Employee Welfare System

1. Employee Welfare Measures

- (1) Insurance: In addition to employee insurance in accordance with the government's regulations, the Company provides free employee group insurance and family preferential group insurance. Employees are also provided with travel safety insurance

and medical insurance coverage for sudden illnesses during overseas business trips, so that employees can work without worries.

- (2) **Company Facilities and Benefits:** The Company is situated in the Neihu office building, which offers a comfortable and modern working environment. We provide a range of amenities for our employees, including restaurants, coffee bars, outdoor cafes, vending machines, lounges, fitness centers, basketball courts, dance studios, shower rooms, and cozy private nursing rooms. Additionally, we have employed two massage therapists with disabilities to offer stress-relieving massages to our employees. Lastly, to promote a family-friendly workplace and support work-life balance, we have partnered with registered childcare service organizations to provide childcare services for our employees' children.
- (3) **Other Company Benefits:** The various employee welfare services are managed by the "D-Link of Employees' Welfare Committee". These services include subsidizing employees to establish clubs for various activities, organizing small to medium-sized events within the Company to foster camaraderie, allowing employees to apply for quarterly birthday group wellness fees for departmental gatherings or afternoon tea, providing subsidies for employee cafeteria meals, allowing employees to apply for annual travel subsidies (proportionally calculated for those employed for less than one year), and offering wedding congratulations gifts, birthday cash gifts, maternity subsidies, funeral condolences, hospital visitations, and emergency assistance. Furthermore, the company offers holiday bonuses to its employees.

2. Continuing Education and Training

Based on the organizational strategy, vision and value, the Company has been developing a comprehensive training program for new employees, general employees, junior supervisors, middle-level supervisors and senior supervisors, and other staff attributes. Based on off-the-job training, on-the-job training, and self-development, the Company aims to strengthen the human capital of the organization and build the D-Link learning system to enhance the sustainable management capability of the Company.

Under the Company's learning system, the off-the-job training includes new employee training, general training, professional training, and management training. On-the-job training includes work substitution arrangement, job coaching, job expansion and job enrichment to extend the depth and breadth of the work, and further accumulate professional strengths through coaching and assistance, participation in different projects, or internal classroom sharing. Self-development includes education, study, or participation in internal and external book clubs and seminars to enhance ability.

The Company has planned a complete training program for new recruits, including orientation on the first day of arrival, which helps new recruits quickly understand the Company's system and related benefits in a focused, in-depth manner. Subsequently, the Company arranges regular education training for new employees, introducing information about the Company's history, core value, products, cybersecurity, Data Protection Regulation in compliance with laws and regulations and occupational safety and health to strengthen the sense of belonging and recognition of the Company. The Company has included "Human Rights Promotion", "Intellectual Property and Personal Data Act Promotion", "Ethical Management Promotion" and "Gender Equality and Prevention of Sexual Harassment in the Workplace Promotion" as mandatory courses for new employees.

The Company encourages employees to participate in internal classroom and work experience sharing. Depending on the job attributes and professional skills required by each unit, we offer training courses internally or arrange external organizations for relevant

professional training. Senior employees also have the opportunity to take on coaching and mentoring roles to help new employees, interns, work-study students quickly integrate into the work and life at D-Link.

At the same time, the Company offers common training that incorporates corporate sustainable development goals, health promotion and legal compliance needs, and provides training and promotion through various channels (video broadcast on TV at the headquarters' public space, internal/external physical or online courses), including courses related to intellectual property and Personal Data Act, courses related to ethical management, courses related to gender equality and prevention of sexual harassment in the workplace, courses related to human rights, courses related to information security awareness, courses related to legal compliance, communication skill courses, leadership-related courses, and seminars related to health promotion, in order to enhance the work-life balance of employees.

In 2023, the Company arranged a total of 211 training sessions, with a total of 6,949 participants and 9,128.7 hours of course time; 153 internal training sessions were held, with 6,867 participants and 8,334.2 hours of course time; 58 external training sessions were held, with 82 participants and 794.5 hours of course time; 63 training sessions were held for new employees, with 600 participants and 747.8 hours of course time. 4 corporate sustainability-related courses were held, with 2,044 participants and 1,022 hours of course time; 25,961 corporate sustainability-related videos were played, with a total of 962 hours.

In addition to the pursuit of business growth and profitability, corporate sustainable operation relies on long-term adaptive education and development of talent. In 2023, the Company collaborated with a total of 12 universities, including Tsinghua University, National Taiwan University of Science and Technology, National Taipei University of Technology, National Taipei University, National Taipei University of Education, National Taiwan Ocean University, Yuan Ze University, Tamkang University, Aletheia University, United University, Shih Chien University, and Takming University of Science and Technology. Through the universities' industry-academia internship or work-study programs, we have hired a total of 18 interns and 10 work-study students to work at the Company, providing a bridge for students to connect with the industry in advance. We have also arranged coaches to provide timely guidance, deepening the cultivation of talent. In June of the 2022, the Company collaborated with National Taiwan University of Science and Technology to establish the "D-Link Group Scholarship", providing 10 full scholarships for master's degree students, encouraging and supporting Ukrainian and other foreign students to study in Taiwan with peace of mind. Currently, there are already 7 recipients. In the summer of 2023, assistance is provided to two foreign students in completing their internship at the headquarters. In addition to enhancing the Company's global talent strategy and achieving our vision of sustainable development, we also aim to act as a catalyst in helping Taiwan attract and nurture more technology talent.

3. Retirement System

The Company's retirement matters are handled in accordance with the Labor Standards Act, and also the Labor Pension Act launched in 2005 for the implemented new pension system. The Company's employees may choose between the old or new pension system based on their own will. For the old pension system, the Labor Retirement Reserve Fund Supervisory Committee is established, and a Labor Retirement Reserve Fund Account is set up according to the law, to which a fund is appropriated monthly accordingly. The retirement reserve fund is set aside at 2% of the actual salary at the contribution rate approved by the competent authority on a monthly basis and deposited in a special

account in the Bank of Taiwan.

The Company amended its employee retirement regulations in April 2020, which were approved by the Department of Labor, Taipei City Government. The balance of the Bank of Taiwan's labor retirement reserve fund is NT\$77,461 thousand. In 2023, the Company recognized pension expense of NT\$34 thousand and recorded a defined benefit asset of NT\$5,209 thousand in excess of the defined benefit obligation in the retirement reserve fund account. For employees who meet the retirement requirements under the law, pension payments are based on the length of service and the average salary for the six months prior to retirement, with two bases for each year of service up to and including 15 years and one base for each year of service over 15 years, subject to a maximum accumulation of 45 bases. In accordance with Article 3 of the Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds, the accumulated amount of the Company's labor pension is sufficient to cover the future retirement of all employees who chose the old pension system. After calculating the surplus of the retirement funds and the consideration and approval by the Supervisory Committee of the Company's labor pension reserve, the Company has reported to the Department of Labor, Taipei City Government to suspend the appropriation of the labor pension reserve from January 2023 to December 2024 (Notice of Department of Labor, Taipei City Government No. 1126002643 and 1136007415).

The Labor Pension Supervisory Committee meets once every three months. In 2023, the Labor Pension Supervisory Committee held four meetings (1/11、4/6、8/16、11/15), and may hold temporary meetings if necessary. In 2023, a total of three applications for labor retirement reserve fund under the old pension system were approved, and the pension were paid in accordance with law.

In accordance with the Labor Pension Act, the Company's defined contribution plan is based on a contribution rate of 6% of employees' monthly wages to the individual labor pension accounts at the Bureau of Labor Insurance, while overseas subsidiaries make contributions in accordance with the relevant local laws and regulations. The Company and overseas subsidiaries recognized pension expense of NT\$139,194 thousand in 2023.

4. Labor-management Agreements

As the Company has attached great importance to labor-management harmony and employee' rights and benefits since the establishment, our labor-management relations have been harmonious and positive. We hold labor-management meetings regularly every quarter to discuss labor-management issues and reach consensus through thorough communication.

The Company started the "Appointment with Supervisor" event at the end of 2022. Through this activity, employees can interact directly with senior executives and express more ideas and opinions.

- (1) In 2023, the Company held 4 labor relations meetings, and all the motions were voted by the representatives of both employers and employees. All the employees' responses were appropriately answered by the relevant units or departments. In addition, the minutes of the four labor relations meetings in 2023 have been published for the information of the employees.

*Time/date and motions of labor-management meetings:

Date/Time of Meeting	Meeting Agenda
10:00, March 22, 2023 (Wednesday)	None.
10:00, June 14, 2023 (Wednesday)	[Motion 1] Notification and promotion of credit card abnormalities [Extemporary Motion 1] Promoting and explaining various grievance channels [Extemporary Motion 2] Request information regarding the Company's education and training plan [Extemporary Motion 3] Request information regarding the Company's 2024 calendar planning
10:00, September 12, 2023 (Wednesday)	[Motion 1] Amendment to the work rules [Motion 1] Request information regarding the Company's 2024 calendar planning [Extemporary Motion 1] We suggest that the Company develop a more comprehensive plan for employee education and training, including self-learning and further education opportunities.
10:00, December 20, 2023 (Wednesday)	[Motion 1] Reaffirming the application of Article 30 and Article 32 of the Labor Standards Act [Motion 2] 2024 Employee and dependent group insurance [Motion 3] Adjusting the tax-exempt meal allowance in response to the proposed case [Motion 4] Initial massage plan [Discussion 1] The time for the quarterly labor relations meeting in 2024 is set

*Employee feedback of labor-management meetings:

Date/Time of Meeting	Meeting Agenda
10:00, March 22, 2023 (Wednesday)	[Feedback 1] We recommend integrating the parking lot entrance card machine into the swipe card system used for clocking in and out of work. [Feedback 2] Extend the flexibility of working hours
10:00, June 14, 2023 (Wednesday)	No employee feedback.
10:00, September 21, 2022 (Wednesday)	[Feedback1] Extend the flexibility of working hours [Feedback2] Modifying overtime meal reimbursement [Feedback3] It is recommended to install warning lights at blind spots in parking lot driveways. [Feedback4] Company should consider reclassifying travel subsidies.
10:00, December 20, 2023 (Wednesday)	[Feedback1] Suggestions for Repairing the Basketball Court [Feedback2] Offer employees the opportunity to request a specific number of work-from-home days. [Feedback3] Inquiry Regarding Company Salary Structure Planning

Date/Time of Meeting	Meeting Agenda
	[Feedback4] Consider implementing flexible leave or a delayed start of work on the day following the Company's year-end party. [Feedback5] Proposal for flexible holidays during the Mid-Autumn Festival and Double Tenth Day in 2024 [Feedback6] Request for early leave during the Lunar New Year

- (2) In December 2022, the Company started to hold the "Appointment with Supervisor" event to provide more opportunities for employees to interact directly with senior executive. As of the end of 2023, 11 events were held, with a total of 18 participants.
- (3) The Employee Welfare Committee of D-Link holds regular welfare committee meetings to provide employee-related benefits. A total of 5 Employee Welfare Committee meetings were held in 2023.
- (4) The Company launched the employee satisfaction and engagement survey in December 2023. The survey was completed in the end of the month, with a completion rate of 72.1% and a valid response rate of 66.0%.

5. Protection Measures for Employees' Rights and Interests

The Company's protection of employees' rights and interests, in addition to the actual implementation in accordance with the relevant laws and regulations, the management will improve the software and hardware facilities based on the employees' needs. In a year where there is a surplus, employees are also paid with compensation according to the Company's "Articles of Incorporation", so that employees can share the results of the operations.

In addition, the Company has set up internal complaint channels, and employees can file complaints through the channels below:

Complaint hotline: (02) 6600-0123 ext.1850

Complaint mailbox: A complaint may be placed in the complaint mailbox next to the HRD mailbox of the Human Resources Department on the 1st floor of the Company or mailed to D-Link850 employee complaint mailbox at (114) No. 289, Xinhu 3rd Road, Neihu District, Taipei City.

Complaints email: dlink850@dlinkcorp.com

6. Protection Measures for Work Environment and Employees' Personal Safety

In addition to following the regulations and guidelines of the central competent authority, the Company has passed the certification of the ISO 9001 quality management system (the certificate is valid from Nov. 1, 2019, to Nov. 1, 2022), ISO 14001 environmental management system (the certificate is valid from Oct. 29, 2021, to Oct. 29, 2024), and the latest version of the ISO 45001 occupational safety and health management system (the certificate is valid from Jan. 31, 2022, to Jan. 30, 2025). Through the certification by these professional organizations, the Company's environmental maintenance and employees' safety and health management at work are strengthened to achieve the protection of the work environment and employees' personal safety and health. Relevant operations are as follows:

- 6.1 Physical examinations for new employees and health checkups for existing employees
- 6.2 Identification, assessment, and control of work environment or job hazard
- 6.3 Management of machinery, equipment, or devices
- 6.4 Labeling and identification of hazardous materials
- 6.5 Sampling strategy planning and sample identification for hazardous operating

environments

- 6.6 Matters concerning safety assessment over processes or construction in hazardous workplaces
- 6.7 Matters concerning procurement management, contract management, and management changes
- 6.8 Formulation of safety and health work standards
- 6.9 Regular inspection, key inspection, job check, and on-site inspection tour
- 6.10 Safety and health education and training
- 6.11 Management of personal protective equipment
- 6.12 Matters concerning health examination, health management, and health promotion
- 6.13 Collection, sharing, and application of safety and health information
- 6.14 Emergency response measures and training
- 6.15 Investigation, handling, and statistical analysis of occupational disasters, false alarms, and events affecting physical and mental health
- 6.16 Measures for safety and health management recording and performance evaluation

In 2023, a total of 31 unit risk assessments were completed, all of which had acceptable risks. Quarterly regulatory audits resulted in updates to 5 regulations, bringing the total number of applicable regulations to 34. No deficiencies were identified in the internal audit in 2023. Automated inspections are carried out regularly for the forklift, with annual and monthly inspections, as well as daily operational checks before work. The elevator also undergoes regular inspections, both annually and monthly, with maintenance and repairs done in response to notifications. High and low-voltage electrical equipment is inspected every six months. Fire safety equipment inspections are conducted annually, while public safety inspections for buildings are done once every 2 years. In July of this year, the Department of Urban Development completed reporting and on-site inspections without any deficiencies. To ensure smooth evacuation in case of an emergency, 2 self-defense fire brigade training and drills were conducted in 2023 with participation from the Neihu Branch to ensure the effectiveness of the training. The results of the drills were reported to the fire brigade.

- (II) Any Losses Incurred as a Result of Labor Disputes in the Most Recent Fiscal Year, and During the Current Fiscal Year up to the Publication Date of the Annual Report (Including any Violations of the Labor Standards Act found in Labor Inspection, the Disposition Dates, Reference Numbers, the Articles Of Law Violated, the Contents of Law Violated, and the Content of the Dispositions), and an Estimate of Possible Expenses that Could be Incurred Currently and in the Future and Countermeasures Being or to be Taken Shall be Disclosed. If a Reasonable Estimate Cannot be Made, an Explanation Shall be Provided:** None.

VI. Cybersecurity Risk Management Framework:

- (I) Information and Communications Security Management Structure, Information and Communications Security Policy, Substantial Management Proposals, and Resources Invested in Information and Communications Security Management.**
 - 1. Information and Communications Security Management Structure**
 - (1) Information Security Governance Organization of D-Link**

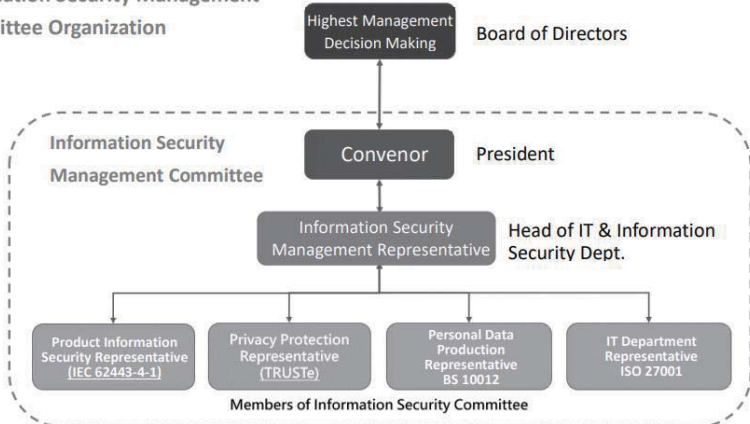
The Company has established the Information Security Management Committee in 2022, with the President as the convener to supervise the implementation of the Company's information security policy. To keep abreast of the information and communication security, we, in compliance with the ISO 27001: 2013 information security management system standard and the “Regulations Governing Establishment of Internal Control Systems by Public Companies”, assign the Information Technology and Security Department to be dedicated to information security and the head of the department to serve as the representative of information security management, coordinating the formulation and execution of information security and protection policies, risk management, and compliance audit. Each information security business-related unit (product, personal data, privacy, etc.) assigns its information security representative to regularly convene information security meetings to discuss information security policies and other relevant major issues and supervise the Company-wide operations of information security and the effectiveness of the information security risk management mechanism, while this organization regularly reports to the Board of Directors on the effectiveness of the overall operations and systems.

The Board of Directors adopted the “Information Security Management Policy” on February 22, 2022, and held the first Information Security Management Committee on July 25, 2022. We convene two Information Security Management Committee meetings annually to ensure the confidentiality, integrity, availability, and legality of our information assets through regular annual inspections.

(2) Information Security Organizational Structure of D-Link

D-Link Corporation

Information Security Management Committee Organization



2. Information and Communications Security Policy

(1) Information Security Management Strategy and Framework of D-Link

A. The Company has passed the ISO/IEC 27001:2013 Information Security Management System (ISMS) international standard certification. The certificate is valid from October 16, 2020, through October 15, 2026. The adoption of the

ISO27001 information security management system has strengthened the ability to respond to information security incidents, thereby protecting the Company's and customers' asset security. In the third quarter of 2023, we have passed the external audits and obtain certification for the new three-year ISO/IEC 27001:2013 international standard and complete the conversion to ISO/IEC 27001:2022 within the deadline, incorporating the information security-related controls of the new standard into the Company's information security control regulations in order to enhance the Company's information security.

- B. The Company has passed the IEC62443-4-1:2018 Secure Product Development Lifecycle Requirements, and the certificate is valid from November 30, 2020, through November 29, 2025. With that, we follow the strictest security standards from product design, development, testing to introduction in the product life cycle.
- C. The Company has passed the BS 10012:2017 Personal Information Management System (PIMS), and the current certificate is valid from December 1, 2021, to November 30, 2024, regulating all relevant procedures and applicable documents in addition to the compliance with the EU General Data Protection Regulation (GDPR) requirements.
- D. The Company has obtained the TRUSTe Certified Privacy seal in March 2022. To duly fulfill our commitment to privacy protection and security, we have been working closely with TrustArc Inc., a globally recognized authority on data privacy management, since 2014. It provides services, including privacy assessment, certification, and monitoring tools. Our website open to the public and domain have passed its audit and certification, and we have thus obtained the TRUSTe Certified Privacy seal. In 2023, we will continue to comply with the requirements of the standard to achieve the protection of customer data privacy.

(2) Corporate Information Security Risk Management and Continuous Improvement Framework

The Company has long been focusing on the development of network equipment and services. Information security is one of the critical tasks to which the Company attaches great importance and pays attention. Employees, organizations, suppliers, and operations-related information, and hardware and software equipment are all within the scope of concern. The Company, in compliance with ISO27001: 2013 information security management system standard, formulate information security policies, strengthens information security management and ensures that important information assets are protected from internal, external, intentional, or accidental threats to maintain the confidentiality, integrity, and availability of our information. Through information assets and risk management procedures, we have built and maintained the Company's crucial information assets based on a Plan-Do-Check-Act model to ensure the continuous operations of the Company's business, reduce business risks, improve service quality, and ensure that all information security policies, procedures, and operating guidelines can be consistently and effectively implemented in the Company.

3. Specific Management Plans

(1) Information Security Protection and Control

Network Security	<ul style="list-style-type: none"> Adopt advanced technology to scan computers and update software, strengthen software firewalls and computer control, and prevent the spread of computer viruses.
Device Security	<ul style="list-style-type: none"> Improve the endpoint anti-virus and virus scan mechanism to prevent ransomware and malicious programs from intruding into the Company. Strengthen the detection of malware and Trojan horse attachments for our email system.
Application Security	<ul style="list-style-type: none"> Develop security checks, evaluation standards, and improvement goals for application development processes. Continue to enhance the security control mechanism for applications and patch potential loopholes.
Access Control	<ul style="list-style-type: none"> Establish a user password management mechanism and a network security service mechanism, separate internal network from external connection, and control remote work, to safeguard network and data security.
Password Key Management	<ul style="list-style-type: none"> To ensure the confidentiality of the Company's system operations and accounts, conduct necessary password and key management, minimize the risk of leakage, and properly protect the Company's confidential and sensitive information.
Business Continuity Management	<ul style="list-style-type: none"> Establish a business continuity operation plan for important systems and hold exercises annually to ensure the continuous operation of the Company's business.
Information Security Incident Management	<ul style="list-style-type: none"> Establish information security incident notification and response procedures to reduce the damage caused by information security incidents.

(2) Check and Continuous Improvement

Education And Training	<ul style="list-style-type: none"> Increase employees' vigilance against email social engineering attacks and implement phishing email defense and detection. Regularly hold business continuity exercises to increase employees' awareness of information security.
Information Security Risk Management Monitoring	<ul style="list-style-type: none"> Entrust a third party to regularly conduct assessments of the Company's information security: ISO/IEC 27001:2013 information security management system IEC 62443-4-1:2018 product security development system certification BS 10012:2017 personal data protection management system
External Threat Detection Protection	<ul style="list-style-type: none"> Entrust a third party to perform vulnerability scans on a regular basis, collect external threat information on a regular basis, and conduct risk assessments based on the information content to strengthen protection against external information security threats. The Company has joined the Taiwan Computer Emergency Response Team/Coordination Center (TWCERT/CC) to regularly collect external threat information and conduct risk assessment based on the information content. Our information security

	personnel confirm and track the results of processed various information, thereby strengthening the protection against external information security threats.
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4. Resources Invested in Information and Communications Security Management

In 2021, the Company passed three international information security certifications, namely ISO/IEC 27001: 2013 information security management system, IEC 62443-4-1: 2018 product security development system, and BS 10012: 2017 personal data protection management system.

In 2022, the Company convened more than 20 internal and external information security-related meetings or training sessions and conducted information security education and promotion for all employees on the internal website every quarter. We held one safety education and training and two safety simulation tests for all employees. In addition, there is 1 dedicated personnel in the dedicated information security unit, and 7 assistants in information security and network management, operation and maintenance, who receive at least a total of 24 hours of professional information security training each year.

(II) Any Losses Incurred as a Result of Major Information and Communications Safety Incident in the Most Recent Fiscal Year and Current Fiscal Year up to the Publication Date of the Annual Report, and an Estimate of Possible Expenses that could be Incurred Currently and, in the Future, and Countermeasures Being or to be Taken Shall be Disclosed. If a Reasonable Estimate cannot be Made, an Explanation shall be Provided:

1. The Company Successfully obtained ISO/IEC 27001:2013 certification for information security in October 2023.
2. The Company passed the BS 10012:2017 data protection audit in October 2023.
3. In October 2023, the Company experienced a data breach incident involving the commercial network management software D-View. Upon investigation, it was discovered that the incident was caused by improper handling of test backup data from 2015. The Company's overall operation has remained unaffected, and there has been no compromise on customer rights. We have implemented the 2FA authentication login mechanism, strengthened testing of our data center and internal network management, conducted regular social engineering drills, and provided ongoing cybersecurity education and training to enhance employee awareness. Furthermore, we have engaged Deloitte, a third-party cybersecurity firm, to conduct a comprehensive assessment of our cybersecurity status to prevent the similar incidents.

VII. Important Contracts: None.

Chapter 6 Financial Information

I. Condensed Balance Sheet, Statement of Comprehensive Income and CPA's Audit Opinion in the Most Recent Five Years

(I) Condensed Parent Company Only Balance Sheet—Based on IFRS

Unit: NT\$ Thousand

Year		Financial Information for Most Recent Five Years (Note 1)				
		2019	2020	2021	2022	2023
Item						
Current Assets		987,330	2,243,494	766,388	2,815,776	2,198,399
Property, Plant, and Equipment		745,800	752,385	727,507	719,682	733,211
Intangible Assets		122,932	74,300	45,462	59,415	60,514
Other Assets		10,200,988	8,878,933	9,424,327	9,873,738	9,300,965
Total Assets		12,057,050	11,949,112	10,963,684	13,468,611	12,293,089
Current Liabilities	Before Distribution	2,718,198	1,731,164	1,373,995	2,708,233	1,541,190
	After Distribution	2,718,198	1,926,763	1,553,946	2,842,950	1,862,427
Non-current Liabilities		865,438	958,453	1,112,331	1,850,706	1,672,231
Total liabilities	Before Distribution	3,583,636	2,689,617	2,486,326	4,558,939	3,213,421
	After Distribution	3,583,636	2,885,216	2,666,277	4,693,656	3,534,658
Equity Attributable to Owners of the Parent		8,473,414	9,259,495	8,477,358	8,909,672	9,079,668
Ordinary Shares		6,519,961	6,519,961	5,998,365	5,998,365	6,028,365
Capital Surplus		1,598,807	1,523,313	1,522,573	1,342,623	1,364,335
Retained Earnings	Before Distribution	1,759,933	2,825,412	2,822,455	2,972,141	3,384,400
	After Distribution	1,759,933	2,629,813	2,822,455	2,837,424	3,063,163
Other Equity Interest		(1,405,287)	(1,606,191)	(1,866,035)	(1,403,457)	(1,614,609)
Treasury Shares		—	—	—	—	(82,823)
Non-controlling Interests		—	—	—	—	—
Total Equity	Before Distribution	8,473,414	9,259,495	8,477,358	8,909,672	9,079,668
	After Distribution	8,473,414	9,063,896	8,297,407	8,774,955	8,758,431

Note 1: The Individual financial data in the most recent five years has been audited by CPAs.

Note 2: 2023 earnings distribution proposal has been approved by the Board Meeting.

(II) Condensed Parent Company Only Income Statement—Based on IFRS

Unit: NT\$ Thousand

Item \ Year	Financial Information for Most Recent Five Years (Note 1)				
	2019	2020	2021	2022	2023
Operating Revenue	1,701,547	1,508,054	1,392,575	7,240,829	5,721,454
Gross Profit	902,899	868,868	871,694	952,336	986,781
Operating Profit (Loss)	(427,246)	(628,024)	(332,301)	(86,286)	94,902
Non-operating Income and Expenses	(86,309)	1,942,807	570,833	225,610	498,198
Profit (Loss) Before Tax	(513,555)	1,314,783	238,532	139,324	593,100
Net Profit (Loss) from Continuing Operations	(508,327)	1,239,925	239,197	109,233	567,581
Loss from Discontinued Operations	—	—	—	—	—
Net Profit (Loss)	(508,327)	1,239,925	239,197	109,233	567,581
Other Comprehensive Income (Income After Tax)	(77,652)	(199,443)	(304,130)	498,950	(180,450)
Total Comprehensive Income	(585,979)	1,040,482	(64,933)	608,183	387,131
Net Income Attributable to Owners of the Parent	(508,327)	1,239,925	239,197	109,233	567,581
Net Income Attributable to Non-controlling Interests	—	—	—	—	—
Total Comprehensive Income Attributable to Owners of the Parent	(585,979)	1,040,482	(64,933)	608,183	387,131
Total Comprehensive Income Attributable to Non-controlling Interests	—	—	—	—	—
Earnings (Loss) Per Share	(0.78)	1.90	0.38	0.18	0.95

Note 1: The Individual financial data in the most recent five years has been audited by CPAs.

(III) Consolidated Condensed Balance Sheet—Based on IFRS

Unit: NT\$ Thousand

Item	Year	Financial Information for Most Recent Five Years (Note 1)				
		2019	2020	2021	2022	2023
Current Assets		10,161,487	12,551,922	10,109,933	11,103,868	11,770,060
Property, Plant, and Equipment		1,081,754	1,029,671	974,725	978,816	2,394,081
Intangible Assets		586,308	511,329	472,238	516,922	784,615
Other Assets		3,881,461	1,857,308	2,946,968	2,821,935	1,672,023
Total Asset		15,711,010	15,950,230	14,503,864	15,421,541	16,620,779
Current Liabilities	Before Distribution	5,937,479	5,346,116	4,589,921	4,953,414	3,832,540
	After Distribution	5,937,479	5,541,715	4,769,872	5,088,131	4,153,777
Non-current Liabilities		847,492	863,759	911,607	906,671	1,192,516
Total Liabilities	Before Distribution	6,784,971	6,209,875	5,501,528	5,860,085	5,025,056
	After Distribution	6,784,971	6,405,474	5,681,479	5,994,802	5,346,293
Equity Attributable to Owners of the Parent		8,473,414	9,259,495	8,477,358	8,909,672	9,079,668
Ordinary Shares		6,519,961	6,519,961	5,998,365	5,998,365	6,028,365
Capital Surplus		1,598,807	1,523,313	1,522,573	1,342,623	1,364,335
Retained Earnings	Before Distribution	1,759,933	2,825,412	2,822,455	2,972,141	3,384,400
	After Distribution	1,759,933	2,629,813	2,822,455	2,837,424	3,063,163
Other Equity Interest		(1,405,287)	(1,609,191)	(1,866,035)	(1,403,457)	(1,614,609)
Treasury Shares		—	—	—	—	(82,823)
Non-controlling Interest		452,625	480,860	524,978	651,784	2,516,055
Total Equity	Before Distribution	8,926,039	9,740,355	9,002,336	9,561,456	11,595,723
	After Distribution	8,926,039	9,544,756	8,822,385	9,426,739	11,274,486

Note 1: The Individual financial data in the most recent five years has been audited by CPAs.

