

D-LINK CORPORATION**Parent Company Only Financial Statements****With Independent Auditors' Report
For the Years Ended December 31, 2024 and 2023**

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

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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, 2024 and 2023, the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2024 and 2023, 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, 2024 and 2023, and its financial performance and its cash flows for the years ended December 31, 2024 and 2023 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.、D-Link (Europe) Ltd. and D-Link Middle East FZE, subsidiaries of the Company as of and for the year ended December 31, 2024, and 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. 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 \$2,810,725 thousand and \$2,364,627 thousand, constituting 22% and 19%, of the total assets at December 31, 2024 and 2023, respectively. Besides, the share of profit (loss) of subsidiaries accounted for using equity method of \$(349,555) thousand and \$(100,319) thousand, constituting (600)% and (17)%, of the net profit before tax for the years ended December 31, 2024 and 2023, 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 \$8,046,530 thousand as of December 31, 2024. 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, 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 Mei, Yuan-Chen and Chang, Stu-Ying.

KPMG

Taipei, Taiwan (Republic of China)
February 26, 2025

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**Statements of Comprehensive Income****For the years ended December 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

		<u>2024</u>		<u>2023</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Net operating revenues (notes 6(s) and 7)	\$ 4,572,486	100	5,721,454	100
5000	Operating costs (notes 6(d), (o) and 7)	<u>3,792,962</u>	<u>83</u>	<u>4,605,542</u>	<u>80</u>
	Gross profit from operations	779,524	17	1,115,912	20
5910	Less: Unrealized gross (loss) profit from sales	<u>(86,205)</u>	<u>(2)</u>	<u>129,131</u>	<u>2</u>
	Realized gross profit from operations	<u>865,729</u>	<u>19</u>	<u>986,781</u>	<u>18</u>
	Operating expenses: (notes 6(f), (g), (h), (i), (j), (l), (m), (o), (t) and 7)				
6100	Selling expenses	401,295	9	403,173	7
6200	Administrative expenses	246,745	5	83,908	1
6300	Research and development expenses	391,332	9	404,967	7
6450	Expected credit reversal gain (note 6(c))	<u>(269)</u>	<u>-</u>	<u>(169)</u>	<u>-</u>
		<u>1,039,103</u>	<u>23</u>	<u>891,879</u>	<u>15</u>
	Net operating (loss) income	<u>(173,374)</u>	<u>(4)</u>	<u>94,902</u>	<u>3</u>
	Non-operating income and expenses:				
7100	Interest income (notes 6(u) and 7)	18,959	-	12,162	-
7010	Other income (notes 6(u) and 7)	15,146	-	40,263	1
7020	Other gains and losses (notes 6(b), (e), (u), (w) and 7)	161,003	4	484,984	8
7050	Finance costs (notes 6(l), (u) and 7)	(3,118)	-	(2,788)	-
7060	Share of profit (loss) of associates accounted for using equity method (note 6(e))	<u>39,620</u>	<u>1</u>	<u>(36,423)</u>	<u>(1)</u>
		<u>231,610</u>	<u>5</u>	<u>498,198</u>	<u>8</u>
	Profit before tax	58,236	1	593,100	11
7950	Less: Income tax expense (note 6(p))	<u>22,917</u>	<u>1</u>	<u>25,519</u>	<u>-</u>
	Net profit	<u>35,319</u>	<u>-</u>	<u>567,581</u>	<u>11</u>
8300	Other comprehensive (loss) income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans (note 6(o))	11,435	-	(4,905)	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	6,895	-	3,396	-
8330	Share of other comprehensive gains of subsidiaries and associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	1,688	-	8,076	-
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>20,018</u>	<u>-</u>	<u>6,567</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	236,464	5	(249,022)	(4)
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	329	-	307	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(p))	<u>(56,703)</u>	<u>(1)</u>	<u>61,698</u>	<u>1</u>
		<u>180,090</u>	<u>6</u>	<u>(187,017)</u>	<u>(5)</u>
8300	Other comprehensive income (loss) net	<u>200,108</u>	<u>6</u>	<u>(180,450)</u>	<u>(5)</u>
	Total comprehensive income	<u>\$ 235,427</u>	<u>6</u>	<u>387,131</u>	<u>6</u>
	Basic earnings per share (New Taiwan dollars) (note 6(r))	<u>\$ 0.06</u>		<u>0.95</u>	
	Diluted earnings per share (New Taiwan dollars) (note 6(r))	<u>\$ 0.06</u>		<u>0.95</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, 2024 and 2023****(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, 2023	\$ 5,998,365	1,342,623	2,129,290	693,165	149,686	(1,359,264)	(44,193)	-	-	8,909,672
Net profit	-	-	-	-	567,581	-	-	-	-	567,581
Other comprehensive income (loss)	-	-	-	-	(5,302)	(187,017)	11,869	-	-	(180,450)
Total comprehensive income (loss)	-	-	-	-	562,279	(187,017)	11,869	-	-	387,131
Issue employee restricted shares	30,000	21,205	-	-	-	-	-	(40,110)	-	11,095
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	14,969	-	(14,969)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(134,717)	-	-	-	-	(134,717)
Changes in equity of associates accounted for using equity method	-	-	-	-	17	-	-	-	-	17
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	507	-	-	-	-	-	-	-	507
Disposal of investment accounted for using equity method	-	-	-	-	(15,320)	(11,214)	15,320	-	-	(11,214)
Shares of the parent company held by its subsidiaries which are regarded as treasury shares	-	-	-	-	-	-	-	-	(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
Net profit	-	-	-	-	35,319	-	-	-	-	35,319
Other comprehensive income	-	-	-	-	12,409	180,082	7,617	-	-	200,108
Total comprehensive income	-	-	-	-	47,728	180,082	7,617	-	-	235,427
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	54,698	-	(54,698)	-	-	-	-	-
Special reserve appropriated	-	-	-	171,042	(171,042)	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(321,236)	-	-	-	-	(321,236)
Disposal of a subsidiary	-	-	-	-	-	(48,373)	-	-	-	(48,373)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	1,210	-	-	-	-	-	-	-	1,210
Compensation cost of employee restricted shares	-	(4,801)	-	-	-	-	-	28,653	-	23,852
Retirement of employee restricted shares	(4,090)	4,090	-	-	-	-	-	-	-	-
Balance at December 31, 2024	\$ 6,024,275	1,364,834	2,198,957	864,207	47,728	(1,425,786)	(9,387)	(11,457)	(82,823)	8,970,548

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 Cash Flows****For the years ended December 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Profit before tax	\$ 58,236	593,100
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	48,145	51,711
Amortization expense	34,247	29,871
Expected credit reversal gain	(269)	(169)
Net gain on financial assets or liabilities at fair value through profit or loss	(110,817)	(70,664)
Interest expense	3,118	2,788
Interest income	(18,959)	(12,162)
Compensation cost of share-based payment transaction	23,852	11,095
Share of (profit) loss of associates accounted for using equity method	(39,620)	36,423
Unrealized gross (loss) profit from sales	(86,205)	129,131
Gain on disposal of property, plan and equipment	(95)	(213)
Gain on disposal of investments	(48,373)	(339,993)
Others	30,255	(139,610)
Total adjustments to reconcile loss	<u>(164,721)</u>	<u>(301,792)</u>
Changes in operating assets and liabilities:		
(Increase) decrease in notes receivable	(9,720)	3,632
Decrease in accounts receivable	47,773	40,149
Decrease in accounts receivable due from related parties	55,865	562,730
Decrease (increase) in other receivable	25,027	(15,444)
(Increase) decrease in inventories	(45,671)	141,178
(Increase) decrease in other current assets	(10,220)	8,850
Increase in other non-current assets	(190)	(740)
Total changes in operating assets	<u>62,864</u>	<u>740,355</u>
(Decrease) increase in contract liabilities	(6,957)	6,829
Increase (decrease) in notes payable	499	(1,980)
Increase (decrease) in accounts payable	146,883	(647,681)
Increase (decrease) in accounts payable to related parties	245,543	(406,751)
(Decrease) increase in other payable	(24,404)	104,670
Decrease in provisions	(21,036)	(16,993)
Decrease in refund liabilities	(1,050)	(8,472)
Decrease in other current liabilities	(5,567)	(14,143)
Total changes in operating liabilities	<u>333,911</u>	<u>(984,521)</u>
Total changes in operating assets and liabilities	<u>396,775</u>	<u>(244,166)</u>
Total adjustments	<u>232,054</u>	<u>(545,958)</u>
Cash flow from operations	290,290	47,142
Interest received	18,959	12,162
Dividends received	299,806	92,376
Interest paid	(2,340)	(2,738)
Income taxes paid	(16,126)	(14,951)
Net cash flows from operating activities	<u>590,589</u>	<u>133,991</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(49,700)	-
Acquisition of financial assets at fair value through profit or loss	(32,000)	(36,000)
Disposal of investments accounted for using equity method	-	159,585
Acquisition of investments accounted for using equity method	(5,046)	(1,292,897)
Proceeds from capital reduction of investments accounted for using equity method	-	1,260,454
Acquisition of property, plant and equipment	(26,562)	(57,313)
Proceeds from disposal of property, plant and equipment	1,329	350
Decrease in refundable deposits	1,416	12,981
Acquisition of intangible assets	(41,635)	(30,970)
Net cash flows (used in) from investing activities	<u>(152,198)</u>	<u>16,190</u>
Cash flows from financing activities:		
Increase (decrease) in other short-term borrowings	212,086	(29,443)
Increase in other long-term borrowings	50,127	662
Decrease in guarantee deposits received	(651)	-
Payment of lease liabilities	(1,142)	(2,462)
Cash dividends paid	(321,236)	(134,717)
Net cash flows used in financing activities	<u>(60,816)</u>	<u>(165,960)</u>
Net increase (decrease) in cash and cash equivalents	<u>377,575</u>	<u>(15,779)</u>
Cash and cash equivalents at beginning of period	<u>598,450</u>	<u>614,229</u>
Cash and cash equivalents at end of period	<u>\$ 976,025</u>	<u>598,450</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

Notes to the Financial Statements

For the years ended December 31, 2024 and 2023

(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 26, 2025.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the IFRS Accounting Standards 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, 2024:

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

- (b) The impact of IFRS issued by 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, 2025, would not have a significant impact on its financial statements:

- Amendments to IAS21 “Lack of Exchangeability”

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

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have not yet to be endorsed by the FSC:

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of incomes and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> ● A more structured income statement: based on current standards, companies use different formats to present their business results, making it difficult for investors to compare their financial performance across different companies. The new standard adopts a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all incomes and expenses to be classified into three new distinct categories based on a company’ s major business activities. ● Management performance measures (MPM): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027

The Company is evaluating the impact on its financial position and financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Company completes its evaluation.

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

The Company does not expect the following other new and amended standards, which have not 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”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(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.

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(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

The Company classifies the asset as current under one of the following criteria, and all other assets are classified as non current.

- (i) It expects to realize the asset, 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 expects to realize the asset within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies the liability 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 period; or

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(iv) It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are shortterm, 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.

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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.

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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

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- 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.

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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 assets 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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(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.

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(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.

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(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.

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(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: 5~46 years
- 2) Machinery equipment: 2 years
- 3) Transportation, office equipment and others: 2~5 years

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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 lessee

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

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- 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'.

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(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-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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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.

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

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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.

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.

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

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.

(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.

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

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.

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.

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

(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 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 requires management to make judgement and estimates about the future, including climate-related risks and opportunities that affect the application of the accounting policies and the reporting amount of assets, liabilities, incomes, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions, which are consistent with the Company's risk management and climate-related commitment. 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.

(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.

