

**D-LINK CORPORATION
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2023 and 2022**

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 June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2023 and 2022, as well as the changes in equity and cash flows for the six months ended June 30, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant 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 \$4,997,399 thousand and \$4,964,505 thousand, constituting 27% and 32% of consolidated total assets as of June 30, 2023 and 2022, respectively, total liabilities amounting to \$1,360,383 thousand and \$1,194,420 thousand, both constituting 20% of consolidated total liabilities as of June 30, 2023 and 2022, and total comprehensive income amounting to \$80,539 thousand, \$490,848 thousand, \$56,128 thousand and \$536,206 thousand, constituting 18%, 101%, 11% and 138% of consolidated total comprehensive income for the three months and six months ended June 30, 2023 and 2022, 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, 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 June 30, 2023 and 2022, and of its consolidated financial performance for the three months and six months ended June 30, 2023 and 2022, as well as its consolidated cash flows for the six months ended June 30, 2023 and 2022 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.

The engagement partners on the reviews resulting in this independent auditors’ review report are Hsieh, Chiu-Hua and Chang, Shu-Ying.

KPMG

Taipei, Taiwan (Republic of China)
August 14, 2023

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****June 30, 2023, December 31, 2022, and June 30, 2022****(Expressed in Thousands of New Taiwan Dollar)**

Assets		June 30, 2023		December 31, 2022		June 30, 2022		Liabilities and Equity		June 30, 2023		December 31, 2022		June 30, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 3,840,114	21	2,713,085	18	2,548,344	17	2120	Financial liabilities at fair value through profit or loss — current (note 6(b))	\$ 13,083	-	15,331	-	7,255	-
1110	Financial assets at fair value through profit or loss — current (note 6(b))	395,608	2	284,830	2	237,463	2	2130	Current contract liabilities (notes 6(w) and 7)	116,892	1	109,075	1	209,660	1
1150	Notes receivable, net (note 6(c))	2,676	-	5,660	-	4,875	-	2150	Notes payable	179	-	2,056	-	173	-
1170	Accounts receivable, net (note 6(c))	3,928,075	22	3,421,795	22	3,413,996	22	2170	Accounts payable	2,293,158	12	2,198,737	14	2,230,040	15
1180	Accounts receivable due from related parties, net (notes 6(c) and 7)	7,069	-	5,027	-	4,659	-	2180	Accounts payable to related parties (note 7)	195,996	1	735,769	5	647,666	4
1197	Finance lease payment receivable (note 6(d))	35,400	-	32,553	-	28,671	-	2200	Other payables (notes 6(n) and 7)	1,181,971	6	876,143	6	1,169,316	8
1200	Other receivables (notes 6(c) and 7)	74,589	1	20,102	-	289,603	2	2230	Current tax liabilities	29,583	-	31,027	-	7,726	-
1220	Current tax assets	31,834	-	20,783	-	19,427	-	2250	Current provisions (note 6(p))	332,318	2	305,909	2	317,231	2
130X	Inventories (note 6(e))	4,699,734	26	4,069,166	26	3,881,818	25	2280	Current lease liabilities (note 6(o))	177,676	1	144,423	1	126,052	1
1421	Prepayment for purchase (note 7)	67,726	-	69,748	1	183,516	1	2320	Long-term liabilities, current portion (note (m))	122,151	1	-	-	-	-
1470	Other current assets (note 8)	408,213	2	461,119	3	420,361	3	2365	Current refund liability (note (q))	527,218	3	473,514	3	420,012	3
		<u>13,491,038</u>	<u>74</u>	<u>11,103,868</u>	<u>72</u>	<u>11,032,733</u>	<u>72</u>	2399	Other current liabilities	91,906	1	61,430	-	38,880	-
										<u>5,082,131</u>	<u>28</u>	<u>4,953,414</u>	<u>32</u>	<u>5,174,011</u>	<u>34</u>
Non-current assets:								Non-Current liabilities:							
1517	Financial assets at fair value through other comprehensive income — non-current (note 6(b))	19,572	-	16,703	-	18,733	-	2540	Long-term borrowings (note 6(m))	712,108	4	-	-	-	-
1550	Investments accounted for using equity method (note 6(f))	7,871	-	1,420,297	9	1,385,150	9	2570	Deferred tax liabilities (note 6(t))	331,517	2	323,120	2	384,353	2
1600	Property, plant and equipment (notes 6(i) and 8)	2,346,319	12	978,816	6	1,027,441	7	2580	Non-current lease liabilities (note 6(o))	322,788	2	309,563	2	275,209	2
1755	Right-of-use assets (note 6(j))	361,128	2	303,509	2	241,988	2	2600	Other non-current liabilities (note 6(s))	243,615	1	273,988	2	260,521	2
1760	Investment property, net (note 6(k))	38,282	-	38,480	-	38,678	-		Total liabilities	<u>6,692,159</u>	<u>37</u>	<u>5,860,085</u>	<u>38</u>	<u>6,094,094</u>	<u>40</u>
1780	Intangible assets (note 6(l))	869,752	5	516,922	3	497,485	3	Equity attributable to owners of parent: (note 6(u))							
1840	Deferred tax assets (note 6(t))	785,543	4	687,114	5	733,877	5	3110	Ordinary shares	5,998,365	33	5,998,365	39	5,998,365	39
1990	Other non-current assets (notes 6(s) and 8)	320,513	2	243,868	2	202,899	1	3200	Capital surplus	1,342,623	7	1,342,623	9	1,342,623	9
194D	Long-term lease payment receivable, net (note 6(d))	95,582	1	111,964	1	125,055	1	Retained earnings:							
		<u>4,844,562</u>	<u>26</u>	<u>4,317,673</u>	<u>28</u>	<u>4,271,306</u>	<u>28</u>	3310	Legal reserve	2,144,259	12	2,129,290	14	2,129,290	14
								3320	Special reserve	693,165	4	693,165	4	693,165	4
								3350	Unappropriated retained earnings (accumulated deficit)	509,159	2	149,686	1	(176,528)	(1)
										<u>3,346,583</u>	<u>18</u>	<u>2,972,141</u>	<u>19</u>	<u>2,645,927</u>	<u>17</u>
								3400	Other equity interest	(1,493,986)	(8)	(1,403,457)	(9)	(1,363,721)	(9)
								3500	Treasury stocks	(82,823)	-	-	-	-	-
										<u>9,110,762</u>	<u>50</u>	<u>8,909,672</u>	<u>58</u>	<u>8,623,194</u>	<u>56</u>
								36XX	Non-controlling interests (notes 6(h) and (u))	2,532,679	13	651,784	4	586,751	4
										<u>11,643,441</u>	<u>63</u>	<u>9,561,456</u>	<u>62</u>	<u>9,209,945</u>	<u>60</u>
Total assets		<u>\$ 18,335,600</u>	<u>100</u>	<u>15,421,541</u>	<u>100</u>	<u>15,304,039</u>	<u>100</u>	Total liabilities and equity		<u>\$ 18,335,600</u>	<u>100</u>	<u>15,421,541</u>	<u>100</u>	<u>15,304,039</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 six months ended June 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollar, Except for Earnings Per Common Share)**

