

**D-LINK CORPORATION
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2024 and 2023**

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

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Independent Auditors' Review Report

To the Board of Directors
D-LINK CORPORATION:

Introduction

We have reviewed the accompanying consolidated balance sheets of D-LINK CORPORATION and its subsidiaries as of September 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2024 and 2023, as well as the changes in equity and cash flows for the nine months ended September 30, 2024 and 2023, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(c), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$4,675,598 thousand and \$4,943,761 thousand, respectively, both constituting 28% of consolidated total assets as of September 30, 2024 and 2023, total liabilities amounting to \$1,095,614 thousand and \$1,338,774 thousand, constituting 21% and 23% of consolidated total liabilities as of September 30, 2024 and 2023, respectively, and total comprehensive income amounting to \$14,821 thousand, \$324,536 thousand, \$404,780 thousand and \$380,663 thousand, constituting 76%, 191%, 110% and 57% of consolidated total comprehensive income for the three months and nine months ended September 30, 2024 and 2023, respectively.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews and the review reports of other auditors (please refer to Other Matter paragraph), nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of D-LINK CORPORATION and its subsidiaries as of September 30, 2024 and 2023, and of its consolidated financial performance for the three months and nine months ended September 30, 2024 and 2023, as well as its consolidated cash flows for the nine months ended September 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Matter

We did not review the financial statements of D-Link (Europe) Ltd. and D-Link Middle East FZE, subsidiaries of D-Link Corporation as of and for the nine months ended September 30, 2024. Those financial statements were reviewed by other auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to the amounts included for D-Link (Europe) Ltd. and D-Link Middle East FZE, is based solely on the review reports of other auditors. The financial statements of D-Link (Europe) Ltd. and D-Link Middle East FZE reflect total assets amounting to \$3,033,839 thousand, constituting 18% of consolidated total assets as of September 30, 2024, and total operating revenues amounting to \$1,158,817 thousand and 3,344,163 thousand, respectively, both constituting 31% of consolidated total operating revenues for three months and nine months ended September 30, 2024.

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

KPMG

Taipei, Taiwan (Republic of China)
November 13, 2024

Notes to Readers

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

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

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

D-LINK CORPORATION AND SUBSIDIARIES**Consolidated Balance Sheets****September 30, 2024, December 31, 2023, and September 30, 2023****(Expressed in Thousands of New Taiwan Dollar)**

Assets		September 30, 2024		December 31, 2023		September 30, 2023		Liabilities and Equity		September 30, 2024		December 31, 2023		September 30, 2023	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (notes 6(a) and (ab))	\$ 3,878,990	23	4,097,696	25	4,033,180	23	2120	Financial liabilities at fair value through profit or loss — current (notes 6(b) and (ab))	\$ 29,849	-	23,812	-	6,776	-
1110	Financial assets at fair value through profit or loss — current (notes 6(b) and (ab))	447,728	3	429,915	3	406,226	2	2130	Current contract liabilities (notes 6(x) and 7)	135,560	1	145,163	1	180,794	1
1150	Notes receivable, net (notes 6(c) and (ab))	2,394	-	2,028	-	6,037	-	2150	Notes payable (note 6(ab))	15	-	76	-	274	-
1170	Accounts receivable, net (notes 6(c) and (ab))	3,272,403	20	3,092,436	19	3,372,911	20	2170	Accounts payable (note 6(ab))	1,821,597	11	1,465,613	9	1,816,977	10
1180	Accounts receivable due from related parties, net (notes 6(c), (ab) and 7)	953	-	2,698	-	153	-	2180	Accounts payable to related parties (notes 6(ab) and 7)	184,210	1	120,359	1	182,065	1
1197	Finance lease payment receivable (notes 6(d) and (ab))	39,006	-	36,098	-	37,291	-	2200	Other payables (notes 6(o), (ab) and 7)	954,296	6	1,075,850	6	1,041,857	6
1200	Other receivables (notes 6(c), (ab) and 7)	31,098	-	29,498	-	30,000	-	2230	Current tax liabilities	26,364	-	6,435	-	23,814	-
1220	Current tax assets	33,658	-	24,340	-	21,736	-	2250	Current provisions (note 6(q))	133,056	1	127,483	1	309,384	2
130X	Inventories (note 6(e))	2,813,224	17	3,303,203	20	4,213,856	24	2280	Current lease liabilities (notes 6(p) and (ab))	177,098	1	182,145	1	179,312	1
1421	Prepayment for purchase (note 7)	100,253	1	45,053	-	59,337	-	2320	Current portion of long-term liabilities (notes 6(n) and (ab))	105,570	1	122,151	1	122,151	1
1470	Other current assets (notes 6(ab) and 8)	1,189,489	7	707,095	4	724,447	5	2365	Current refund liability (note 6(r))	493,320	3	463,639	3	530,930	3
		<u>11,809,196</u>	<u>71</u>	<u>11,770,060</u>	<u>71</u>	<u>12,905,174</u>	<u>74</u>	2399	Other current liabilities (note 6(ab))	83,310	-	99,814	-	101,411	1
										<u>4,144,245</u>	<u>25</u>	<u>3,832,540</u>	<u>23</u>	<u>4,495,745</u>	<u>26</u>
Non-current assets:								Non-Current liabilities:							
1510	Financial assets at fair value through profit or loss — non-current (notes 6(b) and (ab))	467,000	3	254,100	2	-	-	2540	Long-term borrowings (notes 6(n) and (ab))	453,849	3	528,881	3	559,419	3
1517	Financial assets at fair value through other comprehensive income — non-current (notes 6(b) and (ab))	122,451	1	19,989	-	19,441	-	2570	Deferred tax liabilities (note 6(u))	143,415	1	159,037	1	127,176	1
1550	Investments accounted for using equity method (note 6(f))	2,180	-	16,251	-	5,546	-	2580	Non-current lease liabilities (notes 6(p) and (ab))	213,967	1	272,663	2	303,124	2
1600	Property, plant and equipment (notes 6(i), 7 and 8)	2,326,749	14	2,394,081	14	2,317,815	13	2600	Other non-current liabilities (note 6(t))	231,895	1	231,935	1	252,583	1
1755	Right-of-use assets (note 6(j))	294,037	2	334,048	2	346,099	2			<u>1,043,126</u>	<u>6</u>	<u>1,192,516</u>	<u>7</u>	<u>1,242,302</u>	<u>7</u>
1760	Investment property, net (notes 6(k) and (ab))	37,786	-	38,083	-	38,182	-		Total liabilities	<u>5,187,371</u>	<u>31</u>	<u>5,025,056</u>	<u>30</u>	<u>5,738,047</u>	<u>33</u>
1780	Intangible assets (notes 6(l) and 7)	801,350	5	784,615	5	882,523	5	Equity attributable to owners of parent: (note 6(v))							
1840	Deferred tax assets (note 6(u))	532,395	3	628,964	4	569,214	3	3110	Ordinary shares	6,024,515	36	6,028,365	37	6,028,365	34
1990	Other non-current assets (notes 6(t) and 8)	277,454	1	304,624	2	312,810	2	3200	Capital surplus	1,364,833	8	1,364,335	8	1,364,335	8
194D	Long-term lease payment receivable, net (notes 6(d) and (ab))	48,729	-	75,964	-	89,445	1		Retained earnings:						
		<u>4,910,131</u>	<u>29</u>	<u>4,850,719</u>	<u>29</u>	<u>4,581,075</u>	<u>26</u>	3310	Legal reserve	2,198,957	13	2,144,259	13	2,144,259	12
								3320	Special reserve	864,207	5	693,165	4	693,165	4
								3350	Unappropriated retained earnings	146,366	1	546,976	3	523,881	3
										<u>3,209,530</u>	<u>19</u>	<u>3,384,400</u>	<u>20</u>	<u>3,361,305</u>	<u>19</u>
								3400	Other equity interest	(1,501,902)	(9)	(1,614,609)	(10)	(1,454,853)	(8)
								3500	Treasury shares	(82,823)	-	(82,823)	-	(82,823)	-
									Total equity attributable to owners of parent	9,014,153	54	9,079,668	55	9,216,329	53
								36XX	Non-controlling interests (notes 6(h) and (v))	2,517,803	15	2,516,055	15	2,531,873	14
									Total equity	<u>11,531,956</u>	<u>69</u>	<u>11,595,723</u>	<u>70</u>	<u>11,748,202</u>	<u>67</u>
Total assets		<u>\$ 16,719,327</u>	<u>100</u>	<u>16,620,779</u>	<u>100</u>	<u>17,486,249</u>	<u>100</u>	Total liabilities and equity		<u>\$ 16,719,327</u>	<u>100</u>	<u>16,620,779</u>	<u>100</u>	<u>17,486,249</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

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

D-LINK CORPORATION AND SUBSIDIARIES**Consolidated Statements of Comprehensive Income****For the three months and nine months ended September 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollar, Except for Earnings Per Common Share)**

	For the three months ended				For the nine months ended				
	September 30				September 30				
	2024		2023		2024		2023		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Net operating revenues (notes 6(x) and 7)								
5000	Operating costs (notes 6(e), (t) and 7)								
	Gross profit from operations								
	Operating expenses: (notes 6(c), (i), (j), (k), (l), (p), (s), (t), (y) and 7)								
6100	Selling expenses	544,150	15	546,998	14	1,642,972	15	1,695,696	14
6200	Administrative expenses	215,684	6	219,395	6	663,726	6	673,351	5
6300	Research and development expenses	184,438	5	190,071	5	545,221	5	505,523	4
6450	Expected credit losses (note 6(c))	5,860	-	3,016	-	9,482	-	7,438	-
		<u>950,132</u>	<u>26</u>	<u>959,480</u>	<u>25</u>	<u>2,861,401</u>	<u>26</u>	<u>2,882,008</u>	<u>23</u>
	Net operating income (loss)	<u>171,617</u>	<u>5</u>	<u>11,523</u>	<u>-</u>	<u>(24,136)</u>	<u>-</u>	<u>212,461</u>	<u>2</u>
	Non-operating income and expenses:								
7100	Interest income (note 6(z))	34,199	1	17,923	-	94,251	1	45,504	-
7010	Other income (notes 6(z) and 7)	3,199	-	2,538	-	8,981	-	4,715	-
7020	Other gains and losses (notes 6(f), (z), (ab) and 7)	68,102	1	79,887	2	359,254	3	517,073	4
7050	Finance costs (notes 6(p) and (z))	(11,042)	-	(8,985)	-	(27,162)	-	(24,294)	-
7060	Share of loss of associates accounted for using equity method (note 6(f))	(4,431)	-	(2,287)	-	(12,763)	-	(6,156)	-
		<u>90,027</u>	<u>2</u>	<u>89,076</u>	<u>2</u>	<u>422,561</u>	<u>4</u>	<u>536,842</u>	<u>4</u>
	Profit before tax	<u>261,644</u>	<u>7</u>	<u>100,599</u>	<u>2</u>	<u>398,425</u>	<u>4</u>	<u>749,303</u>	<u>6</u>
7950	Less: Income tax expenses (note 6(u))	<u>78,912</u>	<u>2</u>	<u>46,595</u>	<u>1</u>	<u>185,665</u>	<u>2</u>	<u>107,146</u>	<u>1</u>
	Net profit	<u>182,732</u>	<u>5</u>	<u>54,004</u>	<u>1</u>	<u>212,760</u>	<u>2</u>	<u>642,157</u>	<u>5</u>
8300	Other comprehensive income (loss):								
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss (note 6(v))								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	174	-	(309)	-	793	-	2,723	-
8320	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	8,473	-
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
		<u>174</u>	<u>-</u>	<u>(309)</u>	<u>-</u>	<u>793</u>	<u>-</u>	<u>11,196</u>	<u>-</u>
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss (notes 6(v) and (aa))								
8361	Exchange differences on translation of foreign financial statements	(200,643)	(5)	137,383	3	203,001	2	(6,300)	-
8370	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(436)	-	(38)	-	425	-	805	-
8399	Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(u))	37,579	1	(21,387)	-	(49,518)	(1)	24,092	-
		<u>(163,500)</u>	<u>(4)</u>	<u>115,958</u>	<u>3</u>	<u>153,908</u>	<u>1</u>	<u>18,597</u>	<u>-</u>
8300	Other comprehensive (loss) income, net	<u>(163,326)</u>	<u>(4)</u>	<u>115,649</u>	<u>3</u>	<u>154,701</u>	<u>1</u>	<u>29,793</u>	<u>-</u>
	Total comprehensive income	<u>\$ 19,406</u>	<u>1</u>	<u>169,653</u>	<u>4</u>	<u>367,461</u>	<u>3</u>	<u>671,950</u>	<u>5</u>
	Net profit attributable to:								
8610	Owners of parent	\$ 177,524	5	14,722	-	146,366	1	539,184	4
8620	Non-controlling interests	5,208	-	39,282	1	66,394	1	102,973	1
		<u>\$ 182,732</u>	<u>5</u>	<u>54,004</u>	<u>1</u>	<u>212,760</u>	<u>2</u>	<u>642,157</u>	<u>5</u>
	Comprehensive income attributable to:								
8710	Owners of parent	\$ 40,542	1	102,286	3	281,610	2	532,113	4
8720	Non-controlling interests	(21,136)	-	67,367	1	85,851	1	139,837	1
		<u>\$ 19,406</u>	<u>1</u>	<u>169,653</u>	<u>4</u>	<u>367,461</u>	<u>3</u>	<u>671,950</u>	<u>5</u>
	Basic earnings per share (New Taiwan dollars) (note 6(w))	<u>\$ 0.30</u>		<u>0.02</u>		<u>0.24</u>		<u>0.90</u>	
	Diluted earnings per share (New Taiwan dollars) (note 6(w))	<u>\$ 0.30</u>		<u>0.02</u>		<u>0.24</u>		<u>0.90</u>	

See accompanying notes to consolidated financial statements.

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

D-LINK CORPORATION AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the nine months ended September 30, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollar)

	Equity attributable to owners of parent											
	Retained earnings					Total other equity interest						
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unearned Stock-Based Employee Compensation	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2023	\$ 5,998,365	1,342,623	2,129,290	693,165	149,686	(1,359,264)	(44,193)	-	-	8,909,672	651,784	9,561,456
Net profit for the nine months ended September 30, 2023	-	-	-	-	539,184	-	-	-	-	539,184	102,973	642,157
Other comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	(18,267)	11,196	-	-	(7,071)	36,864	29,793
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	539,184	(18,267)	11,196	-	-	532,113	139,837	671,950
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	14,969	-	(14,969)	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(134,717)	-	-	-	-	(134,717)	-	(134,717)
Changes in equity of associates accounted for using equity method	-	-	-	-	17	-	-	-	-	17	-	17
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	507	-	-	-	-	-	-	-	507	-	507
Disposal of investments accounted for using equity method	-	-	-	-	(15,320)	(11,214)	15,320	-	-	(11,214)	-	(11,214)
Shares of the parent company held by its subsidiaries which are regarded as treasury shares	-	-	-	-	-	-	-	-	(82,823)	(82,823)	-	(82,823)
Changes in non-controlling interests from acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	1,850,939	1,850,939
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(110,687)	(110,687)
Issue employee restricted shares	30,000	21,205	-	-	-	-	-	(48,431)	-	2,774	-	2,774
Balance at September 30, 2023	\$ 6,028,365	1,364,335	2,144,259	693,165	523,881	(1,388,745)	(17,677)	(48,431)	(82,823)	9,216,329	2,531,873	11,748,202
Balance at January 1, 2024	\$ 6,028,365	1,364,335	2,144,259	693,165	546,976	(1,557,495)	(17,004)	(40,110)	(82,823)	9,079,668	2,516,055	11,595,723
Net profit for the nine months ended September 30, 2024	-	-	-	-	146,366	-	-	-	-	146,366	66,394	212,760
Other comprehensive income for the nine months ended September 30, 2024	-	-	-	-	-	134,451	793	-	-	135,244	19,457	154,701
Total comprehensive income for the nine months ended September 30, 2024	-	-	-	-	146,366	134,451	793	-	-	281,610	85,851	367,461
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)	-	(321,236)
Disposal of the subsidiary	-	-	-	-	-	(48,373)	-	-	-	(48,373)	-	(48,373)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	1,210	-	-	-	-	-	-	-	1,210	-	1,210
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(84,103)	(84,103)
Retirement of expired employee restricted shares	(3,850)	3,850	-	-	-	-	-	-	-	-	-	-
Compensation cost of employee restricted shares	-	(4,562)	-	-	-	-	-	25,836	-	21,274	-	21,274
Balance at September 30, 2024	\$ 6,024,515	1,364,833	2,198,957	864,207	146,366	(1,471,417)	(16,211)	(14,274)	(82,823)	9,014,153	2,517,803	11,531,956

See accompanying notes to consolidated financial statements.