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

(6) Explanation of significant accounts:

(a) Cash and Cash Equivalents

	December 31, 2024	December 31, 2023
Cash on hand	\$ 345	465
Checking and saving accounts	776,233	597,985
Time deposit	<u>199,447</u>	<u>-</u>
Cash and cash equivalents	<u><u>\$ 976,025</u></u>	<u><u>598,450</u></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, 2024	December 31, 2023
Financial assets mandatorily measured at fair value through profit or loss - current		
Cross currency swaps	\$ 6,163	3,773
Forward foreign exchange contracts	<u>2,639</u>	<u>330</u>
	<u><u>\$ 8,802</u></u>	<u><u>4,103</u></u>
Financial liabilities at fair value through profit or loss – current		
Cross currency swaps	\$ 2,910	17,551
Forward foreign exchange contracts	<u>-</u>	<u>777</u>
	<u><u>\$ 2,910</u></u>	<u><u>18,328</u></u>
Financial assets mandatorily measured at fair value through profit or loss - non-current		
Domestic listed (OTC) stock	<u><u>\$ 249,750</u></u>	<u><u>127,050</u></u>
Financial assets at fair value through other comprehensive income – non-current		
Domestic listed (OTC) stock	<u><u>\$ 56,595</u></u>	<u><u>-</u></u>

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

- 1) On December 4, 2023, the Company participated in 5,000 shares of common stock of domestic listed company - King House Co., Ltd. (King House)(Original name: Ensure Global Corp., Ltd.) 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.
 - 2) In November, 2024, the Company purchased 1,000 thousand shares of common stock of domestic listed company - S-Tech Corp. (S-Tech) in the open market at an investment cost of \$32,000 thousand.
 - 3) On December 10, 2024, the Company participated in 3,500 thousand shares of common stock of domestic listed company - DataVan International Corporation (DataVan) through a private placement, at an investment cost of \$49,700 thousand (\$14.2 per share).The common stock of this private placement shall not be sold within three years from the delivery date of February 10, 2025, to the expiration date of February 9, 2028, 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.
 - 4) For disclosures on credit, currency and interest rate risks in financial instruments, please refer to note 6(w).
 - 5) As of December 31, 2024 and 2023, 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, 2024 and 2023, 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, 2024			December 31, 2023		
	Contract amount (thousand)	Currency	Maturity date	Contract amount (thousand)	Currency	Maturity date
Cross currency swaps:						
USD	\$ 18,500	USD	2025.01	-	-	-
JPY	1,100,000	JPY	2025.01	800,000	JPY	2024.01
EUR	4,700	EUR	2025.01	-	-	-
Forward foreign exchange contracts:						
JPY (sell)	150,000	JPY	2025.02	360,000	JPY	2024.02
USD (sell)	-	-	-	1,000	USD	2024.01
EUR (sell)	4,200	EUR	2025.01-2025.02	-	-	-
AUD (sell)	500	AUD	2025.02	-	-	-

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

2) Derivative financial liabilities

	December 31, 2024			December 31, 2023		
	Contract amount (thousand)	Currency	Maturity date	Contract amount (thousand)	Currency	Maturity date
Cross currency swaps:						
USD	\$ -	-	-	18,500	USD	2024.01
EUR	1,500	EUR	2025.02	14,100	EUR	2024.01~2024.02
JPY	1,800,000	JPY	2025.01	1,000,000	JPY	2024.01
AUD	-	-	-	500	AUD	2024.01
CAD	-	-	-	1,400	CAD	2024.01
Forward foreign exchange contracts:						
EUR (sell)	-	-	-	700	EUR	2024.01
JPY (sell)	-	-	-	100,000	JPY	2024.01

(c) Notes and accounts receivable (including related parties) and other receivables

	December 31, 2024	December 31, 2023
Notes receivable for operating activities	\$ 11,748	2,028
Accounts receivable (including related parties) for operating activities	966,721	1,070,359
Other receivables	<u>115,220</u>	<u>211,123</u>
	1,093,689	1,283,510
Less: Loss Provision	<u>(671)</u>	<u>(940)</u>
	<u>\$ 1,093,018</u>	<u>1,282,570</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 provisions were determined as follows:

	December 31, 2024		
	Gross carrying amount	Weighted- average expected credit loss rate	Loss allowance provision
Current	\$ 867,914	0.08%	664
90 days or less past due	223,413	0.00%	7
91 to 180 days past due	1,751	0.00%	-
181 to 270 days past due	<u>611</u>	0.00%	<u>-</u>
	<u>\$ 1,093,689</u>		<u>671</u>

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

	December 31, 2023		
	Gross carrying amount	Weighted- average expected credit 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>

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

	2024	2023
Balance at January 1, 2024 and 2023	\$ 940	1,109
Reversal gain recognized	<u>(269)</u>	<u>(169)</u>
Balance at December 31, 2024 and 2023	<u><u>\$ 671</u></u>	<u><u>940</u></u>

(d) Inventories

	December 31, 2024	December 31, 2023
Finished goods	<u><u>\$ 266,128</u></u>	<u><u>222,026</u></u>

The operating cost comprises of cost of goods sold, write-down loss of inventories to net realizable value, warranty costs and other loss (gain). For the years ended December 31, 2024 and 2023, the cost of goods sold were \$3,773,573 thousand, and \$4,571,212 thousand, respectively. The loss on product warranty, obsolescence and order cancellation amounted to \$17,820 thousand and \$14,307 thousand for the years ended December 31, 2024 and 2023, respectively. For the year ended December 31, 2024 and 2023, the Company recognized write-down loss of inventories to net realizable value of \$1,569 thousand and \$20,023 thousand, respectively.

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

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

(e) Investments accounted for using equity methods

Investments accounted for using equity methods were as follows:

	December 31, 2024	December 31, 2023
Subsidiaries	\$ 8,916,802	8,737,902
Less: Credit balance of equity investment (In other non-current liabilities)	<u>(870,272)</u>	<u>(829,412)</u>
	<u>\$ 8,046,530</u>	<u>7,908,490</u>

- (i) In October 2024, the Company reorganized and bought back 0.64% shares of D-Link International from D-Link Holding for \$0 thousand (US\$0 thousand).
- (ii) D-Link Mexicana, a subsidiary of our company, was liquidated in July 2024.
- (iii) In April 2024, the Company invested in a new subsidiary, D-Link Indonesia, for a price of \$5,046 thousand (US\$157 thousand).
- (iv) In January 2023, the Company underwent a reorganization to sell 100% shares of D-Link Canada, to D-Link Systems at a price of \$159,585 thousand (US\$5,197 thousand).
- (v) In May 2023, the Company reorganized its organization and repurchased 100% of the equity of D-Link Europe from its subsidiary D-Link Holding for \$1,260,451 thousand (US\$41,018 thousand). After D-Link Holding disposed of all the equity of its subsidiary D-Link Europe, the Company reduced its capital and returned the share capital, recovering the investment amount of \$1,260,451 thousand (US\$41,018 thousand).
- (vi) In June 2023, the Company reorganized and bought back 16.67% shares of D-Link Middle East from D-Link International for \$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 2024 consolidated financial statements.

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D-LINK CORPORATION
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
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 %

	2023
Operating revenue	\$ <u>1,070,847</u>
Net Income	\$ 10,962
Other comprehensive income	<u>22,229</u>
Total comprehensive income	\$ <u>33,191</u>
Total comprehensive income attributable to investee's shareholders	\$ <u>33,191</u>

	2023
The Company's share in associate's net assets at beginning of year	\$ 1,344,613
The Company's share in associate's total comprehensive income	<u>14,722</u>
The Company's share in associate's net assets at end of year	1,359,335
Less: unrealized gains	(43,934)
Add: goodwill	<u>102,489</u>
Disposal of investment of associates	<u>(1,417,890)</u>
Carrying amounts of investments accounted for using equity method	\$ <u>-</u>

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

Cameo announced the resignation of its natural person directors, independent directors, and institutional directors, as well as the change of one-third of its directors on March 31, 2023. The Board of Directors elected 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.

(x) Pledges

As of December 31, 2024 and 2023, 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, 2024	\$ 10,107
Decrease	(6,898)
Reclassification	<u>(2,257)</u>
Balance at December 31, 2024	<u>\$ 952</u>
Balance at January 1, 2023	\$ 10,112
Increase	951
Decrease	<u>(956)</u>
Balance at December 31, 2023	<u>\$ 10,107</u>
Accumulated Depreciation:	
Balance at January 1, 2024	\$ 7,670
Increase	1,266
Decrease	(5,767)
Reclassification	<u>(2,257)</u>
Balance at December 31, 2024	<u>\$ 912</u>
Balance at January 1, 2023	\$ 6,041
Increase	2,585
Decrease	<u>(956)</u>
Balance at December 31, 2023	<u>\$ 7,670</u>

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

Buildings

Carrying amount:

Balance at December 31, 2024	\$ <u><u>40</u></u>
Balance at December 31, 2023	\$ <u><u>2,437</u></u>
Balance at January 1, 2023	\$ <u><u>4,071</u></u>

(g) Property, plant and equipment

		2024				Balance as of December 31, 2024
		Balance as of January 1, 2024	Increase	Decrease	Transfer	
Cost:						
Land	\$	531,453	-	-	-	531,453
Buildings		550,007	3,536	3,865	629	550,307
Others		<u>522,812</u>	<u>23,026</u>	<u>8,536</u>	<u>2,257</u>	<u>539,559</u>
		<u>1,604,272</u>	<u>26,562</u>	<u>12,401</u>	<u>2,886</u>	<u>1,621,319</u>
Accumulated depreciation:						
Buildings		439,308	5,029	3,277	-	441,060
Others		<u>431,753</u>	<u>41,454</u>	<u>7,890</u>	<u>2,257</u>	<u>467,574</u>
		<u>871,061</u>	<u>46,483</u>	<u>11,167</u>	<u>2,257</u>	<u>908,634</u>
	\$	<u><u>733,211</u></u>	<u><u>(19,921)</u></u>	<u><u>1,234</u></u>	<u><u>629</u></u>	<u><u>712,685</u></u>
		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>431,753</u>
		<u>876,674</u>	<u>48,729</u>	<u>54,342</u>	-	<u>871,061</u>
	\$	<u><u>719,682</u></u>	<u><u>8,584</u></u>	<u><u>137</u></u>	<u><u>5,082</u></u>	<u><u>733,211</u></u>

As of December 31, 2024 and 2023, no property, plant and equipment were pledged as collateral.

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

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 \$284 thousand and \$288 thousand in 2024 and 2023, respectively.

As of December 31, 2024 and 2023, 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, 2024 and 2023, no investment properties were pledged as collateral.

(i) Intangible assets

	2024				Balance as of
	Balance as of January 1, 2024	Increase	Decrease	Amortization	December 31, 2024
Patents	9,644	-	-	(2,692)	6,952
Computer software costs	3,249	5,786	-	(2,249)	6,786
Other intangible assets	47,621	35,849	-	(29,306)	54,164
	<u>\$ 60,514</u>	<u>41,635</u>	<u>-</u>	<u>(34,247)</u>	<u>67,902</u>

	2023				Balance as of
	Balance as of January 1, 2023	Increase	Decrease	Amortization	December 31, 2023
Patents	12,336	-	-	(2,692)	9,644
Computer software costs	6,402	1,024	-	(4,177)	3,249
Other intangible assets	40,677	29,946	-	(23,002)	47,621
	<u>\$ 59,415</u>	<u>30,970</u>	<u>-</u>	<u>(29,871)</u>	<u>60,514</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

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

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.
- 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.

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

- 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, 2024	For the year ended December 31, 2023
Balance at January 1, 2024	3,000	-
Granted in the current period	-	3,000
Vested in the current period	(1,036)	-
Forfeited in the current period	(409)	-
Balance at December 31, 2024	<u><u>1,555</u></u>	<u><u>3,000</u></u>

Note: For the years ended December 31, 2024, the recovered restricted employee stock options were 409 thousand shares and the registration have been completed.

For the years ended December 31, 2024 and 2023, the compensation costs recognized amounted to \$23,852 thousand and \$11,095 thousand, respectively.

- (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, 2024	December 31, 2023
Other short-term borrowings	JPY	0.55%	2024~2025	\$	604,392	392,306
Other short-term borrowings	USD	-	2025		163,905	-
Other long-term borrowings	USD	-	2027		639,230	753,008
Total				\$	<u><u>1,407,527</u></u>	<u><u>1,145,314</u></u>
Unused credit facilities				\$	<u><u>2,858,134</u></u>	<u><u>3,215,984</u></u>

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

(l) Lease liabilities

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

	December 31, 2024	December 31, 2023
Current	\$ <u>40</u>	<u>2,948</u>
Non-current	\$ <u>-</u>	<u>40</u>

The amounts recognized in profit or loss were as follows:

	2024	2023
Interests on lease liabilities	\$ <u>22</u>	<u>74</u>
Expenses relating to short-term leases	\$ <u>2,248</u>	<u>2,398</u>

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

	2024	2023
Total cash outflow for leases	\$ <u>3,412</u>	<u>4,934</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.

(m) Provisions — current

	2024					Balance as
	Balance as of January 1, 2024	Increase	Used	Reversed	Effect of exchange	of December 31, 2024
Warranties	\$ 56,223	-	(3,406)	(962)	-	51,855
Legal proceedings and royalties	<u>30,735</u>	<u>44,815</u>	<u>(17,630)</u>	<u>(17,485)</u>	<u>2,180</u>	<u>42,615</u>
	<u>\$ 86,958</u>	<u>44,815</u>	<u>(21,036)</u>	<u>(18,447)</u>	<u>2,180</u>	<u>94,470</u>
	2023					Balance as
	Balance as of January 1, 2023	Increase	Used	Reversed	Effect of exchange	of December 31, 2023
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>

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

(n) Refund liabilities

	December 31, 2024	December 31, 2023
Refund liabilities	\$ <u>17,243</u>	<u>18,293</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, 2024	December 31, 2023
Present value of defined benefit obligations	\$ 59,938	72,252
Fair value of plan assets	<u>(76,406)</u>	<u>(77,461)</u>
Net defined benefit assets	<u>\$ (16,468)</u>	<u>(5,209)</u>

Based on the Company 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.

1) Composition of plan assets

The Company 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 \$76,406 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.