Note 2: 2023 earnings distribution proposal has been approved by the Board Meeting.

(IV) Consolidated Condensed Income Statement—Based on IFRS

Unit: NT\$ Thousand

Item \ Year	Financial Information for Most Recent Five Years (Note 1)				
	2019	2020	2021	2022	2023
Operating Revenue	16,996,048	15,179,443	15,524,901	17,077,888	15,941,277
Gross Profit	4,739,532	4,775,295	4,188,757	4,314,830	3,844,396
Operating Profit (Loss)	(384,756)	80,226	169,868	552,508	126,173
Non-operating Income and Expenses	95,203	1,416,500	224,855	(94,930)	734,903
Profit (Loss) Before Tax	(289,553)	1,496,726	394,723	457,578	861,076
Net Profit (Loss) from Continuing Operations	(441,741)	1,310,560	318,111	260,382	697,678
Loss from Discontinued Operations	—	—	—	—	—
Net Profit (Loss)	(441,741)	1,310,560	318,111	260,382	697,678
Other Comprehensive Income (Income After Tax)	(97,830)	(235,153)	(327,143)	495,406	(186,528)
Total Comprehensive Income	(539,571)	1,075,407	(9,032)	755,788	511,150
Net Income Attributable to Owners of the Parent	(508,327)	1,239,925	239,197	109,233	567,581
Net Income Attributable to Non-controlling Interests	66,586	70,635	78,914	151,149	130,097
Total Comprehensive Income Attributable to Owners of the Parent	(585,979)	1,040,482	(64,933)	608,183	387,131
Total Comprehensive Income Attributable to Non-controlling Interests	46,408	34,925	55,901	147,605	124,019
Earnings (Loss) Per Share	(0.78)	1.90	0.38	0.18	0.95

Note 1: The financial information in the most recent five years has been audited by CPAs.

(V) Information on CPAs and Auditors' Opinion in the Most Recent Five Years

Year	Name of CPA	Audit Opinion
2019	Pao-Lien Chou and Chiu-Hua Hsieh	Unqualified opinion (emphasis of matter or other matters)
2020	Pao-Lien Chou and Chiu-Hua Hsieh	Unqualified opinion (emphasis of matter or other matters)
2021	Chiu-Hua Hsieh and Pao-Lien Chou	Unqualified opinion (emphasis of matter or other matters)
2022	Chiu-Hua Hsieh and Pao-Lien Chou	Unqualified opinion (emphasis of matter or other matters)
2023	Chiu-Hua Hsieh and Stu-Ying Chang	Unqualified opinion (emphasis of matter or other matters)

II. Financial Analysis in the Most Recent Five Years

(I) Comprehensive Analysis of Parent Company Only Financial Information (IFRS):

Item (Note 3)		Year	Financial Analyses for Most Recent Five Years (Note 1)				
		2019	2020	2021	2022	2023	
Financial Structure (%)	Debt to Assets Ratio	29.72	22.51	22.68	33.85	26.14	
	Ratio of Long-Term Capital to Property, Plant, and Equipment	1,136.15	1,230.69	1,165.26	1,342.54	1,341.04	
Solvency (%)	Current Ratio	36.32	129.59	55.78	103.97	142.64	
	Quick Ratio	31.18	121.11	45.62	87.23	123.18	
	Times Interest Earned	(42.18)	148.76	42.79	32.11	213.73	
Operating Performance	Accounts Receivables Turnover (times)	6.27	5.33	5.65	7.58	4.16	
	Average Collection Days	58.21	68.48	64.60	48.15	87.74	
	Inventory Turnover (times)	6.20	4.39	4.07	23.84	13.84	
	Accounts Payables Turnover (times)	3.60	3.22	3.79	6.80	4.06	
	Average Days in Sales	58.87	83.14	89.68	15.31	26.37	
	Property, Plant, and Equipment Turnover (times)	2.27	2.01	1.88	10.01	7.88	
	Total Assets Turnover (times)	0.13	0.13	0.12	0.59	0.44	
Profitability Analysis	Return on Total Asset (%)	(3.92)	10.39	2.13	0.92	4.42	
	Return on Equity (%)	(5.75)	13.98	2.70	1.26	6.31	
	Ratio of Income Before Tax to Paid-in Capital (%)	(7.88)	20.17	3.98	2.32	9.84	
	Net Profit Margin (%)	(29.87)	82.22	17.18	1.51	9.92	
	Earnings Per Share (NT\$)	(0.78)	1.90	0.38	0.18	0.95	
Cash Flow	Cash Flow Ratio (%)	13.93	Note 2	Note 2	4.92	8.69	
	Cash Flow Adequacy Ratio (%)	90.47	53.58	24.13	11.95	Note 2	
	Cash Reinvestment Ratio (%)	2.43	Note 2	Note 2	Note 2	Note 2	
Leverage	Operating Leverage	0.72	0.83	0.69	(1.87)	3.25	
	Financial Leverage	0.97	0.99	0.98	0.95	1.03	

Analysis of Financial Ratio Difference in the Most Recent Two Years

1. Decrease in the Debt-to-Asset Ratio: Mainly due to a significant reduction in 2023 accounts payable, debt provisions, and deferred income tax liabilities.
2. Increase in the Current Ratio, Quick Ratio, and Cash Flow Ratio: mainly due to a significant decrease in 2023 current liabilities.
3. Increase in Times interest Earned: Mainly due to increase in earnings before interest and tax in 2023.
4. Decrease in the Accounts Receivable Turnover (times): Due to the decline in 2023 net operating Revenue, which has resulted in a significant reduction in accounts receivable by the end of the year.
5. Decrease in Property, Plant, and Equipment Turnover (times), as well as Total Assets Turnover (times), and increase in Average Collection Days: Mainly due to a decline in 2023 net operating revenue.
6. Decrease in the Inventory Turnover (times) and Accounts Payables Turnover (times), and increase in Average Days in Sales: Mainly due to the decline in 2023 net operating revenue, which has resulted in a significant reduction in inventories and accounts payable from purchase by the end of the year.
7. Increase in Return on Total Asset, Return on Equity, Ratio of Income Before Tax to Paid-in Capital, Net Profit Margin, and Earnings Per Share: Mainly due to the increase in net income before and after tax in 2023.
8. Increase in Operating Leverage: Mainly due to 2023 net operating income.

Note 1: The individual financial information for the most recent five fiscal years has been audited and attested by CPAs using IFRS.

Note 2: The Cash Reinvestment Ratio is negative, and therefore a cash flow analysis is not applicable.

Note 3: The following calculation formulas shall be listed at the end of this Table in the Annual Report.

(II) Comprehensive Analysis of Consolidated Financial Information (IFRS):

Item (Note 3)		Year	Financial Analyses for the Past Five Fiscal Years				
			(Note 1)				
			2019	2020	2021	2022	2023
Financial Structure (%)	Debt to Assets Ratio	43.19	38.93	37.93	38.00	30.23	
	Ratio of Long-term Capital to Property, Plant, and Equipment	825.14	945.97	923.58	976.84	506.44	
Solvency (%)	Current Ratio	171.14	234.79	220.26	224.17	307.11	
	Quick Ratio	120.09	185.03	141.21	138.10	216.43	
	Times Interest Earned	(6.16)	53.92	16.24	27.03	27.39	
Operating Performance	Accounts Receivables Turnover (times)	4.09	4.37	4.65	4.86	4.77	
	Average Collection Days	89.24	83.52	78.49	75.10	76.51	
	Inventory Turnover (times)	3.13	3.13	3.25	2.90	2.65	
	Accounts Payables Turnover (times)	3.81	3.68	4.22	4.59	5.35	
	Average Days in Sales	116.61	116.61	112.30	125.86	137.73	
	Property, Plant, and Equipment Turnover (times)	15.57	14.38	15.49	17.48	9.45	
	Total Assets Turnover (times)	1.02	0.96	1.02	1.14	1.00	
Profitability Analysis	Return on Total Asset (%)	(2.28)	8.44	2.23	1.83	4.52	
	Return on Equity (%)	(5.48)	13.29	2.55	1.18	5.37	
	Ratio of Income Before Tax to Paid-in Capital (%)	(4.44)	22.96	6.58	7.63	14.28	
	Net Profit Margin (%)	(2.99)	8.17	1.54	0.64	3.56	
	Earnings Per Share (NT\$)	(0.78)	1.90	0.38	0.18	0.95	
Cash flow	Cash Flow Ratio (%)	0.78	17.62	(36.41)	3.90	28.36	
	Cash Flow Adequacy Ratio (%)	193.65	251.89	15.61	17.28	19.47	
	Cash Reinvestment Ratio (%)	Note 2	8.28	Note 2	Note 2	5.95	
Leverage	Operating Leverage	0.03	5.18	2.77	1.50	3.97	
	Financial Leverage	0.90	1.54	1.18	1.03	1.35	

Analysis of Financial Ratio Difference in the Most Recent Two Years

1. Decrease in Debt-to-Asset Ratio, Ratio of Long-term Capital to Property, Plant, and Equipment, and Property, Plant, and Equipment Turnover: Mainly due to the increase in property, plant, and equipment in 2023.
2. Increase in Current Ratio and Quick Ratio: Mainly due to the decrease in accounts payable in 2023.
3. Increase in Return on Total Asset, Return on Equity, Ratio of Income Before Tax to Paid-in Capital, Net Profit Margin, and Earnings Per Share: Mainly due to the increase in profit before tax and net profit attributable to owners of parent in 2023.
4. Increase in Cash Flow Ratio and Cash Reinvestment Ratio: Mainly due to the increase in net cash inflow from operating activities in 2023.
5. Increase in Operating Leverage: Mainly due to the increase in fixed costs and decrease in net operating income in 2023.
6. Increase in Financial Leverage: Mainly due to the increase in interest expenses in 2023.

Note 1: The financial information for the most recent five fiscal years has been audited and attested by CPAs using IFRS.

Note 2: The Cash Reinvestment Ratio is negative, and therefore a cash flow analysis is not applicable.

Note 3: The following calculation formulas shall be listed at the end of this Table in the Annual Report:

1. Financial Structure

(1) Debt to Assets Ratio = Total liabilities/Total assets.

(2) Ratio of Long-term Capital to Property, Plant, and Equipment = (Shareholders' equity + Noncurrent liabilities)/Net property, plant, and equipment.

2. Solvency

(1) Current Ratio = Current assets/Current liabilities

(2) Quick Ratio = (Current assets - Inventories - Prepaid Expenses)/Current liabilities.

(3) Times Interest Earned = Profit before interest and tax expenses/Interest expenses.

3. Operating Performance

(1) Accounts Receivable Turnover (times) (including accounts receivable and notes receivable from business operations) = Net sales/Average account receivable (including accounts receivable and notes receivable from business operations).

(2) Average Collection Days = 365/Accounts receivables turnover.

(3) Inventory Turnover = Cost of Goods Sales/Average inventory.

(4) Accounts Payable Turnover (times) (including accounts payable and notes payable from business operations) = Cost of Goods Sales/Average accounts payable (including accounts payable and notes payable from business operations).

(5) Average Days in Sales= 365/Inventory Turnover.

(6) Property, Plant, and Equipment Turnover (times) = Net sales/Average net property, plant, and equipment.

(7) Total Assets Turnover (times) = Net sales/Average total assets.

4. Profitability Analysis

(1) Return on Total Assets = [Net income + Interest expenses x (1 – effective tax rates)]/Average total assets.

(2) Return on Equity = Net income (loss) after tax/Average total equity.

(3) Net Profit Margin = Net income (loss) after tax/Net sales.

(4) Earnings Per Share = (Net income (loss) attributable to owners of the parent – Dividends from prefer stock) /Weighted average number of shares outstanding. (Note 4)

5. Cash Flow

(1) Cash Flow Ratio = Net cash flows from business activities/Current liabilities.

(2) Cash Flow Adequacy Ratio = Most recent five-year cash flow from business activities / Most recent five-year (Capital expenses + Additional inventory amount + Cash dividend).

(3) Cash Reinvestment Ratio = (cash from business activities - Cash dividend)/(Gross property, plant, and equipment + Long-term investments + Other non-current assets + Working capital). (Note 5)

6. Leverage

(1) Operating Leverage = (Net operating revenue - variable operating costs and expenses) /operating income (Note 6).

(2) Financial Leverage = Operating profit/(Operating profit - Interest expenses).

Note 4: Special attention should be paid to the following when calculating earnings per share by the above equation:

1. The weighted average quantity of outstanding common shares shall be taken as the standard, not the quantity of outstanding shares at the end of the year.

2. If there is any cash capital increase or treasury stock transaction, take the circulation periods into account when calculating the weighted average quantity of outstanding shares.

3. If there is any capitalization of retained earnings or capital surplus, the annual and semi-annual earnings per share of past years shall be retrospectively adjusted pro rata to the size of the capital increase, without considering the issuance period of the capital increase.

4. If the preferred shares are non-convertible cumulative preferred shares, the dividend for the fiscal year (whether it has been distributed or not) shall be deducted from the net income after tax or added to the net loss after tax. If the preferred shares are non-cumulative, the dividend shall be deducted from the net income after tax if there is net income after tax and no adjustment is required in case there is loss.

- Note 5: Special attention shall be paid to the following when making the calculations for cash flow analysis:
1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
 2. Capital expenditures refers to the annual cash outflow used in capital investment.
 3. Increase in inventory is counted only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory has decreased at the end of the year, it is counted as zero.
 4. Cash dividends include the cash dividends of common stock and preferred stock.
 5. Gross property, plant and equipment refers to the total property, plant and equipment without deduction of accumulated depreciation.
- Note 6: The issuer shall categorize the operating costs and operating expenses into fixed ones and variable ones in accordance with their properties. If the categorization is subject to estimation or subjective judgment, attention shall be paid to ensure that it is done rationally and consistently.
- Note 7: In the case of a company whose shares have no par value or a par value other than NT\$10, any calculations that involve paid-in capital ratio shall be replaced with the equity ratio belonging to the owner of the parent company, as shown in the balance sheet.

III. Audit Committee's Report on the 2023 Financial Statements

D-Link Corporation Audit Committee's Review Report

The 2023 parent company only financial statements and consolidated financial statements, which were agreed upon the Audit Committee and resolved by the board, were audited by the CPAs Chiu-Hua Hsieh and Shu-Ying Chang of KPMG, and a review report was issued.

In addition, the Board of Directors has prepared the Company's 2023 Business Report, and the proposal for earnings appropriation. These have been reviewed and determined by the Audit Committee in accordance with Article 14-4 of the "Securities and Exchange Act" and Article 219 of the "Company Act", I hereby submit this Report.

Best regards

2024 Annual General Shareholders' meeting, D-Link Corporation

Convener of the Auditing Committee: Chen, Chin-Ming

February 27, 2024

- IV. Financial Statements for the Most Recent Year:** Please refer to pages 213 to 310 of this Annual Report.
- V. Individual Financial Statements Audited and Attested by CPAs for the Most Recent Year:** Please refer to pages 311 to 413 of this Annual Report.
- VI. The Company and its Affiliated Companies Encountered any Financial Difficulties that Affect the Company's Financial Status in the Most Recent Year as of the Publication Date of this Annual Report:** None.

Chapter 7 Review of Financial Conditions, Financial Performance, and Risk Management

I. Analysis of Financial Status

Unit: NT\$ Thousand

Item	Year		Difference	
	2022	2023	Amount	Percentage (%)
Current Assets	11,103,868	11,770,060	666,192	6
Property, Plant, and Equipment	978,816	2,394,081	1,415,265	145
Intangible Assets	516,922	784,615	267,693	52
Other Assets	2,821,935	1,672,023	(1,149,912)	(41)
Total Assets	15,421,541	16,620,779	1,199,238	8
Current Liabilities	4,953,414	3,832,540	(1,120,874)	(23)
Non-current Liabilities	906,671	1,192,516	285,845	32
Total Liabilities	5,860,085	5,025,056	(835,029)	(14)
Ordinary Shares	5,998,365	6,028,365	30,000	1
Capital Surplus	1,342,623	1,364,335	21,712	2
Retained Earnings	2,972,141	3,384,400	412,259	14
Other Items of Shareholders' Equity	(751,673)	818,623	1,570,296	(209)
Total Equity	9,561,456	11,595,723	2,034,267	21

Remarks: Only the consolidated operating figures of the Company are demonstrated.

Analysis of changes in increase/decrease ratio exceeding 20%:

- Increase in property, plant, and equipment, and intangible assets during this period: Mainly due to the increase in related assets resulting from the new consolidated subsidiary in 2023.
- Decrease in other assets during this period: Mainly due to the new consolidated subsidiary which has changed from having significantly influence to having substantial control over it, and results in a reduction in investments accounted for using equity method in 2023.
- Decrease in current liabilities during this period: Mainly due to the new consolidated subsidiary in 2023 resulted in a decrease in accounts payable.
- Decrease in non-current liabilities during this period: Mainly due to the new consolidated subsidiary in 2023 resulted in an increase in long-term liabilities.
- The increase in other items of shareholders' equity and total equity during this period: Mainly due to the new consolidated subsidiary in 2023 resulted in an increase in non-controlling interests.
- The remaining items are exempted from analysis as the change ratio is within 20%.

II. Financial Performance

(I) Analysis of Financial Performance

Unit: NT\$ Thousand

Item	Year		Increase/Decrease	Percentage (%)
	2022	2023		
Net Operating Revenue	17,077,888	15,941,277	(1,136,611)	(7)
Operating Costs	<u>12,763,058</u>	<u>12,096,881</u>	<u>(666,177)</u>	(5)
Gross Profit	4,314,830	3,844,396	(470,434)	(11)

Operating Expenses	<u>3,762,322</u>	<u>3,718,223</u>	<u>(44,099)</u>	(1)
Net Operating Income	552,508	126,173	(426,335)	(77)
Non-operating Income and Expenses	<u>(94,930)</u>	<u>734,903</u>	<u>829,833</u>	(874)
Net Profit Before Tax from Continuing Operations	457,578	861,076	403,498	88
Less: Income Tax Expenses	<u>197,196</u>	<u>163,398</u>	<u>(33,798)</u>	(17)
Net Profit	<u>260,382</u>	<u>697,678</u>	<u>437,296</u>	168

Remarks: Only the consolidated operating figures of the Company are demonstrated.

Analysis of changes in increase/decrease ratio exceeding 20%:

1. The decrease in net operating income for the period was mainly due to the decrease in operating revenue for the period.
2. The increase in non-operating income and expenses, net profit before tax from continuing operations, and net profit for the period was mainly due to the increase in gains on disposal of investments, foreign exchange gains and gains on valuation of financial assets and liabilities in 2023.
3. The remaining items are exempted from analysis as the change ratio is within 20%.

Expected Sales Volume and its Basis, Potential Impact on the Company's Future Financial Operations, and Response Plans Thereof:

Based on the most recent data released by IBISWorld in September 2023, the total monthly internet traffic in 2023 reached approximately 374 EB (1 EB = 103 PB = 106 TB = 109 GB), reflecting a growth of around 13% compared to the monthly traffic of 331 EB in 2022. The slight decrease in home internet traffic demand is attributed to the slowdown in growth, easing of the pandemic, global reopening, return to offices, and retaliatory travel. However, traffic for activities such as 4K/8K video streaming, web browsing, various online gaming, gaming platforms, generative artificial intelligence, and social media sites is expected to continue growing. The increase in traffic is directly linked to the demand for network infrastructure equipment. This encompasses switches used in telecommunications bureaus and cloud centers, transmission equipment for enterprise-level switches, wireless base stations for home wireless routers, broadband and mobile routers, as well as other network communication devices.

1. Commercial Product Line

(1) Switch Products

As expectations for a temporary pause in interest rate hikes and subsequent rate cuts by the ECB and the Fed gradually diminish, it is anticipated that corporate capital expenditure will rebound this year. Furthermore, the ongoing trend of generative AI is expected to persist, necessitating not only significant computing power but also a substantial increase in network traffic demand. Consequently, the demand for switches in the corporate, telecommunications, and retail markets is expected to remain stable and gradually increase. This year, in addition to the continued promotion of enterprise cloud solutions, the introduction of multiple new series of 10G/25G/100G switches will also contribute to revenue growth, and together with the existing main 1Gbps class switches, the overall market share will likely further increase.

(2) Wireless Access Point and VPN Gateway Products

In addition to launching several models of enterprise-grade Wi-Fi 6 access points at the beginning of the year, we have also planned for the release of the next-generation enterprise-grade Wi-Fi 7 access points, which are expected to be available in the second half

of the year. Furthermore, with Wi-Fi 6 VPN Gateway and intelligent management platform, we aim to assist SMEs in building a smoother, more convenient, stable, and secure remote office environment.

2. Home Product Line

(1) Home Wireless Routers

The widespread use of mobile devices, along with the availability of various internet services, has transformed the wireless router at home into the central hub for household internet usage. The Company not only continuously launches routers with the latest specifications of Wi-Fi 6E and Wi-Fi 7, but we have also started integrating Matter technology based on AI. Coupled with a series of IoT devices, to build a smart home solution that provides services in a hope to increase sustainable revenue and stabilize profitability.

(2) IP Camera and IoT

Among all AIoT devices, the digital camera serves as the eyes of the smart home network, being the only device capable of receiving images. On the other hand, the various IoT detectors are like the sensory nerves of the human body, responsible for receiving different types of information. Once transmitted through the network to the router for analysis, appropriate actions are taken. According to market research predictions, the annual compound growth rate of demand for IPCAM from 2022 to 2027 was approximately 20.68%. The overall market size reaches 147.7 billion US dollars. This year, the Company will continue to work closely with its ODM partners, to strengthen AI integration in products and expand the application of affordable cloud added-value services based on high-level network security standards. The Company is expecting an increase in brand awareness in the competition and proportion of service fee income by a series of Matter-based smart networking devices in the future.

3. Telecom Product Line

(1) Broadband Network Products

Although the demand for copper wire is gradually being replaced by optical fiber, there is still some demand in developing countries. The Company continues to invest some resources to serve the existing customers in order to secure the market share and customers. There is insufficient bandwidth in the previous fiber optic network of GPON (2.5Gbps). The major network companies are making every effort to gain a foothold in the 10G PON market. With the maturity of the technology. The market share of XGS-PON (10Gbps for both uploading and downloading) is expected to increase rapidly in recent years in response to the emergence of KOLs and the huge traffic demand of Tik Tok and generative AI for uploading videos. Following the ongoing telecom project in 2023, XGS-PON products will be expanded in 2024 together with a series of Mesh Router to offer telecommunications companies more options, either in the form of one-box or two-boxes, and expedite the customization process with our experienced research and development team, this year will commence the Company's Transition from Copper to Fiber.

(2) Mobile Broadband Products

With the gradual increase of 5G coverage, 5G FWA (Fixed Wireless Access) has become a broadband access solution in low population density areas due to advantages such as shorter deployment time and lower labor and equipment costs, which can increase broadband network coverage while significantly reducing operators' fiber deployment costs. In addition, 5G that integrated with AI and cloud computing technologies can develop various applications and services, such as IoV, smart monitoring, remote industrial control, etc. It is also one of the most important infrastructures in the AIoT. The Company has successively launched Sub-6 5G indoor router and 5G mobile router, and has gained market share. This year, to fulfill the demand of a growing number of mobile connections, D-Link will also focus

on 4G/5G vertical integration, to provide a series of M2M solutions such as Smart vehicle system integrated solution, Smart industry IoT integrated solution, Smart Energy and so on.

III. Analysis of Cash Flow

(I) Change in Cash Flow in the Most Recent Fiscal Year

Unit: NT\$ Thousand

Cash at Beginning of Year (1)	Net Cash Flow from Operating Activities (2)	Cash Inflows (Outflows) from Investment, Financing Activities and Exchange Rate Changes (3)	Cash Surplus (Inadequacy) (1) + (2) + (3)	Remedial Measures for Cash Inadequacy	
				Investment plan	Financing plan
2,713,085	1,086,855	297,756	4,097,696	-	-

Analysis of Change in the Cash Flow during the Year:

- (1) Operating Activities: The net cash inflow from operating activities mainly comes from operating profits and depreciation and amortization, after deducting income tax payments.
- (2) Investment Activities: The primary factor behind the rise in cash was the inclusion of Cameo Communications' financial report, which led to a net cash inflow after accounting for the outflow related to the acquisition of fixed and intangible assets.
- (3) Financing Activities: The main cash outflow is primarily attributed to the distribution of cash dividends, repayment of lease principal, and repayment of bank loans by the Company's subsidiary, Cameo Communications.
- (4) Effect of Exchange Rate: The main factor contributing to the cash outflow is the aggregate impact of financial statement translation for the subsidiary.

- (II) **Improvement Plan for Insufficient Liquidity:** The Company does not suffer from insufficient liquidity.
- (III) **Cash Liquidity Analysis for the Coming Year (2024):** The Company maintains a stable cash flow and manages cash expenditures based on cash on hand and cash flow from operating and investing activities. The Company also evaluates financial market conditions and prudently plans financing activities to ensure sufficient capital.

IV. Major Capital Expenditure for the Most Recent Fiscal Year and its Impact on the Company's Finances and Operations: None.

V. Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plan, and Investment Plans for the Coming Year

- (I) The Company's 2023 parent company only financial statement recognizes the loss on investment of NT\$36,423 thousand (a gain of NT\$5,048 thousand on a consolidated basis). The loss is primarily attributed to inflation's impact on consumer products, which has resulted in a sluggish consumer market. Additionally, the Company has incurred investment losses this year due to the adjustment of customer inventory and the dumping of products by competitors from mainland China. Moving forward, we will prioritize the sales of Switch products and enhance profitability by strengthening order and inventory management for overseas investments.
- (II) In the future, the Company will continue to perform post-investment management and prudently evaluate our investment plan in alignment with our business development and operational needs, to reinforce our competitiveness in this industry.

VI. Risk Management and Assessment for the Most Recent Year as of the Publication

Date of this Annual Report

(I) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures:

Unit: NT\$ Thousand

Item	2022	2023
Net Interest Income or Expense	16,013	57,621
Net Foreign Exchange Gain and Loss (Note 1)	(155,992)	51,502

Note 1: Including the profit and loss on financial assets and liabilities but not the profit and loss on exchangeable corporate bonds.

Countermeasures:

1. With respect to interest rates, the increase in interest income is a result of the rise in US dollar interest rates. The Company's consolidated net interest income and expenses in 2023 was NT\$57,621 thousand. The Company's operations are mainly denominated in U.S. dollars and New Taiwan dollars. The interest income and expenses were mainly affected by the cash position and interest rates in the U.S. and Taiwan markets. The Company will maintain regular evaluation of interest rates on deposits and borrowings to reduce the risk of interest rate fluctuations.
2. As for the exchange rate, the Company's consolidated exchange loss amounted to NT\$155,992 thousand in 2022. The consolidated exchange gain amounted to NT\$51,502 thousand in 2023, indicating an improvement in the exchange loss situation compared to the previous year. The risks have been effectively managed and mitigated. The Company tracks the changes in foreign exchange exposure in a timely manner, establishes a stringent control process, and uses derivative instruments to carry out stable hedging operations. Moreover, the Company manages the transaction costs on foreign exchanges and derivative transactions to reduce foreign exchange losses. We regularly track market information and research reports to formulate the most appropriate hedging strategy with reference to the volatility of the exchange rate market, and dynamically adjust the hedging ratio to reduce the exchange risk.
3. Inflation in recent years has not caused a significant impact on the Company's profit or loss. The Company will also continue to monitor the general economic changes and changes in market conditions to prevent inflation from affecting the Company's profit or loss.

(II) Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions:

The Company is not engaged in high-risk and high-leveraged investments, and based on the principle of effective use of the Group's resources, there are funds lent to subsidiaries and endorsements and guarantees provided to subsidiaries, which are all conducted in accordance with the Company's Procedures for Loaning of Funds to Others, Procedures for Making Endorsements/Guarantees, and relevant laws and regulations. Derivatives trading is aimed at hedging foreign exchange risks and reducing exchange rate fluctuations, and is handled in accordance with the relevant regulations of the Company's "Handling Procedures for Engaging in Acquisition or Disposal of Assets and the Procedures for Derivatives Trading". The implementation and the profit and loss situation are reported to the Board of Directors on a regular basis. All information on aforementioned

derivatives trading is disclosed on MOPS on a monthly basis as required for investors' reference.

(III) Future Research & Development Projects and Corresponding Budget:

The Company's R&D expenditure in 2023 covers various development projects, including switches, wireless products, and IoT technology, which have been included in the execution project, and extended to solution integration and cloud platform R&D in various fields. The R&D expenditure is estimated to be NT\$727,909 thousand.

(IV) Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales: None.