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

D-LINK CORPORATION AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the nine months ended September 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollar)**

	For the nine months ended September 30	
	2024	2023
Cash flows from operating activities:		
Profit before tax	\$ 398,425	749,303
Adjustments:		
Adjustments to reconcile (profit) loss:		
Depreciation expense	230,755	221,133
Amortization expense	33,257	25,637
Expected credit loss	9,482	7,438
Net gain on financial assets or liabilities at fair value through profit or loss	(204,767)	(29,833)
Interest expense	27,162	24,294
Interest income	(94,251)	(45,504)
Dividend income	(1,885)	(1,060)
Compensation cost of share-based payment transaction	21,274	-
Share of loss of associates accounted for using equity method	12,763	6,156
Gain on disposal of investments	(82,931)	(357,713)
(Reversal gain) write-down loss of inventories to net realizable value	(372,311)	201,983
Other	27,546	64,103
Total adjustments to reconcile (profit) loss	<u>(393,906)</u>	<u>116,634</u>
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets at fair value through profit or loss	14,969	(82,398)
Increase in notes receivable	(366)	(377)
(Increase) decrease in accounts receivable	(188,260)	378,807
Decrease in accounts receivable due from related parties	1,724	8,234
(Increase) decrease in other receivables	(1,600)	99,825
Decrease in lease payment receivable	27,995	24,078
Decrease in inventories	835,840	723,951
(Increase) decrease in prepayment for purchase	(55,200)	10,411
Increase in other current assets	(485,028)	(225,297)
Decrease in other non-current assets	25,752	19,531
Total changes in operating assets	<u>175,826</u>	<u>956,765</u>
(Decrease) Increase in current contract liabilities	(9,603)	52,616
Decrease in notes payable	(61)	(1,782)
Increase (decrease) in accounts payable	355,984	(1,385,222)
Increase in accounts payable to related parties	63,851	188,916
Decrease in other payable	(121,554)	(16,743)
Decrease in current provisions	(10,103)	(13,612)
Increase in current refund liabilities	29,681	57,416
(Decrease) increase in other current liabilities	(16,504)	5,825
Decrease in other non-current liabilities	(12,098)	(22,830)
Total changes in operating liabilities	<u>279,593</u>	<u>(1,135,416)</u>
Total changes in operating assets and liabilities	<u>455,419</u>	<u>(178,651)</u>
Total adjustments	<u>61,513</u>	<u>(62,017)</u>
Cash flows from operations	459,938	687,286
Interest received	94,251	45,504
Dividends received	1,885	1,060
Interest paid	(27,162)	(24,294)
Income taxes paid	(139,032)	(175,132)
Net cash flows from operating activities	<u>389,880</u>	<u>534,424</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(100,000)	-
Net cash flow from acquisition of subsidiaries	-	1,446,744
Acquisition of property, plant and equipment	(40,150)	(43,160)
Proceeds from disposal of property, plant and equipment	1,673	292
Decrease (increase) in refundable deposits	789	(21,642)
Acquisition of intangible assets	(38,967)	(16,823)
Other investing activities	2,634	(2,947)
Net cash flows (used in) from investing activities	<u>(174,021)</u>	<u>1,362,464</u>
Cash flows from financing activities:		
Increase in guarantee deposits received	12,058	1,425
Payment of lease liabilities	(153,882)	(143,793)
Decrease in long-term borrowings	(91,613)	(183,227)
Cash dividends paid	(404,129)	(244,897)
Net cash flows used in financing activities	<u>(637,566)</u>	<u>(570,492)</u>
Effect of exchange rate changes on cash and cash equivalents	203,001	(6,301)
Net (decrease) increase in cash and cash equivalents	(218,706)	1,320,095
Cash and cash equivalents at the beginning of period	4,097,696	2,713,085
Cash and cash equivalents at the end of period	<u>\$ 3,878,990</u>	<u>4,033,180</u>

See accompanying notes to consolidated financial statements.

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

D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2024 and 2023

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

(1) Company history

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

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

The accompanying consolidated financial statements were approved and authorized for release by the Board of Directors on November 13, 2024.

(3) New standards, amendments and interpretations adopted:

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

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

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

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

The Consolidated Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS21 “Lack of Exchangeability”

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”

(Continued)

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

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 18 “Presentation and Disclosure in Financial Statements”
- 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

(4) Summary of material accounting policies:

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

(a) Statement of Compliance

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

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

(b) Basis of Preparation

(i) Basis of Measurement

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

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

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Functional and presentation currency

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

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

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

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

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

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

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			September 30, 2024	December 31, 2023	September 30, 2023	
The Company	D-Link Holding Company Ltd. (D-Link Holding)	Investment company	100.00 %	100.00 %	100.00 %	Note 1
The Company	D-Link Japan K.K. (D-Link Japan)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
The Company	D-Link Investment Pte. Ltd. (D-Link Investment)	Investment company	100.00 %	100.00 %	100.00 %	Note 1
The Company	D-Link (Europe) Ltd. (D-Link Europe)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	D-Link Corporation acquired 100% of the shareholdings in D-Link Europe from D-Link Holding in May 2023.
The Company	Cameo Communications, Inc. (Cameo)	Manufacturing, sales, research and development	41.58 %	41.58 %	41.58 %	Cameo has become a consolidated subsidiary since April 1, 2023.

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			September 30, 2024	December 31, 2023	September 30, 2023	
The Company and D-Link Holding	D-Link Sudamerica SpA (D-Link Sudamerica)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	D-Link Sudamerica S.A. was renamed to D-Link Sudamerica SpA on June 27, 2023. Note 1
The Company and D-Link Holding	D-Link Brazil LTDA (D-Link Brazil)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
The Company	D-Link Latin America Company Ltd. (D-Link L.A.)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
The Company and D-Link Sudamerica	D-Link Mexicana S.A de C.V (D-Link Mexicana)	Sales and after-sales service	- %	100.00 %	100.00 %	Liquidation completed in July 2024.
The Company	D-Link Systems, Inc. (D-Link Systems)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
D-Link Systems	D-Link Canada, Inc. (D-Link Canada)	Sales and after sales service	100.00 %	100.00 %	100.00 %	Note 1
The Company and D-Link Holding	D-Link International Pte. Ltd. (D-Link International)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
The Company	D-Link Australia Pty Ltd. (D-Link Australia)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
The Company	D-Link Middle East FZE (D-Link ME)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	D-Link Middle East FZE became a major subsidiary of the Consolidated Company in 2023, and was renamed from D-Link Middle East FZCO to D-Link Middle East FZE in April 2023.
The Company and D-Link International	PT DLink System Indonesia (D-Link Indonesia)	Sales and after-sales service	100.00 %	- %	- %	D-Link Indonesia was established with capital injection on April 17, 2024. Note 1
D-Link International	D-Link Korea Limited (D-Link Korea)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
D-Link International	D-Link Trade M (D-Link Moldova)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
D-Link International	D-Link Capital Investment Co., Ltd. (D-Link Capital Investment)	Investment Company	100.00 %	100.00 %	100.00 %	D-Link Russia Investment Co., Ltd. was renamed to D-Link Capital Investment Co., Ltd. on July 28, 2023. Note 1
D-Link International	D-Link Malaysia SDN. BHD (D-Link Malaysia)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
D-Link International	D-Link Service Lithuania, UAB (D-Link Lithuania)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
D-Link International	D-Link Service (Kazakhstan) (D-Link Kazakhstan)	Sales and after sales service	100.00 %	- %	- %	D-Link International acquired 100% of equity interests in D-Link Kazakhstan from D-Link Lithuania in February 2024. Note 1
D-Link International	D-Link (Shanghai) Co., Ltd (D-Link Shanghai)	Sales and after sales service	100.00 %	- %	- %	D-Link International acquired 100% of equity interest in D-Link Shanghai from D-Link Shiang-Hai (Cayman) in January 2024. Note 1
D-Link International	Netpro (Shanghai) Co., Ltd (Netpro)	Research, development and trading	100.00 %	- %	- %	D-Link International acquired 100% of equity interest in Netpro from D-Link Shiang-Hai (Cayman) in January 2024. Note 1
D-Link Lithuania	D-Link Service (Ukraine) (D-Link Ukraine)	Sales and after sales service	100.00 %	100.00 %	100.00 %	Note 1

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			September 30, 2024	December 31, 2023	September 30, 2023	
D-Link Lithuania	D-Link Kazakhstan	Sales and after sales service	- %	100.00 %	100.00 %	D-Link Lithuania transferred 100% of equity interest in D-Link Kazakhstan to D-Link International in February 2024. Note 1
The Company	D-Link Taiwan Investment Co., Ltd. (D-Link Taiwan Investment)	Investment company	100.00	100.00 %	100.00 %	Yeo-Tai Investment Inc. was renamed to D-Link Taiwan Investment Co., Ltd on May 3, 2024.
D-Link Holding	D-Link Shiang-Hai (Cayman) Inc. (D-Link Shiang-Hai (Cayman))	Investment company	100.00 %	100.00 %	100.00 %	In liquidation process. Note 1.
D-Link Holding	D-Link Holding Mauritius Inc. (D-Link Mauritius)	Investment company	100.00 %	100.00 %	100.00 %	Note 1
D-Link Holding	OOO D-Link Russia (D-Link Russia)	After-sales service	100.00 %	100.00 %	100.00 %	Note 1
D-Link Investment	OOO D-Link Trade (D-Link Trade)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
D-Link Holding	Success Stone Overseas Corp. (Success Stone)	Investment company	100.00 %	100.00 %	100.00 %	Note 1
D-Link Mauritius	D-Link India Ltd. (D-Link India)	Sales and after-sales service	51.02 %	51.02 %	51.02 %	
D-Link Mauritius and D-Link India	TeamF1 Networks Private Limited (TeamF1 India)	Research and development	100.00 %	100.00 %	100.00 %	Note 1
D-Link Europe	D-Link (Holdings) Ltd. and its subsidiary D-Link (UK) Ltd. (D-Link UK)	Investment company, sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
D-Link Europe	D-Link France SARL (D-Link France)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
D-Link Europe	D-Link AB	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
D-Link Europe	D-Link Iberia SL (D-Link Iberia)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
D-Link Europe	D-Link Mediterraneo SRL (D-Link Mediterraneo)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
D-Link Europe	D-Link (Netherlands) BV (D-Link Netherlands)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
The Company and D-Link Europe	D-Link (Deutschland) GmbH (D-Link Deutschland)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
D-Link Europe	D-Link Polska Sp. Z.o.o. (D-Link Polska)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
D-Link Europe	D-Link (Magyarország) Kft (D-Link Magyarország)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
D-Link Europe	D-Link s.r.o	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
D-Link Shiang-Hai (Cayman)	D-Link Shanghai	Sales and after-sales service	- %	100.00 %	100.00 %	D-Link Shiang-Hai (Cayman) transferred 100% of the equity interest in D-Link Shanghai to D-Link International in January 2024. Note 1
D-Link Shiang-Hai (Cayman)	Netpro	Research, development and trading	- %	100.00 %	100.00 %	D-Link Shiang-Hai (Cayman) transferred 100% of the equity interest in Netpro to D-Link International in January 2024. Note 1
D-Link Mediterraneo	D-Link Adria d.o.o.	Sales and after-sales service	100.00 %	100.00 %	100.00 %	In liquidation process. Note 1
D-Link Sudamerica and D-Link L.A.	D-Link Peru S.A.	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
D-Link Sudamerica	D-Link de Colombia S.A.S	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
D-Link Sudamerica	D-Link Guatemala S.A.	Sales and after-sales service	99.00 %	99.00 %	99.00 %	In liquidation process. Note 1

(Continued)

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

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			September 30, 2024	December 31, 2023	September 30, 2023	
D-Link Sudamerica	D-Link Argentina S.A.	Sales and after-sales service	- %	- %	100.00 %	Liquidation completed in December 2023.
Cameo	Qianjin Investment Co., Ltd.(Qianjin Investment)	Investment company	100.00 %	100.00 %	100.00 %	
Cameo	Huge Castle Ltd (Huge Castle)	Investment company	100.00 %	100.00 %	100.00 %	
Qianjin Investment	Soarnex Technology Corporation (Soarnex Technology)	International trade, and wholesale of telecommunications equipment and information software	- %	- %	- %	Note 2
Huge Castle	Perfect Choice Co., Ltd. (PC)	Investment company and trading	100.00 %	100.00 %	100.00 %	In liquidation process. Note 1
Huge Castle	Luis Jo'se Investment Inc. (Luis Jo'se)	Investment company	100.00 %	100.00 %	100.00 %	Note 1
PC	Nettech Technology (Suzhou) Co., Ltd	Production, processing, and sale of electronic communications equipment	- %	- %	- %	Note 3
Luis Jo'se	Suzhou Soarnex Technology Co., Ltd	Software development and software services on computer information systems	100.00 %	100.00 %	100.00 %	Note 1

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

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

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

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

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

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

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

(Continued)

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

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

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

(e) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

(iii) Short-term employee benefits

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

(f) Income Taxes

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

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

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

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

(Continued)

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

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

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

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

(6) Explanation of significant accounts:

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

(a) Cash and Cash Equivalents

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand	\$ 6,820	3,836	4,375
Checking and saving accounts	2,368,040	2,830,223	2,740,459
Time deposit	1,469,800	1,263,637	1,288,346
Bills and bonds under reverse repurchase agreements	<u>34,330</u>	<u>-</u>	<u>-</u>
Cash and Cash Equivalents	<u>\$ 3,878,990</u>	<u>4,097,696</u>	<u>4,033,180</u>

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

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

(Continued)

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

(b) Financial Assets and Liabilities

(i) Details were as follows

	September 30, 2024	December 31, 2023	September 30, 2023
Financial assets mandatorily measured at fair value through profit or loss - current			
Beneficiary certificates – mutual funds	\$ 444,522	424,566	367,362
Cross currency swaps	2,399	4,823	22,479
Forward foreign exchange contracts	<u>807</u>	<u>526</u>	<u>16,385</u>
	<u>\$ 447,728</u>	<u>429,915</u>	<u>406,226</u>
Financial liabilities at fair value through profit or loss - current			
Cross currency swaps	\$ 20,803	20,159	6,735
Forward foreign exchange contracts	<u>9,046</u>	<u>3,653</u>	<u>41</u>
	<u>\$ 29,849</u>	<u>23,812</u>	<u>6,776</u>
Financial assets mandatorily measured at fair value through profit or loss - non current			
King House Co., Ltd. (formerly known as Ensure Global Corp., Ltd., hereinafter referred to as King House)	<u>\$ 467,000</u>	<u>254,100</u>	<u>-</u>
Financial assets at fair value through other comprehensive income - non-current			
Equity instruments :			
YouXiang Electronic Technology (Beijing) Co., Ltd. (YouXiang)	\$ 3,503	3,465	3,889
Kaimei Electronic Corp. (Kaimei)	15,500	16,310	15,338
StemCyte International, LTD. (StemCyte)	269	214	214
Xtramus Technology Corporation (Xtramus)	3,180	-	-
Debt instruments :			
Taipei Fubon Commercial Bank Co., Ltd. 3rd issue of Senior Unsecured Financial Debentures in 2024 (domestic bank green bonds-P13 Taipei Fubon Bank 3)	<u>99,999</u>	<u>-</u>	<u>-</u>
	<u>\$ 122,451</u>	<u>19,989</u>	<u>19,441</u>