	For the three months ended				For the six months ended				
	June 30				June 30				
	2023		2022		2023		2022		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Net operating revenues (notes 6(w) and 7)								
	\$ 4,151,226	100	4,157,001	100	8,407,134	100	8,171,800	100	
5000	Operating costs (notes 6(e), (s) and 7)								
	3,102,944	75	2,930,059	70	6,283,668	75	6,137,111	75	
	Gross profit from operations								
	1,048,282	25	1,226,942	30	2,123,466	25	2,034,689	25	
	Operating expenses: (notes 6(c), (i), (j), (k), (l), (o), (r), (s) and (x))								
6100	Selling expenses	585,158	14	577,689	14	1,148,698	14	1,137,900	14
6200	Administrative expenses	233,506	6	288,928	7	453,956	5	485,216	6
6300	Research and development expenses	186,613	4	135,055	3	315,452	4	270,180	3
6450	Expected credit losses (reversal gain) (note 6(c))	(1,622)	-	(1,525)	-	4,422	-	(3,309)	-
		1,003,655	24	1,000,147	24	1,922,528	23	1,889,987	23
	Net operating income	44,627	1	226,795	6	200,938	2	144,702	2
	Non-operating income and expenses:								
7100	Interest income (notes 6(y) and 7)	21,130	1	4,532	-	27,581	1	8,261	-
7010	Other income (notes 6(y) and 7)	971	-	1,606	-	2,177	-	2,622	-
7020	Other gains and losses (notes 6(f), (y), (aa) and 7)	408,699	9	(94,846)	(3)	437,186	5	(143,694)	(2)
7050	Finance costs (notes 6(o) and (y))	(10,653)	-	(3,949)	-	(15,309)	-	(8,559)	-
7060	Share of profit of associates accounted for using equity method (note 6(f))	(877)	-	1,937	-	(3,869)	-	(26,990)	-
		419,270	10	(90,720)	(3)	447,766	6	(168,360)	(2)
	Profit (loss) before tax	463,897	11	136,075	3	648,704	8	(23,658)	-
7950	Less: Income tax expenses (note 6(t))	50,695	1	96,381	2	60,551	1	96,532	1
	Net profit (loss)	413,202	10	39,694	1	588,153	7	(120,190)	(1)
8300	Other comprehensive income (loss):								
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss (note 6(u))								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(2,204)	-	(9,683)	-	3,032	-	(14,699)	-
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	-	-	(5,309)	-	8,473	-	(10,167)	-
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
		(2,204)	-	(14,992)	-	11,505	-	(24,866)	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss (notes 6(u) and (z))								
8361	Exchange differences on translation of foreign financial statements	9,523	-	562,292	13	(143,683)	(2)	624,952	7
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	(454)	-	(3,806)	-	843	-	14,392	-
8399	Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(t))	19,014	1	(95,207)	(2)	45,479	1	(106,729)	(1)
		28,083	1	463,279	11	(97,361)	(1)	532,615	6
8300	Other comprehensive (loss) income, net	25,879	1	448,287	11	(85,856)	(1)	507,749	6
	Total comprehensive income	\$ 439,081	11	487,981	12	502,297	6	387,559	5
	Net profit attributable to:								
8610	Owners of parent	\$ 385,330	9	3,321	-	524,462	6	(176,528)	(2)
8620	Non-controlling interests	27,872	1	36,373	1	63,691	1	56,338	1
		\$ 413,202	10	39,694	1	588,153	7	(120,190)	(1)
	Comprehensive income attributable to:								
8710	Owners of parent	\$ 401,445	10	453,703	11	429,827	5	325,786	4
8720	Non-controlling interests	37,636	1	34,278	1	72,470	1	61,773	1
		\$ 439,081	11	487,981	12	502,297	6	387,559	5
	Basic earnings (loss) per share (New Taiwan dollars) (note 6(v))	\$ 0.64		0.01		0.88		(0.29)	
	Diluted earnings (loss) per share (New Taiwan dollars) (note 6(v))	\$ 0.64		0.01		0.87		(0.29)	

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 six months ended June 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollar)**

	Equity attributable to owners of parent										
	Retained earnings					Total other equity interest					
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Treasury stock	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2022	\$ 5,998,365	1,522,573	2,110,026	412,952	299,477	(1,863,596)	(2,439)	-	8,477,358	524,978	9,002,336
Net (loss) profit for the six months ended June 30, 2022	-	-	-	-	(176,528)	-	-	-	(176,528)	56,338	(120,190)
Other comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	-	527,180	(24,866)	-	502,314	5,435	507,749
Total comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	(176,528)	527,180	(24,866)	-	325,786	61,773	387,559
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	19,264	-	(19,264)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	280,213	(280,213)	-	-	-	-	-	-
Cash dividends from capital surplus	-	(179,950)	-	-	-	-	-	-	(179,950)	-	(179,950)
Balance at June 30, 2022	\$ 5,998,365	1,342,623	2,129,290	693,165	(176,528)	(1,336,416)	(27,305)	-	8,623,194	586,751	9,209,945
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 six months ended June 30, 2023	-	-	-	-	524,462	-	-	-	524,462	63,691	588,153
Other comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	-	(106,140)	11,505	-	(94,635)	8,779	(85,856)
Total comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	524,462	(106,140)	11,505	-	429,827	72,470	502,297
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	14,969	-	(14,969)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(134,717)	-	-	-	(134,717)	-	(134,717)
Changes in equity of associates accounted for using equity method	-	-	-	-	17	-	-	-	17	-	17
Disposal of investments accounted for using equity method	-	-	-	-	(15,320)	(11,214)	15,320	-	(11,214)	-	(11,214)
Shares of the parent company held by its subsidiaries which are regarded as treasury stocks	-	-	-	-	-	-	-	(82,823)	(82,823)	-	(82,823)
Acquired changes in non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	1,850,939	1,850,939
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(42,514)	(42,514)
Balance at June 30, 2023	\$ 5,998,365	1,342,623	2,144,259	693,165	509,159	(1,476,618)	(17,368)	(82,823)	9,110,762	2,532,679	11,643,441