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D-LINK CORPORATION
Notes to the Financial Statements

- 2) Movements in the present value of the defined benefit obligations in 2024 and 2023 were as follows:

	2024	2023
Defined benefit obligation at January 1	\$ 72,252	70,547
Current service costs and interests	1,183	1,162
Remeasurement of the defined benefit liabilities		
— Actuarial (gains) losses from changes in the financial assumptions	(2,825)	875
— Actuarial (gains) losses from changes in experience adjustments	(1,636)	4,291
Benefits paid	<u>(9,036)</u>	<u>(4,623)</u>
Defined benefit obligation at December 31	<u><u>\$ 59,938</u></u>	<u><u>72,252</u></u>

- 3) Movements in the fair value of the plan assets

The movements in the present value of the plan assets in 2024 and 2023 were as follows:

	2024	2023
Fair value of plan assets at January 1	\$ 77,461	80,571
Interest income	1,007	1,128
Remeasurement of the net plan assets		
— Actuarial return on plan assets (excluding interests)	6,974	261
Contributions made	-	124
Benefits paid	<u>(9,036)</u>	<u>(4,623)</u>
Fair value of plan assets at December 31	<u><u>\$ 76,406</u></u>	<u><u>77,461</u></u>

- 4) Expenses recognized in profit or loss

The Company's expenses recognized in profit or loss for 2024 and 2023 were as follow:

	2024	2023
Current service costs	\$ 244	175
Net interest on the net defined benefit obligation	<u>(68)</u>	<u>(141)</u>
	<u><u>\$ 176</u></u>	<u><u>34</u></u>

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

	2024	2023
Operating costs	\$ 1	-
Selling expenses	71	17
Administrative expenses	38	8
Research and development expenses	<u>66</u>	<u>9</u>
	<u>\$ 176</u>	<u>34</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, 2024 and 2023 were as follows:

	2024	2023
Balance on January 1	\$ 33,816	28,911
(Reversal) recognized	<u>(11,435)</u>	<u>4,905</u>
Balance on December 31	<u>\$ 22,381</u>	<u>33,816</u>

- 6) Actuarial assumptions

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

	December 31, 2024	December 31, 2023
Discount rate	1.700 %	1.300 %
Future salary increases	3.000 %	3.000 %

The Company has a net defined benefit asset as of December 31, 2024 and 2023 and no contributions are expected to be made within one year.

The weighted average duration of defined benefit obligation is 12.00 years and 13.00 years in 2024 and 2023, respectively.

- 7) Sensitivity analysis

As of December 31, 2024 and 2023, 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, 2024		
Discount rate (0.25% change)	\$ (1,683)	1,746
Future salary increase (0.25% change)	1,570	(1,524)

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

	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)

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 2024 and 2023 were as follows and the amounts were contributed to the labor pension personal accounts of Bureau of the Labor Insurance:

	2024	2023
Operating costs	\$ 136	133
Operating expenses	<u>26,159</u>	<u>27,764</u>
	<u>\$ 26,295</u>	<u>27,897</u>

(p) Income Taxes

Income tax expenses for the years ended 2024 and 2023 were summarized as follows:

	2024	2023
Current income tax expense	\$ 15,032	9,749
Deferred tax expense	<u>7,885</u>	<u>15,770</u>
Income tax expenses	<u>\$ 22,917</u>	<u>25,519</u>

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

The amounts of income tax expenses (benefits) recognized in other comprehensive income were as follows:

	2024	2023
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	\$ <u>56,703</u>	<u>(61,698)</u>

Reconciliations of income tax expense and profit before tax were as follows:

	2024	2023
Profit before income tax	\$ <u>58,236</u>	<u>593,100</u>
Income tax using the Company's domestic tax rate	\$ 11,647	118,620
Share of loss of subsidiaries and associates accounted for using equity method	32,505	14,750
Investment loss (income) from domestic company	16,788	(9,767)
Gains on disposal of domestic investments accounted for using equity method	-	(67,999)
Loss carry forward	-	(55,224)
Unrecognized changes of temporary differences	12,071	93,934
Liquidation loss from foreign investment	(69,164)	-
Income tax adjustments on prior years and others	<u>19,070</u>	<u>(68,795)</u>
Income tax expenses	\$ <u>22,917</u>	<u>25,519</u>

Deferred tax assets and liabilities

(i) Unrecognized deferred income tax assets

	December 31, 2024	December 31, 2023
Deductible temporary differences		
Unrealized expenses	\$ 7,818	8,298
Provisions for warranty	10,371	11,245
Unrealized gross profit from sales	65,382	94,053
Others	<u>17,484</u>	<u>15,360</u>
	<u>101,055</u>	<u>128,956</u>
Operating loss carry forward	<u>408,248</u>	<u>368,276</u>
	\$ <u>509,303</u>	<u>497,232</u>

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

(ii) Recognized deferred tax assets and liabilities

	Intra-group transactions	Exchnage differences on translation of foreign financial statements	Loss carry forward	Total
Deferred income tax assets:				
Balance at January 1, 2024	\$ 7,886	288,153	86,698	382,737
Recognized in profit or loss	(7,886)	-	(41,064)	(48,950)
Exchnage differences on translation of foreign financial statements	<u>-</u>	<u>(56,703)</u>	<u>-</u>	<u>(56,703)</u>
Balance at December 31, 2024	<u>\$ -</u>	<u>231,450</u>	<u>45,634</u>	<u>277,084</u>
Balance at January 1, 2023	\$ 23,657	226,455	285,663	535,775
Recognized in profit or loss	(15,771)	-	(198,965)	(214,736)
Exchnage differences on translation of foreign financial statements	<u>-</u>	<u>61,698</u>	<u>-</u>	<u>61,698</u>
Balance at December 31, 2023	<u>\$ 7,886</u>	<u>288,153</u>	<u>86,698</u>	<u>382,737</u>

	Investments under equity method	Others	Total
Deferred income tax liabilities:			
Balance at January 1, 2024	\$ 46,214	40,483	86,697
Recognized in profit or loss	<u>(3,156)</u>	<u>(37,909)</u>	<u>(41,065)</u>
Balance at December 31, 2024	<u>\$ 43,058</u>	<u>2,574</u>	<u>45,632</u>
Balance at January 1, 2023	\$ 243,068	42,595	285,663
Recognized in profit or loss	<u>(196,854)</u>	<u>(2,112)</u>	<u>(198,966)</u>
Balance at December 31, 2023	<u>\$ 46,214</u>	<u>40,483</u>	<u>86,697</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, 2024, 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	\$ 1,161,216	2027
2019	162,350	2029
2020	620,355	2030
2021	250,835	2031
2024	<u>74,644</u>	2034
	<u>\$ 2,269,400</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, 2024 and 2023, 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, 2024 and 2023, the paid-in capital consisted 602,428 thousand shares and 602,837 thousand shares, with a par value of \$10 per share, amounting to \$6,024,275 thousand and \$6,028,365 thousand, respectively.

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

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2024	December 31, 2023
Common stock in excess of par value	\$ 1,047,340	1,037,080
Treasury share transactions	41,027	39,817
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>10,234</u>	<u>21,205</u>
	<u>\$ 1,364,834</u>	<u>1,364,335</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.

(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.

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D-LINK CORPORATION
Notes to the Financial Statements

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

The Company's Board of Directors resolved to distribute the cash dividends of \$0.5355 per share, amounting to \$321,236 thousand on February 27, 2024. Additionally, the appropriation of legal reserve of \$54,698 thousand and special reserve of \$171,042 thousand was approved by the shareholders' meeting on May 29, 2024.

The Company's Board of Directors resolved to distribute the cash dividends of \$0.2246 per share, amounting to \$134,717 thousand on February 22, 2023. Additionally, the appropriation of legal reserve of \$14,969 thousand was approved by the shareholders' meeting on May 31, 2023.

Related information is available on the Market Observation Post System website of the Taiwan Stock Exchange.

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D-LINK CORPORATION
Notes to the 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 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 stocks

As of December 31, 2024, Qianjin Investment, a subsidiary of the Company, holds 5,434 thousand shares of the Company, which have not yet been sold. The repurchase cost attributed to the Company is \$82,823 thousand, listed under treasury stock.

(v) Other equity

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

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income
Balance at January 1, 2024	\$ (1,557,495)	(17,004)
The Company	179,761	6,895
Subsidiaries & Associates	321	722
Subsidiaries & Associates-liquidation	<u>(48,373)</u>	<u>-</u>
Balance at December 31, 2024	<u>\$ (1,425,786)</u>	<u>(9,387)</u>
Balance at January 1, 2023	\$ (1,359,264)	(44,193)
The Company	(187,324)	3,396
Subsidiaries & Associates	307	8,473
Subsidiaries & Associates—disposal	<u>(11,214)</u>	<u>15,320</u>
Balance at December 31, 2023	<u>\$ (1,557,495)</u>	<u>(17,004)</u>

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

2) Unearned compensation

	2024	2023
Balance at January 1, 2024	\$ (40,110)	-
Issued in current period	-	(51,205)
Restricted shares for employees	<u>28,653</u>	<u>11,095</u>
Balance at December 31, 2024	<u>\$ (11,457)</u>	<u>(40,110)</u>

(r) Earnings per share

The calculations of earnings per share of the Company were as follows:

(i) Basic earnings per share

	2024	2023
Profit of the Company for the year	\$ <u>35,319</u>	<u>567,581</u>
Outstanding ordinary shares	<u>597,923</u>	<u>598,142</u>
Basic earnings per share (dollar)	<u>\$ 0.06</u>	<u>0.95</u>

(ii) Diluted earnings per share

	2024	2023
Profit attributable to owners of ordinary shares (diluted)	\$ <u>35,319</u>	<u>567,581</u>
Weighted-average number of ordinary shares outstanding (basic)	\$ 597,923	598,142
Unvested employee restricted share	1,721	319
Employees' compensation has not been resolved by the shareholders' meeting	<u>385</u>	<u>1,613</u>
Weighted average number of ordinary shares (diluted)	<u>600,029</u>	<u>600,074</u>
Diluted earnings per share (dollar)	<u>\$ 0.06</u>	<u>0.95</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)

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Notes to the Financial Statements

(s) Revenue from contracts with customers

(i) The Company revenue from contract revenue

Major product / service lines	2024	2023
Switch and Security products	\$ 2,711,381	3,855,309
Wireless and IoT products	721,722	838,882
Mobile and Broadband products	869,584	790,402
Others	<u>269,799</u>	<u>236,861</u>
	<u>\$ 4,572,486</u>	<u>5,721,454</u>

Primary geographical markets	2024	2023
Asia and others	\$ 3,268,603	3,325,585
Europe	1,083,863	1,919,330
America	<u>220,020</u>	<u>476,539</u>
	<u>\$ 4,572,486</u>	<u>5,721,454</u>

(ii) Contract liabilities

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

	December 31, 2024	December 31, 2023
Contract Liabilities — current (sales)	<u>\$ 34,725</u>	<u>41,682</u>

2) The beginning contract liabilities were recognized as income, amounting to \$35,311 thousand and \$31,784 thousand for the years ended December 31, 2024 and 2023, respectively.

(t) Remuneration to employees and directors

In accordance with the Company's Articles of Incorporation, 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 2024, the Company estimated its remunerations to employees and directors amounting to \$3,081 thousand and \$308 thousand, respectively. The estimated amounts mentioned above were calculated based on the profit before tax, excluding the remunerations to employees and directors for each period, and were reported in the operating expenses during 2024.

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Notes to the Financial Statements

In 2023, the Company's remunerations to its employees and directors were \$31,381 thousand and \$3,138 thousand, respectively, based on the resolution of the board meeting held on February 27, 2024 and had been reported at the shareholders' meeting thereafter.