(Continued)

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

- 1) On December 4, 2023, the Consolidated Company participated in 10,000 thousand shares of common stock of King House through a private placement, at an investment cost of \$72,000 thousand (\$7.2 per share). The common stock of this private placement shall not be sold within three years from the delivery date of January 19, 2024, to the expiration date of January 18, 2027, in accordance with the Securities and Exchange Act, except Conditions for Further Transfer of Privately Placed Securities in accordance with Article 43-8 of the Securities and Exchange Act.
 - 2) The Consolidated Company did not participate in Xtramus' cash capital increase plan in April 2024, which resulted in the shareholding ratio dropping from 41.18% to 12.66%, and reclassified from investments accounted for using equity method to financial assets at fair value through other comprehensive income.
 - 3) The Consolidated Company acquired 10-year domestic bank green bonds, P13 Taipei Fubon Bank 3, at amount of \$100,000 thousand for a total of 10 bonds, with each bond having a denomination of \$10,000 thousand and a coupon rate of 2.02%, on September 16, 2024.
 - 4) For disclosures on credit, currency and interest rate risks in financial instruments, please refer to note 6(ab).
 - 5) As of September 30, 2024, December 31, 2023, and September 30, 2023, no financial assets are pledged as collateral.
- (ii) Sensitivity analysis – equity market price risk:

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

	For the nine months ended			
	2024		2023	
Security price at reporting date	After-tax other comprehensive income (loss)	After-tax profit (loss)	After-tax other comprehensive income (loss)	After-tax profit (loss)
Increase 3%	<u>\$ 3,647</u>	<u>23,989</u>	<u>554</u>	<u>8,596</u>
Decrease 3%	<u>\$ (3,647)</u>	<u>(23,989)</u>	<u>(554)</u>	<u>(8,596)</u>

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iii) Non-hedging-derivative financial instruments

Derivative financial instruments are used to hedge certain foreign exchange and interest rate risk arising from the Consolidated Company's operating, financing and investing activities. As of September 30, 2024, December 31, 2023, and September 30, 2023, transactions that did not qualify for hedging accounting have been presented as mandatorily measured at fair value through profit or loss:

1) Derivative financial assets

	September 30, 2024			December 31, 2023			September 30, 2023		
	Contract amount (thousand)	Currency	Maturity date	Contract amount (thousand)	Currency	Maturity date	Contract amount (thousand)	Currency	Maturity date
Cross currency swaps:									
USD	\$ -	-	-	-	-	-	18,500	USD	2023.10~11
JPY	1,100,000	JPY	2024.10	800,000	JPY	2024.01	-	-	-
CNY	35,350	CNY	2024.10~11	25,044	CNY	2024.01	54,994	CNY	2023.10~11
EUR	-	-	-	-	-	-	12,000	EUR	2023.10~11
CAD	-	-	-	-	-	-	1,400	CAD	2023.11
Forward foreign exchange contracts:									
CNY (buy)	-	-	-	-	-	-	11,035	CNY	2023.10
AUD (sell)	-	-	-	-	-	-	1,350	AUD	2023.10~11
BRL (sell)	-	-	-	-	-	-	15,329	BRL	2023.10
KRW (sell)	-	-	-	-	-	-	3,740,800	KRW	2023.10
JPY (sell)	275,000	JPY	2024.10~11	360,000	JPY	2024.02	490,000	JPY	2023.10~11
USD (sell)	-	-	-	1,000	USD	2024.01	-	-	-
EUR (sell)	2,000	EUR	2024.11	-	-	-	8,800	EUR	2023.10~11
CNY (buy)	-	-	-	10,670	CNY	2024.01	16,935	CNY	2023.10~11
IDR (sell)	-	-	-	20,808	IDR	2024.01	15,420,000	IDR	2023.10
INR (sell)	41,824	INR	2024.10	-	-	-	-	-	-

2) Derivative financial liabilities

	September 30, 2024			December 31, 2023			September 30, 2023		
	Contract amount (thousand)	Currency	Maturity date	Contract amount (thousand)	Currency	Maturity date	Contract amount (thousand)	Currency	Maturity date
Cross currency swaps:									
USD	\$ 18,500	USD	2024.11~12	18,500	USD	2024.01	-	-	-
CNY	146,084	CNY	2024.10~11	115,296	CNY	2024.01	87,601	CNY	2023.10~11
EUR	3,900	EUR	2024.10~11	14,100	EUR	2024.01~02	-	-	-
JPY	3,050,000	JPY	2024.10~11	1,000,000	JPY	2024.01	1,800,000	JPY	2023.10~12
CAD	-	-	-	1,400	CAD	2024.01	1,000	CAD	2023.10
AUD	-	-	-	500	AUD	2024.01	-	-	-
Forward foreign exchange contracts:									
IDR (sell)	-	-	-	10,868,900	IDR	2024.01	-	-	-
BRL (sell)	20,381	BRL	2024.10	15,327	BRL	2024.01	-	-	-
INR (sell)	54,503	INR	2024.10	45,791	INR	2024.01	145,502	INR	2023.10
CAD (sell)	-	-	-	500	CAD	2024.01	-	-	-

(Continued)

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

	September 30, 2024			December 31, 2023			September 30, 2023		
	Contract amount (thousand)	Currency	Maturity date	Contract amount (thousand)	Currency	Maturity date	Contract amount (thousand)	Currency	Maturity date
EUR (sell)	\$ 5,000	EUR	2024.10~11	700	EUR	2024.01	-	-	-
KRW (sell)	3,350,000	KRW	2024.10	3,520,260	KRW	2024.01	-	-	-
JPY (sell)	-	-	-	100,000	JPY	2024.01	-	-	-
AUD (sell)	500	AUD	2024.10	-	-	-	-	-	-
CNY (buy)	-	-	-	10,623	CNY	2024.01	-	-	-

(c) Notes and accounts receivable and other receivables

	September 30, 2024	December 31, 2023	September 30, 2023
Notes receivable for operating activities	\$ 2,394	2,028	6,037
Accounts receivable - measured at amortized cost	3,362,878	3,174,617	3,462,557
Account receivable - related parties	975	2,699	153
Other receivables	<u>44,651</u>	<u>43,051</u>	<u>43,553</u>
	3,410,898	3,222,395	3,512,300
Less: Loss Provision	<u>(104,050)</u>	<u>(95,735)</u>	<u>(103,199)</u>
	<u><u>\$ 3,306,848</u></u>	<u><u>3,126,660</u></u>	<u><u>3,409,101</u></u>

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

	September 30, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss provision
Current	\$ 2,625,313	0.29%	7,604
90 days or less past due	654,599	0.29%	1,885
91 to 180 days past due	19,935	11.23%	2,240
181 to 270 days past due	10,833	53.69%	5,816
271 to 360 days past due	123	85.92%	106
More than 360 days past due	<u>100,095</u>	86.32%	<u>86,399</u>
	<u><u>\$ 3,410,898</u></u>		<u><u>104,050</u></u>

(Continued)

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

December 31, 2023

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

September 30, 2023

	Gross carrying amount	Weighted- average loss rate	Loss provision
Current	\$ 2,797,789	0.43%	12,135
90 days or less past due	567,585	0.26%	1,491
91 to 180 days past due	37,272	11.50%	4,288
181 to 270 days past due	15,814	25.70%	4,063
271 to 360 days past due	1,730	70.74%	1,224
More than 360 days past due	<u>92,110</u>	86.85%	<u>79,998</u>
	<u>\$ 3,512,300</u>		<u>103,199</u>

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

	For the nine months ended September 30,	
	2024	2023
Balance at January 1, 2024 and 2023	\$ 95,735	77,291
Expected credit loss	9,482	7,438
Amounts written off	-	(129)
Acquisition of subsidiaries	-	13,553
Others	<u>(1,167)</u>	<u>5,046</u>
Balance at September 30, 2024 and 2023	<u>\$ 104,050</u>	<u>103,199</u>

(Continued)

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

(d) Finance lease payment receivable

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

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

	September 30, 2024	December 31, 2023	September 30, 2023
Less than one year	\$ 41,106	39,012	40,646
One to two years	42,381	40,222	41,908
Two to three years	7,189	37,978	43,207
Three to four years	<u>-</u>	<u>-</u>	<u>7,329</u>
Total lease payments receivable	90,676	117,212	133,090
Unearned finance income	<u>(2,941)</u>	<u>(5,150)</u>	<u>(6,354)</u>
Total lease payments receivable (Present value of lease payments receivable)	<u>\$ 87,735</u>	<u>112,062</u>	<u>126,736</u>

(e) Inventories

	September 30, 2024	December 31, 2023	September 30, 2023
Raw materials	\$ 544,932	565,705	541,585
Work in process and semi-finished products	85,634	78,829	80,091
Merchandise and finished goods	<u>2,182,658</u>	<u>2,658,669</u>	<u>3,592,180</u>
	<u>\$ 2,813,224</u>	<u>3,303,203</u>	<u>4,213,856</u>

The operating cost comprises of cost of goods sold, write-down loss (reversal of write-down loss) of inventories to net realizable value, warranty costs and other (gain) loss. For the three months and nine months ended September 30, 2024 and 2023, the cost of goods sold were \$2,762,865 thousand, \$2,756,547 thousand, \$8,351,792 thousand, and \$8,775,778 thousand, respectively. The loss on product warranty, obsolescence and order cancellation amounted to \$48,196 thousand, \$62,514 thousand, \$147,300 thousand, and \$159,345 thousand for the three months and nine months ended September 30, 2024 and 2023, respectively. For the three months and nine months ended September 30, 2024, due to active sales of inventories resulted in reversal of write-down loss of inventories to net realizable value to reduce cost of goods sold by \$252,323 thousand and \$372,311 thousand. For the three months and nine months ended September 30, 2023, the Consolidated Company recognized write-down loss of inventories to net realizable value of \$34,377 thousand and \$201,983 thousand, because of the shortage of materials and the increase in logistics time to increase stocking.

As of September 30, 2024, December 31, 2023, and September 30, 2023, no inventories were pledged as collateral.

(Continued)

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

(f) Investments accounted for using equity methods

Investments accounted for using equity methods were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Associates	\$ <u>2,180</u>	<u>16,251</u>	<u>5,546</u>

(i) Associates

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

Name of Associate	Name of relationship with the Consolidated Company	Main operating location/ Registered Country of the Company	Ownership interest /Voting rights held		
			September 30, 2024	December 31, 2023	September 30, 2023
Cameo	Its major business activities are the manufacturing and sales of network system equipment and related components, as well as research and development of related technologies. It also serves as the supplier of the Consolidated Company. The Consolidated Company obtained control of Cameo and included it as a consolidated subsidiary on April 1, 2023.	Taiwan	41.58 %	41.58 %	41.58 %

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

	September 30, 2023		For the three months ended September 30, 2023	For the nine months ended September 30, 2023
Current assets	\$ -			
Non-current assets	-			
Current liabilities	-			
Non-current liabilities	-			
Net assets	<u>\$ -</u>			
Net assets attributable to investee's shareholders	<u>\$ -</u>			
Operating revenue		\$ -	<u>1,070,847</u>	
Net income		\$ -		10,962
Other comprehensive income		-		22,229
Total comprehensive income		<u>\$ -</u>		<u>33,191</u>
Total comprehensive income attributable to investee's shareholders		<u>\$ -</u>		<u>33,191</u>

(Continued)

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

	For the nine months ended September 30, 2023
The Consolidated Company's share in associate's net assets at beginning of year	\$ 1,344,613
Comprehensive income attributable to the Consolidated Company	<u>14,722</u>
The Consolidated Company's share in associate's net assets at end of year	1,359,335
Less: unrealized gains	(43,934)
Add: goodwill	102,489
Disposal of investment of associates	<u>(1,417,890)</u>
Carrying amounts of investments accounted for using equity method	<u>\$ -</u>

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

2) The financial information of insignificant associates

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

	September 30, 2024	December 31, 2023	September 30, 2023
Carrying amounts of insignificant associates	<u>\$ 2,180</u>	<u>16,251</u>	<u>5,546</u>

(Continued)

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Attributable to the Consolidated Company				
(Loss) profit from continuing operations	\$ (4,431)	(2,287)	(12,763)	2,748
Other comprehensive (loss) income	(436)	(38)	425	(868)
Total comprehensive (loss) income	<u>\$ (4,867)</u>	<u>(2,325)</u>	<u>(12,338)</u>	<u>1,880</u>

- 3) The Consolidated Company did not participate in Xtramus' cash capital increase plan in April 2024, which resulted in the shareholding ratio dropping from 41.18% to 12.66%, and reclassified from investments accounted for using equity method to financial assets at fair value through other comprehensive income, and recognized a loss on disposal of investments of \$314 thousand.

(ii) Pledges

As of September 30, 2024, December 31, 2023, and September 30, 2023, no investment accounted for using equity methods has been pledged as collateral.

(g) Acquisition of subsidiaries

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

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

	December 31, 2023	September 30, 2023
(i) The fair value of Cameo's equity held by the Consolidated Company at the acquisition date	<u>\$ 1,746,669</u>	<u>1,746,669</u>

(Continued)

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

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

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

	December 31,	September 30,
	2023	2023
	(Actual)	(Estimate)
A.The identifiable assets acquired		
Current assets		
Cash and cash equivalents	\$ 1,446,744	1,446,744
Accounts receivable and other receivables	1,193,708	1,193,708
Current tax assets	664	-
Inventories	1,105,987	1,105,987
Prepayment for purchase and other current assets	35,084	-
Non-current assets		
Property, plant and equipment	1,508,680	1,428,699
Right-of-use assets	68,161	68,161
Deferred tax assets	49,086	-
Refundable deposits	5,744	-
Net defined benefit assets	35,732	35,732
Other non-current assets	25,538	7,513
Intangible assets		
Computer software	11,514	11,514
Trademark	97	97
Patents	42,499	823
Summarizes the identifiable assets acquired	<u>5,529,238</u>	<u>5,298,978</u>
B.The recognized amounts of liabilities assumed		
Accounts payable and other payables	\$ (1,186,746)	(1,186,746)
Current provisions	(6,258)	-
Other current liabilities	(53,259)	-
Lease liabilities	(68,370)	(68,370)
Long-term borrowings	(864,797)	(864,797)
Deferred tax liabilities	(59,902)	(10,816)
Summarizes the recognized amounts of liabilities assumed	<u>(2,239,332)</u>	<u>(2,130,729)</u>
Total identifiable net assets acquired	<u>\$ 3,289,906</u>	<u>3,168,249</u>

(Continued)

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

(iii) Goodwill

	December 31, 2023 (Actual)	September 30, 2023 (Estimate)
The fair value of Cameo's equity held by the Consolidated Company at the acquisition date	\$ 1,746,669	1,746,669
Add: non-controlling interests' share of identifiable net assets upon acquisition	1,850,939	1,850,939
Less: total identifiable net assets acquired	(3,289,906)	(3,168,249)
Less: treasury shares	<u>(82,823)</u>	<u>(82,823)</u>
Goodwill	<u><u>\$ 224,879</u></u>	<u><u>346,536</u></u>

(h) Subsidiaries have material non-controlling interests

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

Name of subsidiary	Main operating location/ Registered country of the Company	Ownership interests/voting rights held by NCI		
		September 30, 2024	December 31, 2023	September 30, 2023
D-Link India	India	48.98 %	48.98 %	48.98 %
Cameo	Taiwan	58.42 %	58.42 %	58.42 %

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

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

	September 30, 2024	December 31, 2023	September 30, 2023
Current assets	\$ 2,192,356	2,015,702	2,189,736
Non-current assets	613,249	605,035	637,763
Current liabilities	768,716	726,705	916,471
Non-current liabilities	<u>14,820</u>	<u>25,635</u>	<u>33,157</u>
Net assets	<u><u>\$ 2,022,069</u></u>	<u><u>1,868,397</u></u>	<u><u>1,877,871</u></u>
Net assets attributable to non-controlling interests	<u><u>\$ 808,706</u></u>	<u><u>738,696</u></u>	<u><u>734,538</u></u>

(Continued)