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 six months ended June 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollar)**

	For the six months ended June 30	
	2023	2022
Cash flows from operating activities:		
Profit (Loss) before tax	\$ 648,704	(23,658)
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	135,029	104,240
Amortization expense	17,550	18,134
Expected credit loss (reversal gain)	4,422	(3,309)
Net gain on financial assets or liabilities at fair value through profit or loss	(24,094)	(24,886)
Interest expense	15,309	8,559
Interest income	(27,581)	(8,261)
Share of loss of associates accounted for using equity method	3,869	26,990
Gain on disposal of investments	(350,426)	(4,681)
Write-down loss of inventories to net realizable value	167,606	16,068
Other	90,904	116,793
Total adjustments to reconcile profit	<u>32,588</u>	<u>249,647</u>
Changes in operating assets and liabilities:		
(Increase) decrease in financial assets at fair value through profit or loss	(78,499)	62,335
Decrease in notes receivable	2,984	408
Increase in accounts receivable	(173,122)	(2,470)
Decrease in accounts receivable due from related parties	1,099	5,756
Decrease (increase) in other receivables	55,236	(15,281)
Decrease in lease payment receivable	15,254	13,147
Decrease (increase) in inventories	271,222	(666,438)
Decrease (increase) in prepayment for purchase	2,022	(9,860)
Decrease (increase) in other current assets	91,025	(45,923)
Decrease (increase) in other non-current assets	12,470	(19,051)
Total changes in operating assets	<u>199,691</u>	<u>(677,377)</u>
(Decrease) increase in current contract liabilities	(11,286)	74,827
(Decrease) increase in notes payable	(1,877)	162
Decrease in accounts payable	(909,041)	(106,700)
Increase in accounts payable to related parties	202,847	360,107
(Decrease) increase in other payable	(11,346)	86,033
Decrease in current provisions	(8,949)	(6,360)
Increase (decrease) in current refund liabilities	53,704	(36,687)
Decrease in other current liabilities	(3,680)	(12,185)
(Decrease) increase in other non current liabilities	(21,999)	4,719
Total changes in operating liabilities	<u>(711,627)</u>	<u>363,916</u>
Total changes in operating assets and liabilities	<u>(511,936)</u>	<u>(313,461)</u>
Total adjustments	<u>(479,348)</u>	<u>(63,814)</u>
Cash flows from (used in) operations	169,356	(87,472)
Interest received	27,581	7,934
Interest paid	(15,309)	(13,076)
Income taxes paid	(135,644)	(56,420)
Net cash flows from (used in) operating activities	<u>45,984</u>	<u>(149,034)</u>
Cash flows from investing activities:		
Net cash flow from acquisition of subsidiaries	1,446,744	-
Acquisition of property, plant and equipment	(22,645)	(26,633)
Proceeds from disposal of property, plant and equipment	260	49
(Increase) decrease in refundable deposits	(22,284)	4,584
Acquisition of intangible assets	(9,109)	(21,809)
Other investing activities	(3,035)	(3,954)
Net cash flows from (used in) investing activities	<u>1,389,931</u>	<u>(47,763)</u>
Cash flows from financing activities:		
Decrease in guarantee deposits received	(8,374)	(5,068)
Payment of lease liabilities	(83,777)	(69,823)
Decrease in long-term borrowings	(30,538)	-
Cash dividends paid	(42,514)	-
Net cash flows used in financing activities	<u>(165,203)</u>	<u>(74,891)</u>
Effect of exchange rate changes on cash and cash equivalents	(143,683)	624,952
Net increase in cash and cash equivalents	1,127,029	353,264
Cash and cash equivalents at the beginning of period	2,713,085	2,195,080
Cash and cash equivalents at the end of period	<u>\$ 3,840,114</u>	<u>2,548,344</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

June 30, 2023 and 2022

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

(1) Company history

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

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

The accompanying consolidated financial statements were approved and authorized for release by the Board of Directors on August 14, 2023.

(3) New standards, amendments and interpretations adopted:

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

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

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

(Continued)

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

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

The following new and amended standards, which may be relevant to the Consolidated Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	<p>Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance.</p> <p>The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.</p>	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	<p>After reconsidering certain aspects of the 2020 amendments to IAS 1, new amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current.</p> <p>Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.</p>	January 1, 2024

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

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IFRS 16 “Requirements for Sale and Leaseback Transactions”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IAS12 “International Tax Reform – Pillar Two Model Rules”

(4) Summary of significant accounting policies:

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

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” (hereinafter referred to as “the Regulations”) and 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.

(b) Basis of Preparation

(i) Basis of Measurement

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

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

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

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the 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
			June 30, 2023	December 31, 2022	June 30, 2022	
The Company	D-Link Holding Company Ltd. (D-Link Holding)	Investment company	100.00 %	100.00 %	100.00 %	Note 1
The Company	D-Link Canada Inc. (D-Link Canada)	Sales and after-sales service	- %	100.00 %	100.00 %	The Company sold 100% of its shareholding in D-Link Canada to D-Link Systems in January 2023. 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	Cameo Communications, Inc. (Cameo)	Manufacturing, sales, research and development	41.58 %	- %	- %	Cameo became a consolidated subsidiary of the Company 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
			June 30, 2023	December 31, 2022	June 30, 2022	
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 %	100.00 %	In liquidation process
The Company and D-Link Holding	D-Link Systems, Inc. (D-Link Systems)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	D-Link Holding transferred 1.56% of its shareholding in D-Link Systems to the Company in November 2022. Note 1
D-Link Systems	D-Link Canada	Sales and after sales service	100.00 %	- %	- %	D-Link Systems acquired 100% of the shareholdings in D-Link Canada from the Company in January 2023. 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 and D-Link International	D-Link Australia Pty Ltd. (D-Link Australia)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	D-Link International transferred 0.1% of its shareholding in D-Link Australia to the Company in December 2022. Note 1
The Company and D-Link International	D-Link Middle East FZE (D-Link ME)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	D-Link Middle East FZCO became a major subsidiary of the Consolidated Company in 2023, and was renamed to D-Link Middle East FZE in April 2023.
D-Link International	D-Link Korea Limited (D-Link Korea)	Sales and after-sales service	100.00 %	100.00 %	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 Russia Investment Co., Ltd. (D-Link Russia Investment)	Investment Company	100.00 %	100.00 %	100.00 %	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 Lithuania	D-Link Service (Ukraine) (D-Link Ukraine)	Sales and after sales service	100.00 %	- %	- %	Note 1
D-Link Lithuania	D-Link Service (Kazakhstan) (D-Link Kazakhstan)	Sales and after sales service	100.00 %	- %	- %	Note 1
The Company	Yeo-Tai Investment Inc. (Yeotai)	Investment company	100.00 %	100.00 %	100.00 %	