Related information is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(u) Other incomes and losses

(i) Interest income

	2024	2023
Interest income from bank deposits	\$ 17,850	12,074
Interest income from others	<u>1,109</u>	<u>88</u>
Total Interest income	<u><u>\$ 18,959</u></u>	<u><u>12,162</u></u>

(ii) Other income

	2024	2023
Rental income	\$ 9,521	5,335
Others	<u>5,625</u>	<u>34,928</u>
Total	<u><u>\$ 15,146</u></u>	<u><u>40,263</u></u>

(iii) Other gains and losses

	2024	2023
Gain on disposal of property, plant and equipment	\$ 95	213
Gain on disposals of investments	48,373	339,993
Foreign currency exchange gains	18,349	73,844
Valuation gains from financial assets and liabilities	110,817	70,664
Others	<u>(16,631)</u>	<u>270</u>
Total	<u><u>\$ 161,003</u></u>	<u><u>484,984</u></u>

(iv) Financial costs

	2024	2023
Interest expense	\$ (3,096)	(2,714)
Other financial costs		
Lease liability interests	<u>(22)</u>	<u>(74)</u>
	<u>(22)</u>	<u>(74)</u>
Net financial costs	<u><u>\$ (3,118)</u></u>	<u><u>(2,788)</u></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 2024 and 2023 were summarized as follow:

	2024	2023
Exchange differences on translation of foreign financial statements		
Change in foreign currency exchange from the Company	\$ <u>236,464</u>	<u>(249,022)</u>
Share of other comprehensive income accounted for using equity method		
Change in foreign currency exchange from subsidiaries and associates	\$ 321	307
Debt investment instruments of subsidiaries measured at fair value through other comprehensive income	<u>8</u>	<u>-</u>
Share of other comprehensive income from associates	\$ <u>329</u>	<u>307</u>

(w) Financial instruments

(i) Category of financial instruments

1) Financial Assets

	December 31, 2024	December 31, 2023
Cash and cash equivalents	\$ 976,025	598,450
Financial assets at fair value through profit or loss — current and non-current	258,552	131,153
Financial assets at fair value through other comprehensive income — non-current	56,595	-
Notes receivable, accounts receivable and other accounts receivable (including related parties)	1,093,018	1,282,570
Refundable deposits	<u>4,846</u>	<u>6,919</u>
	\$ <u>2,389,036</u>	<u>2,019,092</u>

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D-LINK CORPORATION
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2) Financial liabilities

	December 31, 2024	December 31, 2023
Other short-term borrowings	\$ 768,297	392,306
Other long-term borrowings	639,230	753,008
Financial liabilities at fair value through profit or loss — current	2,910	18,328
Notes payable, accounts payable and other payables (including related parties)	1,289,280	920,003
Guarantee deposit received	2,423	3,074
Lease liability (current and non-current)	<u>40</u>	<u>2,988</u>
	<u>\$ 2,702,180</u>	<u>2,089,707</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, 2024 and 2023, the maximum amount exposed to credit risk amounted to \$2,389,036 thousand and \$2,019,092 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, 2024							
Non-derivative financial liabilities							
Other long-term and short-term borrowings	\$ 1,407,527	1,574,700	165,580	769,890	-	639,230	-
Notes payable	575	575	575	-	-	-	-
Accounts payable	557,115	557,115	557,115	-	-	-	-
Accounts payable to related parties	441,841	441,841	441,841	-	-	-	-
Other payables	289,749	289,749	289,749	-	-	-	-
Lease liability	40	40	40	-	-	-	-
Guarantee deposits received	2,423	2,423	2,423	-	-	-	-
Derivative financial liabilities							
Cross currency swaps	<u>2,910</u>	<u>2,910</u>	<u>2,910</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,702,180</u>	<u>2,869,353</u>	<u>1,460,233</u>	<u>769,890</u>	<u>-</u>	<u>639,230</u>	<u>-</u>

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

	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>

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:

	2024			2023		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets :						
Monetary items:						
EUR	\$ 14,313	33.95	485,984	-	-	-
USD	30,435	32.78	<u>997,676</u>	18,478	30.74	<u>567,923</u>
			<u>\$ 1,483,660</u>			<u>567,923</u>
Derivative financial instruments:						
USD	\$ 68	32.78	2,243	-	30.74	2
JPY	12,235	0.21	2,550	18,816	0.22	4,101
AUD	23	20.29	471	-	-	-
EUR	104	33.95	<u>3,538</u>	-	-	<u>-</u>
			<u>\$ 8,802</u>			<u>4,103</u>

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D-LINK CORPORATION
Notes to the Financial Statements

	2024			2023		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Investment accounted for using equity method:						
USD	\$ 194,061	32.78	6,361,502	187,829	30.74	5,772,956
IDR	739,796	-	1,507	-	-	-
EUR	9,719	33.95	330,014	17,100	33.92	580,029
AUD	2,938	20.29	59,610	6,339	20.94	132,707
MXN	-	-	-	1,859	1.82	3,381
JPY	2,808,930	0.21	585,413	2,708,345	0.22	590,278
CLP	171,789	0.03	<u>5,676</u>	331,187	0.03	<u>11,507</u>
			<u>\$ 7,343,722</u>			<u>7,090,858</u>
Financial liabilities:						
Monetary items:						
USD	\$ 55,324	32.78	1,813,586	44,403	30.74	1,364,724
EUR	100	33.95	3,390	-	-	-
JPY	2,973,628	0.21	<u>619,737</u>	1,889,546	0.22	<u>411,822</u>
			<u>\$ 2,436,713</u>			<u>1,776,546</u>
Derivative financial instruments:						
USD	\$ -	-	-	384	30.74	11,808
JPY	13,613	0.21	2,837	6,882	0.22	1,500
AUD	-	-	-	4	20.94	83
CAD	-	-	-	10	23.19	228
EUR	2	33.95	<u>73</u>	139	33.92	<u>4,709</u>
			<u>\$ 2,910</u>			<u>18,328</u>
Credit balance of equity investment:						
USD	\$ 20,442	32.78	670,114	20,742	30.74	637,510
BRL	37,810	5.29	<u>200,158</u>	30,228	6.35	<u>191,902</u>
			<u>\$ 870,272</u>			<u>829,412</u>

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 \$18,349 thousand and \$73,844 thousand for the years ended December 31, 2024 and 2023, 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

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Notes to the Financial Statements

functional currency as of December 31, 2024 and 2023 would have increased or decreased the net income after tax by \$66,316 thousand and \$60,463 thousand, respectively, assuming all other variables were held constant.

(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, 2024		
		Level 1	Level 2	Level 3
Measured at fair value on recurring basis				
Non-derivative instruments				
Assets:				
Financial assets mandatorily measured at fair value through profit or loss - non-current				
Domestic listed (OTC) stock	\$ 249,750	28,850	-	220,900
Financial assets at fair value through other comprehensive income - non-current				
Domestic listed (OTC) stock	56,595	-	-	56,595
Derivative instruments				
Assets:				
Financial assets mandatorily measured at fair value through profit or loss - non-current	8,802	-	8,802	-
Liabilities:				
Financial liabilities at fair value through profit or loss — current	2,910	-	2,910	-

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Assets and liabilities	December 31, 2023			
	Total	Level 1	Level 2	Level 3
Measured at fair value on recurring basis				
Non-derivative instruments				
Assets:				
Financial assets mandatorily measured at fair value through profit or loss - non-current				
Domestic listed (OTC) stock	127,050	-	-	127,050
Derivative instruments				
Assets:				
Financial assets mandatorily measured at fair value through profit or loss - current	\$ 4,103	-	4,103	-
Liabilities				
Financial liabilities at fair value through profit or loss - current	18,328	-	18,328	-

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 active 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 also considers the value after liquidity discounts or other valuation techniques which include model calculation with observable market data at the reporting date (such as yield curve from Taipei Exchange).

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

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D-LINK CORPORATION
Notes to the Financial Statements

- 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

As of December 31, 2024 and 2023, there were no transfers between level 1 and level 2 of the fair value hierarchy.

4) Reconciliation of level 3 fair values

	Non derivative financial assets mandatorily measured at fair value through profit or loss	Financial assets at fair value through other comprehensive income
Balance at January 1, 2024	\$ 127,050	-
Total gains and losses recognized:		
In profit or loss	93,850	-
In other comprehensive income	-	6,895
Acquisition	<u>-</u>	<u>49,700</u>
Balance at December 31, 2024	<u>\$ 220,900</u>	<u>56,595</u>
Balance at January 1, 2023	\$ -	-
Total gains and losses recognized:		
In profit or loss	91,050	-
Acquisition	<u>36,000</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 127,050</u>	<u>-</u>

As of December 31, 2024, the 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” :

	2024	2023
Total gains and losses recognized:		
In profit or loss, and reported in “other gains and losses” \$	93,850	91,050
In other comprehensive income, and reported in “unrealized gains and losses on financial assets at fair value through other comprehensive income”	<u>6,895</u>	<u>-</u>
Total	<u>\$ 100,745</u>	<u>91,050</u>

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D-LINK CORPORATION
Notes to the Financial Statements

- 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 – equity securities investments" and "financial assets at fair value through other comprehensive income – equity securities investments".

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 fair value is determined by the market approach and considering the liquidity discount model (Finnerty model) on December 31, 2024. ·The fair value is determined by the option pricing model (Black-Scholes model) and the liquidity discount model (Finnerty model) on December 31, 2023.	·Lack of market liquidity discount (18.18% on December 31, 2024 and 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	·The fair value is determined by the market approach and considering the liquidity discount model (Finnerty model) on December 31, 2024.	·Lack of market liquidity discount(15.75% on December 31, 2024)	·The higher the lack of market liquidity discount, the lower the fair value

- 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:

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	Inputs	Upward or downward movement	Changes in fair value through the current period's profit or loss/other comprehensive income	
			Favorable	Unfavorable
December 31, 2024				
Financial assets mandatorily measured at fair value through profit or loss	Lack of market liquidity discount	5%	\$ <u>13,500</u>	<u>(13,500)</u>
Financial assets at fair value through other comprehensive income	Lack of market liquidity discount	5%	\$ <u>3,308</u>	<u>(3,308)</u>
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, 2024		December 31, 2023	
	Book value	Fair value	Book value	Fair value
Non-financial assets:				
Investment property	\$ <u>37,687</u>	<u>83,626</u>	<u>38,083</u>	<u>61,990</u>
December 31, 2024				
Assets and liabilities	Total	Level 1	Level 2	Level 3
Non-financial assets:				
Investment property	\$ 83,626	-	-	83,626
December 31, 2023				
Assets and liabilities	Total	Level 1	Level 2	Level 3
Non-financial assets:				
Investment property	\$ 61,990	-	-	61,990

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.

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- 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.

(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.

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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, 2024 and 2023, 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.

3) Guarantees

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

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Notes to the Financial Statements

(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 \$2,858,134 thousand \$3,215,984 thousand as of December 31, 2024 and 2023.

(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.

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.

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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, 2024	December 31, 2023
Total liabilities	\$ 3,816,037	3,213,421
Less: cash and cash equivalents	<u>(976,025)</u>	<u>(598,450)</u>
Net debt	<u>\$ 2,840,012</u>	<u>2,614,971</u>
Total equity	<u>\$ 8,970,548</u>	<u>9,079,668</u>
Debt-to-equity ratio	<u>31.66%</u>	<u>28.80%</u>

As of December 31, 2024, 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, 2024 and 2023 was 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) Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2024	Cash flows	Non-cash changes			December 31, 2024
			Exchange	Fair value changes	Others	
Other short-term borrowings	\$ 392,306	212,086	-	-	163,905	768,297
Other long-term borrowings	753,008	50,127	-	-	(163,905)	639,230
Lease liabilities	2,988	(1,142)	-	-	(1,806)	40
Guarantee desposits received	3,074	(651)	-	-	-	2,423
Total liabilities from financing activities	<u>\$ 1,151,376</u>	<u>260,420</u>	<u>-</u>	<u>-</u>	<u>(1,806)</u>	<u>1,409,990</u>

	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 desposits 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>

(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 (The company was liquidated in July 2024.)
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

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Name of related party	Relationship with the Company
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.)
PT DLink System Indonesia (D-Link Indonesia)	A subsidiary
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 (Kazakhstan) (D-Link Kazakhstan)	A subsidiary
D-Link (Shanghai) Co., Ltd. (D-Link Shanghai)	A subsidiary
Net pro (Shanghai) Co., Ltd. (Net pro)	A subsidiary
D-Link Service (Ukraine) (D-Link Ukraine)	A subsidiary
D-Link Taiwan Investment Co., Ltd. (D-Link Taiwan Investment)	A subsidiary (Yeotai Investment Co., Ltd. was rename to D-Link Taiwan Investment Co., Ltd. on May 3, 2024)
D-Link Shiang-Hai (Cayman) Inc. (D-Link Shiang-Hai (Cayman))	A subsidiary (In liquidation process)
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
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 (In liquidation process)
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

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

Name of related party	Relationship with the Company
D-Link (Magyarország) kft (D-Link Magyarország)	A subsidiary
D-Link s.r.o	A subsidiary
D-Link Adria d.o.o	A subsidiary (The company was liquidated in December 2024.)
D-Link Peru S.A.	A subsidiary
D-Link de Colombia S.A.S	A subsidiary
D-Link Guatemala S.A.	A subsidiary (In liquidation process)
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 (In liquidation process)
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
TSG Sports Marketing Co., Ltd.	Other related party
Gloria Material Technology Corp.	Other related party
NewSoft Technology Corporation	Other related party
Jia Jie Biomedical Co., Ltd.	Other related party
TSG TRANSPORT CORP.	Other related party
HOME-CHAIN FOODS, LTD.	Other related party

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

Name of related party	Relationship with the Company
TSG Star Travel Corp.	Other related party
TSG Royalty Eagle Social Welfare Charitable Foundation	Other related party
United Fiber Optic Communication Inc. (UFOC)	Other related party
Advanced Communication Technology & Solutions Corporation	Other related party (Dissolved after merging with the parent company, UFOC, on December 1, 2024.)
Kuei Tien Cultural & Creative Entertainment Co., Ltd. (KTCCE)	Other related party
YangMingShan Tian Lai Resort & Spa Co., Ltd.	Other related party
Yung-Fu Co., Ltd.	Other related party