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Operating revenues	\$ <u>1,293,469</u>	<u>1,172,133</u>	<u>3,884,618</u>	<u>3,428,939</u>
Net profit	\$ 99,739	94,695	288,110	236,611
Other comprehensive (loss) income	<u>(57,040)</u>	<u>38,973</u>	<u>26,534</u>	<u>71,526</u>
Total comprehensive income	\$ <u>42,699</u>	<u>133,668</u>	<u>314,644</u>	<u>308,137</u>
Net profit attributable to non-controlling interests	\$ <u>48,852</u>	<u>46,382</u>	<u>141,116</u>	<u>115,892</u>
Total comprehensive income attributable to non-controlling interests	\$ <u>20,915</u>	<u>65,472</u>	<u>154,113</u>	<u>150,926</u>
Cash flows from operating activities			\$ 204,253	310,790
Cash flows used in investing activities			(20,624)	(100,012)
Cash flows used in financing activities			<u>(171,625)</u>	<u>(138,992)</u>
Net increase in cash and cash equivalents			\$ <u>12,004</u>	<u>71,786</u>
Dividends paid to non- controlling interests			\$ <u>84,103</u>	<u>68,173</u>

The financial information of Cameo was summarized as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Current assets	\$ 2,263,781	2,526,536	2,730,720
Non-current assets	1,890,630	1,732,580	1,655,598
Current liabilities	619,618	515,065	554,693
Non-current liabilities	<u>504,185</u>	<u>593,337</u>	<u>645,903</u>
Net assets	\$ <u>3,030,608</u>	<u>3,150,714</u>	<u>3,185,722</u>
Net assets attributable to non-controlling interests	\$ <u>1,709,097</u>	<u>1,777,359</u>	<u>1,797,335</u>

(Continued)

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Operating revenues	\$ <u>321,233</u>	<u>415,029</u>	<u>813,221</u>	<u>1,219,554</u>
Net loss	\$ (74,706)	(12,154)	(127,902)	(22,115)
Other comprehensive income	<u>8,433</u>	<u>5,888</u>	<u>7,796</u>	<u>13,459</u>
Total comprehensive loss	\$ <u>(66,273)</u>	<u>(6,266)</u>	<u>(120,106)</u>	<u>(8,656)</u>
Net loss attributable to non-controlling interests	\$ <u>(43,644)</u>	<u>(7,100)</u>	<u>(74,722)</u>	<u>(12,919)</u>
Total comprehensive (loss) income attributable to non-controlling interests	\$ <u>(42,051)</u>	<u>1,895</u>	<u>(68,262)</u>	<u>(11,089)</u>
Cash flows (used in) from operating activities			\$ (75,873)	402,828
Cash flows used in investing activities			(547,677)	(300,679)
Cash flows used in financing activities			(107,048)	(293,509)
Impact of the changes in exchange rates on cash and cash equivalents			<u>11,053</u>	<u>7,152</u>
Net decrease in cash and cash equivalents			\$ <u>(719,545)</u>	<u>(184,208)</u>
Dividends paid to non-controlling interests			\$ <u>-</u>	<u>42,514</u>
(i) Property, plant and equipment				

For the nine months ended September 30, 2024

	Balance at January 1, 2024	Increase	Decrease	Reclassification	Others	Balance at September 30, 2024
Cost:						
Land	\$ 931,535	-	-	-	(44)	931,491
Buildings	2,036,279	4,041	(3,941)	629	5,029	2,042,037
Machinery equipment	575,384	14,239	(51,748)	-	1,748	539,623
Others	<u>1,167,371</u>	<u>21,870</u>	<u>(96,370)</u>	<u>-</u>	<u>11,098</u>	<u>1,103,969</u>
	<u>4,710,569</u>	<u>40,150</u>	<u>(152,059)</u>	<u>629</u>	<u>17,831</u>	<u>4,617,120</u>

(Continued)

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

For the nine months ended September 30, 2024

	Balance at January 1, 2024	Increase	Decrease	Reclassification	Others	Balance at September 30, 2024
Accumulated depreciation:						
Buildings	\$ 765,239	38,259	(3,354)	-	2,694	802,838
Machinery equipment	509,319	25,770	(51,748)	-	1,692	485,033
Others	<u>1,041,930</u>	<u>43,406</u>	<u>(95,519)</u>	<u>-</u>	<u>12,683</u>	<u>1,002,500</u>
	<u>2,316,488</u>	<u>107,435</u>	<u>(150,621)</u>	<u>-</u>	<u>17,069</u>	<u>2,290,371</u>
	<u>\$ 2,394,081</u>	<u>(67,285)</u>	<u>(1,438)</u>	<u>629</u>	<u>762</u>	<u>2,326,749</u>

For the nine months ended September 30, 2023

	Balance at January 1, 2023	Acquisition of subsidiaries	Increase	Decrease	Others	Balance at September 30, 2023
Cost:						
Land	\$ 546,313	346,639	-	-	(3,585)	889,367
Buildings	900,100	1,131,005	796	(4,727)	(25,847)	2,001,327
Machinery equipment	40,990	530,081	12,929	(1,441)	819	583,378
Others	<u>1,116,472</u>	<u>95,850</u>	<u>29,435</u>	<u>(59,859)</u>	<u>22,834</u>	<u>1,204,732</u>
	<u>2,603,875</u>	<u>2,103,575</u>	<u>43,160</u>	<u>(66,027)</u>	<u>(5,779)</u>	<u>4,678,804</u>
Accumulated depreciation:						
Buildings	574,905	160,787	29,716	(4,727)	(4,427)	756,254
Machinery equipment	40,044	429,059	31,998	(1,441)	833	500,493
Others	<u>1,010,110</u>	<u>85,030</u>	<u>46,361</u>	<u>(59,729)</u>	<u>22,470</u>	<u>1,104,242</u>
	<u>1,625,059</u>	<u>674,876</u>	<u>108,075</u>	<u>(65,897)</u>	<u>18,876</u>	<u>2,360,989</u>
	<u>\$ 978,816</u>	<u>1,428,699</u>	<u>(64,915)</u>	<u>(130)</u>	<u>(24,655)</u>	<u>2,317,815</u>

As of September 30, 2024, December 31, 2023, and September 30, 2023, property, plant and equipment has been pledged as collateral for long-term borrowings, please refer to note 8.

(j) Right-of-use assets

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

	Buildings	Office equipment	Transportation equipment	Total
Cost:				
Balance at January 1, 2024	\$ 567,136	9,625	51,081	627,842
Increase	80,158	27	9,954	90,139
Decrease	(98,672)	(218)	(12,533)	(111,423)
Others	<u>6,541</u>	<u>348</u>	<u>1,761</u>	<u>8,650</u>
Balance at September 30, 2024	<u>\$ 555,163</u>	<u>9,782</u>	<u>50,263</u>	<u>615,208</u>

(Continued)

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

	Buildings	Office equipment	Transportation equipment	Total
Balance at January 1, 2023	\$ 464,962	9,137	34,832	508,931
Acquisition of subsidiaries	102,350	-	1,309	103,659
Increase	72,044	3,211	28,618	103,873
Decrease	(58,368)	(2,937)	(20,384)	(81,689)
Others	16,998	381	1,377	18,756
Balance at September 30, 2023	<u>\$ 597,986</u>	<u>9,792</u>	<u>45,752</u>	<u>653,530</u>
Accumulated depreciation:				
Balance at January 1, 2024	\$ 271,850	5,097	16,847	293,794
Increase	107,615	2,090	13,318	123,023
Decrease	(87,733)	(197)	(8,509)	(96,439)
Others	4	196	593	793
Balance at September 30, 2024	<u>\$ 291,736</u>	<u>7,186</u>	<u>22,249</u>	<u>321,171</u>
Balance at January 1, 2023	\$ 181,060	4,204	20,158	205,422
Acquisition of subsidiaries	34,953	-	545	35,498
Increase	99,348	2,086	11,326	112,760
Decrease	(40,808)	(2,937)	(20,384)	(64,129)
Others	12,081	1,140	4,659	17,880
Balance at September 30, 2023	<u>\$ 286,634</u>	<u>4,493</u>	<u>16,304</u>	<u>307,431</u>
Carrying amount:				
Balance at January 1, 2024	<u>\$ 295,286</u>	<u>4,528</u>	<u>34,234</u>	<u>334,048</u>
Balance at September 30, 2024	<u>\$ 263,427</u>	<u>2,596</u>	<u>28,014</u>	<u>294,037</u>
Balance at September 30, 2023	<u>\$ 311,352</u>	<u>5,299</u>	<u>29,448</u>	<u>346,099</u>

The Consolidated Company leased offices and warehouses under an operating lease for the nine months ended September 30, 2024 and 2023, please refer to note 6(s).

(k) Investment property

	For the nine months ended September 30, 2024			
	Balance at January 1, 2024	Increase	Decrease	Balance at September 30, 2024
Cost:				
Land	\$ 30,000	-	-	30,000
Buildings	22,196	-	-	22,196
	<u>52,196</u>	<u>-</u>	<u>-</u>	<u>52,196</u>
Accumulated depreciation:				
Buildings	13,113	297	-	13,410
Accumulated impairment:				
Buildings	1,000	-	-	1,000
	<u>\$ 38,083</u>	<u>(297)</u>	<u>-</u>	<u>37,786</u>

(Continued)

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

For the nine months ended September 30, 2023

	Balance at January 1, 2023	Increase	Decrease	Balance at September 30, 2023
Cost:				
Land	\$ 30,000	-	-	30,000
Buildings	<u>22,196</u>	<u>-</u>	<u>-</u>	<u>22,196</u>
	<u>52,196</u>	<u>-</u>	<u>-</u>	<u>52,196</u>
Accumulated depreciation:				
Buildings	\$ <u>12,716</u>	<u>298</u>	<u>-</u>	<u>13,014</u>
Accumulated impairment:				
Buildings	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
	<u>\$ 38,480</u>	<u>(298)</u>	<u>-</u>	<u>38,182</u>
		September 30, 2024	December 31, 2023	September 30, 2023
Carrying amount		<u>\$ 37,786</u>	<u>38,083</u>	<u>38,182</u>
Fair value		<u>\$ 80,930</u>	<u>61,990</u>	<u>62,331</u>

Investment properties are commercial real estate that are leased to third parties. The lease contract includes an initial non-cancellable period of 3 years. Subsequent renewals are negotiated with the lessee and no contingent rents are charged. For further information of rental income, please refer to note 6(z). Besides, direct operating expenses related to investment property were \$0 thousand, \$0 thousand, \$277 thousand, and \$281 thousand for the three months and nine months ended September 30, 2024 and 2023, respectively.

As of September 30, 2024, December 31, 2023, and September 30, 2023, the fair value of investment property has been evaluated based on the comparable transactions of property similar in location and category.

As of September 30, 2024, December 31, 2023, and September 30, 2023, no investment property has been pledged as collateral.

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

(l) Intangible assets

	For the nine months ended September 30, 2024						Balance at September 30, 2024
	Balance at January 1, 2024	Acquisition of subsidiaries	Increase	Decrease	Amortization	Others	
Goodwill	\$ 526,327	-	-	-	-	6,428	532,755
Trademark	147,331	-	-	-	(14)	4,388	151,705
Patents	46,643	-	367	-	(7,619)	-	39,391
Computer software costs	13,069	-	12,879	-	(3,354)	-	22,594
Other intangible assets	51,245	-	25,721	-	(22,270)	209	54,905
	<u>\$ 784,615</u>	<u>-</u>	<u>38,967</u>	<u>-</u>	<u>(33,257)</u>	<u>11,025</u>	<u>801,350</u>

	For the nine months ended September 30, 2023						Balance at September 30, 2023
	Balance at January 1, 2023	Acquisition of subsidiaries	Increase	Decrease	Amortization	Others	
Goodwill	\$ 305,091	346,536	-	-	-	7,803	659,430
Trademark	147,119	97	127	-	(9)	7,474	154,808
Patents	12,335	823	-	-	(2,331)	-	10,827
Computer software costs	6,402	11,514	424	-	(4,814)	-	13,526
Other intangible assets	45,975	-	16,272	-	(18,483)	168	43,932
	<u>\$ 516,922</u>	<u>358,970</u>	<u>16,823</u>	<u>-</u>	<u>(25,637)</u>	<u>15,445</u>	<u>882,523</u>

(m) Share-based payment

(i) Restricted share plan for employees

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

(In Thousands of shares)

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

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D-LINK CORPORATION AND SUBSIDIARIES
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To qualify for the employee restricted shares, an employee should meet the following employment years and performance conditions over the vesting period:

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

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

- 1) Except for inheritance, those restricted shares should not be sold, pledged, transferred, donated, setted or disposed in any other way before the vesting conditions are met.
- 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 AND SUBSIDIARIES
Notes to the Consolidated 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 nine months ended September 30, 2024
Balance at January 1, 2024	3,000
Vested in the current period	(1,036)
Forfeited in the current period (Note)	<u>(385)</u>
Balance at September 30, 2024	<u><u>1,579</u></u>

Note: For the nine months ended September 30, 2024, the recovered restricted employee stock options were 385 thousand shares and the registration have been completed.

For the three months and nine months ended September 30, 2024, the compensation costs recognized amounted to \$7,591 thousand and \$21,274 thousand, respectively.

(n) Short-term and long-term borrowings

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

(i) Short-term borrowings

	September 30, 2024	December 31, 2023	September 30, 2023
Unused credit line	<u>\$ 3,924,677</u>	<u>3,725,789</u>	<u>4,245,502</u>

(ii) Long-term borrowings

	Currency	Interest rate (%)	Maturity year	September 30, 2024	December 31, 2023	September 30, 2023
Secured bank borrowings	TWD	1.475 ~2.235	2025~2035	\$ 559,419	651,032	681,570
Less : current portion				<u>(105,570)</u>	<u>(122,151)</u>	<u>(122,151)</u>
Total				<u>\$ 453,849</u>	<u>528,881</u>	<u>559,419</u>
Unused credit line				<u>\$ 497,000</u>	<u>497,000</u>	<u>97,000</u>

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

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

(o) Other Payables

	September 30, 2024	December 31, 2023	September 30, 2023
Salary payable	\$ 309,038	319,810	310,146
Dividend payable	751	641	591
Other payable-other	<u>644,507</u>	<u>755,399</u>	<u>731,120</u>
	<u>\$ 954,296</u>	<u>1,075,850</u>	<u>1,041,857</u>

(p) Lease liabilities

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

	September 30, 2024	December 31, 2023	September 30, 2023
Current	<u>\$ 177,098</u>	<u>182,145</u>	<u>179,312</u>
Non-current	<u>\$ 213,967</u>	<u>272,663</u>	<u>303,124</u>

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Interests on lease liabilities	<u>\$ 3,650</u>	<u>4,902</u>	<u>11,488</u>	<u>13,909</u>
Expenses relating to short-term leases	<u>\$ 8,672</u>	<u>10,912</u>	<u>33,507</u>	<u>36,095</u>
Expenses relating to leases of low-value assets	<u>\$ 93</u>	<u>101</u>	<u>251</u>	<u>201</u>

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

	For the nine months ended September 30,	
	2024	2023
Total cash outflow for leases	<u>\$ 199,128</u>	<u>193,998</u>

(i) Real estate leases

As of September 30, 2024, the Consolidated Company leased buildings for its office space. The leases of office space typically run for one to ten years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(Continued)

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

(ii) Other leases

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

(q) Current provisions

For the nine months ended September 30, 2024						
	Balance at January 1, 2024	Increased	Used	Reversed	Effect of exchange	Balance at September 30, 2024
Warranties	\$ 96,748	5,429	(10,103)	-	(164)	91,910
Legal proceedings and royalties	<u>30,735</u>	<u>36,620</u>	<u>(9,666)</u>	<u>(17,485)</u>	<u>942</u>	<u>41,146</u>
	<u>\$ 127,483</u>	<u>42,049</u>	<u>(19,769)</u>	<u>(17,485)</u>	<u>778</u>	<u>133,056</u>