(Continued)

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

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			June 30, 2023	December 31, 2022	June 30, 2022	
D-Link Holding	D-Link (Europe) Ltd. (D-Link Europe)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	
D-Link Holding	D-Link Shiang-Hai (Cayman) Inc. (D-Link Shiang-Hai (Cayman))	Investment company	100.00 %	100.00 %	100.00 %	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) Co., Ltd (D-Link Shanghai)	Sales and after-sales service	100.00 %	100.00 %	100.00 %	Note 1
D-Link Shiang-Hai (Cayman)	Netpro (Shanghai) Co., Ltd (Netpro)	Research, development and trading	100.00 %	100.00 %	100.00 %	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
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
D-Link Sudamerica	D-Link Argentina S.A.	Sales and after-sales service	100.00 %	100.00 %	100.00 %	In liquidation process
Cameo	Qianjin Investment Co., Ltd.(Qianjin Investment)	Investment company	100.00 %	- %	- %	
Cameo	Huge Castle Ltd (Huge Castle)	Investment company	100.00 %	- %	- %	
Qianjin Investment	Soarnex Technology Corporation (Soarnex Technology)	International trade, and wholesale of telecommunications equipment and information software	100.00 %	- %	- %	Note 2
Huge Castle	Perfect Choice Co., Ltd. (PC)	Investment company and trading	100.00 %	- %	- %	

(Continued)

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

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			June 30, 2023	December 31, 2022	June 30, 2022	
Huge Castle	Luis Jo'se Investment Inc. (Luis Jo'se)	Investment company	100.00 %	- %	- %	Note 1
PC	Nettech Technology (Suzhou) Co., Ltd	Production, processing, and sale of electronic communications equipment	100.00 %	- %	- %	Note 3
Luis Jo'se	Suzhou Soarnex Technology Co., Ltd	Software development and software services on computer information systems	100.00 %	- %	- %	Note 1

Note 1: It was a non-significant subsidiary and the financial statements were not reviewed by independent auditors.

Note 2: Soarnex Technology was dissolved based on a resolution of the Board of Directors 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 of Directors held in November 2022 resolved the liquidation of Nettech Technology (Suzhou) Co., Ltd. The liquidation procedures have already commenced, and it is expected to be completed at the end of 2023.

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

(d) Business combination

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

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

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

(Continued)

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

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

(e) Inventories

The original cost of inventories refers to the necessary expenditures incurred to bring the inventories to the state and location available for sale, or the acquisition, production or processing costs, and other costs, incurred to bring the inventory to the location and state available for use. Subsequently, inventories are measured at the lower of cost and net realizable value, wherein the cost is calculated using the weighted-average method. Net realizable value is based on the estimated selling price of inventories less all further costs to completion and all relevant marketing and selling costs. Related expenses/losses and incomes of inventory are included in the cost of sales.

(f) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

- 1) Buildings and improvements: 5~60 years
- 2) Machinery equipment : 2~10 years

(Continued)

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

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

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

(iv) Reclassification to investment property

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

(g) 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.

(h) Income Taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 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, 2022. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2022.

(6) Explanation of significant accounts:

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the 2022 annual consolidated financial statements. Please refer to Note 6 of the 2022 annual consolidated financial statements.

(a) Cash and Cash Equivalents

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand	\$ 5,007	4,173	86,555
Checking and saving accounts	2,921,554	2,530,494	2,363,860
Time deposit	<u>913,553</u>	<u>178,418</u>	<u>97,929</u>
Cash and Cash Equivalents	<u>\$ 3,840,114</u>	<u>2,713,085</u>	<u>2,548,344</u>

Please refer to 6(aa) 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

	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets mandatorily measured at fair value through profit or loss - current			
Beneficiary certificates – mutual funds	\$ 355,626	267,398	221,073
Cross currency swaps	29,402	17,234	8,319
Forward foreign exchange contracts	<u>10,580</u>	<u>198</u>	<u>8,071</u>
	<u><u>\$ 395,608</u></u>	<u><u>284,830</u></u>	<u><u>237,463</u></u>
Financial liabilities at fair value through profit or loss - current			
Cross currency swaps	\$ 8,517	1,361	7,249
Forward foreign exchange contracts	<u>4,566</u>	<u>13,970</u>	<u>6</u>
	<u><u>\$ 13,083</u></u>	<u><u>15,331</u></u>	<u><u>7,255</u></u>
	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets at fair value through other comprehensive income - non-current			
YouXiang Electronic Technology (Beijing) Co., Ltd. (YouXiang)	\$ 3,777	4,111	4,088
Kaimei Electronic Corp. (Kaimei)	15,593	12,377	14,444
StemCyte International. LTD (Stemcyte)	<u>202</u>	<u>215</u>	<u>201</u>
	<u><u>\$ 19,572</u></u>	<u><u>16,703</u></u>	<u><u>18,733</u></u>

- 1) On July 14, 2022, Kaimei reduced its capital by 20% in cash and refund the capital reduction payment amounting to \$578 thousand.
- 2) For disclosures on credit, currency and interest rate risks in financial instruments, please refer to note 6(aa).
- 3) As of June 30, 2023, December 31, 2022 and June 30, 2022, no financial assets are pledged as collateral.

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

(ii) Sensitivity analysis – equity market price risk:

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

Security price at reporting date	For the six months ended June 30,			
	2023		2022	
	After-tax other comprehensive income (loss)	After-tax profit (loss)	After-tax other comprehensive income (loss)	After-tax profit (loss)
Increase 3%	\$ <u>559</u>	<u>8,322</u>	<u>531</u>	<u>5,173</u>
Decrease 3%	\$ <u>(559)</u>	<u>(8,322)</u>	<u>(531)</u>	<u>(5,173)</u>

(iii) Non-hedging-derivative financial instruments

Derivative financial instruments are used to hedge certain foreign exchange and interest risk arising from the Consolidated Company's operating, financing and investing activities. As of June 30, 2023, December 31, 2022 and June 30, 2022, transactions that did not qualify for hedging accounting have been presented as the following held-for-trading financial assets:

1) Derivative financial assets

	June 30, 2023			December 31, 2022			June 30, 2022		
	Contract amount (thousand)	Currency	Maturity date	Contract amount (thousand)	Currency	Maturity date	Contract amount (thousand)	Currency	Maturity date
Cross currency swaps:									
USD	\$ 20,200	USD	2023.07-08	28,200	USD	2023.01-03	19,700	USD	2022.07-09
GBP	-	-	-	-	-	-	800	GBP	2022.07
EUR	7,700	EUR	2023.07-08	-	-	-	6,300	EUR	2022.07
JPY	160,000	JPY	2023.07	1,800,000	JPY	2023.01-02	-	-	-
CNH	115,292	CNH	2023.07	127,134	CNH	2023.01	-	-	-
AUD	600	AUD	2023.07	-	-	-	1,200	AUD	2022.07
CAD	2,400	CAD	2023.07	-	-	-	-	-	-
Forward foreign exchange contracts:									
AUD (sell)	500	AUD	2023.08	-	-	-	-	-	-
CAD (sell)	500	CAD	2023.08	900	CAD	2023.01-02	700	CAD	2022.08
EUR (sell)	7,100	EUR	2023.07-09	1,400	EUR	2023.02	4,000	EUR	2022.07-08
BRL (sell)	4,815	BRL	2023.07	-	-	-	30,312	BRL	2022.07
KRW (sell)	4,228,940	KRW	2023.07-08	-	-	-	3,476,340	KRW	2022.07-08
INR (sell)	20,511	INR	2023.07	-	-	-	31,590	INR	2022.07
JPY (sell)	460,000	JPY	2023.07-08	-	-	-	100,000	JPY	2022.07
IDR (sell)	16,472,500	IDR	2023.07	-	-	-	-	-	-

(Continued)

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

2) Derivative financial liabilities

	June 30, 2023			December 31, 2022			June 30, 2022		
	Contract amount (thousand)	Currency	Maturity date	Contract amount (thousand)	Currency	Maturity date	Contract amount (thousand)	Currency	Maturity date
Cross currency swaps:									
CNH	33,602	CNH	2023.07	41,664	CNH	2023.01	130,670	CNH	2022.08
EUR	-	-	-	3,200	EUR	2023.01-02	-	-	-
JPY	1,800,000	JPY	2023.07	-	-	-	1,800,000	JPY	2022.07-08
CAD	700	CAD	2023.07	500	CAD	2023.01	600	CAD	2022.07
AUD	-	-	-	600	AUD	2023.01	-	-	-
Forward foreign exchange contracts:									
IDR (sell)	-	-	-	21,805,000	IDR	2023.01	-	-	-
BRL (sell)	10,321	BRL	2023.07	26,625	BRL	2023.01	-	-	-
INR (sell)	53,396	INR	2023.07	227,782	INR	2023.01	94,907	INR	2022.07
CAD (sell)	-	-	-	1,000	CAD	2023.02	-	-	-
EUR (sell)	7,900	EUR	2023.07-08	6,300	EUR	2023.01-02	-	-	-
AUD (sell)	-	-	-	1,700	AUD	2023.01-03	-	-	-
KRW (sell)	-	-	-	4,420,970	KRW	2023.01	-	-	-
JYP (sell)	-	-	-	1,025,060	JPY	2023.01-03	-	-	-
CNH (buy)	32,090	CNH	2023.07	24,301	CNH	2023.01	-	-	-

(c) Notes and accounts receivable and other receivables

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable for operating activities	\$ 2,676	5,660	4,875
Accounts receivable - measured at amortized cost	3,979,188	3,498,986	3,500,014
Accounts receivable - fair value through other comprehensive income	33,845	-	-
Account receivable - related parties	7,270	5,127	4,803
Other receivables	40,346	20,102	289,603
Other receivables - factoring of accounts receivable	47,796	-	-
	<u>4,111,121</u>	<u>3,529,875</u>	<u>3,799,295</u>
Less: Loss Provision	<u>(98,712)</u>	<u>(77,291)</u>	<u>(86,162)</u>
	<u>\$ 4,012,409</u>	<u>3,452,584</u>	<u>3,713,133</u>

(i) Account receivable - fair value through other comprehensive income:

The Consolidated Company evaluated the part of the accounts receivable that was held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial assets, therefore, these accounts receivable were measured at fair value through other comprehensive income.

(Continued)

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

(ii) Other receivables - factoring of accounts receivable:

The Consolidated Company entered into factoring of accounts receivable agreement with banks. According to the agreement, within the limit of the Consolidated Company's credit facilities, it does not need to guarantee the debtor's solvency at the time when the claim is transferred and the obligations are due, and there is no right of recourse. Upon the sale of accounts receivable, the Consolidated Company can obtain a proportion of the amount agreed in the agreement and pay interest at the agreed rate from the date of sale to the payment by the customer. The remaining amount are received upon the collection of accounts receivable. In addition, the Consolidated Company needs to pay a certain percentage for the handling fees.

The Consolidated Company has transferred substantially all the risks and rewards of ownership of the above accounts receivable and has no continuing involvement in it, so it qualifies for derecognition of financial asset. After factoring of accounts receivable are derecognized, the creditor's rights to financial institutions shall be recognized in other receivables.

(iii) Loss provision:

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:

	June 30, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss provision
Current	\$ 3,192,539	0.41%	13,178
90 days or less past due	807,077	0.34%	2,741
91 to 180 days past due	18,058	13.47%	2,433
181 to 270 days past due	1,685	49.81%	839
271 to 360 days past due	1,828	74.28%	1,358
More than 360 days past due	<u>89,934</u>	86.91%	<u>78,163</u>
	<u><u>\$ 4,111,121</u></u>		<u><u>98,712</u></u>

(Continued)

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

	December 31, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss provision
Current	\$ 2,782,658	0.38%	10,705
90 days or less past due	668,017	0.43%	2,887
91 to 180 days past due	4,019	17.75%	713
181 to 270 days past due	986	41.45%	409
271 to 360 days past due	213	70.32%	150
More than 360 days past due	<u>73,982</u>	84.38%	<u>62,427</u>
	<u><u>\$ 3,529,875</u></u>		<u><u>77,291</u></u>
	June 30, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss provision
Current	\$ 3,286,108	0.34%	11,251
90 days or less past due	424,149	0.23%	980
91 to 180 days past due	3,482	13.52%	471
181 to 270 days past due	912	57.91%	528
271 to 360 days past due	985	80.81%	796
More than 360 days past due	<u>83,659</u>	86.23%	<u>72,136</u>
	<u><u>\$ 3,799,295</u></u>		<u><u>86,162</u></u>