(V) Effects of and Response to Changes in Technology (Including Information and Communication Security Risks) and the Industry Relating to Corporate Finance and Sales:

The Company has established comprehensive information security protection measures for network and computers but cannot guarantee that the computer systems that control or maintain important corporate functions, including business operations and accounting, are completely immune to cyberattacks from any third-party. The illegal intrusion of the cyberattacks into the Company's internal network system to carry out activities to sabotage the Company's operations and undermine our goodwill. In the event of a severe cyberattack, the Company's system may lose important data, and our operations may be suspended.

We continue to review and evaluate our information security regulations and procedures and reinforce and update the information security protection system to ensure its appropriateness and effectiveness. However, it cannot guarantee that the Company will not be exposed to new risks and attacks amid the ever-changing information security threats.

Cyberattacks may also attempt to steal the Company's trade secrets and other confidential information, such as customers' or other stakeholders' proprietary information and employees' personal data. Malicious hackers may also try to put viruses, destructive software, or ransomware in the Company's network system to interfere with our operations so as to extort money, gain control over our computer system, or spy on our confidential information. These attacks may result in delays or interruptions in our business orders. With that, we may compensate customers for their losses or bear substantial costs to take remedial and improvement measures to reinforce the Company's cybersecurity systems; or bear significant legal responsibility for relevant legal cases or regulatory investigations due to leakage of data on employees, customers, or third parties to whom the Company has a confidentiality obligation.

To prevent and reduce the damage caused by such attacks, the Company implements relevant improvement measures and continues to update and enhance the anti-virus mechanism to prevent the intrusion of hackers and malicious software; strengthens the network firewall and network control to prevent the spread of viruses across different computers; adopts advanced solutions to detect and deal with malicious software; improves phishing email detection; regularly offers employee education and training and entrusts external experts to conduct information security assessments.

(VI) Impact of Changes of Corporate Images on Risk Management and Response Measures:

The Company values its corporate reputation, actively protects corporate image and engages in community activities. We have defined the relevant risks and formulated communication strategies for internal and external stakeholders to protect corporate image and goodwill. In the past year, there were no risk events affecting the corporate image.

(VII) Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: None.

(VIII) Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans: None.

(IX) Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration:

The Company's procurement and sales customers are all renowned global manufacturers. We adopt a non-single-supplier system for procurement to reduce the risk of concentration. Product sales are led by subsidiaries, covering dozens of countries around the world, including Pan-European, Pan-American and Pan-Asia-Pacific. There is no risk of concentration of sales.

(X) Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: None.

(XI) Effects of, Risks Relating to and Response to the Changes in Management Rights: None.

(XII) Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the Company and/or any Company Director, Company supervisor, the general manager, the de facto responsible persons, major shareholder holding a stake of greater than 10 percent, and/or Company or Companies controlled by the Company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the Company's securities, the Annual Report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the Annual Report: None.

(XIII) Other Material Other Material Risks and Response Measures:

To comply with the Financial Supervisory Commission's Corporate Governance 3.0 - Sustainable Development Roadmap and the Practical Guidelines for Risk Management of Listed and OTC Companies, the Company has engaged KPMG Advisory Services Co., Ltd. to enhance our risk management operations. This involves establishing risk measurement standards, identifying the top ten risks for 2023, and controlling risk items using Key Risk

Indicators. The Company reported to the Board of Directors on February 27, 2024, regarding the implementation status of the risk management action plan for the year 2023. The important risks and corresponding measures are as follows:

1. Inventory Management: The overall inventory level has decreased due to risk mitigation measures, and all action plan items have been completed. Moving forward, a separate action plan will be created specifically for inventory with a longer shelf life.
2. Product Innovation and Application: The evaluation and analysis of various home care solutions, including the D-Link solution, have been completed. The competitive advantages of the D-Link solution have been identified. The execution of the mobile solution projects has also been completed, with a focus on service innovation replacing the previous approach that was focused on product specifications.
3. Customer Satisfaction Rate: The customer service department achieved an excellent customer satisfaction rate in 2023.
4. Customer Management: All action plan execution items have been completed, and there have been no customer losses among the main clients.
5. Product Quality: We have implemented risk mitigation measures to reduce risk trends and improve product defect rates. All action plan execution items have been completed.
6. Talent: Both the voluntary turnover rate and the retention rate of new employees throughout the year meet the requirements of the risk indicators.
7. Intellectual Property Rights: Patent searches have been conducted, and employees have received training or awareness regarding intellectual property rights.
8. Compliance with Global Operational laws: We have implemented risk mitigation measures and are currently conducting a thorough review of all packaging materials and products in Europe to ensure compliance with local regulatory requirements.
9. Information security Incidents: Employee cybersecurity education training and social engineering drills have been completed. Moving forward, we will continue to enhance education, training, and awareness to mitigate this risk.
10. Exchange Rate changes: Both exchange gains and losses, as well as hedging ratios, are in compliance with risk indicator regulations.

VII. Other Material Matters: None.

Chapter 8 Special Disclosure

I. Summary of Affiliated Companies

- (I) **Organization Structure of Subsidiaries:** Please refer to page 204 of this Annual Report.
- (II) **Basic Information of Subsidiaries:** Please refer to pages 205 to 207 of this Annual Report.
- (III) **Shareholders in Common of the Company and its Subsidiaries with Deemed Control and Subordination:** None.
- (IV) **Directors, Supervisors, and Presidents of Subsidiaries:** Please refer to pages 208 to 210 of this Annual Report.
- (V) **Business Operations of the Subsidiaries:** Please refer to pages 211 to 212 of this Annual Report.
- (VI) **Consolidated Financial Statements of Subsidiaries:** Please refer to pages 213 to 310.

II. Private Placement of Securities in the Most Recent Year as of the Publication Date of this Annual Report: None.

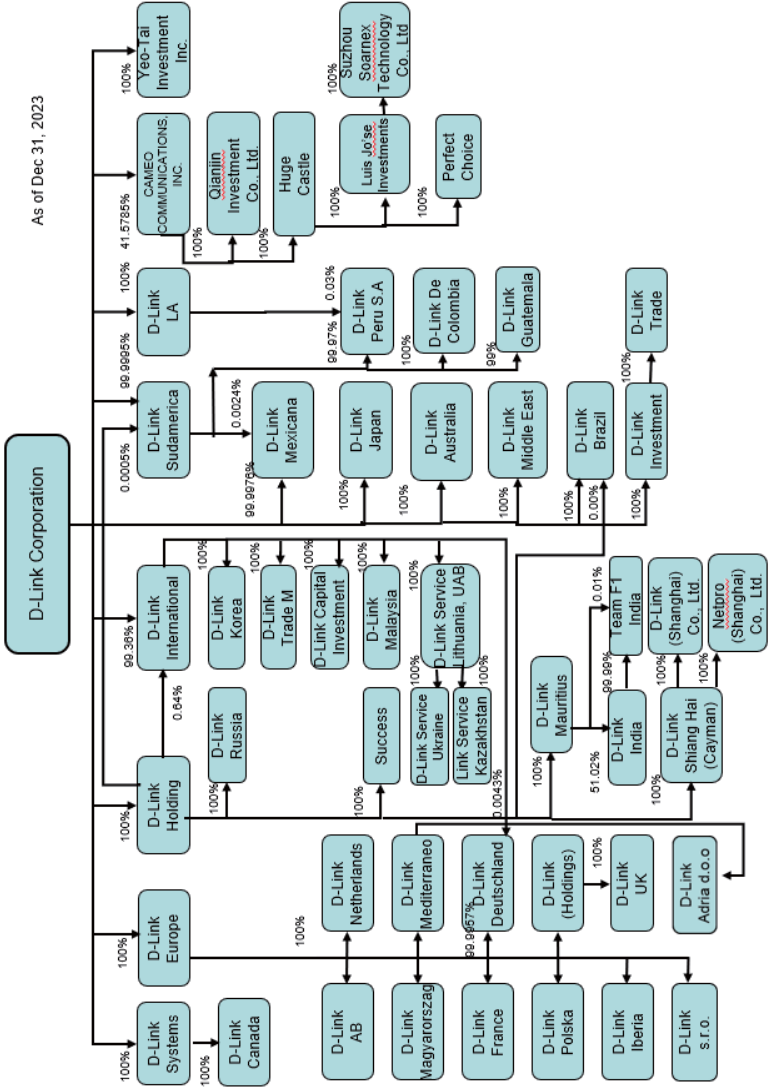
III. The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Year as of the Publication Date of this Annual Report: None.

IV. Other Necessary Remark: None.

V. Any Event Which has Material Impact on the Shareholders' Equity or Securities Prices as Prescribed in Subparagraph 2, Paragraph 3, Article 36 of the "Securities and Exchange Act" that have Occurred in the Most Recent Year as of the Publication Date of this Annual Report: None.

(I) Group Organization Chart

D-Link Group Organization Chart



(II) Basic Information of Subsidiaries

Unit: NT\$ Thousand

Name	Date of incorporation	Address	Actual paid-in capital	Primary business
D-Link Canada Inc.	1990.02.15	3770B Laird Road, Unit 6-9, Mississauga, ON, Canada L5L 0A2,	133,044	Sales and after-sales service
D-Link Systems, Inc.	1986.01.17	14420 Myford Road suite 100 Irvine, CA 92606, USA	1,567,485	Sales and after-sales service
D-Link Holding Company Ltd.	1998.06.04	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	831,204	Investment
D-Link (Europe) Ltd.	1995.05.30	Artemis Building, Odyssey Business Park, West End Road, South Ruslip, HA4 6QE, London UK	1,509,866	Sales and after-sales service
D-Link AB	1994.09.14	D-Link AB, BOX 1104, 164 22 Kista, Stockholm, Sweden	7,411	Sales and after-sales service
D-Link (Magyarország) Kft	2007.06.29	Robert Karoly Korut 59, H-1134 Budapest, Hungary	415	Sales and after-sales service
D-Link France SARL	1990.06.19	14 Place Georges Pompidou, Montigny-le Bretonneux 78180, France	3,886	Sales and after-sales service
D-Link Polska Sp Z.o.o.	2006.02.06	ul. Mysikrólika 11A Warsaw, Poland	911	Sales and after-sales service
D-Link Iberia SL	2000.07.07	Calle Muntaner, 239-253, Floor 3 A 08021 Barcelona, Spain	1,623	Sales and after-sales service
D-Link s.r.o	2010.03.01	Building City Empiria, 15th fl. Na Strži 1702/65, 140 62 Praha- Praha 4, Czech Republic	260	Sales and after-sales service
D-Link (Netherlands) BV	2001.03.15	Teeuwishoek 1, 5481 VR, Schijndel, Netherlands	1,752	Sales and after-sales service
D-Link Mediterraneo SRL	2000.06.02	Via Negrolì 35, 20133 Milano, Italy	1,788	Sales and after-sales service
D-Link (Deutschland) GmbH	1991.08.14	Schwalbacher Strasse 74 D-65760 Eschborn, Germany	108,236	Sales and after-sales service
D-Link (Holdings) Ltd.	1995.03.02	Artemis Building, Odyssey Business Park, West End Road, South Ruslip, HA4 6QE, London UK	0	Investment
D-Link (UK) Ltd.	1989.08.01	Artemis Building, Odyssey Business Park, West End Road, South Ruslip, HA4 6QE, London UK	11,774	Sales and after-sales service
D-Link Adria d.o.o.	2011.03.03	Cvjetno naselje II 8, Zagreb Croatia	0	Sales and after-sales service
OOO D-Link Russia	2002.07.25	Graphsky per., 14, 129626 Moscow, Russia	3,324	After-sales service
Success Stone Overseas Corp.	2010.01.05	Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands	301,879	Investment
D-Link Holding Mauritius, Inc.	2000.09.21	10th Floor, Standard Chartered Tower, 19 Cybercity, Ebene, Mauritius	325,928	Investment
D-Link (India) Ltd.	2008.05.26	Kalpataru Square, 2nd Floor, Unit no. 24, Kondivita Lane, Off Andheri Kurla Road, Andheri East, Mumbai – 400059, India	26,229	Sales and after-sales service
Team F1 Networks Private Limited	2012.02.06	The V Ascendas IT Park, Capella Building, Floor 2, Plot No.17, Madhapur, Hyderabad 500081, India	39	Research and development
D-Link Shiang-Hai (Cayman) Inc.	2002.04.08	P.O. BOX 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand	619,387	Investment

Name	Date of incorporation	Address	Actual paid-in capital	Primary business
		Cayman, KY1-1205, Cayman Islands		
D-Link (Shanghai) Co., Ltd.	2002.08.13	Room 612, 6F, No. 88, Taigu Road, China (Shanghai) Pilot Free Trade Zone	691,571	Trading of network equipment and wireless communication systems
Netpro (Shanghai) Co., Ltd.	2001.11.13	8F, Building 1, No. 641 Tianshan Road, Shanghai	21,165	Research, development and trading
D-Link International Pte. Ltd.	1994.08.31	No. 2 International Business Park #05-28 The Strategy (Tower 2), Singapore 609930	1,845,883	Sales and after-sales service
D-Link Korea Limited	2011.03.16	(Guro-Dong, E&C Venture Dream Tower 2) RM 1303, 55, Digital-ro 33-gil, Guro-gu, Seoul, 08376 Korea	39,289	Sales and after-sales service
D-Link Trade M	2013.05.21	MD-2001, Negruzzi C. Blvd., 8, Chisinau, Republic of Moldova	10	Sales and after-sales service
D-Link Capital Investment Co. Ltd.	2014.01.20	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	482,657	Investment
D-Link Malaysia Sdn Bhd	2015.03.13	Strata office SO-20-8, Menara 1, KL Eco City, Jln. Bangsar, Kg. Hj. Abdullah Hukum 59200, Kuala Lumpur Malaysia	5,363	Sales and after-sales service
D-Link Service Lithuania, UAB	2017.12.05	Zirmunu 139, LT-09120, Vilnius, Lithuania	3,392	Sales and after-sales service
D-Link Service (Ukraine)	2021.07.13	Kyiv, Mezhhugirska str., 87-A, office 18, Ukraine	6	Sales and after-sales service
D-Link Service (Kazakhstan)	2012.04.18	050036, Republic of Kazakhstan, Almaty, microdistrict 9, building No. 42A	50	Sales and after-sales service
D-Link Sudamerica SpA	1999.01.11	Paseo Ahumada 312, oficina 236, Cd. Santiago Chile	4,159	Sales and after-sales service
D-Link Mexicana S.A de C.V	2007.11.13	Gabriel Mancera 1041 Col. Del Valle, C.P. 03100 / México, D.F	276,665	Sales and after-sales service
D-Link Japan K.K.	2005.07.11	2F, SOWA Gotanda Bldg., 2-7-18 Higashigotanda, Shinagawa-ku, Tokyo 141-0022, Japan	20,705	Sales and after-sales service
D-Link Australia Pty Ltd.	1991.05.29	6-10 Talavera Rd, North Ryde, NSW 2113, Sydney Australia	20,937	Sales and after-sales service
D-Link Middle East FZE	2002.07.17	Plot No. S31102, P.O. Box:18224 Jebel Ali Free Zone South, Dubai UAE.	5,051	Sales and after-sales service
D-Link Brazil LTDA.	2001.09.12	Avenida das Nações Unidas, 18.801 sala 513 - CEP 04757-020 - SÃO PAULO, Brazil	188,223	Sales and after-sales service
D-Link Investment Pte. Ltd.	2013.12.20	No. 2 International Business Park #05-28 The Strategy (Tower 2), Singapore 609930	67,617	Investment
OOO D-Link Trade	2010.12.29	Shabulina Proezd 16, 390043, Ryazan, Russia	24,673	Sales and after-sales service
D-Link Latin-America Company Ltd.	2001.04.11	P.O. BOX 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands	307,350	Sales and after-sales service
D-Link Peru S.A.	2004.06.01	Calle German Schreiber 276 Oficina. 240 San Isidro, Lima-Peru	29	Sales and after-sales service
D-Link de Colombia S.A.S.	2006.07.07	Carrera 7B No 126-74,, Bogota Colombia	11,609	Sales and after-sales service

Name	Date of incorporation	Address	Actual paid-in capital	Primary business
D-Link Guatemala S.A.	2005.12.07	Guatemala C.A.	20	Sales and after-sales service
Yeo-Tai Investment Inc.	1999.12.17	6F., No. 289, Xinhu 3rd Rd., Neihu Dist., Taipei City	146,000	Investment
Cameo Communications, Inc.	1991.03.11	5F., No. 158, Ruihu St., Neihu Dist., Taipei City 114, Taiwan	3,307,792	Manufacturing, sales, research, and development
Huge Castle Ltd	2006.07.05	Maystar Chambers, P.O.Box 3269, Apia, Samoa	295,006	Investment
Qianjin Investment Co., Ltd.	2008.02.18	5F., No. 158, Ruihu St., Neihu Dist., Taipei City 114, Taiwan	270,000	Investment
Perfect Choice Co., Ltd.	2001.01.03	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius	(16,261)	Investment company and trading
Luis Jo'se Investment Inc.	2001.01.12	Coastal Building, Wickam's Cay II, P.O.Box 2221, Road Town, Tortola, British Virgin Islands	43,673	Investment
Suzhou Soarnex Technology Co., Ltd	2017.04.12	Room 706-707, 711-712,713, Building 3, Yangcheng Lake International Science and Technology Pioneer Park, 116 Chengyang Road	22,064	Software development and software services for computer information systems

(IV) Directors, Supervisors, and Presidents of Subsidiaries

As of Dec 31, 2023

Name	Title	Name or representative	Shareholding	
			Shares	Percentage (%)
D-Link Canada Inc.	Director	Sara Cheng	0	0.00
D-Link Systems, Inc.	Director	Victor Kuo	0	0.00
D-Link Holding Co. Ltd.	Director	Victor Kuo	0	0.00
	Director	Claire Chou	0	0.00
D-Link (Europe) Ltd.	Director	Victor Kuo	0	0.00
	Director	Sara Cheng	0	0.00
	Director	Claude Chou	0	0.00
	Company Secretary	Shanki IYNKARAN	0	0.00
D-Link AB	Director	Claude Chou	0	0.00
	Director	Arnold Dekker	0	0.00
D-Link (Magyarország) Kft	Director	Sara Cheng	0	0.00
	Director	Claude Chou	0	0.00
D-Link France SARL	Director	Sara Cheng	0	0.00
	Director	Claude Chou	0	0.00
D-Link Polska Sp. Z o.o.	Director	Claude Chou	0	0.00
	Director	Sara Cheng	0	0.00
D-Link Iberia SL	Director	Sara Cheng	0	0.00
	Director	Andy Chen	0	0.00
	Director	Claude Chou	0	0.00
D-Link s.r.o.	Director	Sara Cheng	0	0.00
	Director	Claude Chou	0	0.00
D-Link (Netherlands) BV	Director	Claude Chou	0	0.00
D-Link Mediterraneo SRL	Director	Sara Cheng	0	0.00
	Chairperson	Claude Chou	0	0.00
D-Link (Deutschland) GmbH	Director	Sara Cheng	0	0.00
	Director	Claude Chou	0	0.00
D-Link (Holdings) Ltd. Co.	Director	Victor Kuo	0	0.00
	Company Secretary	Dinesh Kerai	0	0.00
D-Link (UK) Ltd.	Director	Sara Cheng	0	0.00
	Company Secretary	Shanki IYNKARAN	0	0.00
OOO D-Link Russia	Director	Vladimir Lipping	0	0.00
Success Stone Overseas Corp.	Director	Sara Cheng	0	0.00
	Director	Alex Chiang	0	0.00

Name	Title	Name or representative	Shareholding	
			Shares	Percentage (%)
D-Link Holding Mauritius, Inc.	Director	Victor Kuo	0	0.00
	Director	Claire Chou	0	0.00
	Director	Karen Ah Soon	0	0.00
	Director	Nathalie Wong	0	0.00
D-Link (India) Ltd.	Chairperson	Howard Kao	0	0.00
	Director	Mukesh Lulla	2,618,773	7.38
	Independent Director	Rajaram Ajgaonkar	0	0.00
	Independent Director	Satish Godbole	0	0.00
	Independent Director	Madhu Gadodia	0	0.00
TeamF1 Networks Private Limited	Managing Director & CEO	Tushar Sighat	16,427	0.05
	Director	Howard Kao	0	0.00
D-Link Shiang-Hai (Cayman) Inc.	Director	Tushar Sighat	0	0.00
	Director	Raj Jadhav	0	0.00
	Director	Victor Kuo	0	0.00
D-Link (Shanghai) Co., Ltd.	Director	Howard Kao	0	0.00
	Chairperson	CJ Chang	0	0.00
	Director	Sara Cheng	0	0.00
	Director	Howard Kao	0	0.00
Netpro (Shanghai) Co., Ltd.	Supervisor	Claire Chou	0	0.00
	Chairperson	CJ Chang	0	0.00
	Director	Sara Cheng	0	0.00
	Director	Howard Kao	0	0.00
D-Link International Pte Ltd.	Supervisor	Claire Chou	0	0.00
	Director	Victor Kuo	0	0.00
	Director	Joanne Chen	0	0.00
D-Link Korea Ltd.	Director	Jacky Chang	0	0.00
	Chairperson	Sara Cheng	0	0.00
D-Link Trade M	Director	Howard Kao	0	0.00
	Administrator	Denis Culicovschi	0	0.00
D-Link Capital Investment Co., Ltd.	Director	Victor Kuo	0	0.00
	Director	Claire Chou	0	0.00
D-Link Malaysia Sdn Bhd	Director	Lim Bee Lian	0	0.00
	Director	Suzairi Bin Abdul Rahman	0	0.00
D-Link Service Lithuania, UAB	President	Ramune Drobaviciene	0	0.00
D-Link Service (Ukraine)	Director	Zinevich Vladislav	0	0.00
D-Link Service (Kazakhstan)	Director	Ivan Alexeev	0	0.00
D-Link Sudamerica SpA	Director	Andy Chen	0	0.00
D-Link Japan K.K.	Chairperson	CJ Chang	0	0.00
	Director	Victor Kuo	0	0.00
	Director	Joanne Chen	0	0.00
	Supervisor	Claire Chou	0	0.00
D-Link Australia Pty Ltd.	Director	CJ Chang	0	0.00
	Director	Howard Kao	0	0.00
	Director	Reardon Graeme	0	0.00

Name	Title	Name or representative	Shareholding	
			Shares	Percentage (%)
D-Link Middle East FZE	Director	CJ Chang	0	0.00
	Director	Howard Kao	0	0.00
	Director	Gary Yang	0	0.00
D-Link Brazil LTDA.	Legal Representative	José Roberto Arruda Moreira Filho	0	0.00
D-Link Investment Pte. Ltd.	Director	Howard Kao	0	0.00
	Director	Jacky Chang	0	0.00
OOO D-Link Trade	Director & President	Vladimir Lipping	0	0.00
D-Link Latin-America Company Ltd.	Director	Sara Cheng	0	0.00
	Director	Howard Kao	0	0.00
D-Link Peru S.A.	Director	Andy Chen	0	0.00
D-Link de Colombia S.A.S.	Legal Representative	Andy Chen	0	0.00
D-Link Guatemala S.A.	Director	Andy Chen	0	0.00
Yeo-Tai Investment Inc.	Chairperson	Victor Kuo	0	0.00
	Director	Claire Chou	0	0.00
Cameo Communications, Inc.	Chairperson	Tsung-Che Wu	400,000	0.00
	Director	Victor Kuo	0	0.00
	Director	CJ Chang	268	0.00
	Director	Joanne Chen	0	0.00
	Independent Director	Zheng ting Chen	0	0.00
	Independent Director	Ming Jyi Jang	0	0.00
	Independent Director	Zhen Yu Li	0	0.00
Qianjin Investment Co., Ltd.	Director	Allen Cheng	0	0.00
Huge Castle Ltd.	Director	Allen Cheng	0	0.00
Perfect Choice Co., Ltd.	Director	Allen Cheng	0	0.00
Luis Jo'se Investment Inc.	Director	Allen Cheng	0	0.00
Suzhou Soarnex Technology Co., Ltd	Director & General Manager	Allen Cheng	0	0.00

Note: Not institutional representatives of the Company; the disclosed number of shares held is held by individuals, and the remaining Directors, Supervisors and Presidents are designated by the Company or its 100%-owned subsidiaries.

(V) Business Operations of the Subsidiaries

Unit: NT\$ Thousand

English name	Capital	Total Assets	Total Liabilities	Net Value	Operating Revenue	Operating Profit	P & L for the current period (after taxes)	EPS (NT\$)
D-Link Canada Inc.	133,044	210,550	118,248	92,302	227,931	(63,688)	(70,583)	(12.31)
D-Link Systems, Inc.	1,567,485	1,836,343	440,036	1,396,307	789,247	(88,649)	(142,983)	(2.98)
D-Link Holding Company Ltd.	831,204	1,120,861	27,517	1,093,344	0	(336)	261,454	9.67
D-Link (Europe) Ltd.	1,509,866	1,844,448	1,119,653	724,795	2,565,746	(343,367)	(341,259)	(10.50)
D-Link AB	7,411	26,035	10,195	15,840	47,353	2,203	(1,025)	(66.13)
D-Link (Magyarország) Kft	415	9,263	5,317	3,946	8,149	489	(2,094)	(6,980.00)
D-Link France SARL	3,886	153,968	110,405	43,563	386,287	4,145	310	2.71
D-Link Polska Sp. Z o.o.	911	48,750	20,001	28,749	67,059	5,235	2,409	24,090.00
D-Link Iberia SL	1,623	122,060	51,072	70,988	312,634	4,881	3,507	70.14
D-Link s.r.o.	260	4,840	1,447	3,393	9,725	570	(1,046)	(10,460.00)
D-Link (Netherlands) BV	1,752	11,249	4,825	6,424	12,578	347	(2,204)	(44.08)
D-Link Mediterraneo SRL	1,788	136,842	106,100	30,742	486,835	7,188	1,473	29.46
D-Link (Deutschland) GmbH	108,236	225,765	75,518	150,247	599,476	1,956	10,769	N/A
D-Link (Holdings) Ltd.	0	9,576	0	9,576	0	0	0	0.00
D-Link (UK) Ltd.	11,774	9,576	0	9,576	0	0	0	0.00
D-Link Adria d.o.o.	0	0	0	0	0	0	0	N/A
OOO D-Link Russia	3,324	4,700	22	4,678	269	(112)	289	N/A
Success Stone Overseas Corp.	301,879	143,636	977	142,659	0	(13,921)	4,703	478.78
D-Link Holding Mauritius, Inc.	325,928	1,133,545	0	1,133,545	0	(413)	159,226	796.13
D-Link (India) Ltd.	26,229	2,260,499	752,340	1,508,159	4,545,656	389,794	323,009	9.10
Team F1 Network Private Ltd.	39	82,851	7,925	74,926	32,865	6,070	7,016	668.17
D-Link Shiang-Hai (Cayman) Inc.	619,387	0	148,666	(148,666)	0	0	116,021	2,320.43
D-Link (Shanghai) Co., Ltd.	691,571	693,059	853,747	(160,688)	1,440,120	108,183	115,536	N/A
Netpro (Shanghai) Co., Ltd.	21,165	17,578	2,959	14,619	20,266	746	485	N/A
D-Link International Pte. Ltd.	1,845,883	3,153,262	429,298	2,723,964	853,517	(87,212)	101,227	1.52
D-Link Korea Ltd.	39,289	34,337	86,146	(51,809)	61,024	(9,767)	(13,202)	(39.90)
D-Link Trade M	10	6,961	6,523	438	4,607	632	628	N/A
D-Link Capital Investment Co. Ltd.	482,657	768,135	0	768,135	0	(140)	178,366	7.13
D-Link Malaysia Sdn Bhd	5,363	11,876	3,514	8,362	24,258	1,155	811	1.00
D-Link Service Lithuania, UAB	3,392	10,912	2,536	8,376	16,672	1,290	4,171	4,171.00
D-Link Service (Ukraine)	6	6,115	430	5,685	4,888	(2,258)	(2,138)	N/A
D-Link Service (Kazakhstan)	50	953	161	792	2,229	(59)	(227)	N/A
D-Link Sudamerica SpA	4,159	20,178	10,042	10,136	10,164	347	581	2.91
D-Link Mexicana S.A de C.V	276,665	3,381	0	3,381	0	0	(562)	(3.70)
D-Link Japan K.K.	20,705	777,202	195,584	581,618	854,250	8,429	7,352	773.85