For the nine months ended September 30, 2023							
	Balance at January 1, 2023	Acquisition of subsidiaries	Increased	Used	Reversed	Effect of exchange	Balance at September 30, 2023
Warranties	\$ 106,307	6,258	1,808	(13,612)	-	349	101,110
Legal proceedings and royalties	<u>199,602</u>	<u>-</u>	<u>67,305</u>	<u>-</u>	<u>(70,339)</u>	<u>11,706</u>	<u>208,274</u>
	<u>\$ 305,909</u>	<u>6,258</u>	<u>69,113</u>	<u>(13,612)</u>	<u>(70,339)</u>	<u>12,055</u>	<u>309,384</u>

(r) Refund liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
Refund liabilities	<u>\$ 493,320</u>	<u>463,639</u>	<u>530,930</u>

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

(s) Operating leases

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

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

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

	September 30, 2024	December 31, 2023	September 30, 2023
Within one year	\$ 8,007	6,464	4,441
One to two years	4,138	3,166	-
Two to five years	<u>9,796</u>	<u>9,235</u>	<u>-</u>
Total undiscounted lease payments	<u><u>\$ 21,941</u></u>	<u><u>18,865</u></u>	<u><u>4,441</u></u>

(t) Employee benefits

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

(i) Defined benefit pension plans

The recognized expenses were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Operating expenses	<u>\$ 37</u>	<u>-</u>	<u>112</u>	<u>-</u>

(ii) Defined contribution plans

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

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

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Operating costs	<u>\$ 2,979</u>	<u>3,283</u>	<u>9,035</u>	<u>8,681</u>
Operating expenses	<u><u>\$ 26,945</u></u>	<u><u>27,604</u></u>	<u><u>82,760</u></u>	<u><u>83,560</u></u>

(Continued)

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

(u) Income Taxes

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

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Current income tax expense	\$ 49,876	55,992	154,236	161,096
Deferred tax expense (benefit)				
Origination and reversal of temporary differences	<u>29,036</u>	<u>(9,397)</u>	<u>31,429</u>	<u>(53,950)</u>
Income tax expenses	<u>\$ 78,912</u>	<u>46,595</u>	<u>185,665</u>	<u>107,146</u>

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign financial statements	<u>\$ (37,579)</u>	<u>21,387</u>	<u>49,518</u>	<u>(24,092)</u>

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

(v) Capital and other equity

(i) Common stock

As of September 30, 2024, December 31, 2023, and September 30, 2023, the authorized capital amounted to \$8,800,000 thousand (including \$750,000 thousand authorized for the issuance of the employee shares options). As of September 30, 2024, December 31, 2023, and September 30, 2023, all the paid-in capital consisted 602,452 thousand shares, 602,837 thousand shares, and 602,837 thousand shares, respectively, with a par value of \$10 per share, amounting to \$6,024,515 thousand, \$6,028,365 thousand, and \$6,028,365 thousand, respectively.

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

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

(ii) Capital surplus

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

	September 30, 2024	December 31, 2023	September 30, 2023
Common stock in excess of par value	\$ 1,047,340	1,037,080	1,037,080
Treasury shares transactions	41,027	39,817	39,817
Expiry of share-based payment transactions	129,459	129,459	129,459
Expiry of redeemed options of convertible corporate bonds	81,454	81,454	81,454
Changes in equities of the Company's ownership interests in subsidiaries	55,320	55,320	55,320
Issue employee restricted shares	<u>10,233</u>	<u>21,205</u>	<u>21,205</u>
Total	<u>\$ 1,364,833</u>	<u>1,364,335</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 R.O.C. Company Act No. 237, the Company must retain 10% of its net profit as a legal reserve until such retention equals the total paid-in capital.

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

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

(Continued)

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

2) Special reserve

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

3) Earning distribution

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

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

The Company's Board of Directors resolved to distribute the cash dividends of \$0.5355 per share, amounting to \$321,236 thousand on February 27, 2024. The 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. Through the resolution of the shareholder's meeting on May 31, 2023, the Company also appropriated the statutory surplus reserve of \$14,969 thousand.

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

4) Dividend policy

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

(Continued)

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

(iv) Treasury shares

As of September 30, 2024, Qianjin Investment, a subsidiary of the Consolidated Company, held \$5,434 thousand shares of the Company with a total value of \$82,823 thousand attributed to the repurchase cost by the Company, was recognized under treasury shares.

(v) Other equity

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

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income
Balance at January 1, 2024	\$ (1,557,495)	(17,004)
The Consolidated Company	134,026	793
Associates	425	-
The Consolidated Company – disposal	<u>(48,373)</u>	<u>-</u>
Balance at September 30, 2024	<u><u>\$ (1,471,417)</u></u>	<u><u>(16,211)</u></u>
Balance at January 1, 2023	\$ (1,359,264)	(44,193)
The Consolidated Company	(19,072)	2,723
Associates	805	8,473
Associates – disposal	<u>(11,214)</u>	<u>15,320</u>
Balance at September 30, 2023	<u><u>\$ (1,388,745)</u></u>	<u><u>(17,677)</u></u>

- 2) Unearned compensation

	For the nine months ended September 30,	
	2024	2023
Balance at January 1, 2024	\$ (40,110)	-
Issued in the current period	-	(51,205)
Compensation cost of employee restricted shares	<u>25,836</u>	<u>2,774</u>
Balance at September 30, 2024	<u><u>\$ (14,274)</u></u>	<u><u>(48,431)</u></u>

(Continued)

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

(vi) Non-controlling interests

	For the nine months ended September 30,	
	2024	2023
Balance at the beginning of the period	\$ 2,516,055	651,784
Attributable to non-controlling interests:		
Acquisition of subsidiaries	-	1,850,939
Net income	66,394	102,973
Exchange differences on translation of foreign financial statements	19,457	36,864
Cash dividends distributed	<u>(84,103)</u>	<u>(110,687)</u>
Balance at the end of the period	<u><u>\$ 2,517,803</u></u>	<u><u>2,531,873</u></u>

(w) Earnings per share

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

(i) Basic earnings per share

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Net profit of the parent company for the year	\$ <u>177,524</u>	<u>14,722</u>	<u>146,366</u>	<u>539,184</u>
Outstanding ordinary shares	<u>597,923</u>	<u>597,577</u>	<u>597,692</u>	<u>598,330</u>
Basic earnings per share	\$ <u>0.30</u>	<u>0.02</u>	<u>0.24</u>	<u>0.90</u>

(ii) Diluted earnings per share

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Net profit of the parent company for the year	\$ <u>177,524</u>	<u>14,722</u>	<u>146,366</u>	<u>539,184</u>

(Continued)

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

	For the three months ended September 30,		For the nine months ended September 30,	
Weighted average number of outstanding ordinary shares (basic)	597,923	597,577	597,692	598,330
Unvested employee restricted shares	906	22	1,720	66
Employees' compensation has not been resolved by the Board of Directors	<u>442</u>	<u>1,499</u>	<u>794</u>	<u>1,553</u>
Weighted average number of outstanding ordinary shares (diluted)	<u><u>599,271</u></u>	<u><u>599,098</u></u>	<u><u>600,206</u></u>	<u><u>599,949</u></u>
Diluted earnings per share	<u><u>\$ 0.30</u></u>	<u><u>0.02</u></u>	<u><u>0.24</u></u>	<u><u>0.90</u></u>

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

(x) Revenue from contracts with customers

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

	For the three months ended September 30,		For the nine months ended September 30,	
Major product / service lines	2024	2023	2024	2023
Switch and Security products	\$ 1,576,198	1,861,157	4,650,264	5,727,088
Wireless and IoT products	397,980	495,792	1,117,083	1,757,304
Mobile and Broadband products	488,467	317,490	1,515,806	1,511,836
Others	<u>1,217,842</u>	<u>1,150,002</u>	<u>3,680,893</u>	<u>3,235,347</u>
	<u><u>\$ 3,680,487</u></u>	<u><u>3,824,441</u></u>	<u><u>10,964,046</u></u>	<u><u>12,231,575</u></u>

(Continued)

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

Primary geographical markets	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
American	\$ 225,706	320,445	645,747	935,293
European	871,062	937,677	2,388,539	3,246,791
Asian and others	<u>2,583,719</u>	<u>2,566,319</u>	<u>7,929,760</u>	<u>8,049,491</u>
	<u>\$ 3,680,487</u>	<u>3,824,441</u>	<u>10,964,046</u>	<u>12,231,575</u>

(ii) Contract liabilities

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

	September 30, 2024	December 31, 2023	September 30, 2023
Current contract liabilities (sales)	\$ <u>135,560</u>	<u>145,163</u>	<u>180,794</u>

- 2) The beginning contract liabilities were recognized as income, amounting to \$6,312 thousand, \$20,065 thousand, \$82,672 thousand, and \$63,169 thousand for the three months and nine months ended September 30, 2024 and 2023, respectively.

(y) Remunerations to employees and directors

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

For the nine months ended September 30, 2024 and 2023, the Company estimated the remunerations to its employees were \$8,549 thousand and \$30,125 thousand, and directors were \$855 thousand and \$3,012 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 and 2023.

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

(Continued)

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

(z) Other income and losses

(i) Interest income

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Interest income from bank deposits	\$ 33,469	16,921	91,862	42,378
Other interest income	<u>730</u>	<u>1,002</u>	<u>2,389</u>	<u>3,126</u>
Total	<u>\$ 34,199</u>	<u>17,923</u>	<u>94,251</u>	<u>45,504</u>

(ii) Other income

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Rent income	\$ 3,014	1,478	7,096	3,655
Dividend income	<u>185</u>	<u>1,060</u>	<u>1,885</u>	<u>1,060</u>
Total	<u>\$ 3,199</u>	<u>2,538</u>	<u>8,981</u>	<u>4,715</u>

(iii) Other gains and losses

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Gain on disposals of investments	\$ 59,143	7,287	82,931	357,713
Foreign exchange gains	40,918	21,066	58,361	61,454
Valuation (losses) gains from financial assets and liabilities	(33,419)	5,331	204,767	29,833
Others	<u>1,460</u>	<u>46,203</u>	<u>13,195</u>	<u>68,073</u>
Total	<u>\$ 68,102</u>	<u>79,887</u>	<u>359,254</u>	<u>517,073</u>

(Continued)

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

(iv) Finance costs

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Interest expense	\$ (7,392)	(4,083)	(15,674)	(10,385)
Lease liability interests	<u>(3,650)</u>	<u>(4,902)</u>	<u>(11,488)</u>	<u>(13,909)</u>
Total	<u>\$ (11,042)</u>	<u>(8,985)</u>	<u>(27,162)</u>	<u>(24,294)</u>

(aa) Reclassification adjustments of components of other comprehensive income

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

	For the nine months ended September 30,	
	2024	2023
Exchange differences on translation of foreign financial statements:		
Change in exchange from the Consolidated Company	\$ 183,544	(43,164)
Change in exchange from non-controlling interests	<u>19,457</u>	<u>36,864</u>
Change in exchange differences on translation of foreign financial statements recognized in other comprehensive income (loss)	<u>\$ 203,001</u>	<u>(6,300)</u>
Share of other comprehensive income of associates accounted for using equity method:		
Change in foreign currency exchange from associates	\$ <u>425</u>	<u>805</u>
Share of other comprehensive income	<u>\$ 425</u>	<u>805</u>

(Continued)

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

(ab) Financial instruments

(i) Category of financial instruments

1) Financial Assets

	September 30, 2024	December 31, 2023	September 30, 2023
Cash and cash equivalents	\$ 3,878,990	4,097,696	4,033,180
Financial assets at fair value through profit or loss (current and non-current)	914,728	684,015	406,226
Notes receivable, accounts receivable and other receivables (including related parties)	3,306,848	3,126,660	3,409,101
Finance lease payment receivable (current and non-current)	87,735	112,062	126,736
Financial assets at fair value through other comprehensive income - non-current	122,451	19,989	19,441
Refundable deposits and other current assets	<u>1,019,573</u>	<u>551,445</u>	<u>558,652</u>
	<u>\$ 9,330,325</u>	<u>8,591,867</u>	<u>8,553,336</u>

2) Financial liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
Financial liabilities at fair value through profit or loss - current	\$ 29,849	23,812	6,776
Notes payable, accounts payable and other payables (including related parties)	2,960,118	2,661,898	3,041,173
Long-term borrowings (including borrowings due within one year)	559,419	651,032	681,570
Lease liability (current and non-current)	391,065	454,808	482,436
Guarantee deposits received	<u>80,395</u>	<u>68,337</u>	<u>80,455</u>
	<u>\$ 4,020,846</u>	<u>3,859,887</u>	<u>4,292,410</u>

(Continued)

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

(ii) Credit risk

Exposure to credit risk:

The carrying amount of financial assets represents the maximum amount exposed to credit risk. As of September 30, 2024, December 31, 2023, and September 30, 2023, the maximum exposure to credit risk has amounted to \$9,330,325 thousand, \$8,591,867 thousand, and \$8,553,336 thousand, respectively.

(iii) Liquidity risk

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

	Carrying amount	Contractual cash flows	Within six months	6-12 months	1-2 years	2-5 years	Over five years
September 30, 2024							
Non-derivative financial liabilities							
Notes payable	\$ 15	15	15	-	-	-	-
Accounts payable	1,821,597	1,821,597	1,821,597	-	-	-	-
Accounts payable - related parties	184,210	184,210	184,210	-	-	-	-
Other payables	954,296	954,296	954,296	-	-	-	-
Lease liability	391,065	413,496	99,168	89,057	132,937	71,959	20,375
Guarantee deposits received	80,395	80,395	80,395	-	-	-	-
Long-term borrowings (including borrowings due within one year)	559,419	613,054	66,883	49,778	57,652	178,352	260,389
Derivative financial liabilities							
Cross currency swaps							
Outflow	\$ 20,803	2,071,240	2,071,240	-	-	-	-
Inflow	-	2,050,620	2,050,620	-	-	-	-
Forward foreign exchange contracts							
Outflow	9,046	406,648	406,648	-	-	-	-
Inflow	-	401,770	401,770	-	-	-	-
	<u>\$ 4,020,846</u>	<u>8,997,341</u>	<u>8,136,842</u>	<u>138,835</u>	<u>190,589</u>	<u>250,311</u>	<u>280,764</u>

(Continued)

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

	Carrying amount	Contractual cash flows	Within six months	6-12 months	1-2 years	2-5 years	Over five years
December 31, 2023							
Non-derivative financial liabilities							
Notes payable	\$ 76	76	76	-	-	-	-
Accounts payable	1,465,613	1,465,613	1,465,613	-	-	-	-
Accounts payable - related parties	120,359	120,359	120,359	-	-	-	-
Other payables	1,075,850	1,075,850	1,075,850	-	-	-	-
Lease liability	454,808	480,924	101,767	94,371	193,810	86,806	4,170
Guarantee deposits received	68,337	68,337	68,337	-	-	-	-
Long-term borrowings (including borrowings due within one year)	651,032	710,811	67,304	66,801	97,065	238,224	241,417
Derivative financial liabilities							
Cross currency swaps							
Outflow	\$ 20,159	1,818,495	1,818,495	-	-	-	-
Inflow	-	1,804,142	1,804,142	-	-	-	-
Forward foreign exchange contracts							
Outflow	3,653	322,752	322,752	-	-	-	-
Inflow	-	319,018	319,018	-	-	-	-
	<u>\$ 3,859,887</u>	<u>8,186,377</u>	<u>7,163,713</u>	<u>161,172</u>	<u>290,875</u>	<u>325,030</u>	<u>245,587</u>
September 30, 2023							
Non-derivative financial liabilities							
Notes payable	\$ 274	274	274	-	-	-	-
Accounts payable	1,816,977	1,816,977	1,816,977	-	-	-	-
Accounts payable - related parties	182,065	182,065	182,065	-	-	-	-
Other payables	1,041,857	1,041,857	1,041,857	-	-	-	-
Lease liability	482,436	512,190	100,299	94,366	192,160	121,807	3,558
Guarantee deposits received	80,455	80,455	80,455	-	-	-	-
Long-term borrowings (including borrowings due within one year)	681,570	744,652	67,556	67,052	116,030	168,298	325,716
Derivative financial liabilities							
Cross currency swaps							
Outflow	\$ 6,735	807,439	807,439	-	-	-	-
Inflow	-	797,680	797,680	-	-	-	-
Forward foreign exchange contracts							
Outflow	41	56,533	56,533	-	-	-	-
Inflow	-	56,469	56,469	-	-	-	-
	<u>\$ 4,292,410</u>	<u>6,096,591</u>	<u>5,007,604</u>	<u>161,418</u>	<u>308,190</u>	<u>290,105</u>	<u>329,274</u>