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

	For the six months ended June 30,	
	2023	2022
Balance at January 1, 2023 and 2022	\$ 77,291	83,158
Expected credit loss (reversal)	4,422	(3,309)
Amounts written off	-	(22)
Acquisition of subsidiaries	13,553	-
Others	<u>3,446</u>	<u>6,335</u>
Balance at June 30, 2023 and 2022	<u><u>\$ 98,712</u></u>	<u><u>86,162</u></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:

	June 30, 2023	December 31, 2022	June 30, 2022
Less than one year	\$ 38,919	36,559	32,238
One to two years	40,127	38,978	36,572
Two to three years	41,371	40,187	38,018
Three to four years	17,680	37,944	39,197
Four to five years	<u>-</u>	<u>-</u>	<u>26,908</u>
Total lease payments receivable	138,097	153,668	172,933
Unearned finance income	<u>(7,115)</u>	<u>(9,151)</u>	<u>(19,207)</u>
Total lease payments receivable (Present value of lease payments receivable)	<u>\$ 130,982</u>	<u>144,517</u>	<u>153,726</u>

(e) Inventories

	June 30, 2023	December 31, 2022	June 30, 2022
Raw materials	\$ 646,249	-	-
Work in process and Semi-finished products	89,514	-	-
Merchandise and finished goods	<u>3,963,971</u>	<u>4,069,166</u>	<u>3,881,818</u>
	<u>\$ 4,699,734</u>	<u>4,069,166</u>	<u>3,881,818</u>

The operating cost comprises of cost of goods sold, write-down loss (reversal of write-down loss) of inventories to net realizable value, warranty costs and other loss (gain). For the three months and the six months ended June 30, 2023 and 2022, the cost of good sold were \$2,986,850 thousand, \$3,078,546 thousand, \$6,019,231 thousand, and \$6,014,625 thousand, respectively. The loss on product warranty, obsolescence and order cancellation amounted to \$43,520 thousand, \$58,698 thousand, \$96,831 thousand and \$106,418 thousand for the three months ended and the six months ended June 30, 2023 and 2022, respectively. For the three months ended June 30, 2023, and six months ended June 30, 2023 and 2022, the Consolidated Company recognized write-down loss of inventories to net realizable value of \$72,574 thousand, \$167,606 thousand and \$16,068 thousand, respectively, because of the shortage of materials and the increase in logistics time to increase stocking. For the three months ended June 30, 2022, the Consolidated Company reassessed the net realizable value of inventories in consideration of the market share trend and the life cycle of the products, and reversed the write-down loss of inventories to net realizable value to reduce the cost of goods sold by \$207,185 thousand.

(Continued)

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

As of June 30, 2023, December 31, 2022 and June 30, 2022, no inventories were pledged as collateral.

(f) Investments accounted for using equity methods

Investments accounted for using equity methods were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Associates	\$ <u>7,871</u>	<u>1,420,297</u>	<u>1,385,150</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		
			June 30, 2023	December 31, 2022	June 30, 2022
Cameo Communications, Inc. (Cameo)	Its major business activities are the manufacturing and sales of network system equipment and related components, as well as research and development of related technologies. It also serves as the supplier of the 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:

	December 31, 2022	June 30, 2022
Current assets	\$ 3,871,200	3,813,298
Non-current assets	1,732,411	1,791,801
Current liabilities	1,484,128	1,493,821
Non-current liabilities	<u>885,525</u>	<u>1,010,250</u>
Net assets	<u>\$ 3,233,958</u>	<u>3,101,028</u>
Net assets attributable to investee's shareholders	<u>\$ 3,233,958</u>	<u>3,101,028</u>

(Continued)

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

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Operating revenue	\$ -	609,458	1,070,847	1,231,944
Net income (loss)	\$ -	30,735	10,962	(34,827)
Other comprehensive income (loss)	-	(28,389)	22,229	5,504
Total comprehensive income (loss)	\$ -	2,346	33,191	(29,323)
Total comprehensive income (loss) attributable to investee's shareholders	\$ -	2,346	33,191	(29,323)

	For the six months ended June 30,	
	2023	2022
The Consolidated Company's share in associate's net assets at beginning of year	\$ 1,344,613	1,301,552
Comprehensive income (loss) attributable to the Consolidated Company	14,722	(12,192)
The Consolidated Company's share in associate's net assets at end of year	1,359,335	1,289,360
Less: unrealized gains	(43,934)	(16,321)
Add: goodwill	102,489	102,489
Disposal of investment of associates	(1,417,890)	-
Carrying amounts of investments accounted for using equity method	\$ -	1,375,528

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

(Continued)

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

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.

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amounts of insignificant associates	\$ <u>7,871</u>	<u>3,666</u>	<u>9,622</u>
	For the three months ended June 30,	For the six months ended June 30,	
	2023	2022	2023
Attributable to the Consolidated Company			
(Loss) profit from continuing operations	\$ (877)	(5,426)	5,036
Other comprehensive (loss) income	<u>(454)</u>	<u>2,688</u>	<u>(831)</u>
Total comprehensive (loss) income	<u>\$ (1,331)</u>	<u>(2,738)</u>	<u>4,205</u>
	<u>(3,437)</u>		

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

	June 30, 2023	December 31, 2022	June 30, 2022
Cameo	\$ <u>-</u>	<u>1,416,590</u>	<u>1,184,159</u>

(ii) Pledges

As of June 30, 2023, December 31, 2022 and June 30, 2022, no investment accounted for using equity methods has been pledged as collateral.

(g) Acquisition of subsidiaries

- (i) On April 1, 2023, the Consolidated Company acquired control of Cameo, who manufactures, sells, and develops network system equipment and related components, with a shareholding of 41.58%. During the three-month period from the acquisition date to June 30, 2023, the revenue and net loss incurred from Cameo were \$370,092 thousand and \$9,961 thousand, respectively, to the Consolidated Company results. If the acquisition occurred on January 1, 2023, management estimates that consolidated revenue would have been \$8,811,036 thousand and consolidated profit after income tax would have been \$599,115 thousand. In determining these amounts, the management has assumed that provisional fair value adjustments arose on the acquisition date would have been the same if the acquisition had occurred on January 1, 2023.