(b) Significant related party transactions

(i) Operating revenue

1) Sales Revenue

The Company's significant sales to related parties were as follow:

	2024	2023
Subsidiaries-D-Link Europe	\$ 1,079,712	1,908,110
Subsidiaries-D-Link ME	971,203	601,828
Subsidiaries-D-Link India	608,253	591,844
Subsidiaries-D-Link Japan	564,266	603,286
Subsidiaries-D-Link Systems	242,570	391,394
Subsidiaries-D-Link International	173,993	390,138
Subsidiaries- Others	102,771	245,257
Associates	-	30
Other related parties	987	3,179
	<u>\$ 3,743,755</u>	<u>4,735,066</u>

2) Service Revenue

The Company's service revenues to related parties were as follow:

	2024	2023
Subsidiaries	\$ 105,189	182,840
Other related parties	-	912
	<u>\$ 105,189</u>	<u>183,752</u>

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

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

(ii) Purchases

The Company's purchases from related parties were as follows:

	2024	2023
Subsidiaries-Cameo	\$ 640,279	613,201
Subsidiaries-others	6,190	5,559
Associates-Cameo	-	546,961
Other related parties-Amigo	606,362	459,584
Other related parties-others	<u>22,120</u>	<u>2,129</u>
	<u>\$ 1,274,951</u>	<u>1,627,434</u>

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

(iii) Accounts receivable due from related parties

The Company's receivables to related parties were as follows:

Account	Related party categories	December 31, 2024	December 31, 2023
Accounts receivable	Subsidiaries – D-Link Europe	\$ 456,829	483,093
Accounts receivable	Subsidiaries – D-Link ME	138,914	114,124
Accounts receivable	Subsidiaries – D-Link India	126,456	85,358
Accounts receivable	Subsidiaries – D-Link Systems	69,123	17,318
Accounts receivable	Subsidiaries – D-Link Japan	54,995	84,591
Accounts receivable	Subsidiaries – D-Link Shanghai	15,722	58,606
Accounts receivable	Subsidiaries – D-Link International	15,465	62,895
Accounts receivable	Subsidiaries – Others	9,064	33,828
Accounts receivable	Other related parties	20	2,640
Other receivables	Subsidiaries – D-Link ME	98,350	169,312
Other receivables	Subsidiaries – D-Link Systems	3,148	26,172
Other receivables	Subsidiaries – Others	6,611	13,325
Other receivables	Other related parties	<u>483</u>	<u>-</u>
		<u>\$ 995,180</u>	<u>1,151,262</u>

Other receivables from the Company's subsidiary – D-Link ME are mostly cash dividends receivable.

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

(iv) Other current assets

The Company's prepayments to related parties were as follows:

Account	Related party categories	December 31, 2024	December 31, 2023
Advance payment	Other related parties – Amigo	\$ 9,147	93
Prepaid expenses	Other related parties	<u>2,160</u>	<u>-</u>
		<u>\$ 11,307</u>	<u>93</u>

(v) Accounts payable to related parties

The Company's payables to related parties were as follows:

Account	Related party categories	December 31, 2024	December 31, 2023
Accounts payable	Subsidiaries – Cameo	\$ 261,730	91,986
Accounts payable	Subsidiaries – Others	300	2,071
Accounts payable	Other related parties – Amigo	159,299	102,006
Accounts payable	Other related parties – Others	20,512	235
Other payables	Subsidiaries	20,996	12,263
Other payables	Other related parties	<u>16,318</u>	<u>6,704</u>
		<u>\$ 479,155</u>	<u>215,265</u>

Other payables mainly consist of payments for services and interest to subsidiaries, payments to related parties for after-sales maintenance of products and various services due to business transactions; other payables to related parties include payables for equipments and others.

(vi) Contract liabilities

The Company's contract liabilities to related parties were as follow:

Account	Related party categories	2024	2023
Contract liabilities	Subsidiaries-D-Link Japan	<u>\$ 13,986</u>	<u>18,913</u>

(vii) Other current liabilities

The Company's contract liabilities to related parties were as follow:

Account	Related party categories	2024	2023
Temporary receipts	Subsidiaries-D-Link Mexicana	<u>\$ -</u>	<u>3,381</u>

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

(viii) Services purchased from related parties

The Company's services purchased from related parties were as follows:

	2024	2023
Subsidiaries	\$ 40,383	28,245
Associates	-	134
Other related parties	<u>47,265</u>	<u>20,254</u>
	<u><u>\$ 87,648</u></u>	<u><u>48,633</u></u>

(ix) Property transaction

1) Property, plant and equipment, intangible assets acquired

The Company's acquisitions of property, plant and equipment, intangible assets from the related parties were as follows:

	2024	2023
Subsidiaries:		
Cameo	\$ 6,245	4,000
Other related parties:		
Amigo	2,430	24,699
Others	<u>45</u>	<u>5</u>
	<u><u>\$ 8,720</u></u>	<u><u>28,704</u></u>

(x) Other gains and losses

The Company's other gains or losses to related parties were as follow:

Account	Related party categories	2024	2023
Other gains and losses	Subsidiaries – D-Link Systems	\$ (12,504)	25,236
Other gains and losses	Subsidiaries – Others	(2,829)	4,803
Other gains and losses	Associates	-	266
Other gains and losses	Other related parties	<u>153</u>	<u>-</u>
		<u><u>\$ (15,180)</u></u>	<u><u>30,305</u></u>

Other gains and losses mainly consist of claims on material preparation from subsidiaries.

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

(xi) Lease

Account	Related party categories	2024	2023
Rent Income	Subsidiaries	\$ 139	546
Rent Income	Associates	-	175
Rent Income	Other related parties – UFOC	4,359	-
Rent Income	Other related parties – Amigo	3,862	3,590
Rent Income	Other related parties – Others	23	-
		<u>\$ 8,383</u>	<u>4,311</u>
Operating Costs – Rental	Subsidiaries	\$ 2,371	1,778
Operating Costs – Rental	Associates	-	593
		<u>\$ 2,371</u>	<u>2,371</u>

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.

(xii) Borrowing from Related Parties

The Company's borrowings from related parties were as follows:

	December 31, 2024	December 31, 2023
Subsidiaries – D-Link Capital Investment	\$ 803,135	753,008
Subsidiaries – D-Link Japan	375,140	392,306
Subsidiaries – D-Link International	229,252	-
	<u>\$ 1,407,527</u>	<u>1,145,314</u>

The interest paid to the related parties amounted to \$2,651 thousand and \$1,938 thousand for the years ended 2024 and 2023, respectively. The amounts were calculated based on the interest rate agreed between each related party and the Company. Additionally, all borrowings were unsecured.

(xiii) Guarantee

As of December 31, 2024 and 2023, the Company had provided a guarantee to its related-parties which borrowed from financial institutions with the credit limit as follow:

	December 31, 2024	December 31, 2023
Subsidiaries:		
D-Link Europe	\$ 126,514	126,383
D-Link Shanghai	163,905	76,838
	<u>\$ 290,419</u>	<u>203,221</u>

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

As of December 31, 2024 and 2023, the Company had used its endorsement guarantees amounting to \$48,867 thousand and \$65,450 thousand respectively.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	2024	2023
Short-term employee benefits	\$ 32,884	31,063
Post-employee benefits	664	609
Share-based payments	<u>5,258</u>	<u>1,901</u>
	<u>\$ 38,806</u>	<u>33,573</u>

(8) Pledged assets: None.

(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 litigation. 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 above litigation will not have any significant impact on its current operations.
- (c) Bell Northern Research, LLC filed a lawsuit against D-Link Systems in 2023, alleging that some of D-Link Systems' products have infringed its patents. Hence, D-Link Systems has appointed attorneys to conduct defense. Based on its evaluation, the Company believes the above litigation will not have any significant impact on its current operations.
- (d) Palmira Wireless AG filed a lawsuit against the Company and D-Link Deutschland in 2024, alleging that some of the Company's products infringed its patents. The Company has appointed attorneys to conduct defense. Based on its evaluation, the Company believes the above litigation will not have any significant impact on its current operations.
- (e) Skyworks Solutions, Inc. filed a lawsuit against the Company and requested an investigation from the ITC in 2024, alleging that some of the Company's products infringed its patents. The Company has appointed attorneys to conduct defense. Based on its evaluation, the Company believes the above litigation will not have any significant impact on its current operations.
- (f) 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.

(Continued)

D-LINK CORPORATION
Notes to the Financial Statements

(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					
		2024			2023		
		Cost of Goods Sold	Operating Expense	Total	Cost of Goods Sold	Operating Expense	Total
Employee benefits							
Salaries		2,775	576,307	579,082	2,603	633,160	635,763
Labor and health insurance		296	48,256	48,552	299	51,485	51,784
Pension		137	26,334	26,471	133	27,798	27,931
Remuneration of directors		-	4,142	4,142	-	6,944	6,944
Others		129	18,807	18,936	115	17,548	17,663
Depreciation		12	48,133	48,145	11	51,700	51,711
Amortization		8	34,239	34,247	5	29,866	29,871

For the years ended December 31, 2024 and 2023, additional information for the number of employees and employee benefits were as follows:

	2024	2023
Number of employees	<u>477</u>	<u>530</u>
Number of directors who were not employees	<u>8</u>	<u>8</u>
The average employee benefit	<u>\$ 1,435</u>	<u>1,404</u>
The average salaries and wages	<u>\$ 1,235</u>	<u>1,218</u>
The adjustment rate of average employee salaries	<u>1.40 %</u>	<u>12.47 %</u>
Supervisor's remuneration	<u>\$ -</u>	<u>-</u>

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 Company's Articles of Incorporation. 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.

(Continued)

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, 2024:

(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		
0	D-Link Corporation	D-Link Europe	Accounts receivable-related parties	Yes	182,859	-	-	4.25	2	-	Convert from Account receivables to loan receivable	-	-	-	3,588,219	3,588,219
0	D-Link Corporation	D-Link Europe	Accounts receivable-related parties	Yes	38,426	-	-	4.25	2	-	Convert from Account receivables to loan receivable	-	-	-	3,588,219	3,588,219
0	D-Link Corporation	D-Link Europe	Accounts receivable-related parties	Yes	13,112	-	-	4.25	2	-	Convert from Account receivables to loan receivable	-	-	-	3,588,219	3,588,219
1	D-Link International	D-Link Shanghai	Accounts receivable-related parties	Yes	324,159	-	-	3.80	2	-	Operating Capital	-	-	-	2,781,810	2,781,810
1	D-Link International	D-Link Shanghai	Accounts receivable-related parties	Yes	143,648	143,648	143,648	3.55	2	-	Operating Capital	-	-	-	2,781,810	2,781,810
1	D-Link International	D-Link Shanghai	Accounts receivable-related parties	Yes	384,683	384,683	384,683	-	2	-	Convert from Account receivables to loan receivable	-	-	-	2,781,810	2,781,810
1	D-Link International	D-Link Corporation	Accounts receivable-related parties	Yes	229,252	229,252	229,252	0.55	2	-	Operating Capital	-	-	-	2,781,810	2,781,810
2	D-Link Capital Investment	D-Link Corporation	Accounts receivable-related parties	Yes	803,135	803,135	803,135	-	2	-	Operating Capital	-	-	-	819,946	819,946
3	D-Link Japan	D-Link Corporation	Accounts receivable-related parties	Yes	166,729	166,729	166,729	0.55	2	-	Operating Capital	-	-	-	572,751	572,751
3	D-Link Japan	D-Link Corporation	Accounts receivable-related parties	Yes	208,411	208,411	208,411	0.55	2	-	Operating Capital	-	-	-	572,751	572,751
4	D-Link Deutschland	D-Link Europe	Accounts receivable-related parties	Yes	105,259	105,259	105,259	4.25	2	-	Operating Capital	-	-	-	158,463	158,463
5	PC	Cameo	Other receivables	Yes	78,253	-	-	-	2	-	Operating Capital	-	-	-	-	-
6	Huge Castle	Cameo	Other receivables	Yes	93,903	-	-	-	2	-	Operating Capital	-	-	-	111,586	111,586

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 the Company to D-Link Europe shall not exceed 40% of the net worth of the Company, the amount has been fully settled in third quarter of 2024.

Note 3: 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 4: 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 5: Total amount of loans from D-Link Japan to the Company shall not exceed 100% of the net worth of D-Link Japan.

Note 6: 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.

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D-LINK CORPORATION

Notes to the Financial Statements

Note 7: The total amount of loans from PC, Huge Castle to Cameo shall not exceed 40% of the net worth of PC and Huge Castle. The Board of Directors held in April 2024 resolved the liquidation of PC, and applied for cancellation registration in May 2024. It is expected to obtain the liquidation and cancellation registration certification in 2025.

Note 8: Only disclose funding loan limits that are still valid until end of the year of 2024.