(Continued)

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

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

(iv) Currency risk

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

	September 30, 2024			December 31, 2023			September 30, 2023		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets (note):									
Monetary items:									
CLP	\$ 142,227	0.04	5,023	140,468	0.03	4,881	117,284	0.03	4,173
JPY	1,034,652	0.22	228,112	839,830	0.22	183,039	1,077,765	0.22	232,951
EUR	31,742	35.24	1,118,477	20,076	33.92	680,950	18,309	34.09	624,102
CAD	-	-	-	-	-	-	814	23.93	19,472
USD	177,884	31.65	5,630,199	159,747	30.74	4,909,836	161,515	32.27	5,211,773
BRL	5,567	5.81	32,340	5,557	6.35	35,276	5,630	6.44	36,276
AUD	4,132	21.87	90,380	4,235	20.94	88,657	4,870	20.74	101,004
IDR	1,611,825	0.0021	3,371	-	-	-	-	-	-
			<u>\$ 7,107,902</u>			<u>5,902,639</u>			<u>6,229,751</u>
Non-monetary items:									
USD	\$ 14,164	31.65	<u>448,294</u>	13,933	30.74	<u>428,245</u>	11,512	32.27	<u>371,465</u>
Derivative instruments:									
AUD	-	-	-	-	-	-	11	20.74	238
USD	-	-	-	-	30.74	2	390	32.27	12,597
JPY	5,452	0.22	1,202	18,816	0.22	4,101	7,722	0.22	1,669
BRL	-	-	-	-	-	-	335	6.44	2,159
CNY	425	4.51	1,919	288	4.33	1,246	257	4.42	1,137
CAD	-	-	-	-	-	-	7	23.93	160
KRW	-	-	-	-	-	-	44,907	0.03	1,208
IDR	-	-	-	-	-	-	107,696	0.0021	224
EUR	1	35.24	48	-	-	-	571	34.09	19,472
INR	98	0.38	37	-	-	-	-	-	-
			<u>\$ 3,206</u>			<u>5,349</u>			<u>38,864</u>
Financial liabilities (note):									
Monetary items:									
JPY	\$ 3,137,393	0.22	691,709	2,094,344	0.22	456,457	2,097,966	0.22	453,461
CAD	-	-	-	-	-	-	2	23.93	50
EUR	11,655	35.24	410,680	10,674	33.92	362,057	11,536	34.09	393,251
BRL	20,637	5.81	119,889	21,585	6.35	137,034	21,572	6.44	139,007
USD	100,644	31.65	3,185,468	91,653	30.74	2,816,968	104,831	32.27	3,382,695
CLP	129,641	0.04	4,578	142,107	0.03	4,938	1,324,460	0.03	4,713
AUD	1,905	21.87	41,672	2,033	20.94	42,561	2,590	20.74	53,718
IDR	13,832	0.0021	29	-	-	-	-	-	-
			<u>\$ 4,454,025</u>			<u>3,820,015</u>			<u>4,426,895</u>
Derivative instruments:									
EUR	\$ 86	35.24	3,033	139	33.92	4,709	-	-	-
CAD	-	-	-	15	23.19	358	2	23.93	50
JPY	48,768	0.22	10,752	6,882	0.22	1,500	29,712	0.22	6,422
IDR	-	-	-	71,122	0.0020	142	-	-	-
KRW	71,004	0.03	1,910	33,643	0.03	905	-	-	-
BRL	804	5.81	4,669	262	6.35	1,662	-	-	-
USD	74	31.65	2,334	384	30.74	11,808	-	-	-
INR	16	0.38	6	-	-	-	106	0.39	41
CNY	1,523	4.51	6,869	611	4.33	2,645	60	4.42	263
AUD	13	21.87	276	4	20.94	83	-	-	-
			<u>\$ 29,849</u>			<u>23,812</u>			<u>6,776</u>

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

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Since the Consolidated Company has various functional currencies, the information on foreign currency exchange gains and losses on monetary items is presented on a consolidated basis. The total foreign currency gains and losses, including those realized and unrealized, were a gain of \$40,918 thousand, \$21,066 thousand, \$58,361 thousand, and \$61,454 thousand for the three months and nine months ended September 30, 2024 and 2023, respectively.

The Consolidated Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, borrowings, accounts payable and other payables that are denominated in foreign currency. A 1.5% of appreciation (depreciation) of each consolidated components currency, other than the functional currency, against the functional currency for the nine months ended September 30, 2024 and 2023 would have increased or decreased the net income after tax by \$36,861 thousand and \$26,428 thousand, and increased or decreased the equity by \$57 thousand and \$62 thousand, respectively, assuming all other variables were held constant.

(v) Interest rate analysis

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

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

If the interest rate had increased or decreased by 0.5%, the Consolidated Company's net income after tax would have increased or decreased by \$2,440 thousand and \$5,091 thousand for the nine months ended September 30, 2024 and 2023, respectively, assuming all other variables were held constant.

(vi) Assets and liabilities measured at fair value

1) The information of levels in the fair value hierarchy

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

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

September 30, 2024				
Assets and liabilities	Total	Level 1	Level 2	Level 3
Measured at fair value on recurring basis				
Non-derivative assets and liabilities				
Assets:				
Financial assets mandatorily measured at fair value through profit or loss - current	\$ 444,522	444,522	-	-
Financial assets at fair value through other comprehensive income - non-current	122,451	15,500	99,999	6,952
Financial assets mandatorily measured at fair value through profit or loss - non-current	467,000	-	-	467,000
Derivatives				
Assets:				
Financial assets mandatorily measured at fair value through profit or loss - current	3,206	-	3,206	-
Liabilities:				
Financial liabilities at fair value through profit or loss - current	29,849	-	29,849	-
December 31, 2023				
Assets and liabilities	Total	Level 1	Level 2	Level 3
Measured at fair value on recurring basis				
Non-derivative assets and liabilities				
Assets:				
Financial assets mandatorily measured at fair value through profit or loss - current	\$ 424,566	424,566	-	-
Financial assets at fair value through other comprehensive income	19,989	16,310	-	3,679
Financial assets mandatorily measured at fair value through profit or loss - non-current	254,100	-	-	254,100
Derivatives				
Assets:				
Financial assets mandatorily measured at fair value through profit or loss - current	5,349	-	5,349	-
Liabilities:				
Financial liabilities at fair value through profit or loss - current	23,812	-	23,812	-

(Continued)

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

Assets and liabilities	September 30, 2023			
	Total	Level 1	Level 2	Level 3
Measured at fair value on recurring basis				
Non-derivative assets and liabilities				
Assets:				
Financial assets mandatorily measured at fair value through profit or loss - current	\$ 367,362	367,362	-	-
Financial assets at fair value through other comprehensive income	19,441	15,338	-	4,103
Derivatives				
Assets:				
Financial assets mandatorily measured at fair value through profit or loss - current	38,864	-	38,864	-
Liabilities:				
Financial liabilities at fair value through profit or loss - current	6,776	-	6,776	-

2) Valuation techniques for financial instruments measured at fair value

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

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

Except for the financial instruments with active markets mentioned above, for other financial instruments like private placement of stocks of listed (over-the-counter) companies and domestic bank securities, the fair value is determined by the market quotations and valuation techniques, and also considers the value after liquidity discounts or other valuation techniques which include model calculating with observable market data at the reporting date (such as yield curve from Taipei Exchange).

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

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

(Continued)

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

3) Transfer between Level 1 and Level 2

For the three months and nine months ended September 30, 2024 and 2023, there were no transfers between level 1 and level 2 of the fair value hierarchy.

4) Reconciliation of level 3 fair values

	Non-derivative financial assets mandatorily measured at fair value through profit or loss	Financial assets at fair value through other comprehensive income
Balance at January 1, 2024	\$ 254,100	3,679
Total gains or losses recognized		
In profit or loss	212,900	-
In other comprehensive income	-	1,854
Reclassification	-	1,419
Balance at September 30, 2024	<u>\$ 467,000</u>	<u>6,952</u>
Balance at January 1, 2023	\$ -	4,326
Recognized in other comprehensive loss	-	(223)
Balance at September 30, 2023	<u>\$ -</u>	<u>4,103</u>

As of September 30, 2024 and 2023, the Consolidated Company still held the following assets related to the total gains or losses described above, which were reported in “other gains and losses” and “unrealized gains and losses on financial assets at fair value through other comprehensive income”:

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Total gains or losses recognized:				
In profit or loss, and reported in “other gains and losses”	\$ 2,700	-	212,900	-
In other comprehensive income (loss), and reported in “unrealized gains and losses on financial assets at fair value through other comprehensive income”	\$ 1,046	124	1,854	(223)

(Continued)

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

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

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

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

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets mandatorily measured at fair value through profit or loss - equity investments	<p>The fair value is determined by the market approach and considering the liquidity discount model (Finnerty model) on September 30, 2024.</p> <p>The fair value is determined by the option pricing model (Black-Scholes model) and the liquidity discount model (Finnerty model) on December 31, 2023.</p>	<p>Lack of market liquidity discount (20.85% on September 30, 2024 and 24.82% on December 31, 2023)</p>	<p>The higher the market liquidity discount lacks, the lower the fair value is.</p>
Financial assets at fair value through other comprehensive income-equity investments without an active market	Net Asset Value Method	Net Asset Value	Not applicable

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

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

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

		Inputs	Upward or downward movement	Changes in fair value through the current period's profit or loss	
				Favorable	Unfavorable
September 30, 2024					
Financial assets mandatorily measured at fair value through profit or loss	Lack of market liquidity discount	5%	\$ <u>29,500</u>	<u>(29,500)</u>	
December 31, 2023					
Financial assets mandatorily measured at fair value through profit or loss	Lack of market liquidity discount	5%	\$ <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 Consolidated Company's financial instruments not measured at fair value, including cash and cash equivalents, notes receivable, accounts receivable/payable and other receivables/payables, approximate their fair values. Moreover, lease liabilities are not measured at fair value.

	September 30, 2024		December 31, 2023		September 30, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Non-financial assets:						
Investment property	\$ <u>37,786</u>	<u>80,930</u>	<u>38,083</u>	<u>61,990</u>	<u>38,182</u>	<u>62,331</u>

		September 30, 2024			
Assets and liabilities	Total	Level 1	Level 2	Level 3	
Non-financial assets:					
Investment property	\$ 80,930	-	-	80,930	
		December 31, 2023			
Assets and liabilities	Total	Level 1	Level 2	Level 3	
Non-financial assets:					
Investment property	\$ 61,990	-	-	61,990	

(Continued)

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

	September 30, 2023			
Assets and liabilities	Total	Level 1	Level 2	Level 3
Non-financial assets:				
Investment property	\$ 62,331	-	-	62,331

2) Valuation techniques

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

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

(ac) Financial risk management

(i) Overview

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

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

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

(ii) Structure of risk management

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

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

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES

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

(iii) Credit risk

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

1) Accounts receivable

The credit risk exposure of the Consolidated Company arises from the operations and financial conditions of each customer and the political and economic stability of the Consolidated Company's customer base, including the default risk of the industry and country in which customers operate in. However, the Consolidated Company operates worldwide, and thus, risk is diversified. As of September 30, 2024, December 31, 2023, and September 30, 2023, revenue from each customer does not exceed 10% of the Consolidated Company's revenue, therefore, there is no concentration of credit risk.

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

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

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

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

2) Investment in securities and derivative financial instruments

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

3) Guarantees

Pursuant to the Articles of Association, it is only permissible to provide financial guarantees to subsidiaries. As of September 30, 2024, December 31, 2023, and September 30, 2023, the Consolidated Company has not provided any guarantees to a third party.

(iv) Liquidity risk

Liquidity risk is the risk that the Consolidated Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Consolidated Company's approach to manage liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Company's reputation. The Consolidated Company aims to maintain the level of its cash and short-term bank facilities at an amount in excess of expected cash flows on financial liabilities over the succeeding 60 days. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Consolidated Company had unused credit facilities for \$4,421,677 thousand, \$4,222,789 thousand, and \$4,342,502 thousand as of September 30, 2024, December 31, 2023, and September 30, 2023, respectively.

(v) Market risk

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

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

1) Currency risk

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

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D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

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

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

2) Interest rate risk

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

3) Other price risks

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

(ad) Capital management

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

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

Debt-to-equity ratio:

	September 30, 2024	December 31, 2023	September 30, 2023
Total liabilities	\$ 5,187,371	5,025,056	5,738,047
Less: cash and cash equivalents	<u>(3,878,990)</u>	<u>(4,097,696)</u>	<u>(4,033,180)</u>
Net debt	<u>\$ 1,308,381</u>	<u>927,360</u>	<u>1,704,867</u>
Total equity	<u>\$ 11,531,956</u>	<u>11,595,723</u>	<u>11,748,202</u>
Debt-to-equity ratio	<u>11.35%</u>	<u>8.00%</u>	<u>14.51%</u>

As of September 30, 2024, the methods of the Consolidated Company's capital management remained unchanged.

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

Information of non-cash-traded investing and financing activities for the nine months ended September 30, 2024 and 2023, were as follows:

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

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

	January 1, 2024	Cash flows	Non-cash changes			September 30, 2024
			Exchange	Fair value changes	Others	
Long-term borrowings (including borrowings due within one year)	\$ 651,032	(91,613)	-	-	-	559,419
Lease liabilities	454,808	(153,882)	-	-	90,139	391,065
Others	<u>68,337</u>	<u>12,058</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,395</u>
Total liabilities from financing activities	<u>\$ 1,174,177</u>	<u>(233,437)</u>	<u>-</u>	<u>-</u>	<u>90,139</u>	<u>1,030,879</u>

	January 1, 2023	Cash flows	Acquisition of subsidiaries	Non-cash changes			September 30, 2023
				Exchange	Fair value changes	Others	
Long-term borrowings (including borrowings due within one year)	\$ -	(183,227)	864,797	-	-	-	681,570
Lease liabilities	453,986	(143,793)	68,370	-	-	103,873	482,436
Others	<u>79,030</u>	<u>1,425</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,455</u>
Total liabilities from financing activities	<u>\$ 533,016</u>	<u>(325,595)</u>	<u>933,167</u>	<u>-</u>	<u>-</u>	<u>103,873</u>	<u>1,244,461</u>

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

(7) Related-party transactions:

(a) Names and relationship with related parties

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

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

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

(b) Significant related party transactions

(i) Sales and service revenue

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Associates	\$ 294	25,938	4,697	43,693
Other related parties	<u>734</u>	<u>216</u>	<u>2,796</u>	<u>1,805</u>
	<u>\$ 1,028</u>	<u>26,154</u>	<u>7,493</u>	<u>45,498</u>

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

(ii) Purchases

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Associates:				
Cameo	\$ -	-	-	666,555
Other related parties:				
Amigo	166,485	142,471	456,683	453,128
Others	<u>5,110</u>	<u>1,425</u>	<u>6,459</u>	<u>3,086</u>
	<u>\$ 171,595</u>	<u>143,896</u>	<u>463,142</u>	<u>1,122,769</u>

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

(iii) Receivables from related parties

Account	Relationship	September 30, 2024	December 31, 2023	September 30, 2023
Accounts receivable	Associates – T-COM	\$ 54	33	-
Accounts receivable	Other related parties – Amigo	230	25	152
Accounts receivable	Other related parties – Others	669	2,640	-
Other receivables	Other related parties – Others	674	-	-
Prepayment for purchase	Other related parties – Amigo	<u>15,229</u>	<u>93</u>	<u>97</u>
		<u>\$ 16,856</u>	<u>2,791</u>	<u>249</u>