English name	Capital	Total Assets	Total Liabilities	Net Value	Operating Revenue	Operating Profit	P & L for the current period (after taxes)	EPS (NT\$)
D-Link Australia Pty Ltd.	20,937	223,932	80,927	143,005	273,128	(23,111)	(21,968)	(21.97)
D-Link Middle East FZE	5,051	1,607,691	684,887	922,804	2,707,109	16,747	15,321	2,553,500.00
D-Link Brazil LTDA.	188,223	234,208	426,075	(191,867)	2,665	(9,530)	1,766	0.00
D-Link Investment Pte. Ltd.	67,617	29	9,420	(9,391)	0	(223)	(48,912)	(22.23)
OOO D-Link Trade	24,673	895,024	904,268	(9,244)	1,614,452	150,761	(50,614)	N/A
D-Link Latin-America Company Ltd.	307,350	8,750	639,595	(630,845)	0	0	0	0.00
D-Link Peru S.A.	29	8,848	497	8,351	4,580	(151)	(330)	(94.29)
D-Link de Colombia S.A.S	11,609	12,792	5,625	7,167	5,213	391	812	0.56
D-Link Guatemala S.A.	20	913	335	578	0	0	0	0.00
Yeo-Tai Investment Inc.	146,000	49,189	50	49,139	0	(75)	773	0.05
Cameo Communications, Inc.	3,307,792	4,259,116	1,108,402	3,150,714	2,539,354	(189,427)	(37,160)	(0.11)
Huge Castle Ltd.	295,006	302,954	4,058	298,896	0	(122)	(24,431)	(2.62)
Qianjin Investment Co., Ltd.	270,000	150,316	60	150,256	0	(111)	1,348	0.05
Perfect Choice Co., Ltd.	(16,261)	145,795	299	145,496	0	(50,081)	(23,566)	(2,356.60)
Luis Jo'se Invention Inc.	43,673	43,296	5	43,291	0	(136)	1,749	1.28
Suzhou Soarnex Technology Co., Ltd	22,064	30,417	5,280	25,137	38,618	(2,569)	1,003	N/A

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



安侯建業聯合會計師事務所

KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel + 886 2 8101 6666
傳真 Fax + 886 2 8101 6667
網址 Web kpmg.com/tw

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		December 31, 2023		December 31, 2022	
	Amount	%	Amount	%	Amount	%	Amount	%
Assets								
Current assets:								
Cash and cash equivalents (note 6(a))	\$ 4,097,696	25	2,713,085	18	2120		23,812	-
Financial assets at fair value through profit or loss — current (note 6(b))	429,915	3	284,830	2	2130		145,163	1
Notes receivable, net (note 6(c))	2,028	-	5,660	-	2150		76	-
Accounts receivable, net (note 6(c))	3,092,436	19	3,421,795	22	2170		1,465,613	9
Accounts receivable due from related parties, net (notes 6(c) and 7)	2,698	-	5,027	-	2180		120,359	1
Finance lease payment receivable (note 6(d))	36,098	-	32,553	-	2200		1,075,850	6
Other receivables (notes 6(c) and 7)	29,498	-	20,102	-	2230		6,435	-
Current tax assets	24,340	-	20,783	-	2250		127,483	1
Inventories (note 6(e))	3,803,203	20	4,069,166	26	2280		182,145	1
Prepayment for purchase (note 7)	45,053	-	69,748	1	2320		122,151	1
Other current assets (note 8)	707,095	4	461,119	3	2365		463,639	3
	<u>11,770,000</u>	<u>71</u>	<u>11,103,868</u>	<u>72</u>	2399		<u>99,814</u>	<u>-</u>
Non-current assets:								
Financial assets at fair value through profit or loss — non-current (note 6(b))	254,100	2	-	-	2540		3,852,540	23
Investments accounted for using equity method (note 6(f))	19,989	-	16,703	-	2570		538,881	3
Property, plant and equipment (notes 6(i) and 8)	16,251	-	1,420,297	9	2580		159,037	1
Right-of-use assets (note 6(j))	2,394,081	14	978,816	6	2600		272,663	2
Investment property, net (note 6(k))	334,048	2	303,509	2			231,935	1
Intangible assets (note 6(l))	38,083	-	38,480	-			1,192,516	7
Deferred tax assets (note 6(i))	784,615	5	516,922	3			5,025,056	30
Other non-current assets (notes 6(i) and 8)	628,964	4	687,114	5	3110		6,028,365	37
Long-term lease payment receivable, net (note 6(d))	304,624	2	243,868	2	3200		1,564,335	8
	<u>75,964</u>	<u>-</u>	<u>1,119,664</u>	<u>7</u>			<u>2,144,239</u>	<u>13</u>
	<u>4,850,719</u>	<u>29</u>	<u>4,317,673</u>	<u>28</u>	3310		<u>693,165</u>	<u>4</u>
					3320		<u>546,976</u>	<u>3</u>
					3350		<u>3,384,400</u>	<u>20</u>
							<u>(1,614,609)</u>	<u>(10)</u>
							<u>9,079,668</u>	<u>55</u>
							<u>2,516,055</u>	<u>15</u>
							<u>(82,823)</u>	<u>-</u>
					3400		<u>11,595,723</u>	<u>70</u>
					36XX		<u>16,620,779</u>	<u>100</u>
							<u>15,421,541</u>	<u>100</u>
Total assets	\$ 16,620,779	100	15,421,541	100			\$ 16,620,779	100
							<u>61,430</u>	<u>-</u>
							<u>4,953,414</u>	<u>32</u>
Liabilities and Equity								
Current liabilities:								
Financial liabilities at fair value through profit or loss — current (note 6(b))								
Current contract liabilities (notes 6(x) and 7)								
Notes payable								
Accounts payable								
Accounts payable to related parties (note 7)								
Other payables (notes 6(o) and 7)								
Current tax liabilities								
Current provisions (note 6(g))								
Current lease liabilities (note 6(p))								
Current portion of long-term liabilities (note 6(n))								
Current refund liability (note 6(t))								
Other current liabilities								
Non-current liabilities:								
Long-term borrowings (note 6(m))								
Deferred tax liabilities (note 6(o))								
Non-current lease liabilities (note 6(p))								
Other non-current liabilities (note 6(i))								
Total liabilities								
Equity attributable to owners of parent: (note 6(o))								
Ordinary shares								
Capital surplus								
Retained earnings:								
Legal reserve								
Special reserve								
Unappropriated retained earnings								
Other equity interest								
Treasury shares								
Total equity attributable to owners of parent								
Non-controlling interests (notes 6(h) and (v))								
Total equity								
Total liabilities and equity								

(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)	<u>12,096,881</u>	<u>76</u>	<u>12,763,058</u>	<u>75</u>
	Gross profit from operations	<u>3,844,396</u>	<u>24</u>	<u>4,314,830</u>	<u>25</u>
	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))	<u>3,007</u>	<u>-</u>	<u>(3,197)</u>	<u>-</u>
		<u>3,718,223</u>	<u>23</u>	<u>3,762,322</u>	<u>21</u>
	Net operating income	<u>126,173</u>	<u>1</u>	<u>552,508</u>	<u>4</u>
	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))	<u>(32,634)</u>	<u>-</u>	<u>(17,576)</u>	<u>-</u>
7060	Share of profit of associates accounted for using equity method (note 6(f))	<u>5,048</u>	<u>-</u>	<u>7,177</u>	<u>-</u>
		<u>734,903</u>	<u>4</u>	<u>(94,930)</u>	<u>(1)</u>
	Profit before tax	861,076	5	457,578	3
7950	Less: Income tax expenses (note 6(u))	<u>163,398</u>	<u>1</u>	<u>197,196</u>	<u>1</u>
	Net profit	<u>697,678</u>	<u>4</u>	<u>260,382</u>	<u>2</u>
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>6,242</u>	<u>-</u>	<u>(5,382)</u>	<u>-</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss (notes 6(v) and (aa))				
8361	Exchange differences on translation of foreign financial statements	(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))	<u>61,698</u>	<u>1</u>	<u>(97,156)</u>	<u>(1)</u>
		<u>(192,770)</u>	<u>(1)</u>	<u>500,788</u>	<u>2</u>
8300	Other comprehensive income (loss), net	<u>(186,528)</u>	<u>(1)</u>	<u>495,406</u>	<u>2</u>
	Total comprehensive income	<u>\$ 511,150</u>	<u>3</u>	<u>755,788</u>	<u>4</u>
	Net profit attributable to:				
8610	Owners of parent	\$ 567,581	3	109,233	1
8620	Non-controlling interests	<u>130,097</u>	<u>1</u>	<u>151,149</u>	<u>1</u>
		<u>\$ 697,678</u>	<u>4</u>	<u>260,382</u>	<u>2</u>
	Comprehensive income attributable to:				
8710	Owners of parent	\$ 387,131	2	608,183	3
8720	Non-controlling interests	<u>124,019</u>	<u>1</u>	<u>147,605</u>	<u>1</u>
		<u>\$ 511,150</u>	<u>3</u>	<u>755,788</u>	<u>4</u>
	Basic earnings per share (New Taiwan dollars) (note 6(w))	<u>\$ 0.95</u>		<u>0.18</u>	
	Diluted earnings per share (New Taiwan dollars) (note 6(w))	<u>\$ 0.95</u>		<u>0.18</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
D-LINK CORPORATION AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the 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	Capital	Legal	Special	Unappropriated	Exchange	Unrealized gains	Treasury	Non-	Total equity	
	reserves	reserves	reserves	reserves	transfers	transfers	transfers	shares	controlling		
Balance at January 1, 2022	\$ 5,998,365	1,522,573	2,110,026	412,952	899,477	(1,863,590)	(2,439)	-	8,477,358	524,978	9,002,336
Net profit	-	-	-	109,233	109,233	-	-	-	-	109,233	151,149
Other comprehensive income (loss)	-	-	-	20,106	20,106	504,332	(25,488)	-	-	498,950	(3,544)
Total comprehensive income (loss)	-	-	-	129,339	129,339	504,332	(25,488)	-	-	608,183	147,605
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	-	-	-	-	-	-	-	-	-	-	-
Changes in equity of associates accounted for using equity method	-	(179,950)	-	-	-	-	-	-	-	(179,950)	(179,950)
Changes in non-controlling interests	-	-	-	-	4,081	-	-	-	-	4,081	4,081
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)	-	8,309,672	651,784	9,561,456
Net profit	-	-	-	567,581	567,581	-	-	-	-	567,581	130,097
Other comprehensive income (loss)	-	-	-	(5,302)	(5,302)	(187,017)	11,869	-	-	(180,450)	(186,528)
Total comprehensive income (loss)	-	-	-	562,279	562,279	(187,017)	11,869	-	-	387,131	124,019
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	17
Disposal of investments accounted for using equity method	-	-	-	(15,320)	(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 dividend 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)	(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)

	<u>2023</u>	<u>2022</u>
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	<u>92,147</u>	<u>197,576</u>
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	<u>2,003,365</u>	<u>(647,483)</u>
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	<u>(1,666,503)</u>	<u>308,885</u>
Total changes in operating assets and liabilities	<u>336,862</u>	<u>(338,598)</u>
Total adjustments	<u>429,009</u>	<u>(141,022)</u>
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	<u>1,086,855</u>	<u>193,180</u>
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	-
Acquisition 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	<u>1,234,571</u>	<u>92,653</u>
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	<u>(682,040)</u>	<u>(355,272)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(254,775)</u>	<u>587,444</u>
Net increase in cash and cash equivalents	<u>1,384,611</u>	<u>518,005</u>
Cash and cash equivalents at the beginning of period	<u>2,713,085</u>	<u>2,195,080</u>
Cash and cash equivalents at the end of period	<u>\$ 4,097,696</u>	<u>2,713,085</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
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 Affairs, Republic of China (“ROC”). The address of its registered office is No. 289, Xinhua 3rd Rd., Neihu Dist., Taipei City 114, Taiwan. The main operating activities of the Company and its subsidiaries (collectively referred as the “Consolidated Company”) include the research, development, and sale of computer network systems, wireless local area computer networks (“LANs”), and spare parts for integrated circuits.

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

The accompanying consolidated financial statements were approved and authorized for release by the Board of Directors on 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)

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

- (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.

(Continued)

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

Name of investor	Name of subsidiary	Principal activity	Shareholding		Note
			December 31, 2023	December 31, 2022	
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 %	
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.

(Continued)

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

Name of investor	Name of subsidiary	Principal activity	Shareholding		Note
			December 31, 2023	December 31, 2022	
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 %	
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 %	- %	

(Continued)

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

Name of investor	Name of subsidiary	Principal activity	Shareholding		Note
			December 31, 2023	December 31, 2022	
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 (Magyarország) kft (D-Link Magyarország)	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 %	
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

(Continued)

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

Name of investor	Name of subsidiary	Principal activity	Shareholding		Note
			December 31, 2023	December 31, 2022	
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.

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Notes to the Consolidated Financial Statements

(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.

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

(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 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.

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(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.

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Notes to the Consolidated Financial Statements

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;

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- 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

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Notes to the Consolidated Financial Statements

- 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;

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- 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.

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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.

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Notes to the Consolidated Financial Statements

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.

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Notes to the Consolidated Financial Statements

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.

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(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.

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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.

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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.

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(iii) Subsequent expenditure

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

(iv) Amortization

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

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

- 1) Computer software: 1~8 years
- 2) Patents: Amortization is recognized using the term of patent contract. The estimated live is 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)

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

(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.

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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)

D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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)

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

- (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.

(Continued)

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

(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	<u>1,263,637</u>	<u>178,418</u>
Cash and Cash Equivalents	<u>\$ 4,097,696</u>	<u>2,713,085</u>

(Continued)

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

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	<u>526</u>	<u>198</u>
	<u>\$ 429,915</u>	<u>284,830</u>
Financial liabilities at fair value through profit or loss - current		
Cross currency swaps	\$ 20,159	1,361
Forward foreign exchange contracts	<u>3,653</u>	<u>13,970</u>
	<u>\$ 23,812</u>	<u>15,331</u>
Financial assets mandatorily measured at fair value through profit or loss - non current		
Ensure Global Corp., Ltd. (Ensure)	<u>\$ 254,100</u>	<u>-</u>
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)	<u>214</u>	<u>215</u>
	<u>\$ 19,989</u>	<u>16,703</u>

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

(Continued)

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

- 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 through profit or loss of the Consolidated 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:

Security price at reporting date	2023		2022	
	After-tax other comprehensive income (loss)	After-tax profit (loss)	After-tax other comprehensive income (loss)	After-tax profit (loss)
Increase 3%	\$ <u>574</u>	<u>17,154</u>	<u>470</u>	<u>6,257</u>
Decrease 3%	\$ <u>(574)</u>	<u>(17,154)</u>	<u>(470)</u>	<u>(6,257)</u>

- (iii) Non-hedging-derivative financial instruments

Derivative financial instruments are used to hedge certain foreign exchange and interest risk arising from the Consolidated Company's operating, financing and investing activities. As of 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	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)

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

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	<u>43,051</u>	<u>20,102</u>
	3,222,395	3,529,875
Less: Loss Provision	<u>(95,735)</u>	<u>(77,291)</u>
	<u>\$ 3,126,660</u>	<u>3,452,584</u>

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

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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	<u>89,624</u>	87.15%	<u>78,103</u>
	<u>\$ 3,222,395</u>		<u>95,735</u>

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	<u>73,982</u>	84.38%	<u>62,427</u>
	<u>\$ 3,529,875</u>		<u>77,291</u>

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

	<u>2023</u>	<u>2022</u>
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	<u>2,013</u>	<u>7,930</u>
Balance at December 31, 2023 and 2022	<u>\$ 95,735</u>	<u>77,291</u>

(d) Finance lease payment receivable

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

(Continued)

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

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	<u>-</u>	<u>37,944</u>
Total lease payments receivable	117,212	153,668
Unearned finance income	<u>(5,150)</u>	<u>(9,151)</u>
Total lease payments receivable (Present value of lease payments receivable)	<u>\$ 112,062</u>	<u>144,517</u>

(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	<u>2,658,669</u>	<u>4,069,166</u>
	<u>\$ 3,303,203</u>	<u>4,069,166</u>

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	<u>\$ 16,251</u>	<u>1,420,297</u>

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

(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		<u>885,525</u>
Net assets	\$	<u>3,233,958</u>
Net assets attributable to investee's shareholders	\$	<u>3,233,958</u>
		2023 2022
Operating revenue	\$	<u>1,070,847</u> <u>3,379,117</u>
Net income	\$	10,962 94,973
Other comprehensive income		<u>22,229</u> <u>8,634</u>
Total comprehensive income	\$	<u>33,191</u> <u>103,607</u>
Total comprehensive income attributable to investee's shareholders	\$	<u>33,191</u> <u>103,607</u>

(Continued)

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

	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	<u>14,722</u>	<u>43,061</u>
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	<u>(1,417,890)</u>	<u>-</u>
Carrying amounts of investments accounted for using equity method	<u>\$ -</u>	<u>1,416,631</u>

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 its representative director, Kuo Chin-Ho, as its chairman, effective from April 1, 2023. In addition, since the Company is the largest single shareholder of it, with a shareholding of 41.58%, the Company has changed from having significant influence on Cameo to having control of Cameo and regards it as a consolidated subsidiary since April 1, 2023. The Consolidated Company deemed the investment accounted for using equity method - Cameo to be disposed on April 1, 2023, and recognized gain on disposal of investment accounted for other gains and losses amounting to \$339,993 thousand.

2) The financial information of insignificant associates

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

	December 31, 2023	December 31, 2022
Carrying amounts of insignificant associates	<u>\$ 16,251</u>	<u>3,666</u>
	2023	2022
Attributable to the Consolidated Company		
Profit (loss) from continuing operations	\$ 13,953	(11,026)
Other comprehensive (loss) income	<u>(1,368)</u>	<u>1,633</u>
Total comprehensive income (loss)	<u>\$ 12,585</u>	<u>(9,393)</u>

(Continued)

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

- 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	\$ <u>-</u>	<u>1,416,590</u>

- (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, management 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 management has assumed that provisional fair value adjustments arose 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

(Continued)

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

Non-current assets	
Property, plant and equipment	\$ 1,508,680
Right-of-use assets	68,161
Deferred tax assets	49,086
Refundable deposits	5,744
Net defined benefit assets	35,732
Other non-current assets	25,538
Intangible assets	
Computer software	97
Trademark	11,514
Patents	<u>42,499</u>
Summarizes the identifiable assets acquired	<u>5,529,238</u>
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	<u>(59,902)</u>
Summarizes the recognized amounts of liabilities assumed	<u>(2,239,332)</u>
Total identifiable net assets acquired	<u><u>\$ 3,289,906</u></u>
(iii) Goodwill	
The fair value of Cameo's equity held by the Consolidated Company at the acquisition date	\$ 1,746,669
Add: non-controlling interests' share of identifiable net assets upon acquisition	1,850,939
Less: total identifiable net assets acquired	(3,289,906)
Less: treasury shares	<u>(82,823)</u>
Goodwill	<u><u>\$ 224,879</u></u>

(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	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	<u>25,635</u>	<u>21,414</u>
Net assets	<u>\$ 1,868,397</u>	<u>1,690,634</u>
Net assets attributable to non-controlling interests	<u>\$ 738,696</u>	<u>651,784</u>
	2023	2022
Operating revenues	<u>\$ 4,545,656</u>	<u>4,286,462</u>
Net profit	\$ 323,009	308,594
Other comprehensive loss	<u>(6,382)</u>	<u>(7,236)</u>
Total comprehensive income	<u>\$ 316,627</u>	<u>301,358</u>
Net income attributable to non-controlling interests	<u>\$ 158,210</u>	<u>151,149</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 155,084</u>	<u>147,605</u>
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	<u>(139,296)</u>	<u>(39,222)</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ 6,857</u>	<u>(30,921)</u>
Cash dividends paid to non-controlling interests	<u>\$ 68,173</u>	<u>20,799</u>

(Continued)

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

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	<u>593,337</u>
Net assets	<u>\$ 3,150,714</u>
Net assets attributable to non-controlling interests	<u>\$ 1,777,359</u>
	2023
Operating revenues	<u>\$ 1,468,507</u>
Net loss	\$ (48,122)
Other comprehensive loss	<u>(5,052)</u>
Total comprehensive loss	<u>\$ (53,174)</u>
Net loss attributable to non-controlling interests	<u>\$ (28,113)</u>
Total comprehensive loss attributable to non controlling interests	<u>\$ (31,065)</u>
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	<u>(1,278)</u>
Net decrease in cash and cash equivalents	<u>\$ (154,566)</u>
Dividends paid to non-controlling interests	<u>\$ 42,514</u>
(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	<u>1,116,472</u>	<u>95,850</u>	<u>67,226</u>	<u>(121,837)</u>	<u>5,082</u>	<u>4,578</u>	<u>1,167,371</u>
	<u>2,603,875</u>	<u>2,183,556</u>	<u>82,618</u>	<u>(133,183)</u>	<u>5,082</u>	<u>(31,379)</u>	<u>4,710,569</u>
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	<u>1,010,110</u>	<u>85,030</u>	<u>63,155</u>	<u>(121,098)</u>	<u>-</u>	<u>4,733</u>	<u>1,041,930</u>
	<u>1,625,059</u>	<u>674,876</u>	<u>153,347</u>	<u>(132,444)</u>	<u>-</u>	<u>(4,350)</u>	<u>2,316,488</u>
	<u>\$ 978,816</u>	<u>1,508,680</u>	<u>(70,729)</u>	<u>(739)</u>	<u>5,082</u>	<u>(27,029)</u>	<u>2,394,081</u>

(Continued)

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

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	<u>1,223,381</u>	<u>56,340</u>	<u>(167,275)</u>	<u>45,016</u>	<u>1,157,462</u>
	<u>2,632,332</u>	<u>57,259</u>	<u>(167,275)</u>	<u>81,559</u>	<u>2,603,875</u>
Accumulated depreciation:					
Buildings	546,482	16,208	-	12,215	574,905
Others	<u>1,111,125</u>	<u>62,287</u>	<u>(166,653)</u>	<u>43,395</u>	<u>1,050,154</u>
	<u>1,657,607</u>	<u>78,495</u>	<u>(166,653)</u>	<u>55,610</u>	<u>1,625,059</u>
	<u>\$ 974,725</u>	<u>(21,236)</u>	<u>(622)</u>	<u>25,949</u>	<u>978,816</u>

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	<u>5,375</u>	<u>212</u>	<u>1,512</u>	<u>7,099</u>
Balance at December 31, 2023	<u>\$ 567,136</u>	<u>9,625</u>	<u>51,081</u>	<u>627,842</u>
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	<u>24,393</u>	<u>558</u>	<u>1,246</u>	<u>26,197</u>
Balance at December 31, 2022	<u>\$ 464,962</u>	<u>9,137</u>	<u>34,832</u>	<u>508,931</u>

(Continued)

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

	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	<u>2,380</u>	<u>1,055</u>	<u>761</u>	<u>4,196</u>
Balance at December 31, 2023	<u>\$ 271,850</u>	<u>5,097</u>	<u>16,847</u>	<u>293,794</u>
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	<u>9,476</u>	<u>218</u>	<u>930</u>	<u>10,624</u>
Balance at December 31, 2022	<u>\$ 181,060</u>	<u>4,204</u>	<u>20,158</u>	<u>205,422</u>
Carrying amount:				
Balance at December 31, 2023	<u>\$ 295,286</u>	<u>4,528</u>	<u>34,234</u>	<u>334,048</u>
Balance at December 31, 2022	<u>\$ 283,902</u>	<u>4,933</u>	<u>14,674</u>	<u>303,509</u>

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	<u>22,196</u>	<u>-</u>	<u>-</u>	<u>22,196</u>
	<u>52,196</u>	<u>-</u>	<u>-</u>	<u>52,196</u>
Accumulated Depreciation:				
Buildings	<u>12,716</u>	<u>397</u>	<u>-</u>	<u>13,113</u>
Accumulated impairment:				
Buildings	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
	<u>\$ 38,480</u>	<u>(397)</u>	<u>-</u>	<u>38,083</u>

(Continued)

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

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	<u>22,196</u>	<u>-</u>	<u>-</u>	<u>22,196</u>
	<u>52,196</u>	<u>-</u>	<u>-</u>	<u>52,196</u>
Accumulated Depreciation:				
Buildings	<u>12,320</u>	<u>396</u>	<u>-</u>	<u>12,716</u>
Accumulated impairment:				
Buildings	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
	<u>\$ 38,876</u>	<u>(396)</u>	<u>-</u>	<u>38,480</u>
		December 31, 2023	December 31, 2022	
Carrying amount		<u>\$ 38,083</u>	<u>38,480</u>	
Fair value		<u>\$ 61,990</u>	<u>73,181</u>	

Investment properties are commercial real estate that are leased to third parties. The lease contract includes an initial non-cancellable period of 3 years. Subsequent renewals are negotiated with the lessee and no contingent rents are charged. For further information of rental income, please refer to note 6(z). Besides, direct operating expenses related to investment property were \$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	<u>45,975</u>	<u>-</u>	<u>30,170</u>	<u>-</u>	<u>(25,009)</u>	<u>109</u>	<u>51,245</u>
	<u>\$ 516,922</u>	<u>278,989</u>	<u>31,673</u>	<u>-</u>	<u>(39,564)</u>	<u>(3,405)</u>	<u>784,615</u>

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

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
	<u>\$ 472,238</u>	<u>-</u>	<u>43,975</u>	<u>(711)</u>	<u>(30,813)</u>	<u>32,233</u>	<u>516,922</u>

(m) Share-based payment

(i) Restricted share plan for employees

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

(In Thousands of shares)

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

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

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

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

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

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

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

Other agreed matters:

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

Information on restricted share plan for employees was as follows:

(In Thousands of shares)

	For the year ended 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	<u><u>3,000</u></u>

(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	\$ <u>3,725,789</u>	<u>3,236,868</u>

(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				<u>(122,151)</u>	<u>-</u>
Total				\$ <u>528,881</u>	<u>-</u>
Unused credit line				\$ <u>497,000</u>	<u>-</u>

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

(o) Other Payables

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

(p) Lease liabilities

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

	December 31, 2023	December 31, 2022
Current	\$ <u>182,145</u>	<u>144,423</u>
Non-current	\$ <u>272,663</u>	<u>309,563</u>

(Continued)

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

The amounts recognized in profit or loss were as follows:

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

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

	2023	2022
Total cash outflow for leases	\$ <u>277,823</u>	<u>218,710</u>

(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	<u>199,602</u>	<u>-</u>	<u>73,452</u>	<u>(28,854)</u>	<u>(208,697)</u>	<u>(4,768)</u>	<u>30,735</u>
	<u>\$ 305,909</u>	<u>6,258</u>	<u>76,678</u>	<u>(46,748)</u>	<u>(208,697)</u>	<u>(5,917)</u>	<u>127,483</u>

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	<u>119,067</u>	<u>-</u>	<u>106,963</u>	<u>-</u>	<u>(34,134)</u>	<u>7,706</u>	<u>199,602</u>
	<u>\$ 233,799</u>	<u>-</u>	<u>114,651</u>	<u>(14,867)</u>	<u>(34,134)</u>	<u>6,460</u>	<u>305,909</u>

(Continued)

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

(r) Refund liabilities

	December 31, 2023	December 31, 2022
Refund liabilities	\$ <u>463,639</u>	<u>473,514</u>

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

(s) Operating leases

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

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

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

(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	<u>(117,275)</u>	<u>(80,571)</u>
Net defined benefit assets	<u>\$ (41,107)</u>	<u>(10,024)</u>

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.

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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	<u>(6,633)</u>	<u>(3,218)</u>
Defined benefit obligations at December 31	<u><u>\$ 76,168</u></u>	<u><u>70,547</u></u>

(Continued)

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

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	<u>(5,622)</u>	<u>(3,218)</u>
Fair value of plan assets at December 31	<u><u>\$ 117,275</u></u>	<u><u>80,571</u></u>

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	<u>(643)</u>	<u>90</u>
	<u><u>\$ (329)</u></u>	<u><u>622</u></u>
	2023	2022
Operating costs	\$ -	9
Selling expenses	114	355
Administrative expenses	8	136
Research and development expenses	<u>(451)</u>	<u>122</u>
	<u><u>\$ (329)</u></u>	<u><u>622</u></u>

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	<u>5,627</u>	<u>(20,106)</u>
Balance on December 31	<u><u>\$ 34,538</u></u>	<u><u>28,911</u></u>

(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 sensitivity 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.

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

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
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local regulations.

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

	2023	2022
Operating costs	\$ <u>11,735</u>	<u>7,414</u>
Operating expenses	\$ <u>127,459</u>	<u>110,855</u>

(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	<u>(44,235)</u>	<u>55,969</u>
Income tax expenses	\$ <u>163,398</u>	<u>197,196</u>

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	\$ <u>(61,698)</u>	<u>97,156</u>

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

	2023	2022
Profit before income tax	\$ <u>861,076</u>	<u>457,578</u>
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	<u>(13,113)</u>	<u>(8,842)</u>
	\$ <u>163,398</u>	<u>197,196</u>

(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	<u>119,139</u>	<u>107,455</u>
	<u>275,181</u>	<u>237,600</u>
Operating loss carry forward	<u>1,286,922</u>	<u>1,217,104</u>
	<u>\$ 1,562,103</u>	<u>1,454,704</u>

(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	<u>\$ 9,165</u>	<u>288,153</u>	<u>13,902</u>	<u>84,901</u>	<u>161</u>	<u>146,284</u>	<u>86,398</u>	<u>628,964</u>
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	<u>\$ 27,494</u>	<u>226,455</u>	<u>4,095</u>	<u>44,832</u>	<u>251</u>	<u>316,745</u>	<u>67,242</u>	<u>687,114</u>

(Continued)

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	<u>(164,799)</u>	<u>716</u>	<u>(164,083)</u>
Balance at December 31, 2023	<u>\$ 78,268</u>	<u>80,769</u>	<u>159,037</u>
Balance at January 1, 2022	\$ 296,579	56,258	352,837
Recognized in profit or loss	<u>(53,512)</u>	<u>23,795</u>	<u>(29,717)</u>
Balance at December 31, 2022	<u>\$ 243,067</u>	<u>80,053</u>	<u>323,120</u>

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
			<u>\$ 7,096,557</u>

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

The income tax returns of the Company, Cameo and Qianjin Investment have been examined by the tax authority through 2021. The income tax returns of 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	<u>21,205</u>	<u>-</u>
Total	<u>\$ 1,364,335</u>	<u>1,342,623</u>

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

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.