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/guarantees to third parties on behalf of parent company	Endorsements/guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	D-Link Corporation	D-Link Europe	2	2,008,092	126,514	126,514	39,700	-	1.41 %	6,024,275	Y	N	N
0	D-Link Corporation	D-Link Shanghai	2	2,008,092	163,905	163,905	9,167	-	1.83 %	6,024,275	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.

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, 2024 (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	Ehoo.net Technologies Holdings Limited	None	Financial assets at fair value through profit or loss-non-current	749,663	-	4.11 %	-	Note
D-Link Corporation	eWAVE SYSTEM, INC.	None	Financial assets at fair value through profit or loss-non-current	83,334	-	1.89 %	-	Note
D-Link Corporation	TGC, Inc.	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, Inc.	None	Financial assets at fair value through profit or loss-non-current	926,814	-	3.05 %	-	Note
D-Link Corporation	PurpleComm, Inc.	None	Financial assets at fair value through profit or loss-non-current	3,385,417	-	14.10 %	-	Note
D-Link Corporation	Global Mobile Corp.	None	Financial assets at fair value through profit or loss-non-current	6,600,000	-	2.39 %	-	Note
D-Link Corporation	King House	Other related party	Financial assets at fair value through profit or loss-non-current	5,000,000	220,900	3.16 %	220,900	
D-Link Corporation	S-Tech	Other related party	Financial assets at fair value through profit or loss-non-current	1,000,000	28,850	0.43 %	28,850	
D-Link Corporation	DataVan	Other related party	Financial assets at fair value through other comprehensive income-non-current	3,500,000	56,595	2.73 %	56,595	
D-Link Holding	Best3C, Inc.	None	Financial assets at fair value through profit or loss-non-current	600,000	-	1.88 %	-	Note
D-Link Holding	E2O Communications, Inc.	None	Financial assets at fair value through profit or loss-non-current	252,525	-	0.05 %	-	Note
D-Link Taiwan Investment	StemCyte-KY	None	Financial assets at fair value through other comprehensive income-non-current	18,950	803	0.01 %	803	
D-Link Taiwan Investment	Xtramus	None	Financial assets at fair value through other comprehensive income-non-current	127,943	2,577	12.66 %	2,577	

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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
D-Link Taiwan Investment	Kaimei	None	Financial assets at fair value through other comprehensive income-non-current	231,342	15,963	0.21 %	15,963	
D-Link India	MIRAE MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	48,682	50,142	- %	50,142	
D-Link India	ICICI MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	399,644	57,679	- %	57,679	
D-Link India	ADITYA BIRLA MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	489,365	77,029	- %	77,029	
D-Link India	MAHINDRA MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	78,958	50,142	- %	50,142	
D-Link India	UNION MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	20,471	19,251	- %	19,251	
D-Link India	NIPPON INDIA MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	14,568	34,762	- %	34,762	
D-Link India	TATA MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	38,131	58,004	- %	58,004	
D-Link India	SBI MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	37,797	57,647	- %	57,647	
D-Link India	LIC MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	28,500	50,461	- %	50,461	
D-Link India	DSP MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	27,928	38,514	- %	38,514	
D-Link India	HDFC MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	20,292	38,856	- %	38,856	
D-Link India	UTI MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	21,737	34,738	- %	34,738	
D-Link India	AXIS MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	71,986	77,397	- %	77,397	
D-Link India	HSBC LIQUID FUND	None	Financial assets at fair value through profit or loss-current	52,394	50,456	- %	50,456	
D-Link India	KOTAK MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	15,730	30,985	- %	30,985	
D-Link India	CANARA ROBECO MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	16,488	19,265	- %	19,265	
Cameo	Harvatek Corporation	None	Financial assets at fair value through profit or loss-non current	6,000,000	-	14.46 %	-	Note
Cameo	Covia Inc.	None	Financial assets at fair value through profit or loss-non current	400	-	5.40 %	-	Note
Cameo	King House	Other related party	Financial assets at fair value through profit or loss-non current	5,000,000	220,900	3.16 %	220,900	
Cameo	TMP	Other related party	Financial assets at fair value through profit or loss-non current	855,043	23,171	0.86 %	23,171	
Cameo	S-Tech	Other related party	Financial assets at fair value through profit or loss-non current	1,232,000	35,544	0.53 %	35,544	
Cameo	Domestic bank green bonds-P13 Taipei Fubon Bank 3	None	Financial assets at fair value through other comprehensive income-non-current	-	100,018	- %	100,018	Each bond has a denomination of \$10,000 thousand, with 10 bonds in total.
Qianjin Investment	D-Link Corporation	Parent company	Treasury shares	5,434,069	138,298	0.90 %	138,298	
Qianjin Investment	TMP	Other related party	Financial assets at fair value through profit or loss-non current	48,000	1,301	0.05 %	1,301	
Qianjin Investment	S-Tech	Other related party	Financial assets at fair value through profit or loss-non current	70,000	2,019	0.03 %	2,019	

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

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

(Continued)

D-LINK CORPORATION

Notes to the Financial Statements

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

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/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)	(173,993)	(4) %	60 Days	-	-	15,465	2%	
D-Link Corporation	D-Link Systems	Subsidiary	(Sales and service revenue)	(242,880)	(6) %	75 Days	-	-	69,123	7%	
D-Link Corporation	D-Link Europe	Subsidiary	(Sales and service revenue)	(1,083,862)	(25) %	60 Days	-	-	456,829	47%	
D-Link Corporation	D-Link ME	Subsidiary	(Sales and service revenue)	(971,338)	(22) %	60 Days	-	-	138,914	14%	
D-Link Corporation	D-Link Japan	Subsidiary	(Sales and service revenue)	(564,265)	(13) %	60 Days	-	-	54,995	6%	
D-Link Corporation	D-Link India	Subsidiary	(Sales and service revenue)	(681,401)	(15) %	45 Days	-	-	126,456	13%	
D-Link Corporation	Cameo	Subsidiary	Purchase	640,279	17 %	90 Days	-	-	(261,730)	(26)%	
D-Link Corporation	Amigo	Other related party	Purchase	606,362	16 %	90 Days	-	-	(159,299)	(16)%	
D-Link International	D-Link Corporation	Parent company	Purchase	173,602	35 %	60 Days	-	-	(15,465)	(1)%	
D-Link Systems	D-Link Corporation	Parent company	Purchase	241,100	76 %	75 Days	-	-	(69,123)	(34)%	
D-Link Europe	D-Link Corporation	Parent company	Purchase	1,069,927	98 %	60 Days	-	-	(456,829)	(80)%	
D-Link ME	D-Link Corporation	Parent company	Purchase	970,491	47 %	60 Days	-	-	(138,914)	(55)%	
D-Link Japan	D-Link Corporation	Parent company	Purchase	508,512	86 %	60 Days	-	-	(54,995)	(99)%	
D-Link India	D-Link Corporation	Parent company	Purchase	605,503	13 %	45 Days	-	-	(126,456)	(19)%	
Cameo	D-Link Corporation	Parent company	(Sales)	(652,782)	(55) %	90 Days	-	-	268,941	62%	
D-Link Shanghai	D-Link Trade	The ultimate parent company is D-Link Corporation	(Sales)	(429,773)	(86) %	120 Days	-	-	306,519	95%	
D-Link Trade	D-Link Shanghai	The ultimate parent company is D-Link Corporation	Purchase	429,773	93 %	120 Days	-	-	(306,519)	(54)%	

- (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	456,829	2.28	-	-	84,740	-
D-Link Corporation	D-Link ME	Subsidiary	138,914	7.67	-	-	58,119	-
D-Link Corporation	D-Link India	Subsidiary	126,456	5.72	-	-	69,622	-
D-Link International	D-Link Systems	The ultimate parent company is D-Link Corporation	101,917	-	101,513	-	-	-
D-Link International	D-Link L.A.	The ultimate parent company is D-Link Corporation	681,893	-	681,893	-	-	-
D-Link International	D-Link Brazil	The ultimate parent company is D-Link Corporation	159,568	-	159,568	-	-	-
D-Link International	D-Link Trade	The ultimate parent company is D-Link Corporation	274,077	-	274,077	-	-	-
D-Link Shanghai	D-Link Trade	The ultimate parent company is D-Link Corporation	306,519	1.65	83,520	-	-	-

(Continued)

D-LINK CORPORATION

Notes to the Financial Statements

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		
Cameo	D-Link Corporation	Parent company	268,941	3.62	-	-	74,973	-

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

Note 2: The amount represents collections subsequent to December 31, 2024 up to February 21, 2025.

(ix) Trading in derivative instruments:

(In Thousands of New Taiwan Dollars)

Company Name	Derivative Instruments Category	Holding Purpose	Contract Amount		Book Value	Fair Value
		Non-trading :				
D-Link Corporation	Cross currency swap	EUR	EUR	4,700	1,950	1,950
D-Link Corporation	Cross currency swap	USD	USD	18,500	2,243	2,243
D-Link Corporation	Cross currency swap	JPY	JPY	1,100,000	1,970	1,970
D-Link International	Cross currency swap	CNY	CNY	75,500	2,096	2,096
D-Link International	Cross currency swap	JPY	JPY	1,100,000	7,609	7,609
D-Link Corporation	Forward foreign exchange contract	AUD(Sell)	AUD	500	471	471
D-Link Corporation	Forward foreign exchange contract	EUR(Sell)	EUR	4,200	1,588	1,588
D-Link Corporation	Forward foreign exchange contract	JPY(Sell)	JPY	150,000	580	580
D-Link International	Forward foreign exchange contract	BRL(Sell)	BRL	12,772	1,131	1,131
D-Link International	Forward foreign exchange contract	CNY(Sell)	CNY	35,000	413	413
D-Link International	Forward foreign exchange contract	KRW(Sell)	KRW	3,303,950	1,822	1,822
D-Link India	Forward foreign exchange contract	INR(Sell)	INR	149,541	245	245
D-Link Corporation	Cross currency swap	JPY	JPY	1,800,000	(2,837)	(2,837)
D-Link Corporation	Cross currency swap	EUR	EUR	1,500	(73)	(73)
D-Link International	Cross currency swap	CAD	CAD	847	(313)	(313)
D-Link International	Forward foreign exchange contract	BRL(Sell)	BRL	9,460	(981)	(981)
D-Link International	Forward foreign exchange contract	CNY(Buy)	CNY	14,590	(198)	(198)

(b) Information on investees:

The following was the information on investees for the year ended December 31, 2024 (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, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2024	December 31, 2023	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	48,045,007	100.00 %	1,274,687	(188,070)	(188,070)	
D-Link Corporation	D-Link International	Singapore	Sales and after-sales service in Southeast Asia	1,941,986	1,941,986	66,500,000	100.00 %	2,652,432	144,744	129,673	D-Link Corporation acquired 0.64% equity interests in D-Link International from D-Link Holding in October 2024. 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 %	(670,114)	-	-	
D-Link Corporation	D-Link Sudamerica	Chile	Sales and after-sales service in Chile	6,512	6,512	199,999	100.00 %	5,676	(5,833)	(5,833)	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	-	-	-	259	259	(Note 3)

(Continued)