(Continued)

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

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

The fair value of Cameo's equity held by the Consolidated Company at the acquisition date	\$ 1,746,669
Non-controlling interests' share of identifiable net assets upon acquisition	<u>1,850,939</u>
	<u>\$ 3,597,608</u>

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:

Cash and cash equivalents	\$ 1,446,744
Accounts receivable and other receivables	1,193,708
Inventories (note 6 (e))	1,105,987
Property, plant and equipment (note 6 (i))	1,428,699
Right-of-use assets	68,161
Intangible assets (note 6 (l))	12,434
Net defined benefit assets	35,732
Other assets	7,513
Accounts payable and other payables	(1,186,746)
Lease liabilities	(68,370)
Short-term and long-term borrowings	(864,797)
Deferred tax liabilities	<u>(10,816)</u>
Total identifiable net assets acquired	<u>\$ 3,168,249</u>
Less : treasury stock	<u>82,823</u>
Goodwill	<u>\$ 346,536</u>

The Consolidated Company will regularly monitor all of the above items during the measurement period. If there is information discovered within one year from the acquisition date about facts and circumstances that existed at the acquisition date which leads to an adjustment to the above provision amounts, or any additional provisions existed as at the acquisition date, then the acquisition accounting will be revised.

(Continued)

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

(h) Subsidiaries have material non-controlling interests

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

Name of subsidiary	Main operating location/ Registered country of the Company	Ownership interests/voting rights held by NCI		
		June 30, 2023	December 31, 2022	June 30, 2022
D-Link India	India	48.98 %	48.98 %	48.98 %
Cameo	Taiwan	58.42 %	- %	- %

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

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

	June 30, 2023	December 31, 2022	June 30, 2022	
Current assets	\$ 2,073,699	1,945,176	1,830,639	
Non-current assets	624,890	585,254	571,639	
Current liabilities	791,969	818,382	837,602	
Non-current liabilities	36,513	21,414	18,327	
Net assets	<u>\$ 1,870,107</u>	<u>1,690,634</u>	<u>1,546,349</u>	
Net assets attributable to non-controlling interests	<u>\$ 737,239</u>	<u>651,784</u>	<u>586,751</u>	
	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Operating revenues	<u>\$ 1,112,306</u>	<u>1,113,797</u>	<u>2,256,806</u>	<u>2,115,564</u>
Net profit	\$ 68,788	74,260	141,916	115,022
Other comprehensive income (loss)	34,564	(4,276)	32,553	11,096
Total comprehensive income	<u>\$ 103,352</u>	<u>69,984</u>	<u>174,469</u>	<u>126,118</u>
Net income attributable to non-controlling interests	<u>\$ 33,691</u>	<u>36,373</u>	<u>69,510</u>	<u>56,338</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 50,620</u>	<u>34,278</u>	<u>85,454</u>	<u>61,773</u>

(Continued)

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

	For the six months ended June 30,	
	2023	2022
Cash flows from (used in) operating activities	\$ 71,883	(53,488)
Cash flows (used in) from investing activities	(89,025)	56,699
Cash flows from financing activities	<u>29</u>	<u>197</u>
Net (decrease) increase in cash and cash equivalents	<u>\$ (17,113)</u>	<u>3,408</u>

The financial information of Cameo was summarized as follows:

	June 30, 2023	
Current assets	\$ 3,319,241	
Non-current assets	1,695,129	
Current liabilities	1,018,256	
Non-current liabilities	<u>804,126</u>	
Net assets	<u>\$ 3,191,988</u>	
Net assets attributable to non-controlling interests	<u>\$ 1,795,440</u>	
	For the three months ended June 30, 2023	For the six months ended June 30, 2023
Operating revenues	<u>\$ 804,525</u>	<u>804,525</u>
Net loss	\$ (9,961)	(9,961)
Other comprehensive loss	<u>(12,264)</u>	<u>(12,264)</u>
Total comprehensive loss	<u>\$ (22,225)</u>	<u>(22,225)</u>
Net loss attributable to non-controlling interests	<u>\$ (5,819)</u>	<u>(5,819)</u>
Total comprehensive loss attributable to non-controlling interests	<u>\$ (12,984)</u>	<u>(12,984)</u>
Cash flows from operating activities		\$ 144,056
Cash flows from investing activities		8,770
Cash flows used in financing activities		(63,069)
Impact of the changes in exchange rates on cash and cash equivalents		<u>(8,237)</u>
Net increase in cash and cash equivalents		<u>\$ 81,520</u>
Dividends paid to non-controlling interests		<u>\$ 42,514</u>

(Continued)

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

(i) Property, plant and equipment

For the six months ended June 30, 2023

	Balance at January 1, 2023	Acquisition of subsidiaries	Increase	Decrease	Others	Balance at June 30, 2023
Cost:						
Land	\$ 546,313	346,639	-	-	(2,684)	890,268
Buildings	900,100	1,131,005	601	(1,350)	(23,404)	2,006,952
Machinery equipment	40,990	530,081	8,131	(1,519)	(128)	577,555
Others	<u>1,116,472</u>	<u>95,850</u>	<u>13,913</u>	<u>(46,056)</u>	<u>9,519</u>	<u>1,189,698</u>
	<u>2,603,875</u>	<u>2,103,575</u>	<u>22,645</u>	<u>(48,925)</u>	<u>(16,697)</u>	<u>4,664,473</u>
Accumulated depreciation:						
Buildings	\$ 574,905	160,787	16,769	(1,350)	(5,509)	745,602
Machinery equipment	40,044	429,059	15,959	(1,519)	(79)	483,464
Others	<u>1,010,110</u>	<u>85,030</u>	<u>30,492</u>	<u>(46,036)</u>	<u>9,492</u>	<u>1,089,088</u>
	<u>1,625,059</u>	<u>674,876</u>	<u>63,220</u>	<u>(48,905)</u>	<u>3,904</u>	<u>2,318,154</u>
	<u>\$ 978,816</u>	<u>1,428,699</u>	<u>(40,575)</u>	<u>(20)</u>	<u>(20,601)</u>	<u>2,346,319</u>

For the six months ended June 30, 2022

	Balance at January 1, 2022	Increase	Decrease	Others	Balance at June 30, 2022
Cost:					
Land	\$ 544,139	-	-	7,092	551,231
Buildings	864,812	419	-	80,277	945,508
Machinery equipment	37,948	-	-	3,951	41,899
Others	<u>1,185,433</u>	<u>26,214</u>	<u>(24,557)</u>	<u>30,086</u>	<u>1,217,176</u>
	<u>2,632,332</u>	<u>26,633</u>	<u>(24,557)</u>	<u>121,406</u>	<u>2,755,814</u>
Accumulated depreciation:					
Buildings	546,482	7,937	-	22,216	576,635
Machinery equipment	36,771	367	-	3,640	40,778
Others	<u>1,074,354</u>	<u>31,816</u>	<u>(24,050)</u>	<u>28,840</u>	<u>1,110,960</u>
	<u>1,657,607</u>	<u>40,120</u>	<u>(24,050)</u>	<u>54,696</u>	<u>1,728,373</u>
	<u>\$ 974,725</u>	<u>(13,487)</u>	<u>(507)</u>	<u>66,710</u>	<u>1,027,441</u>

As of June 30, 2023, December 31, 2022 and June 30, 2022, property, plant and equipment has been pledged as collateral for long-term borrowings, please refer to note 8.