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

(iii) Retained earnings

1) Legal reserve

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

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

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

2) Special reserve

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

3) Earning distribution

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

The 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 earnings, and was approved by the shareholders' meeting on May 27, 2022.

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

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	<u>(11,214)</u>	<u>15,320</u>
Balance at December 31, 2023	<u><u>\$ (1,557,495)</u></u>	<u><u>(17,004)</u></u>
Balance at January 1, 2022	\$ (1,863,596)	(2,439)
The Consolidated Company	493,832	(16,112)
Associates	10,500	(9,376)
Associates-liquidation	<u>-</u>	<u>(16,266)</u>
Balance at December 31, 2022	<u><u>\$ (1,359,264)</u></u>	<u><u>(44,193)</u></u>

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

2) Unearned compensation

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

(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	<u>(110,687)</u>	<u>(20,799)</u>
Balance at the end of the period	<u><u>\$ 2,516,055</u></u>	<u><u>651,784</u></u>

(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	<u><u>567,581</u></u>	<u><u>109,233</u></u>
Outstanding ordinary shares	<u><u>598,142</u></u>	<u><u>599,837</u></u>
Basic earnings per share	<u><u>0.95</u></u>	<u><u>0.18</u></u>

(ii) Diluted earnings per share

	2023	2022
Net profit of the parent company for the year	<u><u>567,581</u></u>	<u><u>109,233</u></u>

(Continued)

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

	2023	2022
Major product / service lines		
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		
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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D-LINK CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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	<u>4,065</u>	<u>5,175</u>
Total	<u>\$ 75,982</u>	<u>24,594</u>

(ii) Other income

	2023	2022
Rent income	\$ 4,887	5,488
Dividend income	<u>1,060</u>	<u>578</u>
Total	<u>\$ 5,947</u>	<u>6,066</u>

(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	<u>81,275</u>	<u>29,872</u>
Total	<u>\$ 680,560</u>	<u>(115,191)</u>

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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	<u>(18,338)</u>	<u>(14,170)</u>
Total	<u>\$ (32,634)</u>	<u>(17,576)</u>

(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	<u>(5,753)</u>	<u>(3,544)</u>
Change in exchange differences on translation of foreign financial statements recognized in other comprehensive (loss) income	<u>\$ (254,775)</u>	<u>587,444</u>
Share of other comprehensive income of associates accounted for using equity method		
Change in foreign currency exchange from associates	\$ <u>307</u>	<u>10,500</u>
Share of other comprehensive income	<u>\$ 307</u>	<u>10,500</u>

(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	<u>551,445</u>	<u>208,005</u>
	<u>\$ 8,591,867</u>	<u>6,819,724</u>

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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	<u>68,337</u>	<u>79,030</u>
	<u>\$ 3,859,887</u>	<u>4,361,052</u>

(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
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	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	-	-	-	-
	<u>\$ 3,859,887</u>	<u>8,186,377</u>	<u>7,163,713</u>	<u>161,172</u>	<u>290,875</u>	<u>325,030</u>	<u>245,587</u>
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	-	-	-	-
	<u>\$ 4,361,052</u>	<u>6,997,365</u>	<u>6,592,228</u>	<u>77,138</u>	<u>131,905</u>	<u>190,915</u>	<u>5,179</u>

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

(iv) Currency risk

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

	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
			<u>\$ 5,902,639</u>			<u>6,958,268</u>

(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	<u>428,245</u>	8,849	30.71	<u>271,724</u>
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	<u>185</u>
			<u>\$ 5,349</u>			<u>17,432</u>
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	<u>42,561</u>	2,560	20.93	<u>53,591</u>
			<u>\$ 3,820,015</u>			<u>5,350,598</u>
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	<u>83</u>	33	20.93	<u>700</u>
			<u>\$ 23,812</u>			<u>15,331</u>

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

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.

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES
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	-	

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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	<u>72,000</u>	<u>-</u>
Balance at December 31, 2023	<u><u>\$ 254,100</u></u>	<u><u>3,679</u></u>

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

	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	<u>-</u>	<u>233</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>4,326</u>

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

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

- 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%	\$ <u>33,800</u>	<u>(33,800)</u>

- (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	\$ <u>38,083</u>	<u>61,990</u>	<u>38,480</u>	<u>73,181</u>

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

(Continued)

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

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.

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D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

(iii) Credit risk

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

1) Accounts receivable

The credit risk exposure of the Consolidated Company arises from the operations and financial conditions of each customer and the political and economic stability of the Consolidated Company's customer base, including the default risk of the industry and country in which customers operate in. However, the Consolidated Company operates worldwide, and thus, risk is diversified. As of 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.

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D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 and \$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.

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D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

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

2) Interest rate risk

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

3) Other price risks

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

(ad) Capital management

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

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

Debt-to-equity ratio:

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

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			December 31, 2023
				Exchange	Fair value changes	Others	
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	<u>79,030</u>	<u>(10,693)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,337</u>
Total liabilities from financing activities	\$ 533,016	<u>(437,143)</u>	<u>933,167</u>	<u>-</u>	<u>-</u>	<u>145,137</u>	<u>1,174,177</u>

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

(Continued)

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

(7) Related-party transactions:

(a) Names and relationship with related parties

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

Name of related party	Relationship with the Consolidated Company
Cameo	An associate 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	<u>4,343</u>	<u>4,347</u>
	<u>\$ 67,318</u>	<u>109,343</u>

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

(ii) Purchases

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

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

(iii) Receivables from related parties

Account	Relationship	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	<u>93</u>	<u>-</u>
		<u>\$ 2,791</u>	<u>5,183</u>

(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	<u>2,952</u>	<u>8,137</u>
		<u>\$ 130,015</u>	<u>768,127</u>

(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)

(Continued)

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

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	<u>1,901</u>	<u>-</u>
	<u>\$ 36,589</u>	<u>46,242</u>

(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	<u>929,171</u>	<u>-</u>
		<u>\$ 1,394,778</u>	<u>97,164</u>

(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 item	By function	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'se, 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.	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements amount	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements guarantees to third parties on behalf of subsidiary	Subsidiary endorsements guarantees to third parties on behalf of parent company	Endorsements/guarantees to third parties on behalf of companies in Mainland China	
	Name of guarantor	Name											Relationship with the Company
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			Fair value	Highest percentage of ownership (%)	Note
				Shares/Units	Carrying value	Percentage of ownership (%)			
D-Link Corporation	EHO0	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	YICHA 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
Yeotai	Stemcyte	None	Financial assets at fair value through other comprehensive income-non-current	18,950	214	0.01 %	214	0.01 %	

(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	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	- %	

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

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 NTS300 million or 20% of the capital stock: None
- (vi) Disposal of individual real estate with amount exceeding the lower of NTS300 million or 20% of the capital stock: None
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NTS100 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 purchased/ (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)%	
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)%	

(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)	
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	Subsidiary	483,093	5.00	23,045	-	45,352	-
D-Link Corporation	D-Link ME	Subsidiary	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.

(Continued)

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

(ix) Trading in derivative instruments:

(In Thousands of New Taiwan Dollars)

Company Name	Derivative Instruments Category	Holding Purpose	Contract Amount		Book Value	Fair Value
		Non-trading:				
D-Link Corporation	Cross currency swap	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	-	-

(Continued)

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

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms	
0	D-Link Corporation	D-Link Systems	1	Investments accounted for using equity method	1,354,549	-	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			Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms	
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):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Highest percentage of ownership	Net income of investee	Investment income (losses)	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value				
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	JAE	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

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Highest percentage of ownership	Net income of investee (busses)	Investment income (busses)	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value				
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	120,090	(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	Yeastai	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	F.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 %	(51,899)	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.
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	

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Highest percentage of ownership	Net income (losses) of investee	Investment income (losses)	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value				
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 %	(148,660)	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	MiiCasa 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 %	323,000	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	
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 Magyarország	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)	

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Highest percentage of ownership	Net income (losses) of investee	Investment income (losses)	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value				
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	Xitramus 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	Samos	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	Soamex 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 Jr/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		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
					Outflow	Inflow								
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 Development (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 (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 Sourmex 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

(Continued)

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

Note 7: Nettek 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, Nettek 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, Nettek Technology (Suzhou) Co., Ltd. remitted the surplus of USD \$13,219 thousand to PC, and PC remitted the surplus of USD \$13,057 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: Nettek Technology (Suzhou) Co., Ltd. remitted 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.

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

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

	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	<u>32,581</u>	<u>22,156</u>	<u>2,411,745</u>	<u>(2,466,482)</u>	<u>-</u>
Total revenue	<u><u>\$ 1,255,371</u></u>	<u><u>4,278,809</u></u>	<u><u>12,873,579</u></u>	<u><u>(2,466,482)</u></u>	<u><u>15,941,277</u></u>
Reportable segment profit (loss)	<u><u>\$ (134,029)</u></u>	<u><u>(185,955)</u></u>	<u><u>1,606,569</u></u>	<u><u>(425,509)</u></u>	<u><u>861,076</u></u>
	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	<u>30,411</u>	<u>22,969</u>	<u>2,839,566</u>	<u>(2,892,946)</u>	<u>-</u>
Total revenue	<u><u>\$ 1,362,701</u></u>	<u><u>4,910,593</u></u>	<u><u>13,697,540</u></u>	<u><u>(2,892,946)</u></u>	<u><u>17,077,888</u></u>
Reportable segment profit (loss)	<u><u>\$ (140,985)</u></u>	<u><u>(86,434)</u></u>	<u><u>1,465,273</u></u>	<u><u>(780,276)</u></u>	<u><u>457,578</u></u>
	American markets	European markets	Asian markets and others	Adjustments and eliminations	Total
Reportable segment assets:					
December 31, 2023	<u><u>\$ 2,373,984</u></u>	<u><u>3,973,091</u></u>	<u><u>25,593,155</u></u>	<u><u>(15,319,451)</u></u>	<u><u>16,620,779</u></u>
December 31, 2022	<u><u>\$ 2,954,333</u></u>	<u><u>4,585,624</u></u>	<u><u>23,412,208</u></u>	<u><u>(15,530,624)</u></u>	<u><u>15,421,541</u></u>

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

Total reportable segment revenues after eliminating 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).

(Continued)

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

(c) Geographic information

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

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.



安侯建業聯合會計師事務所

KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel + 886 2 8101 6666
傳真 Fax + 886 2 8101 6667
網址 Web kpmg.com/tw

Independent Auditors' Report

To the Board of Directors of D-LINK CORPORATION:

Opinion

We have audited the financial statements of D-LINK CORPORATION("the Company"), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended December 31, 2023 and 2022, and notes to the 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 financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its 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.

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 Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our 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 Matter

We did not audit the financial statements of D-Link International Ptd. Ltd. and D-Link Middle East FZE, subsidiaries of the Company as of and for the year ended December 31, 2023, and the financial statements of D-Link International Ptd. Ltd. and D-Link Brazil LTDA, subsidiaries of the Company as of and for the year ended December 31, 2022. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for above subsidiaries, is based solely on the report of other auditors. Investments accounted for using equity method of above subsidiaries reflect the total assets of \$2,364,627 thousand and \$1,374,993 thousand, constituting 19% and 10%, of the total assets at December 31, 2023 and 2022, respectively. Besides, the share of profit (loss) of subsidiaries accounted for using equity method of \$(100,319) thousand and \$(68,403) thousand, constituting (17)% and (49)%, of the net profit before tax for the years ended December 31, 2023 and 2022, respectively.



Key Audit Matters

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

1. Evaluation of investments accounted for using equity method

Please refer to Note 4(h) “Summary of significant accounting policies – Investment in associates”, Note 4(i) “Summary of significant accounting policies – Investment in subsidiaries”, and Note 6(e) “Explanation of significant accounts - Investments accounted for using equity methods” of the parent-company-only financial statements.

Key Audit Matter Explanation:

Investments accounted for using equity method is a material asset to the Company and is significant in its financial statements, with a carrying amount amounting to \$7,908,490 thousand as of December 31, 2023. Therefore, it has been identified as the key matter in our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: Communicating with other auditors who audited the financial statements of the associates and subsidiaries of the Company including issuing group audit instruction to subsidiaries and associates, and obtaining the financial statements audited by other auditors. Another auditors performing audit procedures on inventories, accounts receivable and revenue, such as inventory evaluation, accounts receivable evaluation, as well as reviewing the correctness of value and timing of revenue recognition, reviewing and evaluating the reasonableness of main operation changes of the investments; comparing the financial statements of the Company’s investments accounted for using equity method with the group reporting information provided by other auditors, and issuing confirmation letters; as well as considering the adequacy of company’s disclosures on its accounts.

2. Revenue recognition

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

Key Audit Matter Explanation:

The Company sells internet related products and services, and aims to offer high-quality internet solution proposals to global consumers and enterprises. Revenue is the key performance indicator to evaluate the Company’s performance, and thus, needs significant attention in our audit.

How the matter was addressed in our audit:

We tested the effectiveness of the Company’s controls surrounding revenue recognition; reviewed relevant sales documents to evaluate whether terms of sales are consistent with the accounting standards; 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the 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 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 parent company only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
D-LINK CORPORATION
 Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2023		December 31, 2022		December 31, 2023		December 31, 2022	
	Amount	%	Amount	%	Amount	%	Amount	%
Assets								
Current assets:								
1100 Cash and cash equivalents (notes 6(a) and (v))	\$ 598,450	5	614,229	5	2108	\$ 392,306	3	421,749
1110 Financial assets at fair value through profit or loss – current (notes 6(b) and (w))	4,103	-	14,758	-	2120	18,328	-	8,597
1150 Notes receivable, net (notes 6(c) and (w))	2,028	-	5,660	-	2130	41,682	-	34,853
1170 Accounts receivable, net (notes 6(c) and (v))	126,966	1	166,946	1	2150	76	-	2,056
1180 Accounts receivable due from related parties, net (notes 6(c), (w) and 7)	942,453	8	1,305,183	11	2170	410,322	3	1,057,913
1200 Other receivables (notes 6(e), (w) and 7)	211,123	2	26,730	-	2180	196,298	2	603,049
1220 Current tax assets	1,348	-	291	-	2200	313,397	3	208,751
130X Inventories (note 6(d))	222,026	2	383,227	3	2250	86,958	1	263,584
1410 Other current assets (note 7)	89,902	1	98,752	1	2300	2,948	-	1,956
	<u>2,198,399</u>	<u>19</u>	<u>2,815,776</u>	<u>21</u>	<u>2365</u>	<u>1,541,190</u>	<u>13</u>	<u>2,708,233</u>
Non-current assets:								
1510 Financial assets at fair value through profit or loss – non-current (notes 6(b) and (w))	127,050	1	-	-	2365	18,293	-	26,765
1550 Investments accounted for using equity method (notes 6(e) and 7)	8,737,902	71	9,260,428	70	2542	753,008	6	752,346
1600 Property, plant and equipment (notes 6(g) and 7)	733,211	6	719,682	5	2570	86,697	1	285,663
1755 Right-of-use assets (note 6(f))	2,437	-	4,071	-	2580	40	-	2,469
1760 Investment property, net (notes 6(h) and (w))	38,083	-	38,480	-	2600	832,486	7	810,228
1780 Intangible assets (note 6(i))	60,514	-	59,415	-		1,672,231	14	1,850,706
1840 Deferred tax assets (note 6(p))	382,737	3	535,775	4		3,213,421	27	4,558,939
1900 Other non-current assets (notes 6(o) and (w))	12,756	-	34,984	-		6,028,365	49	5,998,365
	<u>10,094,690</u>	<u>81</u>	<u>10,652,835</u>	<u>79</u>	<u>3100</u>	<u>1,564,335</u>	<u>11</u>	<u>1,342,653</u>
					<u>3200</u>			
Liabilities and Equity								
Current liabilities:								
Other short-term borrowings (notes 6(k), (w) and 7)								
Financial liabilities at fair value through profit or loss – current (notes 6(b) and (w))								
Contract liabilities – current (notes 6(s) and 7)								
Notes payable (note 6(w))								
Accounts payable (note 6(w))								
Accounts payable to related parties (notes 6(w) and 7)								
Other payables (notes 6(w) and 7)								
Provisions – current (note 6(m))								
Lease liabilities-current (notes 6(l) and (w))								
Other current liabilities (note 7)								
Retund liability-current (note 6(n))								
Non-current liabilities:								
Other long-term borrowings (notes 6(k), (v) and 7)								
Deferred tax liabilities (note 6(p))								
Lease liabilities-Non-current (notes 6(l) and (w))								
Other non-current liabilities (notes 6(o), (w) and 7)								
Total liabilities								
Equity: (notes 6(j) and (q))								
Capital stock								
Capital surplus								
Retained earnings:								
Legal reserve								
Special reserve								
Unappropriated retained earnings								
Other equity interest (note 6(g))								
Treasury stocks								
Total equity								
Total liabilities and equity								
	<u>\$ 12,293,089</u>	<u>100</u>	<u>13,468,611</u>	<u>100</u>		<u>\$ 12,293,089</u>	<u>100</u>	<u>13,468,611</u>

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

D-LINK CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

	2023		2022	
	Amount	%	Amount	%
4000 Net operating revenues (notes 6(s) and 7)	\$ 5,721,454	100	7,240,829	100
5000 Operating costs (notes 6(d), (o) and 7)	<u>4,605,542</u>	<u>80</u>	<u>6,127,608</u>	<u>85</u>
Gross profit from operations	1,115,912	20	1,113,221	15
5910 Less: Unrealized gross profit from sales	<u>129,131</u>	<u>2</u>	<u>160,885</u>	<u>2</u>
Realized gross profit from operations	<u>986,781</u>	<u>18</u>	<u>952,336</u>	<u>13</u>
Operating expenses: (notes 6(f), (g), (h), (i), (j), (l), (m), (o), (t) and 7)				
6100 Selling expenses	403,173	7	404,427	6
6200 Administrative expenses	83,908	1	299,984	4
6300 Research and development expenses	404,967	7	333,990	5
6450 Expected credit (reversal gain) loss (note 6(c))	<u>(169)</u>	<u>-</u>	<u>221</u>	<u>-</u>
	<u>891,879</u>	<u>15</u>	<u>1,038,622</u>	<u>15</u>
Net operating income (loss)	<u>94,902</u>	<u>3</u>	<u>(86,286)</u>	<u>(2)</u>
Non-operating income and expenses:				
7100 Interest income (notes 6(u) and 7)	12,162	-	2,586	-
7010 Other income (notes 6(u) and 7)	40,263	1	9,422	-
7020 Other gains and losses (notes 6(b), (e), (u), (w) and 7)	484,984	8	18,129	-
7050 Finance costs (notes 6(l), (u) and 7)	(2,788)	-	(4,478)	-
7060 Share of (loss) profit of subsidiaries and associates accounted for using equity method (note 6(e))	<u>(36,423)</u>	<u>(1)</u>	<u>199,951</u>	<u>3</u>
	<u>498,198</u>	<u>8</u>	<u>225,610</u>	<u>3</u>
Profit before tax	593,100	11	139,324	1
7950 Less: Income tax expense (note 6(p))	<u>25,519</u>	<u>-</u>	<u>30,091</u>	<u>-</u>
Net profit	<u>567,581</u>	<u>11</u>	<u>109,233</u>	<u>1</u>
8300 Other comprehensive (loss) income:				
8310 Components of other comprehensive income that will not be reclassified to profit or loss				
8311 (Losses) gains on remeasurements of defined benefit plans (note 6(o))	(4,905)	-	20,106	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	3,396	-	(16,112)	-
8330 Share of other comprehensive gains (losses) of subsidiaries and associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	8,076	-	(9,376)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>6,567</u>	<u>-</u>	<u>(5,382)</u>	<u>-</u>
8360 Components of other comprehensive (loss) income that will be reclassified to profit or loss (notes 6(q) and (v))				
8361 Exchange differences on translation of foreign financial statements	(249,022)	(4)	590,988	8
8380 Share of other comprehensive income of subsidiaries and associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	307	-	10,500	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(p))	<u>61,698</u>	<u>1</u>	<u>(97,156)</u>	<u>(1)</u>
	<u>(187,017)</u>	<u>(5)</u>	<u>504,332</u>	<u>9</u>
8300 Other comprehensive (loss) income net	<u>(180,450)</u>	<u>(5)</u>	<u>498,950</u>	<u>9</u>
Total comprehensive income	<u>\$ 387,131</u>	<u>6</u>	<u>608,183</u>	<u>10</u>
Basic earnings per share (New Taiwan dollars) (note 6(r))	<u>\$ 0.95</u>		<u>0.18</u>	
Diluted earnings per share (New Taiwan dollars) (note 6(r))	<u>\$ 0.95</u>		<u>0.18</u>	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

D-LINK CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	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
Balance at January 1, 2022	\$ 3,998,365	1,322,573	2,110,026	412,952	299,477	(1,863,596)	(2,439)	-	-	8,477,358
Net profit	-	-	-	-	109,233	-	-	-	-	109,233
Other comprehensive income (loss)	-	-	-	-	20,106	504,332	(25,488)	-	-	498,950
Total comprehensive income (loss)	-	-	-	-	129,339	504,332	(25,488)	-	-	608,183
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	-	-	-	-	-	-	-	-	-	-
Changes in equity of associates accounted for using equity method	-	(179,950)	-	-	-	-	-	-	-	(179,950)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	4,081	-	-	-	-	4,081
Balance at December 31, 2022	5,998,365	1,342,623	2,129,290	693,165	16,266	(1,359,264)	(16,266)	-	-	8,909,672
Net profit	-	-	-	-	149,686	-	(44,193)	-	-	567,581
Other comprehensive income (loss)	-	-	-	-	567,581	-	-	-	-	567,581
Total comprehensive income (loss)	-	-	-	-	(5,302)	(187,017)	1,869	-	-	(180,450)
Issue employee restricted shares	-	-	-	-	562,279	(187,017)	1,869	-	-	387,131
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	-	-	-	-	-	(40,110)	-	-
Cash dividends of ordinary shares	-	-	14,969	-	(14,969)	-	-	-	-	-
Changes in equity of associates accounted for using equity method	-	-	-	-	(134,717)	-	-	-	-	(134,717)
Disposal of investments accounted for using equity method	-	-	-	-	17	-	-	-	-	17
Shares of the parent company held by its subsidiaries which are regarded as treasury shares	-	-	-	-	(15,320)	(11,214)	15,320	-	-	(11,214)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	507	-	-	-	-	-	-	(82,823)	(82,823)
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

See accompanying notes to parent company only financial statements.

D-LINK CORPORATION

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities:		
Profit before tax	\$ 593,100	139,324
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	51,711	55,572
Amortization expense	29,871	28,670
Expected credit (reversal gain) loss	(169)	221
Net gain on financial assets or liabilities at fair value through profit or loss	(70,664)	(15,964)
Interest expense	2,788	4,478
Interest income	(12,162)	(2,586)
Compensation cost of share-based payment transaction	11,095	-
Share of (loss) profit of subsidiaries and associates accounted for using equity method	36,423	(199,951)
Unrealized profit from sales	129,131	160,885
Profit from lease modification	-	(237)
Gain on disposal of property, plant and equipment	(213)	(4)
Gain on disposal of investments	(339,993)	-
Other	(139,610)	88,054
Total adjustments to reconcile (loss) profit	<u>(301,792)</u>	<u>119,138</u>
Changes in operating assets and liabilities:		
Decrease (increase) in notes receivable	3,632	(377)
Decrease (increase) in accounts receivable	40,149	(23,796)
Decrease (increase) in accounts receivable due from related parties	562,730	(1,424,325)
(Increase) decrease in other receivable	(15,444)	1,169
Decrease (increase) in inventories	141,178	(292,632)
Decrease (increase) in other current assets	8,850	(42,737)
Increase in other non-current assets	(740)	(14,688)
Total changes in operating assets	<u>740,355</u>	<u>(1,797,386)</u>
Increase in contract liabilities	6,829	11,034
(Decrease) increase in notes payable	(1,980)	2,045
(Decrease) increase in accounts payable	(647,681)	926,888
(Decrease) increase in accounts payable to related parties	(406,751)	593,767
Increase in other payable	104,670	23,125
Decrease in provisions	(16,993)	(7,407)
(Decrease) increase in refund liabilities	(8,472)	1,925
(Decrease) increase in other current liabilities	(14,143)	24,527
Increase in other non-current liabilities	-	8,842
Total changes in operating liabilities	<u>(984,521)</u>	<u>1,584,746</u>
Total changes in operating assets and liabilities	<u>(244,166)</u>	<u>(212,640)</u>
Total adjustments	<u>(545,958)</u>	<u>(93,502)</u>
Cash flow from operations	47,142	45,822
Interest received	12,162	2,586
Dividends received	92,376	106,141
Interest paid	(2,738)	(5,920)
Income taxes paid	(14,951)	(15,383)
Net cash flows from operating activities	<u>133,991</u>	<u>133,246</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through profit or loss	(36,000)	-
Disposal of investments accounted for using equity method	159,585	-
Acquisition of investments accounted for using equity method	(1,292,897)	(24,446)
Proceeds from capital reduction of investments accounted for using equity method	1,260,454	-
Acquisition of property, plant and equipment	(57,313)	(44,494)
Proceeds from disposal of property, plant and equipment	350	4
Decrease (increase) in refundable deposits	12,981	(15,358)
Acquisition of intangible assets	(30,970)	(43,334)
Liquidation refund	-	212,619
Net cash flows from investing activities	<u>16,190</u>	<u>84,991</u>
Cash flows (used in) from financing activities:		
Decrease in other short-term borrowings	(29,443)	(325,154)
Increase in other long-term borrowings	662	752,346
Payment of lease liabilities	(2,462)	(2,641)
Cash dividends paid	(134,717)	(179,950)
Net cash flows (used in) from financing activities	<u>(165,960)</u>	<u>244,601</u>
Net (decrease) increase in cash and cash equivalents	<u>(15,779)</u>	<u>462,838</u>
Cash and cash equivalents at beginning of period	<u>614,229</u>	<u>151,391</u>
Cash and cash equivalents at end of period	<u>\$ 598,450</u>	<u>614,229</u>

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

D-LINK CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2023 and 2022

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

(1) Company history

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

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

The accompanying 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 Company has initially adopted the following new amendments, which do not have a significant impact on its 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 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 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)

D-LINK CORPORATION
Notes to the Financial Statements

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

The 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 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 applied in the preparation of the parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented.

- (a) Statement of Compliance

These financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” .

- (b) Basis of Preparation

- (i) Basis of Measurement

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

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

- (ii) Functional and presentation currency

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

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

(c) Foreign currency

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of the 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. Nonmonetary 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 to the Company's functional currency at exchange rates at the reporting date. Income and expenses of foreign operations are translated to the Company's functional currency at average exchange rate for the period. Foreign currency differences are recognized in other comprehensive income.

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

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

- (i) It is expected to be realized or intends to sell or consume it in its normal operating cycle;
- (ii) It holds the asset primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting date; 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 date.

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

- (i) It expects to settle the liability in its normal operating cycle;
- (ii) It holds the liability primarily for the purpose of trading;
- (iii) The liability is due to be settled within twelve months after the reporting date; or

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(e) 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.

(f) Financial Instruments

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

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis 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 Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

2) Fair value through other comprehensive income (FVOCI)

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

On initial recognition of an equity investment that is not held for trading, the 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 on which the 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 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.

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

4) Business model assessment

The 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 Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the 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 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 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

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

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

6) Impairment of financial assets

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

The Company measures loss allowances at an amount equal to lifetime expected credit loss (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 allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month 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 ECLs is the maximum contractual period over which the 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 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 Company's historical experience and informed credit assessment as well as forward-looking information.

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

The 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 Company in full.

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

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

ECLs 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 Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 365 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;
or
- the disappearance of an active market for a security because of financial difficulties.

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

The gross carrying amount of a financial asset is written off when the 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 Company's procedures for recovery of amounts due.

7) Derecognition of financial assets

The 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 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 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.

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D-LINK CORPORATION
Notes to the Financial Statements

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the 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 and account payable, and other payables, are measured at fair value plus any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized in non-operating income and expense, and is included in other gains and losses.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The 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 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.

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

(iii) Derivative financial instruments and hedge accounting

The 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 Company assigned parts of hedge instruments (derivate financial instruments) to hedge its cash flow.

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

Cash flow hedges

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

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 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. The discontinuation is accounted for 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.

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

(g) Inventories

The cost of inventories shall comprise all costs of purchase and other costs incurred in bring the inventories to their present location and condition. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made on an item-by-item basis. Cost is determined 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.

(h) Investment in associates

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

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

The parent company only financial statements include the Company's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Company from the date that significant influence commences until the date that significant influence ceases.

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

If an associate issues new shares and the Company does not acquire new shares in proportion to its original ownership percentage but still have significant effect, the change in the equity shall be used to adjust the capital surplus or retained earnings, and investments are accounted for using equity method. If it resulted in a decrease in the ownership interest, except for the adjustments mentioned above, the related amount previously recognized in other comprehensive income in relation to the associate will be reclassified proportionately on the same basis as if the Company had directly disposed of the related assets or liabilities.