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D-LINK CORPORATION AND SUBSIDIARIES
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(iv) Payables to related parties

Account	Relationship	September 30, 2024	December 31, 2023	September 30, 2023
Accounts payable	Other related parties— Amigo	\$ 179,057	120,124	180,579
Accounts payable	Other related parties— Amit	5,083	235	1,486
Accounts payable	Other related parties— Others	70	-	-
Other payables	Other related parties— Amigo	641	4,325	3,201
Other payables	Other related parties— Amit	5,923	2,379	6,400
Other payables	Other related parties— Others	3,431	-	-
Contract liabilities	Associates—T-COM	-	2,952	11,783
		<u>\$ 194,205</u>	<u>130,015</u>	<u>203,449</u>

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

(v) Property transaction

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Other related parties:				
Amigo	\$ 2,107	9,314	2,430	13,788
Other	45	-	45	-
	<u>\$ 2,152</u>	<u>9,314</u>	<u>2,475</u>	<u>13,788</u>

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(vi) Services purchased from related parties and expenses

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Associates:				
Cameo	\$ -	-	-	134
Other related parties:				
Amigo	1,639	3,212	6,086	3,706
Amit	8,104	6,099	13,457	10,534
Others	<u>5,327</u>	<u>-</u>	<u>13,327</u>	<u>50</u>
	<u>\$ 15,070</u>	<u>9,311</u>	<u>32,870</u>	<u>14,424</u>

(vii) Other income and expenses

Account	Relationship	For the three months ended September 30,		For the nine months ended September 30,	
		2024	2023	2024	2023
Other gains and losses	Associates—Cameo	\$ -	-	-	266
Other gains and losses	Other related parties— Others	<u>-</u>	<u>-</u>	<u>430</u>	<u>-</u>
		<u>\$ -</u>	<u>-</u>	<u>430</u>	<u>266</u>

(viii) Lease

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

Account	Relationship	For the three months ended September 30,		For the nine months ended September 30,	
		2024	2023	2024	2023
Rent Income	Associates—Cameo	\$ -	-	-	175
Rent Income	Other related parties— Amigo	960	872	2,880	2,616
Rent Income	Other related parties— UFOC	1,751	-	3,395	-
Rent Income	Other related parties— Others	<u>5</u>	<u>-</u>	<u>17</u>	<u>-</u>
		<u>\$ 2,716</u>	<u>872</u>	<u>6,292</u>	<u>2,791</u>

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

As of September 30, 2024, except for \$634 thousand of UFOC had been accounted for other receivables, the aforementioned other receivables had been fully collected.

<u>Account</u>	<u>Relationship</u>	For the three months ended September 30,		For the nine months ended September 30,	
		<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Operating Costs – Rental	Associates – Cameo	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>593</u>

As of September 30, 2024, the relevant amounts had been fully paid.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended September 30,		For the nine months ended September 30,	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Short-term employee benefits \$	9,203	8,316	25,998	24,699
Post-employee benefits	165	152	485	458
Share-based payments	<u>822</u>	<u>475</u>	<u>3,810</u>	<u>475</u>
	<u>\$ 10,190</u>	<u>8,943</u>	<u>30,293</u>	<u>25,632</u>

(8) Pledged assets:

The carrying amounts of pledged assets were as follows:

Pledged assets	Object	September 30, 2024	December 31, 2023	September 30, 2023
Other current assets and other non-current assets	Rental deposits, performance bond and time deposits	\$ 115,545	118,968	121,753
Property, plant, and equipment-land	Long-term bank borrowings	346,639	346,639	346,639
Property, plant, and equipment-buildings	Long-term bank borrowings	<u>905,942</u>	<u>929,171</u>	<u>936,914</u>
		<u>\$ 1,368,126</u>	<u>1,394,778</u>	<u>1,405,306</u>

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

(9) Significant contingent liabilities and unrecognized commitments:

- (a) The Consolidated Company's subsidiary, D-Link Brazil, had disputes regarding prior year's insufficient invoices attached to sales return with the local tax authorities, and had filed litigation. D-Link Brazil had accrued possible tax, interest and penalty.
- (b) The Consolidated Company's subsidiary, D-Link India, had disputes regarding prior year's declaration tax on customs with the local tax authorities. Based on its evaluation, the Consolidated Company believes the above litigation will not have any significant impact on its current operations.
- (c) 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 Consolidated Company believes the above litigation will not have any significant impact on its current operations.
- (d) Crystal Mountain Communications, LLC filed a lawsuit against the Company 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 Consolidated Company believes the above litigation will not have any significant impact on its current operations.
- (e) 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 Consolidated Company believes the above litigation will not have any significant impact on its current operations.
- (f) 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 Consolidated Company believes the above litigation will not have any significant impact on its current operations.
- (g) As of September 30, 2024, Cameo's unfulfilled purchase commitment was \$253,616 thousand and was deemed as an irrevocable purchase agreement.
- (h) The Consolidated Company is currently under negotiations with a number of companies regarding the royalty on patents. In addition to the abovementioned lawsuits, there are other disputes in the negotiation process and therefore the amount of liabilities is unclear. The Consolidated Company has accrued the possible expense.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(Continued)

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

(12) Other:

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

By item	By function	For the three months ended September 30,					
		2024			2023		
		Cost of Goods Sold	Operating Expense	Total	Cost of Goods Sold	Operating Expense	Total
Employee benefits							
Salaries		49,719	487,147	536,866	58,166	512,349	570,515
Labor and health insurance		4,035	27,278	31,313	5,528	28,271	33,799
Pension		2,979	26,982	29,961	3,283	27,604	30,887
Others		5,626	52,595	58,221	6,535	52,233	58,768
Depreciation		18,963	57,456	76,419	28,312	57,792	86,104
Amortization		8	11,572	11,580	25	8,063	8,088

By item	By function	For the nine months ended September 30,					
		2024			2023		
		Cost of Goods Sold	Operating Expense	Total	Cost of Goods Sold	Operating Expense	Total
Employee benefits							
Salaries		148,933	1,480,525	1,629,458	147,242	1,508,136	1,655,378
Labor and health insurance		12,194	83,108	95,302	11,681	80,494	92,175
Pension		9,035	82,872	91,907	8,681	83,560	92,241
Others		16,721	164,006	180,727	16,012	161,847	177,859
Depreciation		59,732	171,023	230,755	59,855	161,278	221,133
Amortization		26	33,231	33,257	57	25,580	25,637

- (b) Seasonality of operations

The Consolidate Company's operations are not affected by seasonal or cyclical factors.

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

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

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period (%)	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note)	Maximum limit of fund financing (Note)
													Item	Value		
0	D-Link Corporation	D-Link Europe	Accounts receivable-related parties	Yes	242,304	-	-	4.25	2	-	Convert from Account receivables to loan receivable	-	-	-	3,605,661	3,605,661
1	D-Link International	D-Link Shanghai	Accounts receivable-related parties	Yes	466,842	466,842	466,842	3.55~3.8	2	-	Operating Capital	-	-	-	2,683,573	2,683,573
1	D-Link International	D-Link Shanghai	Accounts receivable-related parties	Yes	371,423	371,423	371,423	-	2	-	Convert from Account receivables to loan receivable	-	-	-	2,683,573	2,683,573
1	D-Link International	D-Link Corporation	Accounts receivable-related parties	Yes	242,520	242,520	242,520	0.55	2	-	Operating Capital	-	-	-	2,683,573	2,683,573
2	D-Link Capital Investment	D-Link Corporation	Accounts receivable-related parties	Yes	775,450	775,450	775,450	-	2	-	Operating Capital	-	-	-	791,518	791,518
3	D-Link Japan	D-Link Corporation	Accounts receivable-related parties	Yes	396,850	396,850	396,850	0.5~0.55	2	-	Operating Capital	-	-	-	618,703	618,703
4	D-Link Deutschland	D-Link Europe	Accounts receivable-related parties	Yes	109,235	109,235	109,235	4.25	2	-	Operating Capital	-	-	-	159,161	159,161
5	PC	Cameo	Other receivables	Yes	78,253	-	-	-	2	-	Operating Capital	-	-	-	Note 7	Note 7
6	Huge Castle	Cameo	Other receivables	Yes	93,903	-	-	-	2	-	Operating Capital	-	-	-	111,846	111,846

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 Company's 100% directly or indirectly owned overseas subsidiaries shall not exceed 100% of the net worth of D-Link International. The ending amount and funding loan limits are calculated by the unaudited balance.

Note 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. The ending amount and funding loan limits are calculated by the unaudited balance.

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. The ending amount and funding loan limits are calculated by the unaudited balance.

Note 6: Total amount of loans from D-Link Deutschland to the Company's 100% directly or indirectly owned overseas subsidiaries shall not exceed 100% of the net worth of D-Link Deutschland. The ending amount and funding loan limits are calculated by the unaudited balance.

Note 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 2024.

Note 8: The subsidiaries' transactions had been eliminated in the consolidated financial statements.

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements amount	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/guarantees to third parties on behalf of parent company	Endorsements/guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	D-Link Corporation	D-Link Europe	2	2,008,172	131,294	131,294	41,183	-	1.46 %	6,024,515	Y	N	N
0	D-Link Corporation	D-Link Shanghai	2	2,008,172	158,255	158,255	46,899	-	1.76 %	6,024,515	Y	N	Y

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

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

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

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

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

(iii) Securities held as of September 30, 2024 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars/shares)

Name of holder	Category and name of security	Relationship with company	Account name	Ending balance				Note
				Shares/Units	carrying amount	Percentage of ownership (%)	Fair value	
D-Link Corporation	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	233,500	3.16 %	233,500	
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	None	Financial assets at fair value through other comprehensive income-non-current	18,950	269	0.01 %	269	
D-Link Taiwan Investment	Xtramus	None	Financial assets at fair value through other comprehensive income-non-current	127,943	3,180	12.66 %	3,180	
D-Link Taiwan Investment	Kaimei	None	Financial assets at fair value through other comprehensive income-non-current	231,342	15,500	0.21 %	15,500	
D-Link India	MIRAE MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	19,370	19,339	- %	19,339	
D-Link India	ICICI MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	413,461	57,852	- %	57,852	
D-Link India	ADITYA BIRLA MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	430,089	65,624	- %	65,624	
D-Link India	NIPPON INDIA MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	13,317	30,806	- %	30,806	

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of holder	Category and name of security	Relationship with company	Account name	Ending balance			Note	
				Shares/Units	carrying amount	Percentage of ownership (%)		Fair value
D-Link India	TATA MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	36,128	53,287	- %	53,287	
D-Link India	SBI MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	25,927	38,345	- %	38,345	
D-Link India	LIC MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	15,584	26,753	- %	26,753	
D-Link India	HDFC MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	22,594	41,948	- %	41,948	
D-Link India	UTI MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	34,421	53,329	- %	53,329	
D-Link India	AXIS MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	36,349	37,891	- %	37,891	
D-Link India	KOTAK MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	10,131	19,348	- %	19,348	
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	233,500	3.16 %	233,500	
Cameo	Domestic bank green bonds-P13 Taipei Fubon Bank 3	None	Financial assets at fair value through other comprehensive income-non-current	-	99,999	- %	99,999	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	105,149	0.90 %	105,149	

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 real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vi) Disposal of real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ (Sales)	Amount	Percentage of total Purchases/ (Sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
D-Link Corporation	D-Link International	Subsidiary	(Sales and service revenue)	(151,574)	(5) %	60 Days	-	-	9,006	1%	
D-Link Corporation	D-Link Systems	Subsidiary	(Sales and service revenue)	(174,306)	(5) %	75 Days	-	-	82,373	8%	
D-Link Corporation	D-Link Europe	Subsidiary	(Sales and service revenue)	(735,907)	(22) %	60 Days	-	-	444,001	43%	
D-Link Corporation	D-Link ME	Subsidiary	(Sales and service revenue)	(765,075)	(23) %	60 Days	-	-	186,799	18%	
D-Link Corporation	D-Link Japan	Subsidiary	(Sales and service revenue)	(444,636)	(13) %	60 Days	-	-	74,794	7%	
D-Link Corporation	D-Link India	Subsidiary	(Sales and service revenue)	(497,729)	(15) %	45 Days	-	-	77,881	8%	
D-Link Corporation	Cameo	Subsidiary	Purchase	433,615	15 %	90 Days	-	-	(214,862)	(20)%	
D-Link Corporation	Amigo	Other related party	Purchase	454,968	16 %	90 Days	-	-	(179,057)	(17)%	

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sales)	Amount	Percentage of total Purchases/(Sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
D-Link International	D-Link Corporation	Parent company	Purchase	151,278	38 %	60 Days	-	-	(9,006)	(10)%	
D-Link Systems	D-Link Corporation	Parent company	Purchase	172,968	71 %	75 Days	-	-	(82,373)	(31)%	
D-Link Europe	D-Link Corporation	Parent company	Purchase	728,317	99 %	60 Days	-	-	(444,001)	(84)%	
D-Link ME	D-Link Corporation	Parent company	Purchase	764,490	46 %	60 Days	-	-	(186,799)	(57)%	
D-Link Japan	D-Link Corporation	Parent company	Purchase	404,846	87 %	60 Days	-	-	(74,794)	(99)%	
D-Link India	D-Link Corporation	Parent company	Purchase	440,326	12 %	45 Days	-	-	(77,881)	(15)%	
Cameo	D-Link Corporation	Parent company	(Sales)	(439,272)	(54) %	90 Days	-	-	215,266	69%	
D-Link Shanghai	D-Link Trade	The ultimate parent company is D-Link Corporation	(Sales)	(233,047)	(81) %	120 Days	-	-	375,244	95%	
D-Link Trade	D-Link Shanghai	The ultimate parent company is D-Link Corporation	Purchase	233,047	94 %	120 Days	-	-	(375,244)	(48)%	

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

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

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Overdue (Note 1)		Amounts received in subsequent period (Note 2)	Allowance for bad debts
					Amount	Action taken		
D-Link Corporation	D-Link Europe	Subsidiary	444,001	2.09	-	-	93,936	-
D-Link Corporation	D-Link ME	Subsidiary	186,799	6.77	-	-	44,311	-
D-Link International	D-Link L.A.	The ultimate parent company is D-Link Corporation	658,388	-	658,388	-	-	-
D-Link International	D-Link Brazil	The ultimate parent company is D-Link Corporation	154,154	-	154,154	-	-	-
D-Link International	D-Link Trade	The ultimate parent company is D-Link Corporation	405,784	-	405,784	-	-	-
D-Link Shanghai	D-Link Trade	The ultimate parent company is D-Link Corporation	375,244	0.18	177,252	-	6,642	-
Cameo	D-Link Corporation	Parent company	215,266	3.81	-	-	52,119	-

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

Note 2: The amount represents collections subsequent to September 30, 2024 up to October 28, 2024.