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, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2024	December 31, 2023	Shares (thousands)	Percentage of ownership	Carrying value			
D-Link Corporation	D-Link Brazil	Brazil	Sales and after-sales service in Brazil	932,197	932,197	2,964,836,727	100.00 %	(200,158)	(45,347)	(45,347)	100% shares owned by D-Link Corporation and D-Link Holding
D-Link Corporation	D-Link ME	UAE	Sales and after-sales service in Middle East and Africa	103,930	103,930	6	100.00 %	884,231	11,440	11,440	
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 %	59,610	(68,236)	(68,236)	
D-Link Corporation	D-Link Holding	BVI	Investment company	891,177	891,177	27,044,212	100.00 %	1,353,864	197,561	377,810	Investment income included the amounts of transactions between affiliated companies.
D-Link Corporation	D-Link Deutschland	Germany	Sales and after-sales service in Germany	120,047	120,047	Note 2	- %	120,047	8,244	-	100% shares owned by D-Link Corporation directly and indirectly. Investment income was consolidated into D-Link Europe.
D-Link Corporation	D-Link Indonesia	Indonesia	Sales and after-sales service in Indonesia	5,046	-	24,750	99.00 %	1,507	(3,518)	(3,518)	100% shares owned by D-Link Corporation and D-Link International. It was established with capital injection on April 17, 2024.
D-Link Corporation	D-Link Japan	Japan	Sales and after-sales service in Japan	595,310	595,310	9,500	100.00 %	585,413	16,902	16,902	
D-Link Corporation	D-Link Investment	Singapore	Investment company	67,191	67,191	2,200,000	100.00 %	196,288	220,922	220,922	
D-Link Corporation	D-Link Taiwan Investment	Taiwan	Investment company	146,000	146,000	14,600,000	100.00 %	52,280	1,742	1,742	
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 %	1,520,800	(164,556)	(85,680)	Investment loss included the amounts of transactions between affiliated companies.
D-Link Corporation	D-Link Europe	UK	Sales and after-sales service in Europe	1,260,451	1,260,451	32,497,455	100.00 %	209,967	(322,444)	(322,444)	
D-Link Systems	D-Link Canada	Canada	Sales and after-sales service in Canada	159,585	159,585	497,904	100.00 %	16,322	(76,506)	(76,506)	
D-Link Investment	D-Link Trade	Russia	Sales and after-sales service in Russia	66,538	66,538	Note 2	100.00 %	196,445	220,922	220,922	
D-Link Trade	T-COM	Russia	Sales and after-sales service in Russia	12,485	12,485	Note 2	40.00 %	(1,764)	(39,930)	(16,209)	Investment loss included the amounts of transactions between affiliated companies.
D-Link International	D-Link Korea	Korea	Sales and after-sales service in Korea	44,300	44,300	330,901	100.00 %	(66,246)	(18,922)	(18,922)	
D-Link International	D-Link Trade M	Republic of Moldova	Sales and after-sales service in Moldova	13	13	-	100.00 %	79	(365)	(365)	
D-Link International	D-Link Capital Investment	BVI	Investment company	789,757	789,757	25,000,000	100.00 %	819,946	104,781	104,781	
D-Link International	D-Link Malaysia	Malaysia	Sales and after-sales service in Malaysia	6,130	6,130	800,000	100.00 %	9,217	72	72	
D-Link International	D-Link Lithuania	Lithuania	Sales and after-sales service	3,574	3,574	1,000	100.00 %	5,506	(2,229)	(2,229)	
D-Link International	D-Link Kazakhstan	Kazakhstan	Sales and after-sales service in Kazakhstan	171	-	Note 2	100.00 %	971	766	448	D-Link International acquired 100% of equity interests in D-Link Kazakhstan from D-Link Lithuania in February 2024.
D-Link International	D-Link Indonesia	Indonesia	Sales and after-sales service in Indonesia	52	-	250	1.00 %	53	(3,518)	-	D-Link Indonesia's investment loss was recognized in D-Link Corporation. It was established with capital injection on April 17, 2024.
D-Link Lithuania	D-Link Ukraine	Ukraine	Sales and after-sales service in Ukraine	4,883	4,883	Note 2	100.00 %	770	(1,322)	(1,322)	
D-Link Lithuania	D-Link Kazakhstan	Kazakhstan	Sales and after-sales service in Kazakhstan	-	612	Note 2	- %	-	766	318	D-Link Lithuania transferred 100% of equity interests in D-Link Kazakhstan to D-Link International in February 2024.

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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, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2024	December 31, 2023	Shares (thousands)	Percentage of ownership	Carrying value			
D-Link Holding	D-Link International	Singapore	Sales and after-sales service in Southeast Asia	-	8,466	-	- %	-	144,744	-	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 %	4,738	363	363	
D-Link Holding	D-Link Mauritius	Mauritius	Investment company	186,789	186,789	200,000	100.00 %	1,261,836	194,289	194,289	
D-Link Holding	D-Link Shiang-Hai (Cayman)	Cayman Island	Investment company	654,974	654,974	50,000	100.00 %	15,593	-	-	In liquidation process.
D-Link Holding	Success Stone	BVI	Investment company	297,027	297,027	9,822	100.00 %	140,063	3,657	3,657	
D-Link Holding	MiiiCasa Holding	Cayman Island	Investment company	61,087	61,087	21,000,000	28.98 %	-	-	-	
D-Link Holding	D-Link Brazil	Brazil	Sales and after-sales service in Brazil	-	-	100	- %	-	(45,347)	-	D-Link Brazil's investment loss was recognized in D-Link Corporation.
D-Link Holding	D-Link Sudamerica	Chile	Sales and after-sales service in Chile	-	-	1	- %	-	(5,833)	-	D-Link Sudamerica's investment loss was recognized in D-Link Corporation.
D-Link Mauritius	D-Link India	India	Sales and after-sales service in India	340,319	340,319	18,114,663	51.02 %	1,257,142	394,497	201,272	
D-Link Mauritius	TeamF1 India	India	Technical services for software and hardware system integration	8	8	1	0.01 %	16	5,805	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 %	142,097	5,805	5,804	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 %	1	(5,097)	-	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 %	5,942	(702)	(702)	
D-Link Sudamerica	D-Link Guatemala S.A.	Guatemala	Sales and after-sales service in Guatemala	410	410	99,000	99.00 %	603	-	-	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 %	3,475	(5,097)	(5,097)	
D-Link Sudamerica	D-Link Mexicana	Mexico	Sales and after-sales service in Mexico	-	6	-	- %	-	259	-	(Note 3)
D-Link Europe	D-Link Deutschland	Germany	Sales and after-sales service in Germany	131,769	131,769	Note 2	100.00 %	158,463	8,244	8,244	
D-Link Europe	D-Link AB	Sweden	Sales and after-sales service in Sweden	9,022	9,022	15,500	100.00 %	10,231	(5,308)	(5,308)	
D-Link Europe	D-Link Iberia	Spain	Sales and after-sales service in Spain	1,976	1,976	50,000	100.00 %	73,701	2,694	2,694	
D-Link Europe	D-Link Mediterraneo	Italy	Sales and after-sales service in Italy	2,177	2,177	50,000	100.00 %	37,339	1,675	1,675	
D-Link Europe	D-Link (Holdings) Ltd.	UK	Investment company	-	-	3	100.00 %	10,033	-	-	In liquidation process.
D-Link Europe	D-Link France	France	Sales and after-sales service in France	5,287	5,287	114,560	100.00 %	43,987	387	387	
D-Link Europe	D-Link Netherlands	Netherlands	Sales and after-sales service in Netherlands	2,132	2,132	50,000	100.00 %	4,995	(1,468)	(1,468)	
D-Link Europe	D-Link Polska	Poland	Sales and after-sales service in Poland	1,210	1,210	100	100.00 %	30,395	1,188	1,188	
D-Link Europe	D-Link Magyarorszag	Hungary	Sales and after-sales service in Hungary	523	523	300	100.00 %	3,756	187	187	
D-Link Europe	D-Link s.r.o	Czech	Sales and after-sales service in Czech	329	329	100	100.00 %	3,137	(198)	(198)	
D-Link (Holdings) Ltd	D-Link UK	UK	Sales and after-sales service in UK	-	-	300,100	100.00 %	10,033	-	-	In liquidation process.
D-Link Mediterraneo	D-Link Adria d.o.o.	Croatia	Sales and after-sales service in Croatia	-	326	Note 2	100.00 %	-	-	-	Liquidation completed in December 2024.

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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, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2024	December 31, 2023	Shares (thousands)	Percentage of ownership	Carrying value			
D-Link Taiwan Investment	Xtramus	Taiwan	Research, development, manufacturing and sell of testing equipment for network	-	38,110	-	- %	-	9,492	(395)	The shareholding ratio decreased to 12.66% in April 2024, and it was reclassified to financial assets at fair value through other comprehensive income.
Cameo	Huge Castle	Samoa	Investment company	295,006	295,006	9,329,718	100.00 %	278,967	(33,988)	(33,988)	
Cameo	Qianjin Investment	Taiwan	Investment company	270,000	270,000	27,000,000	100.00 %	183,346	3,254	3,254	
Huge Castle	PC	Mauritius	Investment and trading	-	(16,261)	-	100.00 %	-	4,944	4,944	In liquidation process; The difference between the exchange rates on the dates of the original investment and capital reduction resulted in the original investment of USD\$100 thousand to be negative after being converted into NTD.
Huge Castle	Luis Jo'se	BVI	Investment company	43,673	43,673	1,362,680	100.00 %	48,108	2,494	2,494	

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

Note 2: Limited Company

Note 3: D-Link Mexicana, which 100% held by the Company and D-Link Sudamerica, was liquidated in July 2024, resulting in the gain on disposal of investment of \$48,367 thousand to be recognized.

(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, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2024	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value Note 2	Accumulated remittance of earnings in current period	Note
					Outflow	Inflow							
D-Link Shanghai	Buy and sell of networking equipment and wireless system	639,230	2	639,230	-	-	639,230	(11,937)	100.00%	(11,937)	(181,415)	-	
Netpro	Research, development and trading business	22,947	2	21,389	-	-	21,389	432	100.00%	432	15,836	-	
YouXiang	Technical Service and Import/Export trading business	64,756	3	-	-	-	-	(4,371)	9.86%	-	3,101	-	
Cameo Technology Development (Shenzhen) Co., Ltd.	R&D for communications technology and products	-	2	10,588	-	-	10,588	N/A	-%	N/A	-	-	Note 3 : Liquidation completed in March 2012.
Wide View Technology Inc.	R&D, production, and sale of electronic components	-	2	21,734	-	-	21,734	N/A	-%	N/A	-	-	Note 4 : Liquidation completed in September 2018.
Suzhou Soarnex Technology Co., Ltd	Software development and software services for computer information systems	22,064	2	-	-	-	-	1,460	100.00%	1,460	27,920	-	Note 5, 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 32.78 and CNY 4.56 as of December 31, 2024.

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

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

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

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

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Notes to the Financial Statements

(ii) Limitation on investment in Mainland China:

Company Name	Accumulated Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by Investment Commission, MOEAIC	Upper Limit on Investment
D-Link Corporation	660,619	660,619	(Note 1)
Cameo	32,322	36,321	1,820,256 (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”.

(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, 2024.

D-LINK CORPORATION
Statement of cash and cash equivalents
December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Due Date</u>	<u>Amount</u>
Cash	Petty cash and foreign currency deposits		\$ <u>345</u>
	Subtotal		<u>345</u>
Bank deposits	Checking and saving accounts		
	NTD		385,935
	USD : 8,366 (in thousands)		274,233
	Other foreign currency deposits		116,065
	NTD (All below 5%)	2025.01.27	1,500
Time deposit	USD (All below 5%) 6,038 (in thousands)	2025.01.08 ~2025.01.26	<u>197,947</u>
	Subtotal		<u>975,680</u>
			\$ <u>976,025</u>

Note 1: The exchange rate of USD to NTD as of December 31, 2024 is 32.781.

D-LINK CORPORATION

Statement of financial assets measured at fair value through profit or loss - current

December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Name of financial instrument	Description	Shares of units (thousand)	Carrying Amount	Total	Interest Rate	Aquisition cost	Fair value		Fair value changes are attributable to the changes of credit risk	Note
							Unit price	Total amount		
Derivative financial assets :										
Cross currency swaps		-	\$ -	-	-	%	-	-	6,163	-
Foward foreign exchange contracts		-	-	-	-	%	-	-	2,639	-
				\$ -					8,802	-

Statement of financial assets measured at fair value through profit or loss - non-current

Name	Opening Balance		Increase		Decrease		Valuation gains and losses on financial assets		Ending Balance		Accumulated impairment loss	Guarantee or pledge
	Shares of units (thousand)	Fair value	Shares of units (thousand)	Amount	Shares of units (thousand)	Amount	Shares of units (thousand)	Amount	Shares of units (thousand)	Fair value		
Stock in OTC companies												
King House Co., Ltd.	5,000	\$ 127,050	-	\$ -	-	\$ -	-	\$ 93,850	5,000	\$ 220,900	-	None
S-Tech Corp.	-	-	1,000	32,000	-	-	-	(3,150)	1,000	28,850	-	None
Financial assets measured at fair value through profit or loss- non-current		\$ 127,050		\$ 32,000		\$ -		\$ 90,700		\$ 249,750	-	

D-LINK CORPORATION
Statement of notes receivable
December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Company A	\$ 4,919
Company B	3,408
Company C	989
Others (The amount of individual client included within“Others”does not exceed 5% of this account balance.)	2,432
	\$ 11,748

Note: Notes receivable are all generated by business activities.