(i) Investment in subsidiaries

Subsidiaries that the Company has significant influence over their financial and operating policies are accounted for using the equity method. Under equity method, profit or loss and comprehensive income in the parent company only financial statements are consistent with the profit or loss and the comprehensive income that are attributable to the owners of the parent in the consolidated financial statements. In addition, equity in the parent company only financial statements are consistent with the equity attributable to owners in the consolidated financial statements.

The Company recognizes any changes in its subsidiaries' equity, which did not result in the changes of its influence within the transaction regarding its owners' equity.

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

(j) 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 other revenue 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.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, less, accumulated depreciation and accumulated impairment losses.

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

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

(ii) Subsequent expenditure

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

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

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.

(l) Leases

The Company assesses whether a contract is or contains a lease on the date of its establishment, and a contract is or contains a lease if the contract transfers control over the use of the identified asset for a period of time in exchange for consideration.

(i) As a leasee

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the 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 Company's estimate of the amount expected to be payable under a residual value guarantee; or

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

- 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 a 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 Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

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

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of office building that have a lease term of 12 months or less and leases of low-value assets, including office equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

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

When the 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, not with reference to the underlying asset. If a head lease is a short-term lease to which the 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 Company applies IFRS15 to allocate the consideration in the contract.

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

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

(m) 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.

(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.

(n) Impairment – non-derivative financial assets

At each reporting date, the 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.

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D-LINK CORPORATION
Notes to the Financial Statements

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 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.

(o) Provisions

A provision is recognized if, as a result of a past event, the 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.

(p) 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 at the book value of the subsidiary's investments in the parent company.

(q) Revenue from contracts with customers

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

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D-LINK CORPORATION
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The main operating activities of the Company is research, development, and sales of LANs and spare part for integrated circuits. The 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 Company has objective evidence that all criteria for acceptance have been satisfied.

The Company grants its customers the right to return the product. Therefore, the 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 Company reassesses the estimated amount of expected returns.

The 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 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 6(m).

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

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

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

(r) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by the employees.

(ii) Defined benefit plans

The 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.

(Continued)

D-LINK CORPORATION
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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 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 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 then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The 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 Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(s) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

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

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Notes to the Financial Statements

(t) Income Taxes

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

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

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

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

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the 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 reverse, 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 entity 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 liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

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; such reductions are reversed when the probability of future taxable profits improves.

(u) Earnings per share

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

(v) Operating segments

The Company discloses the informations of operating segments in the consolidated financial statements. Therefore the Company does not disclose such information in the parent company only financial statements.

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

The preparation of the parent company only financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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

(a) Impairment of Account receivable

The Company has estimated the loss allowance of trade receivable that is based on the risk of a default occurring and the rate of expected credit loss. The 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 account receivable.

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the 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 assumptions as to future demand within a specific time horizon. 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	\$ 465	168
Checking and saving accounts	<u>597,985</u>	<u>614,061</u>
Cash and cash equivalents	<u>\$ 598,450</u>	<u>614,229</u>

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

A time deposit is qualified as a cash equivalent when it has a maturity of three months or less from the date of acquisition and it is held for the purpose of short-term cash commitments. Otherwise, they are classified as other financial 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		
Cross currency swaps	\$ 3,773	14,560
Forward foreign exchange contracts	<u>330</u>	<u>198</u>
	<u>\$ 4,103</u>	<u>14,758</u>
Financial liabilities at fair value through profit or loss - current		
Cross currency swaps	\$ 17,551	177
Forward foreign exchange contracts	<u>777</u>	<u>8,420</u>
	<u>\$ 18,328</u>	<u>8,597</u>
Financial assets mandatorily measured at fair value through profit or loss - non-current		
Ensure Global Corp., Ltd. (Ensure)	<u>\$ 127,050</u>	<u>-</u>

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D-LINK CORPORATION
Notes to the Financial Statements

December 31, December 31,
2023 2022

- 1) On December 4, 2023, the Company participated in 5,000 shares of common stock of Ensure through a private placement, at an investment cost of \$36,000 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 through profit or loss of the Company were \$91,050 thousand in 2023.
 - 2) For disclosures on credit, currency and interest rate risks in financial instruments, please refer to note 6(w).
 - 3) As of December 31, 2023 and 2022, no financial assets are pledged as collateral.
- (ii) Non-hedging-derivative financial instruments

Derivative financial instruments are used to hedge certain foreign exchange and interest risk in which the Company is exposed to arising from its operating, financing and investing activities. As of December 31, 2023 and 2022, transactions that do not qualify for hedging accounting are presented as held-for-trading financial assets were as follows:

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	2023.01–2023.03
JPY	800,000	JPY	2024.01	1,800,000	JPY	2023.01–2023.02
Forward foreign exchange contracts:						
JPY (sell)	360,000	JPY	2024.02	-	-	-
USD (sell)	1,000	USD	2024.01	-	-	-
EUR (sell)	-	-	-	1,400	EUR	2023.02
CAD (sell)	-	-	-	900	CAD	2023.01–2023.02

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:						
USD	\$ 18,500	USD	2024.01	-	-	-
EUR	14,100	EUR	2024.01–2024.02	2,400	EUR	2023.01–2023.02
JPY	1,000,000	JPY	2024.01	-	-	-
AUD	500	AUD	2024.01	600	AUD	2023.01
CAD	1,400	CAD	2024.01	500	CAD	2023.01

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D-LINK CORPORATION
Notes to the Financial Statements

	December 31, 2023			December 31, 2022		
	Contract amount (thousand)	Currency	Maturity date	Contract amount (thousand)	Currency	Maturity date
Forward foreign exchange contracts:						
EUR (sell)	\$ 700	EUR	2024.01	6,300	EUR	2023.01~2023.02
AUD (sell)	-	-	-	1,700	AUD	2023.01~2023.03
CAD (sell)	-	-	-	1,000	CAD	2023.02
JPY (sell)	100,000	JPY	2024.01	1,025,060	JPY	2023.01~2023.03

(c) Notes and accounts receivable (including related parties) and other receivables

	December 31, 2023	December 31, 2022
Notes receivable for operating activities	\$ 2,028	5,660
Accounts receivable (including related parties) for operating activities	1,070,359	1,673,238
Other receivables	<u>211,123</u>	<u>26,730</u>
	1,283,510	1,705,628
Less: Loss Provision	<u>(940)</u>	<u>(1,109)</u>
	<u><u>\$ 1,282,570</u></u>	<u><u>1,704,519</u></u>

The 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:

	December 31, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 780,093	0.12%	927
90 days or less past due	465,207	0.00%	13
91 to 180 days past due	25,770	0.00%	-
181 to 270 days past due	6,016	0.00%	-
271 to 360 days past due	<u>6,424</u>	0.00%	<u>-</u>
	<u><u>\$ 1,283,510</u></u>		<u><u>940</u></u>

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D-LINK CORPORATION
Notes to the Financial Statements

	December 31, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 1,342,631	0.08%	1,079
90 days or less past due	354,781	0.01%	30
91 to 180 days past due	<u>8,216</u>	0.00%	<u>-</u>
	<u><u>\$ 1,705,628</u></u>		<u><u>1,109</u></u>

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	\$ 1,109	888
(Reversal gain) impairment loss recognized	<u>(169)</u>	<u>221</u>
Balance at December 31, 2023 and 2022	<u><u>\$ 940</u></u>	<u><u>1,109</u></u>

(d) Inventories

	December 31, 2023	December 31, 2022
Finished goods	<u><u>\$ 222,026</u></u>	<u><u>383,227</u></u>

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 \$4,571,212 thousand, and \$6,097,178 thousand, respectively. The loss on product warranty, obsolescence and order cancellation amounted to \$14,307 thousand and \$32,151 thousand for the years ended December 31, 2023 and 2022, respectively. In 2023, the Company recognized write-down loss of inventories to net realizable value of \$20,023 thousand. In 2022, the 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 inventories resulted in reversal of write-down loss of inventories to net realizable value to reduce cost of goods sold by \$1,721 thousand.

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

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Notes to the Financial Statements

(e) Investments accounted for using equity methods

Investments accounted for using equity methods were as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	\$ 8,737,902	7,843,797
Associates	<u>-</u>	<u>1,416,631</u>
	8,737,902	9,260,428
Less: Credit balance of equity investment (In other non-current liabilities)	<u>(829,412)</u>	<u>(807,154)</u>
	<u>\$ 7,908,490</u>	<u>8,453,274</u>

- (i) In November 2022, the Company reorganized and bought back 1.56% shares of D-Link Systems from D-Link Holding for \$24,426 thousand (US\$782 thousand).
- (ii) In December 2022, the Company reorganized and bought back 0.10% shares of D-Link Australia from D-Link International for \$20 thousand (US\$1 thousand).
- (iii) YEOCHIA and YEOMAO, the Company's investments accounted for using equity method, carried out liquidation procedure in December 2021, and were liquidated in July 2022 and October 2022, respectively.
- (iv) In January 2023, the Company underwent a reorganization to sell 100% of equity interest in its subsidiary, D-Link Canada, to D-Link Systems at a price of \$159,585 thousand (US\$5,197 thousand).
- (v) The Company underwent a reorganization in May 2023, in which it repurchased 100% of equity interest in D-Link Europe from its subsidiary D-Link Holding at a price of \$1,260,451 thousand (US\$41,018 thousand). Also, the subsidiary D-Link Holding process a disposal of the entire equity interests in the subsidiary D-Link Europe and engaged in capital reduction to return the share payments amounted to \$1,260,451 thousand.
- (vi) In June 2023, the Company underwent a reorganization to buy back 16.67% of equity interest in D-Link Middle East from its subsidiary, D-Link International, at a price of \$32,446 thousand (US\$1,056 thousand).
- (vii) D-Link Deutschland reduced its cash capital in September 2023 and returned the share payment amounted to \$3 thousand.
- (viii) Subsidiaries

Please refer to the 2023 consolidated financial statements.

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Notes to the Financial Statements

(ix) Associates

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

Name of Associate	Name of relationship with the Company	Principal place of business/ Registered Country	Ownership interest/ Voting rights held	
			December 31, 2023	December 31, 2022
Cameo Communication, Inc. (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 Company. The 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		2022
Current assets	\$ 3,871,200		
Non-current assets	1,732,411		
Current liabilities	1,484,128		
Non-current liabilities	<u>885,525</u>		
Net assets	<u>\$ 3,233,958</u>		
Net assets attributable to investee's shareholders	<u>\$ 3,233,958</u>		
		2023	2022
Operating revenue		<u>\$ 1,070,847</u>	<u>3,379,117</u>
Net Income		\$ 10,962	94,973
Other comprehensive income		<u>22,229</u>	<u>8,634</u>
Total comprehensive income		<u>\$ 33,191</u>	<u>103,607</u>
Total comprehensive income attributable to investee's shareholders		<u>\$ 33,191</u>	<u>103,607</u>

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Notes to the Financial Statements

	2023	2022
The Company's share in associate's net assets at beginning of year	\$ 1,344,613	1,301,552
The Company's share in associate's total comprehensive income	<u>14,722</u>	<u>43,061</u>
The 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	<u>102,489</u>	<u>102,489</u>
Disposal of investment of associates	<u>(1,417,890)</u>	<u>-</u>
Carrying amounts of investments accounted for using equity method	<u>\$ -</u>	<u>1,416,631</u>

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 its representative director, Kuo Chin-Ho, as its chairman, effective from April 1, 2023. In addition, since the Company is the largest single shareholder of it, with a shareholding of 41.58%, the Company has changed from having significant influence on Cameo to having control of Cameo and regards it as a consolidated subsidiary since April 1, 2023. The 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 market value of public listed or over-the-counter (OTC) investees of the Company accounted for using equity method was as follows:

	December 31, 2023	December 31, 2022
Cameo	<u>\$ -</u>	<u>1,416,590</u>

- (x) Pledges

As of December 31, 2023 and 2022, no investments accounted for using equity methods were pledged as collateral.

- (f) Right-of-use assets

The Company leases buildings. Information about leases was presented below:

	Buildings
Cost:	
Balance at January 1, 2023	\$ 10,112
Increase	951
Decrease	<u>(956)</u>
Balance at December 31, 2023	<u>\$ 10,107</u>
Balance at January 1, 2022	\$ 18,321

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D-LINK CORPORATION
Notes to the Financial Statements

	Buildings
Decrease	(8,209)
Balance at December 31, 2022	\$ <u>10,112</u>
Accumulated Depreciation:	
Balance at January 1, 2023	\$ 6,041
Increase	2,585
Decrease	(956)
Balance at December 31, 2023	\$ <u>7,670</u>
Balance at January 1, 2022	\$ 6,818
Increase	2,857
Decrease	(3,634)
Balance at December 31, 2022	\$ <u>6,041</u>
Carrying amount:	
Balance at December 31, 2023	\$ <u>2,437</u>
Balance at December 31, 2022	\$ <u>4,071</u>
Balance at January 1, 2022	\$ <u>11,503</u>

(g) Property, plant and equipment

	2023				Balance as of December 31, 2023
	Balance as of January 1, 2023	Increase	Decrease	Transfer	
Cost:					
Land	\$ 531,453	-	-	-	531,453
Buildings	549,722	1,635	1,350	-	550,007
Others	<u>515,181</u>	<u>55,678</u>	<u>53,129</u>	<u>5,082</u>	<u>522,812</u>
	<u>1,596,356</u>	<u>57,313</u>	<u>54,479</u>	<u>5,082</u>	<u>1,604,272</u>
Accumulated depreciation:					
Buildings	435,679	4,979	1,350	-	439,308
Others	<u>440,995</u>	<u>43,750</u>	<u>52,992</u>	<u>-</u>	<u>431,753</u>
	<u>876,674</u>	<u>48,729</u>	<u>54,342</u>	<u>-</u>	<u>871,061</u>
	\$ <u>719,682</u>	<u>8,584</u>	<u>137</u>	<u>5,082</u>	<u>733,211</u>

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D-LINK CORPORATION
Notes to the Financial Statements

	2022				Balance as of December 31, 2022
	Balance as of January 1, 2022	Increase	Decrease	Transfer	
Cost:					
Land	\$ 531,453	-	-	-	531,453
Buildings	548,803	919	-	-	549,722
Others	<u>626,454</u>	<u>43,575</u>	<u>154,848</u>	<u>-</u>	<u>515,181</u>
	<u>1,706,710</u>	<u>44,494</u>	<u>154,848</u>	<u>-</u>	<u>1,596,356</u>
Accumulated depreciation:					
Buildings	430,564	5,115	-	-	435,679
Others	<u>548,639</u>	<u>47,204</u>	<u>154,848</u>	<u>-</u>	<u>440,995</u>
	<u>979,203</u>	<u>52,319</u>	<u>154,848</u>	<u>-</u>	<u>876,674</u>
	<u>\$ 727,507</u>	<u>(7,825)</u>	<u>-</u>	<u>-</u>	<u>719,682</u>

As of December 31, 2023 and 2022, no property, plant and equipment were pledged as collateral.

(h) Investment property

	2023				Balance as of December 31, 2023
	Balance as of January 1, 2023	Increase	Decrease	Transfer	
Cost:					
Land	\$ 30,000	-	-	-	30,000
Buildings	<u>22,196</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,196</u>
	<u>52,196</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,196</u>
Accumulated Depreciation:					
Buildings	<u>12,716</u>	<u>397</u>	<u>-</u>	<u>-</u>	<u>13,113</u>
Accumulated impairment:					
Buildings	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
	<u>\$ 38,480</u>	<u>(397)</u>	<u>-</u>	<u>-</u>	<u>38,083</u>

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

	2022				Balance as of December 31, 2022
	Balance as of January 1, 2022	Increase	Decrease	Transfer	
Cost:					
Land	\$ 30,000	-	-	-	30,000
Buildings	<u>22,196</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,196</u>
	<u>52,196</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,196</u>
Accumulated Depreciation:					
Buildings	<u>12,320</u>	<u>396</u>	<u>-</u>	<u>-</u>	<u>12,716</u>
Accumulated impairment:					
Buildings	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
	<u>\$ 38,876</u>	<u>(396)</u>	<u>-</u>	<u>-</u>	<u>38,480</u>
				December 31, 2023	December 31, 2022
Carrying amount				<u>\$ 38,083</u>	<u>38,480</u>
Fair value				<u>\$ 61,990</u>	<u>73,181</u>

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

As of December 31, 2023 and 2022, the fair value of investment property was evaluated based on the comparable deal information with similar location and category or appraisal report.

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

(i) Intangible assets

	2023				Balance as of December 31, 2023
	Balance as of January 1, 2023	Increase	Decrease	Amortization	
Patents	12,336	-	-	(2,692)	9,644
Computer software costs	6,402	1,024	-	(4,177)	3,249
Other intangible assets	<u>40,677</u>	<u>29,946</u>	<u>-</u>	<u>(23,002)</u>	<u>47,621</u>
	<u>\$ 59,415</u>	<u>30,970</u>	<u>-</u>	<u>(29,871)</u>	<u>60,514</u>

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

	2022				Balance as of
	Balance as of	Increase	Decrease	Amortization	of
	January 1, 2022				December 31, 2022
Patents	15,028	-	-	(2,692)	12,336
Computer software costs	19,139	1,071	-	(13,808)	6,402
Other intangible assets	11,295	42,263	(711)	(12,170)	40,677
	<u>\$ 45,462</u>	<u>43,334</u>	<u>(711)</u>	<u>(28,670)</u>	<u>59,415</u>

(j) 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 shareholders' meeting were as follows:

(In Thousands of shares)

Grant Date	Granted Shares Approved by the Board	Fair Value Per Share	Issued Date	Issued Shares
2023/09/25	3,000	\$ 19.90	2023/09/25	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 a three years after the grant date and gets a rating "B+" (or higher) in the annual performance review.

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

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

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D-LINK CORPORATION
Notes to the Financial Statements

- 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	<u><u>3,000</u></u>

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

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D-LINK CORPORATION
Notes to the Financial Statements

(k) Other long-term and short-term borrowings

For further information on other long-term and short-term borrowings from the subsidiaries, please refer to note 7(b).

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

	Currency	Interest rate	Maturity year	December 31, 2023	December 31, 2022
Other short-term borrowings	JPY	0.5%	2023~2024	\$ 392,306	421,749
Other long-term borrowings	USD	-	2027	<u>753,008</u>	<u>752,346</u>
Total				<u>\$ 1,145,314</u>	<u>1,174,095</u>
Unused credit facilities				<u>\$ 3,215,984</u>	<u>3,236,868</u>

(l) Lease liabilities

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

	December 31, 2023	December 31, 2022
Current	\$ <u>2,948</u>	<u>1,956</u>
Non-current	\$ <u>40</u>	<u>2,469</u>

The amounts recognized in profit or loss were as follows:

	2023	2022
Interests on lease liabilities	\$ <u>74</u>	<u>111</u>
Expenses relating to short-term leases	\$ <u>2,398</u>	<u>2,096</u>

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

	2023	2022
Total cash outflow for leases	\$ <u>4,934</u>	<u>4,848</u>

Real estate leases

The Company leases buildings for its office space, and the leases of office space typically run for 2 to 5 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.

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

(m) Provisions — current

	2023					Balance as of December 31, 2023
	Balance as of January 1, 2023	Increase	Used	Reversed	Effect of exchange	
Warranties	\$ 63,982	-	(5,680)	(2,079)	-	56,223
Legal proceedings and royalties	<u>199,602</u>	<u>73,452</u>	<u>(11,313)</u>	<u>(226,238)</u>	<u>(4,768)</u>	<u>30,735</u>
	<u>\$ 263,584</u>	<u>73,452</u>	<u>(16,993)</u>	<u>(228,317)</u>	<u>(4,768)</u>	<u>86,958</u>

	2022					Balance as of December 31, 2022
	Balance as of January 1, 2022	Increase	Used	Reversed	Effect of exchange	
Warranties	\$ 62,860	8,529	(7,407)	-	-	63,982
Legal proceedings and royalties	<u>119,067</u>	<u>106,963</u>	<u>-</u>	<u>(34,134)</u>	<u>7,706</u>	<u>199,602</u>
	<u>\$ 181,927</u>	<u>115,492</u>	<u>(7,407)</u>	<u>(34,134)</u>	<u>7,706</u>	<u>263,584</u>

(n) Refund liabilities

	December 31, 2023	December 31, 2022
Refund liabilities	<u>\$ 18,293</u>	<u>26,765</u>

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

(o) Employee benefits

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

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	\$ 72,252	70,547
Fair value of plan assets	<u>(77,461)</u>	<u>(80,571)</u>
Net defined benefit assets	<u>\$ (5,209)</u>	<u>(10,024)</u>

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 earned and each unit represents the average monthly salaries for the last six months prior to retirement.

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

1) Composition of plan assets

The Company's allocates 2% of each employee's monthly wage to the labor pension personal account at Bank of Taiwan in accordance with the provisions of Labor Pension Act, whereby, the labor pension personal account will make pension payment in advance.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$77,461 thousand at the date of reporting date. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in the present value of the defined benefit obligations in 2023 and 2022 were as follows:

	2023	2022
Defined benefit obligation at January 1	\$ 70,547	86,814
Current service costs and interests	1,162	1,227
Remeasurement of the defined benefit liabilities		
— Actuarial losses (gains) from changes in the financial assumptions	875	(5,647)
— Actuarial losses (gains) from changes in experience adjustments	4,291	(8,629)
Benefits paid	<u>(4,623)</u>	<u>(3,218)</u>
Defined benefit obligation at December 31	<u>\$ 72,252</u>	<u>70,547</u>

3) Movements in the fair value of the plan assets

The movements in the present value of the plan assets in 2023 and 2022 were as follows:

	2023	2022
Fair value of plan assets at January 1	\$ 80,571	75,551
Interest income	1,128	605
Remeasurement of the net plan assets		
— Actuarial return on plan assets (excluding interests)	261	5,830
Contributions made	124	1,803
Benefits paid	<u>(4,623)</u>	<u>(3,218)</u>
Fair value of plan assets at December 31	<u>\$ 77,461</u>	<u>80,571</u>

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

4) Expenses recognized in profit or loss

The Company's expenses recognized in profit or loss for 2023 and 2022 were as follow:

	2023	2022
Current service costs	\$ 175	532
Net interest on the net defined benefit obligation	<u>(141)</u>	<u>90</u>
	<u>\$ 34</u>	<u>622</u>
	2023	2022
Operating costs	\$ -	9
Selling expenses	17	355
Administrative expenses	8	136
Research and development expenses	<u>9</u>	<u>122</u>
	<u>\$ 34</u>	<u>622</u>

5) Remeasurement of the net define benefits liabilities recognized in other comprehensive income

The Company's remeasurement of the net define benefit liabilities recognized in other comprehensive income for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Balance on January 1	\$ 28,911	49,017
Recognized	<u>4,905</u>	<u>(20,106)</u>
Balance on December 31	<u>\$ 33,816</u>	<u>28,911</u>

6) Actuarial assumptions

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

	December 31, 2023	December 31, 2022
Discount rate	1.300 %	1.400 %
Future salary increases	3.000 %	3.000 %

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

The weighted average duration of defined benefit obligation is 13.00 years in 2023 and 2022, respectively.

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

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 obligation	
	Increase	Decrease
December 31, 2023		
Discount rate (0.25% change)	\$ (2,164)	2,248
Future salary increase (0.25% change)	2,024	(1,964)
December 31, 2022		
Discount rate (0.25% change)	(2,202)	2,289
Future salary increase (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 the net pension liabilities in the balance sheets.

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

(ii) Defined contribution plans

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

The amounts of the Company's pension expenses under defined contribution pension plan in 2023 and 2022 were as follows and the amounts were contributed to the labor pension personal accounts of Bureau of the Labor Insurance:

	2023	2022
Operating costs	\$ 133	131
Operating expenses	<u>27,764</u>	<u>26,568</u>
	<u>\$ 27,897</u>	<u>26,699</u>

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

(p) Income Taxes

Income tax expenses for the years ended 2023 and 2022 were summarized as follows:

	2023	2022
Current income tax expense	\$ 9,749	14,320
Deferred tax expense	<u>15,770</u>	<u>15,771</u>
Income tax expenses	<u>\$ 25,519</u>	<u>30,091</u>

The amounts of income tax (benefits) expenses recognized in other comprehensive income were as follows:

	2023	2022
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	<u>\$ (61,698)</u>	<u>97,156</u>

Reconciliations of income tax expense and profit before tax were as follows:

	2023	2022
Profit before income tax	<u>\$ 593,100</u>	<u>139,324</u>
Income tax using the Company's domestic tax rate	\$ 118,620	27,865
Share of loss (profit) of subsidiaries and associates accounted for using equity method	14,750	(39,492)
Investment income from domestic company	(9,767)	(3,257)
Gains on disposal of domestic investments accounted for using equity method	(67,999)	-
Loss carry forward	(55,224)	(50,786)
Unrecognized changes of temporary differences	93,934	79,845
Income tax adjustments on prior years and others	<u>(68,795)</u>	<u>15,916</u>
Income tax expenses	<u>\$ 25,519</u>	<u>30,091</u>

Deferred tax assets and liabilities

(i) Unrecognized deferred income tax assets

	December 31, 2023	December 31, 2022
Deductible temporary differences		
Unrealized expenses	\$ 8,298	38,698
Provisions for warranty	11,245	12,796
Unrealized gross profit from sales	94,053	60,250
Others	<u>15,360</u>	<u>71,551</u>
	<u>128,956</u>	<u>183,295</u>
Operating loss carry forward	<u>368,276</u>	<u>220,003</u>
	<u>\$ 497,232</u>	<u>403,298</u>

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

(ii) Recognized deferred tax assets and liabilities

	Intra-group transactions	Exchange differences on translation of foreign financial statements	Loss carry forward	Total
Deferred income tax assets:				
Balance at January 1, 2023	\$ 23,657	226,455	285,663	535,775
Recognized in profit or loss	(15,771)	-	(198,965)	(214,736)
Exchange differences on translation of foreign financial statements	-	61,698	-	61,698
Balance at December 31, 2023	<u>\$ 7,886</u>	<u>288,153</u>	<u>86,698</u>	<u>382,737</u>
Balance at January 1, 2022	\$ 39,428	323,611	337,696	700,735
Recognized in profit or loss	(15,771)	-	(52,033)	(67,804)
Exchange differences on translation of foreign financial statements	-	(97,156)	-	(97,156)
Balance at December 31, 2022	<u>\$ 23,657</u>	<u>226,455</u>	<u>285,663</u>	<u>535,775</u>

	Investments under equity method	Others	Total
Deferred income tax liabilities:			
Balance at January 1, 2023	\$ 243,068	42,595	285,663
Recognized in profit or loss	(196,854)	(2,112)	(198,966)
Balance at December 31, 2023	<u>\$ 46,214</u>	<u>40,483</u>	<u>86,697</u>
Balance at January 1, 2022	\$ 296,578	41,118	337,696
Recognized in profit or loss	(53,510)	1,477	(52,033)
Balance at December 31, 2022	<u>\$ 243,068</u>	<u>42,595</u>	<u>285,663</u>

In accordance with the ROC Tax laws, the operating loss carry forward assessed by the tax authorities are deductible from taxable income for a ten-year period. As of December 31, 2023, the Company's unused loss carry forward available to offset future taxable income and the year of expiry were as follows:

Years of loss	Unused amount	Year of expiry
2017	\$ 1,241,323	2027
2019	162,350	2029
2020	620,355	2030
2021	250,835	2031
	<u>\$ 2,274,863</u>	

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

The Company's income tax return had been examined by the tax authorities through 2021.

(q) Share 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 stock options). As of December 31, 2023 and 2022, the paid-in capital consisted 602,837 thousand shares and 599,837 thousand shares, 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 were as follows:

	December 31, 2023	December 31, 2022
Common stock in excess of par value	\$ 1,037,080	1,037,080
Treasury share 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	<u>21,205</u>	<u>-</u>
	<u>\$ 1,364,335</u>	<u>1,342,623</u>

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

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.

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D-LINK CORPORATION
Notes to the Financial Statements

(iii) Retained earnings

1) Legal reserve

According to the ROC Company Act No. 237, the Company must retain 10% of its annual income as a legal reserve until such retention equals the amount of authorized common stock.

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

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

2) Special reserve

In accordance with Ruling No. 1010012865 issued by the FSC on 6 April, 2012, a special reserve equivalent to the net debit balance of other shareholders' equity shall be set aside from the current earnings and the prior unappropriated earnings. The Company shall not distribute the special reserve equivalent to the net debit balance of shareholders' equity from the prior fiscal years set aside from the prior unappropriated earnings. The amount of subsequent reversals pertaining to the net debt balance of other shareholders' equity shall qualify for distribution.