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

(Continued)

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

(ix) Trading in derivative instruments:

(In Thousands of New Taiwan Dollars)

Company Name	Derivative Instruments Category	Holding Purpose	Contract Amount		Book Value	Fair Value
		Non-trading:				
D-Link International	Cross currency swap	CNY	CNY	35,350	1,919	1,919
D-Link International	Cross currency swap	JPY	JPY	1,100,000	480	480
D-Link Corporation	Forward foreign exchange contract	JPY(Sell)	JPY	275,000	722	722
D-Link Corporation	Forward foreign exchange contract	EUR(Sell)	EUR	2,000	48	48
D-Link International	Forward foreign exchange contract	INR(Sell)	INR	41,824	37	37
D-Link Corporation	Cross currency swap	EUR	EUR	3,900	(848)	(848)
D-Link Corporation	Cross currency swap	JPY	JPY	3,050,000	(10,752)	(10,752)
D-Link Corporation	Cross currency swap	USD	USD	18,500	(2,334)	(2,334)
D-Link International	Cross currency swap	CNY	CNY	146,084	(6,869)	(6,869)
D-Link Corporation	Forward foreign exchange contract	AUD(Sell)	AUD	500	(276)	(276)
D-Link Corporation	Forward foreign exchange contract	EUR(Sell)	EUR	5,000	(2,185)	(2,185)
D-Link International	Forward foreign exchange contract	BRL(Sell)	BRL	20,381	(4,669)	(4,669)
D-Link International	Forward foreign exchange contract	KRW(Sell)	KRW	3,350,000	(1,910)	(1,910)
D-Link India	Forward foreign exchange contract	INR(Sell)	INR	54,503	(6)	(6)

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms	
0	D-Link Corporation	D-Link Systems	1	Investments accounted for using equity method	1,283,547	-	8%
0	D-Link Corporation	D-Link International	1	Investments accounted for using equity method	2,576,138	-	15%
0	D-Link Corporation	D-Link Holding	1	Investments accounted for using equity method	1,392,361	-	8%
0	D-Link Corporation	D-Link ME	1	Investments accounted for using equity method	957,892	-	6%
0	D-Link Corporation	D-Link Japan	1	Investments accounted for using equity method	631,807	-	4%
0	D-Link Corporation	D-Link Europe	1	Investments accounted for using equity method	253,776	-	2%

(Continued)

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

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	D-Link Corporation	Cameo	1	Investments accounted for using equity method	1,538,157	-	9%
0	D-Link Corporation	D-Link Brazil	1	Investments accounted for using equity method-credit	(198,652)	-	(1)%
0	D-Link Corporation	D-Link L.A.	1	Investments accounted for using equity method-credit	(646,921)	-	(4)%
0	D-Link Corporation	D-Link International	1	Sales and service revenue	151,574	60 Days	1%
0	D-Link Corporation	D-Link Systems	1	Sales and service revenue	174,306	75 Days	2%
0	D-Link Corporation	D-Link Europe	1	Sales and service revenue	735,907	60 Days	7%
0	D-Link Corporation	D-Link ME	1	Sales and service revenue	765,075	60 Days	7%
0	D-Link Corporation	D-Link Japan	1	Sales and service revenue	444,636	60 Days	4%
0	D-Link Corporation	D-Link India	1	Sales and service revenue	497,729	45 Days	5%
0	D-Link Corporation	D-Link Europe	1	Accounts receivable-related party	444,001	60 Days	3%
0	D-Link Corporation	D-Link ME	1	Accounts receivable-related party	186,799	60 Days	1%
1	D-Link Holding	D-Link Mauritius	3	Investments accounted for using equity method	1,299,826	-	8%
2	D-Link International	D-Link L.A.	3	Accounts receivable-related party	658,388	75 Days	4%
2	D-Link International	D-Link Trade	3	Accounts receivable-related party	405,784	180 Days	2%
2	D-Link International	D-Link Capital Investment	3	Investments accounted for using equity method	791,518	-	5%
2	D-Link International	D-Link Shanghai	3	Investments accounted for using equity method-credit	(181,136)	-	(1)%
3	D-Link Mauritius	D-Link India	3	Investments accounted for using equity method	1,213,347	-	7%
4	D-Link Shanghai	D-Link Trade	3	Sales	233,047	120 Days	2%
4	D-Link Shanghai	D-Link Trade	3	Accounts receivable-related party	375,244	120 Days	2%
5	Cameo	Huge Castle	3	Investments accounted for using equity method	279,615	-	2%
5	Cameo	D-Link Corporation	2	Accounts receivable-related party	215,266	180 Days	1%
5	Cameo	D-Link Corporation	2	Sales	439,272	90 Days	4%

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

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

Note 3: Nature of relationship are listed as below:

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

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

(b) Information on investees:

The following is the information on investees for the nine months ended September 30, 2024 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars/shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2024			Net income (losses) of investee	Investment income (losses) (Note 1)	Note
				September 30, 2024	December 31, 2023	Shares	Percentage of ownership	carrying amount			
D-Link Corporation	D-Link Systems	USA	Sales and after-sales service in USA	1,672,702	1,672,702	48,045,007	100.00 %	1,283,547	(127,356)	(127,356)	
D-Link Corporation	D-Link International	Singapore	Sales and after-sales service in Southeast Asia	1,941,986	1,941,986	66,074,660	99.36 %	2,576,138	75,011	59,305	100% shares owned by D-Link Corporation and D-Link Holding. Investment income included the amounts of transactions between affiliated companies.
D-Link Corporation	D-Link L.A.	Cayman Island	Sales and after-sales service in Latin America	326,600	326,600	41,000	100.00 %	(646,921)	-	-	
D-Link Corporation	D-Link Sudamerica	Chile	Sales and after-sales service in Chile	6,512	6,512	199,999	100.00 %	5,688	(5,463)	(5,463)	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)
D-Link Corporation	D-Link Brazil	Brazil	Sales and after-sales service in Brazil	932,197	932,197	2,964,836,727	100.00 %	(198,652)	(24,306)	(24,306)	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 %	957,892	24,622	24,622	
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 %	103,905	(27,892)	(27,892)	
D-Link Corporation	D-Link Holding	BVI	Investment company	891,177	891,177	27,044,212	100.00 %	1,392,361	143,529	323,779	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	3,039	-	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 %	3,291	(1,822)	(1,822)	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 %	631,807	29,208	29,208	
D-Link Corporation	D-Link Investment	Singapore	Investment company	67,191	67,191	2,200,000	100.00 %	163,118	179,430	179,430	

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2024			Net income (losses) of investee	Investment income (losses) (Note 1)	Note
				September 30, 2024	December 31, 2023	Shares	Percentage of ownership	carrying amount			
D-Link Corporation	D-Link Taiwan Investment	Taiwan	Investment company	146,000	146,000	14,600,000	100.00 %	50,591	448	448	
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 %	1,538,157	(127,902)	(65,557)	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 %	253,776	(286,837)	(286,837)	
D-Link Systems	D-Link Canada	Canada	Sales and after-sales service in Canada	159,585	159,585	5,736,000	100.00 %	52,257	(41,147)	(41,147)	
D-Link Investment	D-Link Trade	Russia	Sales and after-sales service in Russia	66,538	66,538	(Note 2)	100.00 %	163,455	179,618	179,618	
D-Link Trade	T-COM	Russia	Sales and after-sales service in Russia	12,485	12,485	(Note 2)	40.00 %	2,180	(30,542)	(12,368)	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 %	(60,951)	(8,382)	(8,382)	
D-Link International	D-Link Trade M	Republic of Moldova	Sales and after-sales service in Moldova	13	13	-	100.00 %	132	(314)	(314)	
D-Link International	D-Link Capital Investment	BVI	Investment company	789,757	789,757	25,000,000	100.00 %	791,518	27,353	27,353	
D-Link International	D-Link Malaysia	Malaysia	Sales and after-sales service in Malaysia	6,130	6,130	800,000	100.00 %	9,283	(252)	(252)	
D-Link International	D-Link Lithuania	Lithuania	Sales and after-sales service	3,574	3,574	1,000	100.00 %	7,167	(588)	(588)	
D-Link International	D-Link Kazakhstan	Kazakhstan	Sales and after-sales service in Kazakhstan	171	-	(Note 2)	100.00 %	995	708	390	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 %	51	(1,822)	-	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 %	799	(1,326)	(1,326)	
D-Link Lithuania	D-Link Kazakhstan	Kazakhstan	Sales and after-sales service in Kazakhstan	-	612	(Note 2)	- %	-	708	318	D-Link Lithuania transferred 100% of equity interests in D-Link Kazakhstan to D-Link International in February 2024.
D-Link Holding	D-Link International	Singapore	Sales and after-sales service in Southeast Asia	8,466	8,466	425,340	0.64 %	(15,509)	75,011	-	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 %	4,878	227	227	
D-Link Holding	D-Link Mauritius	Mauritius	Investment company	186,789	186,789	200,000	100.00 %	1,299,826	141,832	141,832	
D-Link Holding	D-Link Shiang-Hai (Cayman)	Cayman Island	Investment company	654,974	654,974	50,000	100.00 %	15,055	-	-	In liquidation process.
D-Link Holding	Success Stone	BVI	Investment company	297,027	297,027	9,822	100.00 %	144,780	2,091	2,091	
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	- %	-	(24,306)	-	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	- %	-	(5,463)	-	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 %	1,213,347	288,110	146,994	

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D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2024			Net income (losses) of investee	Investment income (losses) (Note 1)	Note
				September 30, 2024	December 31, 2023	Shares	Percentage of ownership	carrying amount			
D-Link Mauritius	TeamF1 India	India	Technical services for software and hardware system integration	8	8	1	0.01 %	16	4,677	-	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 %	139,069	4,677	4,677	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	(5,132)	-	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 %	6,480	(299)	(299)	
D-Link Sudamerica	D-Link Guatemala S.A.	Guatemala	Sales and after-sales service in Guatemala	410	410	99,000	99.00 %	582	-	-	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 %	3,358	(5,132)	(5,132)	
D-Link Sudamerica	D-Link Mexicana	Mexico	Sales and after-sales service in Mexico	6	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 %	159,161	3,039	3,039	
D-Link Europe	D-Link AB	Sweden	Sales and after-sales service in Sweden	9,022	9,022	15,500	100.00 %	10,660	(5,407)	(5,407)	
D-Link Europe	D-Link Iberia	Spain	Sales and after-sales service in Spain	1,976	1,976	50,000	100.00 %	75,387	1,616	1,616	
D-Link Europe	D-Link Mediterraneo	Italy	Sales and after-sales service in Italy	2,177	2,177	50,000	100.00 %	37,218	(173)	(173)	
D-Link Europe	D-Link (Holdings) Ltd.	UK	Investment company	-	-	3	100.00 %	10,214	-	-	
D-Link Europe	D-Link France	France	Sales and after-sales service in France	5,287	5,287	114,560	100.00 %	46,635	1,363	1,363	
D-Link Europe	D-Link Netherlands	Netherlands	Sales and after-sales service in Netherlands	2,132	2,132	50,000	100.00 %	5,136	(1,519)	(1,519)	
D-Link Europe	D-Link Polska	Poland	Sales and after-sales service in Poland	1,210	1,210	100	100.00 %	30,920	610	610	
D-Link Europe	D-Link Magyarorszag	Hungary	Sales and after-sales service in Hungary	523	523	300	100.00 %	4,188	243	243	
D-Link Europe	D-Link s.r.o	Czech	Sales and after-sales service in Czech	329	329	100	100.00 %	3,219	(230)	(230)	
D-Link (Holdings) Ltd	D-Link UK	UK	Sales and after-sales service in UK	-	-	300,100	100.00 %	10,214	-	-	
D-Link Mediterraneo	D-Link Adria d.o.o.	Croatia	Sales and after-sales service in Croatia	326	326	(Note 2)	100.00 %	-	-	-	In liquidation process.
D-Link Taiwan Investment	Xtramus	Taiwan	Research, development, manufacturing and sell of testing equipment for network	-	38,110	-	- %	-	6,274	(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 %	279,615	(30,336)	(30,336)	
Cameo	Qianjin Investment	Taiwan	Investment company	270,000	270,000	27,000,000	100.00 %	150,040	3,097	3,097	
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 %	43,884	(468)	(468)	

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.

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

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D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(c) Information on investment in Mainland China:

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

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 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	617,195	2	617,195	-	-	617,195	(13,581)	100.00 %	(13,581)	(181,136)	-	
Netpro	Research, development and trading business	22,156	2	20,652	-	-	20,652	1,249	100.00 %	1,249	16,494	-	
YouXiang	Technical Service and Import/Export trading business	64,050	3	-	-	-	-	(12,061)	9.86 %	-	3,503	-	
Cameo Technology Development (Shenzhen) Co., Ltd.	R&D for communications technology and products	-	2	10,223	-	-	10,223	N/A	- %	N/A	-	-	Note 3 ; Liquidation completed in March 2012.
Wide View Technology Inc.	R&D, production, and sale of electronic components	-	2	20,984	-	-	20,984	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	-	-	-	-	(802)	100.00 %	(802)	25,328	-	Note 5, 6

Note 1: Method of Investment:

Type 1: Direct investments in Mainland China

Type 2: Indirect investments in Mainland China

Type 3: Others

Note 2: The amounts in New Taiwan Dollars were translated at the exchange rates of USD 31.65 and CNY 4.51 as of September 30, 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.

(ii) Limitation on investment in Mainland China:

Company Name	Accumulated Investment in Mainland China as of September 30, 2024	Investment Amounts Authorized by the MOEAIC	Upper Limit on Investment
D-Link Corporation	637,847	637,847	(Note 1)
Cameo	31,207	35,069	1,818,364 (Note 2)

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

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

(iii) Significant transactions:

For the nine months ended September 30, 2024, the significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

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

(d) Major shareholders:

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

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

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

(14) Segment information:

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

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

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

(Continued)

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

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

For the three months ended September 30, 2024					
	American markets	European markets	Asian markets and others	Adjustments and eliminations	Total
Revenue:					
Third-party customers	\$ 225,706	871,062	2,583,719	-	3,680,487
Inter-company	<u>10,329</u>	<u>30,672</u>	<u>523,955</u>	<u>(564,956)</u>	<u>-</u>
Total revenue	<u>\$ 236,035</u>	<u>901,734</u>	<u>3,107,674</u>	<u>(564,956)</u>	<u>3,680,487</u>
Reportable segment (loss) profit	<u>\$ (52,442)</u>	<u>149,060</u>	<u>539,979</u>	<u>(374,953)</u>	<u>261,644</u>
For the three months ended September 30, 2023					
	American markets	European markets	Asian markets and others	Adjustments and eliminations	Total
Revenue:					
Third-party customers	\$ 320,445	937,677	2,566,319	-	3,824,441
Inter-company	<u>6,686</u>	<u>2,447</u>	<u>456,998</u>	<u>(466,131)</u>	<u>-</u>
Total revenue	<u>\$ 327,131</u>	<u>940,124</u>	<u>3,023,317</u>	<u>(466,131)</u>	<u>3,824,441</u>
Reportable segment (loss) profit	<u>\$ (87,693)</u>	<u>(10,993)</u>	<u>362,499</u>	<u>(163,214)</u>	<u>100,599</u>
For the nine months ended September 30, 2024					
	American markets	European markets	Asian markets and others	Adjustments and eliminations	Total
Revenue:					
Third-party customers	\$ 645,747	2,388,539	7,929,760	-	10,964,046
Inter-company	<u>51,357</u>	<u>100,585</u>	<u>926,387</u>	<u>(1,078,329)</u>	<u>-</u>
Total revenue	<u>\$ 697,104</u>	<u>2,489,124</u>	<u>8,856,147</u>	<u>(1,078,329)</u>	<u>10,964,046</u>
Reportable segment (loss) profit	<u>\$ (196,227)</u>	<u>(58,157)</u>	<u>1,016,341</u>	<u>(363,532)</u>	<u>398,425</u>

(Continued)

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

For the nine months ended September 30, 2023

	American markets	European markets	Asian markets and others	Adjustments and eliminations	Total
Revenue:					
Third-party customers	\$ 935,293	3,246,791	8,049,491	-	12,231,575
Inter-company	<u>23,013</u>	<u>12,409</u>	<u>2,198,985</u>	<u>(2,234,407)</u>	<u>-</u>
Total revenue	<u>\$ 958,306</u>	<u>3,259,200</u>	<u>10,248,476</u>	<u>(2,234,407)</u>	<u>12,231,575</u>
Reportable segment profit					
(loss)	<u>\$ (106,040)</u>	<u>(18,085)</u>	<u>1,529,936</u>	<u>(656,508)</u>	<u>749,303</u>
	American markets	European markets	Asian markets and others	Adjustments and eliminations	Total
Reportable segment assets:					
September 30, 2024	<u>\$ 2,189,831</u>	<u>4,097,323</u>	<u>26,577,771</u>	<u>(16,145,598)</u>	<u>16,719,327</u>
December 31, 2023	<u>\$ 2,373,984</u>	<u>3,973,091</u>	<u>25,593,155</u>	<u>(15,319,451)</u>	<u>16,620,779</u>
September 30, 2023	<u>\$ 2,754,379</u>	<u>4,419,624</u>	<u>26,954,463</u>	<u>(16,642,217)</u>	<u>17,486,249</u>