Statement of accounts receivable

Item	Amount
Company D	\$ 21,624
Company E	8,025
Company F	6,577
Company G	5,372
Company H	5,264
Others (The amount of individual client included within“Others”does not exceed 5% of this account balance.)	33,271
	80,133
Less: Loss Provision	(671)
	\$ 79,462

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, 2024
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash dividends receivable of subsidiary		\$ 98,343
Receivable amounts from advance payment of subsidiaries		9,766
Others (The amount of individual item included within "Others" does not exceed 5% of this account balance.)		<u>7,111</u>
		<u><u>\$ 115,220</u></u>

Statement of inventories

<u>Item</u>	<u>Amount</u>		<u>Note</u>
	<u>Cost</u>	<u>Net realizable value</u>	
Finished goods	\$ 307,759	<u><u>271,500</u></u>	Market price is measured at net realizable value
Less: Allowance for inventory write downs and obsolescence	<u>(41,631)</u>		
	<u><u>\$ 266,128</u></u>		

D-LINK CORPORATION
Statement of other current assets
December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Prepaid software fees	\$ 28,350
Advance payment	18,921
Input tax	11,939
Sales tax receivable	6,831
Temporary payment	5,082
Others (The amount of individual vendor included within "Others" does not exceed 5% of this account balance.)	<u>28,999</u>
	<u><u>\$ 100,122</u></u>

D-LINK CORPORATION

Statement of financial liabilities at fair value through profit or loss - current

December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Name of financial instrument	Description	Shares of units (thousand)	Carrying Amount	Total	Interest Rate	Fair Value		Fair value changes are attributable to the changes of credit risk	
						Unit Price	Total		
Derivative financial liabilities									
Cross currency swaps		-	\$ -	-	-	%	-	2,910	-
				\$ -				<u>2,910</u>	-

**Statement of financial assets measured at fair value through other
comprehensive income - non-current**

Name	Opening Balance		Increase		Decrease		Valuation gains and losses on financial assets		Ending Balance		Accumulated impairment loss	Guarantee or pledge
	Shares of units (thousand)	Fair value	Shares of units (thousand)	Fair value	Shares of units (thousand)	Fair value	Shares of units (thousand)	Fair value	Shares of units (thousand)	Fair value		
Stock in OTC companies												
DataVan International Corporation	-	\$ -	3,500	\$ 49,700	-	\$ -	-	\$ 6,895	3,500	\$ 56,595	\$ -	None

D-LINK CORPORATION

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2024

(Expressed in thousands of New Taiwan Dollars / thousands of shares)

Name of investee	Beginning Balance		Increase (decrease) (Note1) and (Note2)		Net income (losses) of investee	Unrealized gross profit on downstream transactions	Exchange differences on translation of foreign financial statements	Unrealized gains(losses) on financial assets measured at fair value through other comprehensive income (Note 3)	Other changes (Note4)	Ending Balance			Market Value or Net Asset Value (Note7)
	Shares	Amount	Shares	Amount						Shares	Amount	Percentage of ownership	
Investments accounted for using equity method :													
D-Link Systems	48,045	\$ 1,354,549	-	-	(188,070)	23,248	84,960	-	-	48,045	1,274,687	100.00 %	1,293,197
D-Link International	66,075	2,626,654	425	-	129,673	(1,487)	215,304	(3,283)	(314,429)	66,500	2,652,432	100.00 %	2,781,810
D-Link Sudamerica	200	11,507	-	-	(5,833)	-	2	-	-	200	5,676	100.00 %	4,305
D-Link Mexicana	152	3,381	(152)	(3,590)	259	-	(50)	-	-	-	-	- %	-
D-Link Middle East (Note 6)	-	912,027	-	(98,073)	11,440	(2,567)	61,404	-	-	-	884,231	100.00 %	897,575
D-Link Australia	1,000	132,707	-	-	(68,236)	(3,295)	(1,566)	-	-	1,000	59,610	100.00 %	73,203
D-Link Holding	27,044	879,726	-	(130,857)	377,810	6,242	(95,545)	2,598	313,890	27,044	1,353,864	100.00 %	1,380,990
D-Link Deutschland (Note 5)	-	120,047	-	-	-	-	-	-	-	-	120,047	- %	-
D-Link Japan	10	590,278	-	-	16,902	4,002	(25,769)	-	-	10	585,413	100.00 %	572,751
Cameo	137,533	1,597,905	-	-	(85,680)	-	5,846	8	2,721	137,533	1,520,800	41.58 %	1,286,713
D-Link Taiwan Investment	14,600	49,139	-	-	1,742	-	-	1,399	-	14,600	52,280	100.00 %	-
D-Link Europe	32,497	459,982	-	-	(322,444)	60,062	12,367	-	-	32,497	209,967	100.00 %	414,718
D-Link Indonesia	-	-	25	5,046	(3,518)	-	(21)	-	-	25	1,507	99.00 %	1,559
D-Link Investment	-	-	2,200	(9,391)	220,922	-	(15,243)	-	-	2,200	196,288	100.00 %	196,289
		<u>8,737,902</u>		<u>(236,865)</u>	<u>84,967</u>	<u>86,205</u>	<u>241,689</u>	<u>722</u>	<u>2,182</u>		<u>8,916,802</u>		
Credit balance of equity investment :													
D-Link Latin-America	41	(628,119)	-	-	-	-	(41,995)	-	-	41	(670,114)	100.00 %	(672,840)
D-Link Brazil	2,964,837	(191,902)	-	-	(45,347)	-	37,091	-	-	2,964,837	(200,158)	100.00 %	(200,122)
D-Link Investment	2,200	(9,391)	(2,200)	9,391	-	-	-	-	-	-	-	- %	-
		<u>(829,412)</u>		<u>9,391</u>	<u>(45,347)</u>	<u>-</u>	<u>(4,904)</u>	<u>-</u>	<u>-</u>		<u>(870,272)</u>		
		<u>\$ 7,908,490</u>		<u>(227,474)</u>	<u>39,620</u>	<u>86,205</u>	<u>236,785</u>	<u>722</u>	<u>2,182</u>		<u>8,046,530</u>		

Note 1: The increase in the current period was due to the reorganization of the Company, which repurchased the equity interests of D-Link International amounting to \$0 thousand from its subsidiary, D-Link Holding. The Company invested \$5,046 thousand on April 17, 2024, to establish D-Link Indonesia.

Note 2: The decrease in the current period was due to the completion of the liquidation of D-Link Mexicana in July 2024, and the allocation of cash dividends of \$98,073 thousand and \$130,857 thousand, respectively, under the equity method by D-Link Middle East and D-Link Holding.

Note 3: The valuation on financial assets at fair value through other comprehensive income of the investee is recognized.

Note 4: Other changes arose from the reorganization of the Company, with D-Link Shiang-Hai (Cayman) transferring the equity of D-Link Shanghai and Netpro to D-Link International, resulting in the retained earnings of \$298,919 thousand being transferred from D-Link Holding to D-Link International. Furthermore, the Company purchased the minority shares of D-Link International from D-Link Holding, resulting in a capital surplus of \$15,510 thousand being transferred from D-Link Holding to D-Link International. On the other hand, the Company's stocks being held by Cameo and the Company's distribution of cash dividends resulted in the capital surplus to increase by \$1,210 thousand according to the Company's shareholding ratio. Additionally, the equity method investment adjusted the actuarial gains (losses), resulting in an increase in retained earnings by \$972 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 stockholders equity audited 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, 2024
(Expressed in thousands of New Taiwan Dollars)

Item	Balance as of January 1, 2024	Increase	Decrease	Transfer	Balance as of December 31, 2024
Land	\$ 531,453	-	-	-	531,453
Buildings	550,007	3,536	3,865	629	550,307
Others	522,812	23,026	8,536	2,257	539,559
	\$ 1,604,272	26,562	12,401	2,886	1,621,319

Statement of changes in accumulated depreciation of
property, plant and equipment

Item	Balance as of January 1, 2024	Increase	Decrease	Transfer	Balance as of December 31, 2024	Note
Accumulated Depreciation :						
Buildings	\$ 439,308	5,029	3,277	-	441,060	Note1
Others	431,753	41,454	7,890	2,257	467,574	Note2
	\$ 871,061	46,483	11,167	2,257	908,634	

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, 2024
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Balance as of January 1, 2024</u>	<u>Increase</u>	<u>Decrease</u>	<u>Reclassification</u>	<u>Balance as of December 31, 2024</u>
Buildings	\$ <u>10,107</u>	<u>-</u>	<u>(6,898)</u>	<u>(2,257)</u>	<u>952</u>

**Statement of changes in accumulated depreciation of
right-of-use assets**

<u>Item</u>	<u>Balance as of January 1, 2024</u>	<u>Increase</u>	<u>Decrease</u>	<u>Reclassification</u>	<u>Balance as of December 31, 2024</u>
Accumulated Depreciation :					
Buildings	\$ <u>7,670</u>	<u>1,266</u>	<u>(5,767)</u>	<u>(2,257)</u>	<u>912</u>

D-LINK CORPORATION
Statement of changes in investment property
For the year ended December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

Item	Balance as of January 1, 2024	Increase	Decrease	Balance as of December 31, 2024
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, 2024	Increase	Decrease	Balance as of December 31, 2024
Buildings	\$ 13,113	396	-	13,509

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, 2024	Increase	Decrease	Balance as of December 31, 2024
Buildings	\$ 1,000	-	-	1,000

D-LINK CORPORATION
Statement of changes in intangible assets
For the year ended December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Balance as of January 1, 2024</u>	<u>Increase</u>	<u>Decrease</u>	<u>Amortization</u>	<u>Balance as of December 31, 2024</u>	<u>Note</u>
Patents	\$ 9,644	-	-	(2,692)	6,952	Note 1
Computer software costs	3,249	5,786	-	(2,249)	6,786	Note 2
Other intangible assets	<u>47,621</u>	<u>35,849</u>	<u>-</u>	<u>(29,306)</u>	<u>54,164</u>	Note 2
Total	\$ <u>60,514</u>	<u>41,635</u>	<u>-</u>	<u>(34,247)</u>	<u>67,902</u>	

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>
Net defined benefit asset	\$ 16,468
Refundable deposits	4,846
Others	<u>189</u>
Total	\$ <u>21,503</u>

D-LINK CORPORATION
Statement of short-term borrowings
December 31, 2024
(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><u>768,297</u></u>	2025	0~0.55	-	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><u>639,230</u></u>	2027	-	-	None

D-LINK CORPORATION
Statement of note and accounts payable
December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

<u>Suppliers name</u>	<u>Amount</u>
Company a	\$ 85,256
Company b	75,859
Company c	74,835
Company d	33,425
Company e	32,007
Others (The amount of individual vendor included within“Others”does not exceed 5% of this account balance.)	<u>256,308</u>
	<u>\$ 557,690</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	\$ 143,539
Payables on equipment	23,143
Others (The amount of individual item included within“Others”does not exceed 5% of this account balance)	<u>123,067</u>
	<u>\$ 289,749</u>

D-LINK CORPORATION
Statement of provisions - current
December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Warranties	\$ 51,855
Litigations and royalties	42,615
	\$ 94,470

Statement of other current liabilities

Item	Amount
Payables in lieu of untaken annual leave	\$ 24,292
Payables on income taxes	18,200
Temporary receipts	5,965
Others (The amount of individual item within“Others” does not exceed 5% of this account balance.)	3,058
	\$ 51,515

D-LINK CORPORATION
Statement of lease liabilities-current
December 31, 2024
(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 years	2.05	<u>\$ 40</u>

Statement of other non-current liabilities

<u>Item</u>	<u>Amount</u>
Investments accounted for using equity method-credit balance	\$ 870,272
Guarantee deposit received	<u>2,423</u>
	<u>\$ 872,695</u>

D-LINK CORPORATION
Statement of operating revenue
For the year ended December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Quantities (per piece)</u>	<u>Amount</u>
Sales Revenue:		
Switch and Security products	6,066,713	\$ 2,711,381
Mobile and Broadband products	1,128,868	869,584
Wireless and IoT products	1,470,069	721,722
Others	311,588	<u>269,799</u>
		<u>\$ 4,572,486</u>

Statement of operating costs

<u>Item</u>	<u>Amount</u>
Beginning Inventories	\$ 262,088
Add : Purchases	3,753,009
Less: Ending Inventories	307,759
Transferring to expenses and others	<u>1,270</u>
Cost of goods sold	3,706,068
Cost of network services	39,097
Warranty Costs	14,821
Losses related to inventories	4,568
Others	<u>28,408</u>
	<u>\$ 3,792,962</u>

D-LINK CORPORATION
Statement of selling expenses
For the year ended December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Personnel expenses		\$ 278,547	
Depreciation and amortization		54,318	
Others (The amount of individual item within "Others" does not exceed 5% of this account balance.)		<u>68,430</u>	
		<u><u>\$ 401,295</u></u>	

Statement of administrative expenses

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Personnel expenses		\$ 135,235	
Service expenses		35,628	
Maintenance of software		15,806	
Depreciation and amortization		12,741	
Others (The amount of individual item within "Others" does not exceed 5% of this account balance.)		<u>47,335</u>	
		<u><u>\$ 246,745</u></u>	

D-LINK CORPORATION
Statement of research and development expenses
For the year ended December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Personnel expenses		\$ 255,922	
Outsourcing research expenses		82,009	
Others (The amount of individual item within "Others" does not exceed 5% of this account balance.)		<u>53,401</u>	
		<u><u>\$ 391,332</u></u>	

Statement of finance costs

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Interest expenses		\$ 3,096	
Others		<u>22</u>	
		<u><u>\$ 3,118</u></u>	

D-LINK CORPORATION
Statement of other income and other gains and
losses
For the year ended December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Other income:	
Rent income	\$ 9,521
Others (The amount of individual item within "Others" does not exceed 5% of this account balance.)	5,625
	\$ 15,146
Other gains and losses:	
Valuation gains from financial assets and liabilities	\$ 110,817
Gain on disposals of investments	48,373
Foreign currency exchange gains	18,349
Others (The amount of individual item within "Others" does not exceed 5% of this account balance.)	(16,536)
	\$ 161,003