3) Earning distribution

In accordance with the Company's articles of incorporation, if there are earnings at year-end, 10 percent should be set aside as legal reserve and special earnings reserve or reversal in accordance with the Securities and Exchange Act after the payment of income tax and offsetting accumulated losses from prior years. The remaining portion will be combined with earnings from prior years, and the board of directors can propose methods of distribution 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 is 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 earnings, 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 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

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D-LINK CORPORATION
Notes to the Financial Statements

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 stocks

Qianjin Investment, a subsidiary of the 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 Company	(187,324)	3,396
Associates	307	8,473
Associates—disposal	<u>(11,214)</u>	<u>15,320</u>
Balance at December 31, 2023	<u>\$ (1,557,495)</u>	<u>(17,004)</u>

	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, 2022	\$ (1,863,596)	(2,439)
The Company	493,832	-
Associates	10,500	(25,488)
Associates-liquidation	<u>-</u>	<u>(16,266)</u>
Balance at December 31, 2022	<u>\$ (1,359,264)</u>	<u>(44,193)</u>

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

2) Unearned compensation

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

(r) Earnings per share

The calculations of earnings per share of the Company were as follows:

(i) Basic earnings per share

	2023	2022
Profit of the Company for the year	<u>\$ 567,581</u>	<u>109,233</u>
Outstanding ordinary shares	<u>598,142</u>	<u>599,837</u>
Basic earnings per share (dollar)	<u>\$ 0.95</u>	<u>0.18</u>

(ii) Diluted earnings per share

	2023	2022
Profit attributable to owners of ordinary shares (diluted)	<u>\$ 567,581</u>	<u>109,233</u>
Weighted-average number of ordinary shares outstanding (basic)	\$ 598,142	599,837
Unvested employee restricted share	319	-
Employee's compensation has not been resolved by the shareholders' meeting	<u>1,613</u>	<u>677</u>
Weighted average number of ordinary shares (diluted)	<u>600,074</u>	<u>600,514</u>
Diluted earnings per share (dollar)	<u>\$ 0.95</u>	<u>0.18</u>

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.

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

(s) Revenue from contracts with customers

(i) The Company revenue from contract revenue

Major product / service lines	2023	2022
Switch and Security products	\$ 3,855,309	4,324,130
Wireless and IoT products	838,882	1,812,121
Mobile and Broadband product	790,402	1,050,916
Others	<u>236,861</u>	<u>53,662</u>
	<u>\$ 5,721,454</u>	<u>7,240,829</u>
Primary geographical markets	2023	2022
Asian and others	\$ 3,325,585	4,899,634
European	1,919,330	1,547,964
American	<u>476,539</u>	<u>793,231</u>
	<u>\$ 5,721,454</u>	<u>7,240,829</u>

(ii) Contract liabilities

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

	December 31, 2023	December 31, 2022
Contract Liabilities — current (sales)	<u>\$ 41,682</u>	<u>34,853</u>

2) The beginning contract liabilities were recognized as income, amounting to \$31,784 thousand and \$21,506 thousand for the years ended December 31, 2023 and 2022, respectively.

(t) Remuneration 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's estimated its remunerations to employees and directors amounting to \$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.

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

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 is available at the Market Observation Post System website.

(u) Other income and losses

(i) Interest income

	2023	2022
Interest income from bank deposits	\$ 12,074	2,402
Interest income from others	<u>88</u>	<u>184</u>
Total Interest income	<u>\$ 12,162</u>	<u>2,586</u>

(ii) Other income

	2023	2022
Rental income	\$ 5,335	5,058
Others	<u>34,928</u>	<u>4,364</u>
Total	<u>\$ 40,263</u>	<u>9,422</u>

(iii) Other gains and losses

	2023	2022
Gain on disposal of property, plant and equipment	\$ 213	4
Gain on disposals of investments	339,993	-
Foreign currency exchange gains	73,844	4,944
Valuation gains from financial assets and liabilities	70,664	15,964
Others	<u>270</u>	<u>(2,783)</u>
Total	<u>\$ 484,984</u>	<u>18,129</u>

(iv) Financial costs

	2023	2022
Interest expense	\$ (2,714)	(4,367)
Other financial costs		
Lease liability interests	<u>(74)</u>	<u>(111)</u>
	<u>(74)</u>	<u>(111)</u>
Net financial costs	<u>\$ (2,788)</u>	<u>(4,478)</u>

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

- (v) Items that were reclassified to other comprehensive income

Details of the reclassification adjustments of other comprehensive income in 2023 and 2022 were summarized as follow:

	2023	2022
Exchange differences on translation of foreign financial statements		
Change in foreign currency exchange from the Company	\$ <u>(249,022)</u>	<u>590,988</u>
Change in exchange differences on translation of foreign financial statements recognized in other comprehensive income	\$ <u>(249,022)</u>	<u>590,988</u>
Share of other comprehensive income accounted for using equity method		
Change in foreign currency exchange from associates	\$ <u>307</u>	<u>10,500</u>
Share of other comprehensive income from associates	\$ <u>307</u>	<u>10,500</u>

- (w) Financial instruments

- (i) Category of financial instruments

- 1) Financial Assets

	December 31, 2023	December 31, 2022
Cash and cash equivalents	\$ 598,450	614,229
Financial assets at fair value through profit or loss — current and non-current	131,153	14,758
Notes receivable, accounts receivable and other accounts receivable (including related parties)	1,282,570	1,704,519
Refundable deposits	<u>6,919</u>	<u>19,900</u>
	\$ <u>2,019,092</u>	<u>2,353,406</u>

- 2) Financial liabilities

	December 31, 2023	December 31, 2022
Other short-term borrowings	\$ 392,306	421,749
Other long-term borrowings	753,008	752,346
Financial liabilities at fair value through profit or loss — current	18,328	8,597
Notes payable, accounts payable and other payables (including related parties)	920,003	1,871,769
Guarantee deposit received	3,074	3,074
Lease liability (current and non-current)	<u>2,988</u>	<u>4,425</u>
	\$ <u>2,089,707</u>	<u>3,061,960</u>

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

(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 amount exposed to credit risk amounted to \$2,019,092 thousand and \$2,353,406 thousand, respectively.

(iii) Liquidity risk

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

	Book value	Contractual cash flows	Within six months	6-12 months	1-2 years	2-5 years	Over five years
December 31, 2023							
Non-derivative financial liabilities							
Other long-term and short-term borrowings	\$ 1,145,314	1,147,234	995	393,231	-	753,008	-
Notes payable	76	76	76	-	-	-	-
Accounts payable	410,232	410,232	410,232	-	-	-	-
Accounts payable to related parties	196,298	196,298	196,298	-	-	-	-
Other payables	313,397	313,397	313,397	-	-	-	-
Lease liability	2,988	3,020	1,231	1,748	41	-	-
Guarantee deposits received	3,074	3,074	3,074	-	-	-	-
Derivative financial liabilities							
Cross currency swaps	17,551	17,551	17,551	-	-	-	-
Forward foreign exchange contracts	777	777	777	-	-	-	-
	<u>\$ 2,089,707</u>	<u>2,091,659</u>	<u>943,631</u>	<u>394,979</u>	<u>41</u>	<u>753,008</u>	<u>-</u>
December 31, 2022							
Non-derivative financial liabilities							
Other long-term and short-term borrowings	\$ 1,174,095	1,176,174	1,067	422,761	-	752,346	-
Notes payable	2,056	2,056	2,056	-	-	-	-
Accounts payable	1,057,913	1,057,913	1,057,913	-	-	-	-
Accounts payable to related parties	603,049	603,049	603,049	-	-	-	-
Other payables	208,751	208,751	208,751	-	-	-	-
Lease liability	4,425	4,510	1,029	988	2,493	-	-
Guarantee deposits received	3,074	3,074	3,074	-	-	-	-
Derivative financial liabilities							
Cross currency swaps	177	177	177	-	-	-	-
Forward foreign exchange contracts	8,420	8,420	8,420	-	-	-	-
	<u>\$ 3,061,960</u>	<u>3,064,124</u>	<u>1,885,536</u>	<u>423,749</u>	<u>2,493</u>	<u>752,346</u>	<u>-</u>

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

The 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 Company's significant exposures to foreign currency risk were as follows:

	2023			2022		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets :						
Monetary items:						
USD	\$ 18,478	30.74	<u>\$ 567,923</u>	41,487	30.71	<u>1,273,974</u>
Derivative financial instruments:						
USD	\$ -	30.74	2	52	30.71	1,598
JPY	18,816	0.22	4,101	55,377	0.23	12,975
CAD	-	-	-	8	22.68	185
			<u>\$ 4,103</u>			<u>14,758</u>
Investment accounted for using equity method:						
USD	\$ 187,829	30.74	5,772,956	238,864	30.71	7,335,056
CAD	-	-	-	7,037	22.68	159,585
EUR	17,100	33.92	580,029	-	-	-
AUD	6,339	20.94	132,707	7,893	20.93	165,200
MXN	1,859	1.82	3,381	2,178	1.58	3,444
JPY	2,708,345	0.22	590,278	2,635,526	0.23	617,517
CLP	331,187	0.03	11,507	217,279	0.04	7,763
			<u>\$ 7,090,858</u>			<u>8,288,565</u>
Financial liabilities:						
Monetary items:						
USD	\$ 44,403	30.74	1,364,724	78,199	30.71	2,401,337
JPY	1,889,546	0.22	411,822	1,863,888	0.23	436,718
			<u>\$ 1,776,546</u>			<u>2,838,055</u>
Derivative financial instruments:						
USD	\$ 384	30.74	11,808	126	30.71	3,876
JPY	6,882	0.22	1,500	19,859	0.23	4,653
AUD	4	20.94	83	-	-	-
CAD	10	23.19	228	3	22.68	68
EUR	139	33.92	4,709	-	-	-
			<u>\$ 18,328</u>			<u>8,597</u>
Credit balance of equity investment:						
USD	\$ 20,742	30.74	637,510	20,435	30.71	627,565
BRL	30,228	6.35	191,902	30,490	5.89	179,589
			<u>\$ 829,412</u>			<u>807,154</u>

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D-LINK CORPORATION
Notes to the Financial Statements

Because the Company has various functional currencies, information of the foreign currency exchange gains and losses of the monetary financial assets and liabilities is aggregaely disclosed. The total foreign exchange gains and losses, including realized and unrealized, were gains \$73,844 thousand and \$4,944 thousand for the years ended December 31, 2023 and 2022, respectively.

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, account receivables, other receivables, loans, account payables, and other payables that are denominated in foreign currency. A 1.5% of appreciation (depreciation) of each consolidated components currency, other than the functional currency, against the functional currency as of December 31, 2023 and 2022 would have increased or decreased the net income after tax by \$60,463 thousand and \$71,082 thousand, respectively, assuming all other variables were held constanting.

(v) Interest rate analysis

Please refer to the notes on liquidity risk management for the risk of interest rate exposure of the Company's financial assets and liabilities.

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

(vi) Assets and liabilities measured at fair value

1) The information of levels in the fair value hierarchy

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

Assets and liabilities	Total	December 31, 2023		
		Level 1	Level 2	Level 3
Measured at fair value on recurring basis				
Derivative instruments				
Assets:				
Financial assets mandatorily measured at fair value through profit or loss — current	\$ 4,103	-	4,103	-
Financial assets mandatorily measured at fair value through profit or loss — non-current	127,050	-	-	127,050
Liabilities:				
Financial liabilities at fair value through profit or loss — current	18,328	-	18,328	-

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

	December 31, 2022			
Assets and liabilities	Total	Level 1	Level 2	Level 3
Measured at fair value on recurring basis				
Derivative instruments				
Assets:				
Financial assets mandatorily measured at fair value through other comprehensive income	\$ 14,758	-	14,758	-
Liabilities:				
Financial liabilities at fair value through profit or loss — current	8,597	-	8,597	-

2) Valuation techniques

The 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 the basis for the fair value of listed (OTC) 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 quoted markets mentioned above, for other financial instruments like private placement of stocks of listed (OTC) companies, the fair value is determined by the market quotations and evaluation techniques, and is also determined by examining liquidity discounts.

The Company measures the fair value of financial instruments that are traded in inactive markets by category and by attribute 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 from Level 1 to Level 2

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

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D-LINK CORPORATION
Notes to the Financial Statements

4) Reconciliation of level 3 fair values

	Non derivative financial assets mandatorily measured at fair value through profit or loss
Balance at January 1, 2023	\$ -
Total gains and losses recognized:	
In profit or loss	91,050
Acquisition	<u>36,000</u>
Balance at December 31, 2023	<u><u>\$ 127,050</u></u>

As of December 31, 2023, the Company still held the following assets related to the total gains or losses described above, which were reported in “other gains and losses” :

	2023	2022
Total gains and losses recognized:		
In profit or loss, and reported in “other gains and losses”	91,050	-

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

The 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 placement of stocks of listed (OTC) companies”.

Most of the 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

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Notes to the Financial Statements

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

The fair value of financial instruments measured by the 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%	\$ <u>16,900</u>	<u>(16,900)</u>

- (vii) Assets and liabilities not measured at fair value

- 1) Information of fair value

Except for those listed in the table below, the carrying amounts of the 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.

	December 31, 2023		December 31, 2022	
	Book value	Fair value	Book value	Fair value
Non-financial assets:				
Investment property	\$ <u>38,083</u>	<u>61,990</u>	<u>38,480</u>	<u>73,181</u>
December 31, 2023				
Assets and liabilities	Total	Level 1	Level 2	Level 3
Non-financial assets:				
Investment property	\$ 61,990	-	-	61,990
December 31, 2022				
Assets and liabilities	Total	Level 1	Level 2	Level 3
Non-financial assets:				
Investment property	\$ 73,181	-	-	73,181

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

2) Valuation techniques

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

- a) The carrying amounts of cash and cash equivalents and other financial instruments are approximate their fair value due to their short maturities.
- b) The fair value of investment property is based on the comparable deal information with similar location.

(x) Financial risk management

(i) Overview

the Company is exposed to the following risks rising from financial instruments:

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

The following likewise discusses the 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 financial statements.

(ii) Structure of risk management

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

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

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

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Notes to the Financial Statements

(iii) Credit risk

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

1) Accounts receivable

The credit risk exposure of the Company arises from the operations and financial conditions of each customer and the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate. However, the Company operates worldwide, and thus, risk is diversified. As of December 31, 2023 and 2022, revenue from each foreign customer does not exceed 5% of the Company's revenue and therefore, there is no concentration of credit risk.

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

2) Investment on securities and derivative financial instruments

The credit risk of bank deposits, fixed income investments and derivative financial instrument are measured and monitored by the Company's finance department. As the 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.

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Notes to the Financial Statements

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 Company has not provided any guarantees to a third party.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The 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 Company's reputation. The 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 Company had unused credit facilities for \$3,215,984 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 changes in foreign exchange rates, interest rates or equity prices that affects the 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 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 Company is exposed to currency risk on sales, purchases and loans that are denominated in currencies other than its respective functional currencies. The functional currencies of the 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), BRL, and so on.

At any point in time, the Company hedges its currency risk based on its actual and forecast sales over the following six months. the Company also uses nature hedges on assets and liabilities denominated in same foreign currencies and maintained the hedge ratio at 50% and above. the 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.

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Notes to the Financial Statements

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

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 Company's bank loans are at fixed rate. Therefore, the change in market interest rate will not affect the cash flow of the future interest payment of the Company, hence, there is no significant interest rate risk.

(y) Capital management

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

Debt-to-equity ratio:

	December 31, 2023	December 31, 2022
Total liabilities	\$ 3,213,421	4,558,939
Less: cash and cash equivalents	<u>(598,450)</u>	<u>(614,229)</u>
Net debt	<u>\$ 2,614,971</u>	<u>3,944,710</u>
Total equity	<u>\$ 9,079,668</u>	<u>8,909,672</u>
Debt-to-equity ratio	<u>28.80%</u>	<u>44.27%</u>

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

(z) 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) Requirement of right-to-use assets through lease agreement, please refer to note 6(f).

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Notes to the Financial Statements

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

	January 1, 2023	Cash flows	Non-cash changes			December 31, 2023
			Exchange	Fair value changes	Others	
Other short-term borrowings	\$ 421,749	(29,443)	-	-	-	392,306
Other long-term borrowings	752,346	662	-	-	-	753,008
Lease liabilities	4,425	(2,536)	-	-	1,099	2,988
Guarantee deposits received	3,074	-	-	-	-	3,074
Total liabilities from financing activities	<u>\$ 1,181,594</u>	<u>(31,317)</u>	<u>-</u>	<u>-</u>	<u>1,099</u>	<u>1,151,376</u>

	January 1, 2022	Cash flows	Non-cash changes			December 31, 2022
			Exchange	Fair value changes	Others	
Other short-term borrowings	\$ 746,903	(325,154)	-	-	-	421,749
Other long-term borrowings	-	752,346	-	-	-	752,346
Lease liabilities	11,879	(2,752)	-	-	(4,702)	4,425
Guarantee deposits received	3,074	-	-	-	-	3,074
Total liabilities from financing activities	<u>\$ 761,856</u>	<u>424,440</u>	<u>-</u>	<u>-</u>	<u>(4,702)</u>	<u>1,181,594</u>

(7) Related-party transactions:

(a) Names and relationship with related parties

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

Name of related party	Relationship with the Company
D-Link Holding Company Ltd. (D-Link Holding)	A subsidiary
D-Link Japan K.K. (D-Link Japan)	A subsidiary
D-Link Investment Pte.Ltd. (D-Link Investment)	A subsidiary
D-Link (Europe) Ltd. (D-Link Europe)	A subsidiary
D-Link Sudamerica SpA (D-Link Sudamerica)	A subsidiary (D-Link Sudamerica S.A. was renamed to D-Link Sudamerica SpA on June 27, 2023.)
D-Link Brazil LTDA (D-Link Brazil)	A subsidiary
D-Link Latin America Company Ltd.(D-Link L.A.)	A subsidiary
D-Link Mexicana S.A de C.V (D-Link Mexicana)	A subsidiary
D-Link Systems, Inc. (D-Link Systems)	A subsidiary
D-Link Canada Inc. (D-Link Canada)	A subsidiary
D-Link International Pte. Ltd. (D-Link International)	A subsidiary
D-Link Australia Pty Ltd. (D-Link Australia)	A subsidiary
D-Link Middle East FZE (D-Link ME)	A subsidiary(D-Link Middle East FZCO was renamed to D-Link Middle East FZE in April 2023.)

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

Name of related party	Relationship with the Company
D-Link Korea Limited (D-Link Korea)	A subsidiary
D-Link Trade M (D-Link Moldova)	A subsidiary
D-Link Capital Investment Co., Ltd. (D-Link Capital Investment)	A subsidiary(D-Link Russia Investment Co., Ltd. was renamed to D-Link Capital Investment Co., Ltd. on July 28, 2023.)
D-Link Malaysia SDN. BHD (D-Link Malaysia)	A subsidiary
D-Link Service Lithuania, UAB (D-Link Lithuania)	A subsidiary
D-Link Service (Ukraine) (D-Link Ukraine)	A subsidiary
D-Link Service (Kazakhstan) (D-Link Kazakhstan)	A subsidiary
Yeochia Investment Co., Ltd.(Yeochia)	An associate (The company was liquidated in July 2022.)
Yeomao Investment Co., Ltd.(Yeomao)	An associate (The company was liquidated in October 2022.)
Yeotai Investment Co., Ltd.(Yeotai)	A subsidiary
D-Link Shiang-Hai (Cayman) Inc. (D-Link Shiang-Hai (Cayman))	A subsidiary
D-Link Holding Mauritius Inc. (D-Link Mauritius)	A subsidiary
OOO D-Link Russia (D-Link Russia)	A subsidiary
OOO D-Link Trade (D-Link Trade)	A subsidiary
Success Stone Overseas Corp. (Success Stone)	A subsidiary
Wishfi Pte. Ltd. (Wishfi)	A subsidiary (Logout was completed in January 2022)
D-Link India Ltd. (D-Link India)	A subsidiary
TeamF1 Networks Private Limited (TeamF1 India)	A subsidiary
D-Link (Holdings) Ltd. and it's subsidiary D-Link (UK) Ltd. (D-Link UK)	A subsidiary
D-Link France SARL (D-Link France)	A subsidiary
D-Link AB	A subsidiary
D-Link Iberia SL (D-Link Iberia)	A subsidiary
D-Link Mediterraneo SRL (D-Link Mediterraneo)	A subsidiary
D-Link (Netherlands) BV (D-Link Netherlands)	A subsidiary
D-Link (Deutschland) GmbH (D-Link Deutschland)	A subsidiary
D-Link Polska Sp. Z.o.o. (D-Link Polska)	A subsidiary
D-Link (Magyarország) kft (D-Link Magyarország)	A subsidiary
D-Link s.r.o	A subsidiary
D-Link Adria d.o.o	A subsidiary
D-Link (Shanghai) Co., Ltd (D-Link Shanghai)	A subsidiary

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D-LINK CORPORATION
Notes to the Financial Statements

Name of related party	Relationship with the Company
Netpro (Shanghai) Co., Ltd (Netpro)	A subsidiary
D-Link Peru S.A.	A subsidiary
D-Link de Colombia S.A.S	A subsidiary
D-Link Guatemala S.A.	A subsidiary
D-Link Argentina S.A.	A subsidiary(The company was liquidated in December 2023.)
Cameo Communication, Inc. (Cameo)	An associate prior to April 1, 2023. Since April 1, 2023, the Company changed its control on Cameo from having significant influence to having substantial control over it, and it became a consolidated subsidiary.
Qianjin Investment Co., Ltd.(Qianjin Investment)	A subsidiary
Huge Castle Ltd (Huge Castle)	A subsidiary
Soarnex Technology Corporation (Soarnex Technology)	A subsidiary (The company was liquidated in April 2023.)
Perfect Choice Co., Ltd. (PC)	A subsidiary
Luis Jo'se Investment Inc. (Luis Jo'se)	A subsidiary
Nettech Technology (Suzhou) Co., Ltd.	A subsidiary (The company was liquidated in August 2023.)
Suzhou Soarnex Technology Co., Ltd.	A subsidiary
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

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D-LINK CORPORATION
Notes to the Financial Statements

(b) Significant related party transactions

The Company's significant sales to related parties were as follows:

(i) Sales revenue

	2023	2022
Subsidiaries-D-Link Europe	\$ 1,908,110	1,540,226
Subsidiaries-D-Link Japan	603,286	597,478
Subsidiaries-D-Link ME	601,828	1,301,467
Subsidiaries-D-Link India	591,844	879,724
Subsidiaries-D-Link International	390,138	841,882
Subsidiaries-D-Link Systems	391,394	560,936
Subsidiaries- Others	245,257	577,474
Associates	30	1,667
Other related parties	<u>3,179</u>	<u>-</u>
	<u>\$ 4,735,066</u>	<u>6,300,854</u>

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

(ii) Service revenue

	2023	2022
Subsidiaries	\$ 182,840	187,916
Associates	<u>912</u>	<u>2,730</u>
	<u>\$ 183,752</u>	<u>190,646</u>

(iii) Purchases

The amounts of significant purchases by the Company from related parties were as follows:

	2023	2022
Subsidiaries:		
Cameo	\$ 613,201	-
Others	5,559	83,019
Associates:		
Cameo	546,961	1,434,699
Other related parties:		
Amigo	459,584	706,972
Amit	<u>2,129</u>	<u>6,700</u>
	<u>\$ 1,627,434</u>	<u>2,231,390</u>

The payment term of related parties was 30-90 days. There were no significant differences in

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

purchasing terms between related parties and third-party suppliers.

- (iv) Accounts receivable due from related parties

The receivables to related parties were as follows:

Account	Related party categories	December 31, 2023	December 31, 2022
Accounts receivable	Subsidiaries—D-Link Europe	\$ 483,093	280,006
Accounts receivable	Subsidiaries—D-Link ME	114,124	382,258
Accounts receivable	Associates—D-Link India	85,358	225,073
Accounts receivable	Subsidiaries—D-Link Japan	84,591	143,758
Accounts receivable	Subsidiaries—D-Link International	62,895	82,248
Accounts receivable	Subsidiaries—D-Link Systems	17,318	240,255
Accounts receivable	Subsidiaries—Others	92,434	151,575
Accounts receivable	Other related parties	2,640	10
Other receivables	Subsidiaries—D-Link ME	169,312	-
Other receivables	Subsidiaries—D-Link International	275	976
Other receivables	Subsidiaries—Others	39,222	21,071
Other receivables	Associates	-	73
		<u>\$ 1,151,262</u>	<u>1,527,303</u>

Other receivables from the Company's subsidiary—D-Link ME are mostly cash dividends receivable.

- (v) Other current assets

The Company's prepayments to related parties were as follows:

Account	Related party categories	December 31, 2023	December 31, 2022
Other current assets	Other related parties	\$ 93	-
Other current assets	Associates	-	5,082
		<u>\$ 93</u>	<u>5,082</u>

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

(vi) Accounts payable to related parties were as follows :

The payables to related parties were as follows:

Account	Related party categories	December 31, 2023	December 31, 2022
Accounts payable	Subsidiaries	\$ 94,057	1,618
Accounts payable	Associates—Cameo	-	453,134
Accounts payable	Other related parties—Amigo	102,006	146,742
Accounts payable	Other related parties—Others	235	1,555
Other payables	Subsidiaries	12,263	3,276
Other payables	Associates	-	3,326
Other payables	Other related parties	6,704	20,825
Temporary payments	Subsidiaries	3,381	3,378
Contract liabilities	Subsidiaries	<u>18,913</u>	<u>14,342</u>
		<u>\$ 237,559</u>	<u>648,196</u>

Other payables mainly consist of interest payments to subsidiaries, payments to related parties for after-sales maintenance of products and various services due to business transactions; other payables to associates include payables for equipment and others.

(vii) Services purchased from related parties

The services purchased from related parties were as follows:

	2023	2022
Subsidiaries	\$ 28,245	17,555
Associates—Cameo	134	847
Other related parties—Amigo	5,718	10,096
Other related parties—Amit	12,272	14,466
Other related parties—Others	<u>2,264</u>	<u>-</u>
	<u>\$ 48,633</u>	<u>42,964</u>

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D-LINK CORPORATION
Notes to the Financial Statements

(viii) Property transaction

1) Property, plant and equipment, intangible assets acquired

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

	2023	2022
Subsidiaries:		
Cameo	\$ 4,000	-
Associates:		
Cameo	-	7,510
Other related parties:		
Amigo	24,699	32,574
Others	<u>5</u>	<u>2,472</u>
	<u>\$ 28,704</u>	<u>42,556</u>

(ix) Other gains and losses

	Account	Related party categories	2023	2022
Other gains and losses	Subsidiaries		\$ 30,039	-
Other gains and losses	Associates – Cameo		266	-
Other gains and losses	Associates – Others		-	(2,167)
Other gains and losses	Other related parties		<u>-</u>	<u>96</u>
			<u>\$ 30,305</u>	<u>(2,071)</u>

Other gains and losses mainly consist of claims on material preparation from subsidiaries.

(x) Lease

	Account	Related party categories	2023	2022
Rent Income	Subsidiaries – Cameo		\$ 523	-
Rent Income	Subsidiaries – Yeotai		23	23
Rent Income	Associates – Cameo		175	524
Rent Income	Other related parties – Amigo		<u>3,590</u>	<u>3,488</u>
			<u>\$ 4,311</u>	<u>4,035</u>
Operating Costs – Rental	Subsidiaries – Cameo		\$ 1,778	-
Operating Costs – Rental	Associates – Cameo		<u>593</u>	<u>2,371</u>
			<u>\$ 2,371</u>	<u>2,371</u>

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D-LINK CORPORATION
Notes to the Financial Statements

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

(xi) Borrowing from Related Parties

The borrowing from related parties were as follows:

	December 31, 2023	December 31, 2022
Subsidiaries—D-Link Capital Investment	\$ 753,008	752,346
Subsidiaries—D-Link Japan	<u>392,306</u>	<u>421,749</u>
	<u>\$ 1,145,314</u>	<u>1,174,095</u>

The interest paid to the related parties amounted to \$1,938 thousand and \$2,626 thousand for the years ended 2023 and 2022, respectively. The amounts were calculated based on the interest rate agreed between each related party and the Company.

(xii) Guarantee

As of December 31, 2023 and 2022, the Company had provided a guarantee to its related-parties which borrowed from financial institutions with the credit limit as follow:

	December 31, 2023	December 31, 2022
Subsidiaries:		
D-Link Europe	\$ 126,383	122,473
D-Link Shanghai	<u>76,838</u>	<u>153,540</u>
	<u>\$ 203,221</u>	<u>276,013</u>

As of December 31, 2023 and 2022, the Company had used its endorsement guarantees amounting to \$65,450 thousand and \$119,476 thousand respectively.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	2023	2022
Short-term employee benefits	\$ 31,063	43,480
Post-employee benefits	609	904
Share-based payments	<u>1,901</u>	<u>-</u>
	<u>\$ 33,573</u>	<u>44,384</u>

(8) Pledged assets:None.

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D-LINK CORPORATION
Notes to the Financial Statements

(9) Commitments and contingencies:

- (a) The 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 administrative litigation and administrative remedy. D-Link Brazil had accrued possible tax, interest and penalty.
- (b) The 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 Company believes the litigation will not have any significant impact on its current operations.
- (c) Israel Consumers Council filed a group lawsuit against the 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 Company believes the 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 defend its case. The Company believes the above litigation will not have any significant impact on its current operations.
- (e) The Company is currently under negotiations with a number of companies regarding the royalty on patents. In addition to the abovementioned lawsuits, there are other disputes that are in the negotiation process, and therefore the amount of liabilities is unclear. The Company has accrued the possible expense.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other:

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

By item	By function	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		2,603	633,160	635,763	2,481	546,370	548,851
Labor and health insurance		299	51,485	51,784	291	51,079	51,370
Pension		133	27,798	27,931	140	27,181	27,321
Remuneration of directors		-	6,944	6,944	-	5,257	5,257
Others		115	17,548	17,663	113	18,077	18,190
Depreciation		11	51,700	51,711	4	55,568	55,572
Amortization		5	29,866	29,871	-	28,670	28,670

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D-LINK CORPORATION
Notes to the Financial Statements

For the years ended December 31, 2023 and 2022, additional information for the number of employees and employee benefits were as follows:

	2023	2022
Number of employees	530	513
Number of directors who were not employees	8	6
The average employee benefit	\$ 1,404	1,274
The average salaries and wages	\$ 1,218	1,083
The adjustment rate of average employee salaries	12.47 %	1.88 %
Supervisor's remuneration	\$ -	-

The Company's salary and remuneration policy (including directors, managers and employees) are as follows:

Directors: The remuneration to directors is determined by reference to their attributes, positions, as well as their industry levels, which shall be regularly revised by the "Directors and Functional Committee Members Remuneration Management Measure" in accordance with the Articles of Association. The above conditions are reviewed by the Remuneration Committee and approved by the Board of Directors thereafter.

Managers: For remuneration to new managers and managers whose annual salary have changed in the current year, the human resource department determined their remuneration by reference to the industry levels. The above conditions are reviewed by the Remuneration Committee and approved by the Board of Directors thereafter.

Employee: For employee remuneration, which is based on the reference to the annual external salary survey, employee salary level within the peer industry, taking into consideration the Company's operating status and budget planning, the Company determined their annual salary adjustments, annual bonus, promotion scheme, distribution of employee remuneration based on principles, long-term compensation scheme, etc., taking into account each employee's performance appraisal results, the Company's overall operating performance, as well as the need for sustainable development.

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D-LINK CORPORATION

Notes to the Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following was the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company for the year ended December 31, 2023:

(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 K.K.	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:

- For those companies with business transaction with the Company, please fill in 1.
- 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 K.K. to the Company shall not exceed 100% of the net worth of D-Link Japan K.K.

Note 5: Total amount of loans from D-Link Deutschland 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 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'se, Qianjin Investment and Huge Castle.

Note 7: Only disclose funding loan limits that are still valid until end the year of 2023.

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/guarantees to third parties on behalf of parent company	Endorsements/guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	D-Link Corporation	D-Link Europe	2	2,009,455	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 endorsement and guarantee total amount shall not exceed the Company's capital.

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Notes to the Financial Statements

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)

Name of holder	Category and name of security	Relationship with company	Account name	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
D-Link Corporation	EHO0	None	Financial assets at fair value through profit or loss-non-current	749,663	-	4.11 %	-	Note
D-Link Corporation	EWAVE	None	Financial assets at fair value through profit or loss-non-current	83,334	-	1.89 %	-	Note
D-Link Corporation	TGC	None	Financial assets at fair value through profit or loss-non-current	500,000	-	1.84 %	-	Note
D-Link Corporation	YICHIA Information Corporation	None	Financial assets at fair value through profit or loss-non-current	73,500	-	6.68 %	-	Note
D-Link Corporation	UBICOM.	None	Financial assets at fair value through profit or loss-non-current	926,814	-	3.05 %	-	Note
D-Link Corporation	PurpleComm, Inc.	None	Financial assets at fair value through profit or loss-non-current	3,385,417	-	14.10 %	-	Note
D-Link Corporation	Global Mobile Corp.	None	Financial assets at fair value through profit or loss-non-current	6,600,000	-	2.39 %	-	Note
D-Link Corporation	Ensure	None	Financial assets at fair value through profit or loss-non-current	5,000,000	127,050	3.16 %	127,050	
D-Link Holding	Best 3C	None	Financial assets at fair value through profit or loss-non-current	600,000	-	1.88 %	-	Note
D-Link Holding	E2O	None	Financial assets at fair value through profit or loss-non-current	252,525	-	0.05 %	-	Note
Yeotai	Stemcyte	None	Financial assets at fair value through other comprehensive income-non-current	18,950	214	0.01 %	214	
Yeotai	Kaimei	None	Financial assets at fair value through other comprehensive income-non-current	231,342	16,310	0.21 %	16,310	
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	IATA 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	
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

Notes to the Financial Statements

Name of holder	Category and name of security	Relationship with company	Account name	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	

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 NTS300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

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/units	Amount	Shares/units	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares/units	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 of associates accounted for using equity method and other equity adjustments.

Note 2: Due to its 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 NTS300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of NTS300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NTS100 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/Sale	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	Carneo	Subsidiary	Purchase	1,160,162	27 %	90 Days	-	-	(91,986)	(15)%	Note	
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)%		
D-Link India	D-Link Corporation	Parent company	Purchase	591,844	15 %	45 Days	-	-	(85,358)	(17)%		
Carneo	D-Link Corporation	Parent company	(Sales)	(1,166,651)	(46) %	90 Days	-	-	92,106	37%	Note	

(Continued)

D-LINK CORPORATION

Notes to the Financial Statements

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
D-Link Shanghai	D-Link Trade	The ultimate parent company is D-Link Corporation	(Sales)	(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 : Cameo was an associate in the first quarter of 2023 and became a subsidiary after the 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	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue (Note1)		Amounts received in subsequent period (Note2)	Allowance for bad debts
					Amount	Action taken		
D-Link Corporation	D-Link Europe	Subsidiary	483,093	5.00	23,045	-	45,352	-
D-Link Corporation	D-Link ME	Subsidiary	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.

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D-LINK CORPORATION
Notes to the 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	-	-

(b) Information on investees:

The following was the information on investees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of Investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
D-Link Corporation	D-Link Systems	USA	Sales and after-sales service in USA	1,672,702	1,672,702	48,045,097	100.00 %	1,354,549	(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	-	- %	-	-	-	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	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	41,080	100.00 %	(628,119)	-	-	
D-Link Corporation	D-Link Sudamerica	Chile	Sales and after-sales service in Chile	6,512	6,512	199,999	100.00 %	11,507	581	581	100% shares owned by D-Link Corporation and D-Link Holding

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D-LINK CORPORATION

Notes to the Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
D-Link Corporation	D-Link Mexicana	Mexico	Sales and after-sales service in Mexico	301,036	301,036	152,066	100.00 %	3,381	(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)	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	15,321	15,321	D-Link Corporation acquired 16.67% of the shareholding in D-Link ME from D-Link International in June 2023.
D-Link Corporation	D-Link Australia	Australia	Sales and after-sales service in Australia and New Zealand	16,764	16,764	1,000,000	100.00 %	132,707	(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	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	Note 2	- %	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	595,210	595,310	9,500	100.00 %	590,278	7,352	7,352	
D-Link Corporation	D-Link Investment	Singapore	Investment company	67,191	67,191	2,200,000	100.00 %	(9,391)	(48,912)	(48,912)	
D-Link Corporation	Yeastai	Taiwan	Investment company	146,000	146,000	14,600,000	100.00 %	49,139	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	(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	(341,259)	(333,215)	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	(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)	(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	22,077	13,616	
D-Link International	D-Link ME	UAE	Sales and after sales service in Middle East and Africa	-	34,260	-	- %	-	-	-	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)	(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	628	628	
D-Link International	D-Link Capital Investment	BVI	Investment company	789,757	789,757	25,000,000	100.00 %	768,135	178,366	178,366	D-Link Russia Investment Co., Ltd. was renamed to D-Link Capital Investment Co., Ltd. on July 28, 2023.
D-Link International	D-Link Malaysia	Malaysia	Sales and after sales service in Malaysia	6,130	6,130	800,000	100.00 %	8,362	811	811	
D-Link International	D-Link Lithuania	Lithuania	Sales and after sales service	3,574	3,574	1,000	100.00 %	8,376	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	(2,138)	(2,138)	
D-Link Lithuania	D-Link Kazakhstan	Kazakhstan	Sales and after sales service in Kazakhstan	612	-	Note 2	100.00 %	357	(227)	(227)	

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D-LINK CORPORATION

Notes to the Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
D-Link Holding	D-Link Europe	UK	Sales and after sales service in Europe	-	971,293	-	-	-	-	(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)	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	289	289	
D-Link Holding	D-Link Mauritius	Mauritius	Investment company	186,789	186,789	200,000	100.00 %	1,133,545	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)	116,021	116,021	
D-Link Holding	Success Stone	BVI	Investment company	297,027	297,027	9,822	100.00 %	142,659	4,703	4,703	
D-Link Holding	MiiCasa Holding	Cayman Island	Investment company	61,087	61,087	21,000,000	28.98 %	-	-	-	
D-Link Holding	D-Link Brazil	Brazil	Sales and after sales service in Brazil	-	-	100	- %	-	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	323,009	164,799	
D-Link Mauritius	TeamF1 India	India	Technical services for software and hardware system integration	8	8	1	0.01 %	15	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	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	(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	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	-	-	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	(330)	(330)	
D-Link Sudamerica	D-Link Mexican	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	-	- %	-	-	-	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	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	(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 %	79,988	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	1,473	1,473	
D-Link Europe	D-Link Holdings Ltd.	UK	Investment company	-	-	3	100.00 %	9,576	-	-	
D-Link Europe	D-Link France	France	Sales and after sales service in France	5,287	5,287	114,560	100.00 %	43,563	310	310	
D-Link Europe	D-Link Netherlands	Netherlands	Sales and after sales service in Netherlands	2,132	2,132	50,000	100.00 %	6,424	(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	2,409	2,409	
D-Link Europe	D-Link Magyarország	Hungary	Sales and after sales service in Hungary	523	523	300	100.00 %	3,946	(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	(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	-	-	

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Notes to the Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
D-Link Mediterraneo	D-Link Adria I.o.o.	Croatia	Sales and after sales service in Croatia	326	326	Note 2	100.00 %	-	-	In liquidation process.	
Yotau	Xtrams 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	1,286	337	
Cameo	Huge Castle	Samoa	Investment company	295,006	-	9,329,718	100.00 %	298,894	(24,431)	(24,431)	
Cameo	Qianjin Investment	Taiwan	Investment company	270,000	-	27,000,000	100.00 %	150,193	1,348	1,348	
Qianjin Investment	Soarnex Technology	Taiwan	International Trade	-	-	-	-	-	(13)	(13)	
Huge Castle	PC	Mauritius	Investment company and trading	(16,261)	-	10,000	100.00 %	145,496	(23,566)	(23,566)	
Huge Castle	Sain Jo'ne	BVI	Investment company	43,673	-	1,362,680	100.00 %	43,291	1,749	1,749	

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

Note 2: Limited Company

(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		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value Note 2	Accumulated remittance of earnings in current period	Note
					Outflow	Inflow							
D-Link Shanghai	Buy and sell of networking equipment and wireless system	599,333	2	599,333	-	-	599,333	115,536	100.00%	115,536	(160,688)	-	-
Neipro	Research, development and trading business	21,515	2	20,054	-	-	20,054	485	100.00%	485	14,619	-	-
YouXiang	Technical Service and Import/Export trading business	61,493	3	-	-	-	(10,884)	9.86%	-	3,465	-	-	-
Cameo Technology Development (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%	1,003	25,137	-	Note 4, 6

Note 1: Method of Investment:

Type 1: Direct investments in Mainland China

Type 2: Indirect investments in Mainland China

Type 3: Other

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).

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D-LINK CORPORATION

Notes to the Financial Statements

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

Note 7: Nettek 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, Nettek 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, Nettek Technology (Suzhou) Co., Ltd. remitted the surplus of USD \$13,219 thousand to PC, and PC remitted it 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: Nettek Technology (Suzhou) Co., Ltd. remitted 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 Investment Commission, MOEAIC	Upper Limit on Investment
D-Link Corporation	619,387	619,387	(Note 1)
Cameo	90,589	103,766	1,890,428 (Note 2)

Note1: Since the Company has obtained the Certificate of Headquarter Operation, there is no upper limitation on investment in Mainland China.

Note2: The investment limit in Mainland China was calculated based on the official document No.006130 announced by the MOEAIC on November 16, 2001.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

(d) Major shareholders:

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

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

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

(14) Segment information:

Please refer to Consolidated Financial Statements for the year ended December 31, 2023.

D-LINK CORPORATION
Statement of cash and cash equivalents
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash	Petty cash and foreign currency deposits	\$ <u>465</u>
Bank deposits	Checking and saving accounts	
	NTD	368,261
	USD : 3,182 (in thousands)	97,794
	Other foreign currency deposits	<u>131,930</u>
		\$ <u>598,450</u>

Note 1: The exchange rate of USD to NTD as of December 31, 2023 is 30.735.

D-LINK CORPORATION

Statement of financial assets measured at fair value through profit or loss - current

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Name of financial instrument	Description	Shares of units (thousand)	Carrying Amount	Total	Interest Rate	Acquisition cost	Unit price	Fair value		Fair value changes are attributable to the changes of credit risk	Note
								Amount	Total amount		
Derivative financial assets :											
Cross currency swaps		-	\$ -	-	-	-	-	-	3,773	-	
Forward foreign exchange contracts		-	-	-	-	-	-	-	330	-	
			\$ -	-					<u>4,103</u>		

Statement of financial assets measured at fair value through profit or loss - non-current

Name	Opening Balance		Increase		Decrease		Ending Balance		Accumulated impairment loss	Guarantee or pledge	Note
	Shares (thousand shares or units)	Fair value	Shares (thousand shares or units)	Amount	Shares (thousand shares or units)	Amount	Shares (thousand shares or units)	Fair value			
Stock in OTC companies		\$ -									
Ensure Global Corp., Ltd.	-	-	5,000	\$ 316,000	-	\$ -	-	5,000	127,050	-	None
Financial assets measured at fair value through profit or loss- non-current		\$ -		\$ 316,000		\$ -		\$ 127,050			

D-LINK CORPORATION
Statement of notes receivable

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Company A	\$ 701
Company B	412
Company C	243
Company D	161
Company E	150
Company F	127
Company G	113
Others (The amount of individual vendor included within“Others”does not exceed 5% of this account balance.)	121
	\$ 2,028

Note: Notes receivable are all generated by business activities.

Statement of accounts receivables

Item	Amount
Company H	\$ 20,239
Company I	16,231
Company J	12,361
Company K	12,154
Company L	9,838
Company M	8,203
Others (The amount of individual vendor included within“Others”does not exceed 5% of this account balance.)	48,880
	127,906
Less: Loss Provision	(940)
	\$ 126,966

Note: The accounts receivable from related parties are not included in the above payment. For details, please refer to Note 7 to the financial statements.

D-LINK CORPORATION

Statement of other receivables

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Receivable amounts from advance payment of subsidiaries		\$ 39,860
Cash dividends receivable of subsidiary		168,949
Others (The amount of individual vendor included within "Others" does not exceed 5% of this account balance.)		<u>2,314</u>
		<u>\$ 211,123</u>

Statement of inventories

Item	Amount		Note
	Cost	Net realizable value	
Finished goods	\$ 262,088	<u><u>233,075</u></u>	Market price is measured at net realizable value
Less: Allowance for inventory write downs and obsolescence	<u>(40,062)</u>		
	<u>\$ 222,026</u>		

D-LINK CORPORATION
Statement of other current assets
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Prepaid software fees	\$ 35,536
Advance payment	21,116
Prepaid warranty fees	3,983
Sales tax receivable	3,504
Input tax	5,943
Others (The amount of individual vendor included within“Others”does not exceed 5% of this account balance.)	<u>19,820</u>
	<u>\$ 89,902</u>

D-LINK CORPORATION

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Name of investee	Beginning Balance		Increases (decrease)		Net income (losses) of investee	Unrealized gross downstream transactions	Exchange differences on foreign financial statements	Unrealized gross differences on value through comprehensive income (Note 3)	Other changes	Ending Balance		Market Value or Adjusted Value
	Shares	Amount	Shares	Amount						Shares	Amount	
Investments accounted for using equity method :												
D-Link Systems	48,645	\$ 1,507,225	-	-	(142,983)	(9,744)	5,490	-	(5,739)	48,645	1,354,549	1,396,307
D-Link Canada	5,736	153,846	(5,736)	(159,385)	-	-	-	-	5,739	-	-	-
D-Link International	66,975	2,478,811	-	-	31,229	5,084	(174,530)	-	-	66,975	2,626,654	2,723,864
D-Link Mexico	152	1,374,414	-	-	1,406	1,806	1,806	-	-	152	1,377,626	1,410,130
D-Link Meritans	152	3,444	-	-	(593)	806	806	-	-	152	3,348	3,381
D-Link Middle East (Note 6)	1,000	1,033,412	-	(136,933)	15,321	(848)	645	-	-	1,000	912,027	922,804
D-Link Australia	1,000	156,385	-	-	(21,968)	(1,884)	(226)	-	-	1,000	132,707	143,005
D-Link Holding	68,063	1,664,029	(41,019)	(1,286,324)	20,141	28,315	72,670	(536)	27,044	27,044	879,726	1,093,344
D-Link Deutschland (Note 5)	10	626,489	-	-	7,352	(233)	(43,250)	-	10	10,047	590,278	581,618
D-Link Japan	137,533	1,416,631	-	298,322	(42,995)	(531)	8,473	-	17,533	1,597,205	1,347,767	
Yosai	14,600	44,434	-	32,497	1,214,306	(150,241)	3,912	-	14,600	49,139	49,139	
D-Link Europe	-	46,318	(2,200)	-	(332,215)	(69,835)	-	-	32,497	459,982	724,795	
D-Link investment	2,200	9,869,828	-	-	(106,066)	(10,732)	(227,265)	-	-	-	-	-
Credit balance of equity investment :												
D-Link Latin America	41	(627,565)	-	-	-	-	(554)	-	41	-	(628,119)	(630,845)
D-Link Brazil	2,964,837	(179,589)	2,200	46,318	1,766	20	(14,099)	-	2,964,837	(191,902)	(191,867)	
D-Link investment	-	(807,154)	-	-	(47,146)	20	(6,797)	-	2,200	(8,291)	(9,391)	
	\$	\$ 8,453,274		\$ (59,688)	\$ (36,423)	\$ (129,131)	\$ (248,715)			\$ 7,908,490		

Note 1: The increase in the current period was due to the reorganization of the Company, which repurchased the equity interests of \$32,446 thousand from its subsidiary, D-Link Middle East. The Company acquired control over Cameo on April 1, 2023 and included it into the subsidiary. The investment amount of the adjusted equity method due to the merger of subsidiaries was \$328,779; the repurchase of the equity interests in D-Link Europe from the subsidiary amounted to \$1,260,451 thousand, thus, the total increase of \$1,621,676 thousand.

Note 2: The decrease in the current period was due to reorganization, the sale of the equity interests in the subsidiary, D-Link Canada to D-Link Systems amounted to \$159,585 thousand, and D-Link Holding recover the investment amount of \$1,260,451 thousand due to the capital reduction. D-Link Deutschland recover the investment amount of \$3 thousand due to returning share payments; D-Link Middle East, D-Link Holding, and Cameo were allocated with cash dividends using the equity method of \$168,949 thousand, \$62,119 thousand and \$30,257 thousand, respectively, representing a total decrease of \$1,681,364 thousand.

Note 3: The valuation on financial assets at fair value through other comprehensive income of the investee is recognized. Note 4: Other changes are arising from reorganizations. The equity interests of subsidiary, D-Link Canada was sold to D-Link Systems, resulting in the downstream transfer of unrealized losses of \$5,739 thousand from D-Link Canada to D-Link Systems; the repurchase of equity interests in D-Link Europe from D-Link Holding resulting in the change in capital surplus of \$300,932 thousand and the investments accounted for using equity method to adjust actuarial gains and losses, which reduced the retained earnings (adjusted actuarial gains and losses) by \$501 thousand; the Company gained control over Cameo on April 1, 2023 and including it in subsidiaries. Then applying the investments adjustments accounted for using equity method, resulting in an increase of \$507 thousand in capital surplus and an increase of \$121 thousand in retained earnings (adjusted actuarial gains and losses of \$104 thousand and others of \$17 thousand), and the shares of the Company held by Cameo amounting to \$82,823 thousand.

Note 5: The investment profit or loss based on investments accounted for using equity method is recognized in D-Link Europe.

Note 6: D-Link Middle East has under a thousand shares.

Note 7: The total amount of net value is calculated by CPAs multiplied by its shareholding ratio.

Note 8: Each investment accounted for using equity method is neither guaranteed nor mortgaged.

D-LINK CORPORATION
Statement of changes in property, plant and
equipment
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Item	Balance as of January 1, 2023	Increase	Decrease	Transfer	Balance as of December 31, 2023
Land	\$ 531,453	-	-	-	531,453
Buildings	549,722	1,635	1,350	-	550,007
Others	515,181	55,678	53,129	5,082	522,812
	\$ 1,596,356	57,313	54,479	5,082	1,604,272

Statement of changes in accumulated depreciation of
property, plant and equipment

Item	Balance as of January 1, 2023	Increase	Decrease	Transfer	Balance as of December 31, 2023	Note
Accumulated Depreciation :						
Buildings	\$ 435,679	4,979	1,350	-	439,308	Note1
Others	440,995	43,750	52,992	-	431,753	Note2
	\$ 876,674	48,729	54,342	-	871,061	

Note 1: 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. Estimated useful lives : 5~46 years.

Note 2: 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. Estimated useful lives : 2~5 years.

D-LINK CORPORATION

Statement of changes in right-of-use assets

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Balance as of January 1, 2023	Increase	Decrease	Balance as of December 31, 2023
Buildings	\$ <u>10,112</u>	<u>951</u>	<u>(956)</u>	<u>10,107</u>

**Statement of changes in accumulated depreciation of
right-of-use assets**

Item	Balance as of January 1, 2023	Increase	Decrease	Balance as of December 31, 2023
Accumulated Depreciation :				
Buildings	\$ <u>6,041</u>	<u>2,585</u>	<u>(956)</u>	<u>7,670</u>

D-LINK CORPORATION

Statement of changes in investment property

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Balance as of January 1, 2023	Increase	Decrease	Balance as of December 31, 2023
Land	\$ 30,000	-	-	30,000
Buildings	22,196	-	-	22,196
	\$ 52,196	-	-	52,196

**Statement of changes in accumulated depreciation of
investment property**

Item	Balance as of January 1, 2023	Increase	Decrease	Balance as of December 31, 2023
Buildings	\$ 12,716	397	-	13,113

Note: 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. Estimated useful lives : 55 years.

**Statement of changes in accumulated impairment of
investment property**

Item	Balance as of January 1, 2023	Increase	Decrease	Balance as of December 31, 2023
Buildings	\$ 1,000	-	-	1,000

D-LINK CORPORATION

Statement of changes in intangible assets

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Balance as of January 1, 2023</u>	<u>Increase</u>	<u>Decrease</u>	<u>Amortization</u>	<u>Balance as of December 31, 2023</u>	<u>Note</u>
Patents	\$ 12,336	-	-	(2,692)	9,644	Note 1
Computer software costs	6,402	1,024	-	(4,177)	3,249	Note 2
Other intangible assets	40,677	29,946	-	(23,002)	47,621	Note 2
Total	\$ 59,415	30,970	-	(29,871)	60,514	

Note 1: Patents are amortized from their acquisition and are recognized in profit or loss on a straight line basis over the estimated useful lives. The estimated useful lives of patents are 16 years.

Note 2: Amortization is calculated on the cost of the asset less its residual value and accumulated impairment, and is recognized in profit or loss on a straight line basis over the estimated useful lives of intangible assets. The estimated useful lives of intangible assets are 1~8 years.

Statement of other non-current assets

<u>Item</u>	<u>Amount</u>
Refundable deposits	\$ 6,919
Others	5,837
Total	\$ 12,756

D-LINK CORPORATION

Statement of short-term borrowings

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

<u>Type of loans</u>	<u>Ending Balance</u>	<u>Term of contract</u>	<u>Interest rate(%)</u>	<u>Financing limit</u>	<u>Mortgages or guarantees</u>
Borrowings from related parties	\$ <u>392,306</u>	2023-2024	0.50	-	None

Statement of long-term borrowings

<u>Type of loans</u>	<u>Ending Balance</u>	<u>Term of contract</u>	<u>Interest rate(%)</u>	<u>Financing limit</u>	<u>Mortgages or guarantees</u>
Borrowings from related parties	\$ <u>753,008</u>	2027	-	-	None

D-LINK CORPORATION

Statement of financial liabilities at fair value through profit or loss - current

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Name of financial instrument	Description	Shares	Carrying Amount	Total	Interest Rate	Unit Price	Fair Value		Fair value changes are attributable to the changes of credit risk
							Total	Total	
Derivative financial liabilities									
Cross currency swaps		-	\$ -	-	-	-		17,551	-
Forward foreign exchange contracts		-	-	-	-	-		777	-
			\$ -	-				<u>18,328</u>	<u>-</u>

D-LINK CORPORATION

Statement of note and accounts payables

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

<u>Suppliers name</u>	<u>Amount</u>
Company a	\$ 86,833
Company b	64,562
Company c	57,498
Company d	28,848
Company e	22,613
Company f	21,017
Others (The amount of individual vendor included within“Others”does not exceed 5% of this account balance.)	<u>128,937</u>
	<u><u>\$ 410,308</u></u>

Note 1: Note payables and account payables are both generated from operating activities.

Note 2: Payables to related parties are not included in the payments above, please refer to Note 7 for further information.

Statement of other payables

<u>Item</u>	<u>Amount</u>
Payables on salaries, bonuses, labor health insurances and pensions	\$ 174,465
Payables on research fees	9,270
Payables on equipment	40,909
Others (The amount of individual vendor included within“Others”does not exceed 30,000 thousand.)	<u>88,753</u>
	<u><u>\$ 313,397</u></u>

D-LINK CORPORATION
Statement of provisions - current
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Warranties	\$ 56,223
Litigations and royalties	30,735
	\$ 86,958

Statement of other current liabilities

Item	Amount
Payables on income taxes	\$ 18,200
Payables in lieu of untaken annual leave	24,987
Temporary receipts	12,624
Others (The amount of individual item within "Others" does not exceed 5% of this account balance.)	4,861
	\$ 60,672

D-LINK CORPORATION

Statement of lease liabilities

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Lease term</u>	<u>Discount rate%</u>	<u>Ending Balance</u>
Buildings	For office use	2~5 years	1.66~2.05	\$ 2,988
Less: classified as lease liabilities-current				<u>(2,948)</u>
Lease liabilities-non current				<u>\$ 40</u>

Statement of other non-current liabilities

<u>Item</u>	<u>Amount</u>
Investments accounted for using equity method-credit balance	\$ 829,412
Guarantee deposit received	<u>3,074</u>
	<u>\$ 832,486</u>

D-LINK CORPORATION
Statement of operating revenue
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Quantities (per piece)</u>	<u>Amount</u>
Sales Revenue:		
Switch and Security products	5,572,216	\$ 3,855,309
Wireless and IoT products	1,431,390	838,882
Mobile and Broadband products	885,537	790,402
Others	407,471	236,861
		<u>\$ 5,721,454</u>

Statement of operating costs

<u>Item</u>	<u>Amount</u>
Beginning Inventories	\$ 403,266
Add : Purchases	4,377,089
Less: Ending Inventories	262,088
Transferring to expenses and others	<u>2,708</u>
Cost of goods sold	4,515,559
Warranty Costs	14,331
Losses related to inventories	19,999
Cost of network services	36,414
Others	<u>19,239</u>
	<u>\$ 4,605,542</u>

D-LINK CORPORATION

Statement of selling expenses

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Personnel expenses		\$ 298,070	
Depreciation and amortization		53,757	
Service expenses		9,410	
Others (The amount of individual item within "Others" does not exceed 5% of this account balance.)		41,936	
		<u>\$ 403,173</u>	

Statement of administrative expenses

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Personnel expenses		\$ 136,299	
Depreciation and amortization		13,142	
Royalty expenses		(93,989)	
Service expenses		(28,300)	
Utilities		8,027	
Rental		(5,829)	
Property taxes		4,934	
Shareholders' related expenses		7,102	
Maintenance of software		15,286	
Others (The amount of individual item within "Others" does not exceed 5% of this account balance.)		27,236	
		<u>\$ 83,908</u>	

D-LINK CORPORATION

Statement of research and development expense

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Personnel expenses		\$ 295,622	
Depreciation and amortization		14,667	
service expenses		3,472	
Maintenance of software		4,124	
Outsourcing research expenses		54,917	
Others (The amount of individual item within "Others" does not exceed 5% of this account balance.)		<u>32,165</u>	
		<u>\$ 404,967</u>	

Statement of finance costs

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Interest expense		\$ 2,714	
Others		<u>74</u>	
		<u>\$ 2,788</u>	

D-LINK CORPORATION
Statement of other income and other gains and
losses
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Other income:	
Rent income	\$ 5,335
Others (The amount of individual item within "Others" does not exceed 5% of this account balance.)	34,928
	\$ 40,263
Other gains and losses:	
Foreign currency exchange gains	\$ 73,844
Valuation gains from financial assets and liabilities	70,664
Gain on disposals of investments	339,993
Others (The amount of individual item within "Others" does not exceed 5% of this account balance.)	483
	\$ 484,984

D-Link®

D-Link Corporation

No.289, Xinhua 3rd Rd., Neihu District,
Taipei City, Taiwan, R.O.C.

Tel

886-2-6600-0123

Fax

886-2-2790-0977