(Continued)

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

(j) Right-of-use assets

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

	Buildings	Office equipment	Transportatio n equipment	Total
Cost:				
Balance at January 1, 2023	\$ 464,962	9,137	34,832	508,931
Acquisition of subsidiaries	102,350	-	1,309	103,659
Increase	44,265	3,164	14,456	61,885
Decrease	(31,926)	(2,861)	(12,311)	(47,098)
Others	<u>8,578</u>	<u>261</u>	<u>1,329</u>	<u>10,168</u>
Balance at June 30, 2023	<u>\$ 588,229</u>	<u>9,701</u>	<u>39,615</u>	<u>637,545</u>
Balance at January 1, 2022	\$ 457,383	8,077	48,109	513,569
Increase	26,661	-	3,995	30,656
Decrease	(54,184)	(337)	(9,180)	(63,701)
Others	<u>11,514</u>	<u>141</u>	<u>(424)</u>	<u>11,231</u>
Balance at June 30, 2022	<u>\$ 441,374</u>	<u>7,881</u>	<u>42,500</u>	<u>491,755</u>
Accumulated Depreciation:				
Balance at January 1, 2023	\$ 181,060	4,204	20,158	205,422
Acquisition of subsidiaries	34,953	-	545	35,498
Increase	63,180	1,363	7,068	71,611
Decrease	(30,632)	(2,861)	(12,311)	(45,804)
Others	<u>4,442</u>	<u>1,040</u>	<u>4,208</u>	<u>9,690</u>
Balance at June 30, 2023	<u>\$ 253,003</u>	<u>3,746</u>	<u>19,668</u>	<u>276,417</u>
Balance at January 1, 2022	\$ 203,434	2,173	29,787	235,394
Increase	56,127	1,083	6,712	63,922
Decrease	(45,006)	(337)	(7,882)	(53,225)
Others	<u>3,876</u>	<u>36</u>	<u>(236)</u>	<u>3,676</u>
Balance at June 30, 2022	<u>\$ 218,431</u>	<u>2,955</u>	<u>28,381</u>	<u>249,767</u>
Carrying amount:				
Balance at January 1, 2023	<u>\$ 283,902</u>	<u>4,933</u>	<u>14,674</u>	<u>303,509</u>
Balance at June 30, 2023	<u>\$ 335,226</u>	<u>5,955</u>	<u>19,947</u>	<u>361,128</u>
Balance at June 30, 2022	<u>\$ 222,943</u>	<u>4,926</u>	<u>14,119</u>	<u>241,988</u>

The Consolidated Company leases offices and warehouses under an operating lease for the six months ended June 30, 2023 and 2022, please refer to note 6(r).

(Continued)

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

(k) Investment property

For the six months ended June 30, 2023

	Balance at January 1, 2023	Increase	Decrease	Balance at June 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>198</u>	<u>-</u>	<u>12,914</u>
Accumulated impairment:				
Buildings	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
	<u>\$ 38,480</u>	<u>(198)</u>	<u>-</u>	<u>38,282</u>

For the six months ended June 30, 2022

	Balance at January 1, 2022	Increase	Decrease	Balance at June 30, 2022
Cost:				
Land	\$ 30,000	-	-	30,000
Buildings	<u>22,196</u>	<u>-</u>	<u>-</u>	<u>22,196</u>
	<u>52,196</u>	<u>-</u>	<u>-</u>	<u>52,196</u>
Accumulated Depreciation:				
Buildings	<u>12,320</u>	<u>198</u>	<u>-</u>	<u>12,518</u>
Accumulated impairment:				
Buildings	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
	<u>\$ 38,876</u>	<u>(198)</u>	<u>-</u>	<u>38,678</u>

	June 30, 2023	December 31, 2022	June 30, 2022
Book value	<u>\$ 38,282</u>	<u>38,480</u>	<u>38,678</u>
Fair value	<u>\$ 53,874</u>	<u>73,181</u>	<u>65,042</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(x). Besides, direct operating expenses related to investment property were \$281 thousand, \$286 thousand, \$281 thousand, and \$286 thousand for the three months and the six months ended June 30, 2023 and 2022, respectively.

(Continued)

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

As of June 30, 2023, December 31, 2022 and June 30, 2022, the fair value of investment property has been evaluated based on the comparable transactions of property similar in location and category.

As of June 30, 2023, December 31, 2022 and June 30, 2022, no investment property has been pledged as collateral.

(l) Intangible assets

For the six months ended June 30, 2023							
	Balance at January 1, 2023	Acquisition of subsidiaries	Increase	Decrease	Amortization	Others	Balance at June 30, 2023
Goodwill	\$ 305,091	346,536	-	-	-	128	651,755
Trademark	147,119	97	82	-	(5)	2,046	149,339
Patents	12,335	823	-	-	(1,504)	-	11,654
Computer software costs	6,402	11,514	424	-	(3,128)	-	15,212
Other intangible assets	45,975	-	8,603	-	(12,913)	127	41,792
	<u>\$ 516,922</u>	<u>358,970</u>	<u>9,109</u>	<u>-</u>	<u>(17,550)</u>	<u>2,301</u>	<u>869,752</u>
For the six months ended June 30, 2022							
	Balance at January 1, 2022	Acquisition of subsidiaries	Increase	Decrease	Amortization	Others	Balance at June 30, 2022
Goodwill	\$ 287,518	-	-	-	-	11,867	299,385
Trademark	132,660	-	-	-	-	9,754	142,414
Patents	15,027	-	-	-	(1,346)	-	13,681
Computer software costs	19,139	-	-	-	(10,979)	-	8,160
Other intangible assets	17,894	-	21,809	(27)	(5,809)	(22)	33,845
	<u>\$ 472,238</u>	<u>-</u>	<u>21,809</u>	<u>(27)</u>	<u>(18,134)</u>	<u>21,599</u>	<u>497,485</u>

(m) Short-term and long-term borrowings

As of June 30, 2023, December 31, 2022 and June 30, 2022, the Consolidated Company had no short-term borrowings. The unused credit lines of the Consolidated Company for short-term borrowings were as follow.

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

(i) Short-term borrowings

	June 30, 2023	December 31, 2022	June 30, 2022
Unused credit line	<u>\$ 3,878,260</u>	<u>3,236,868</u>	<u>3,693,586</u>

(Continued)

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

(ii) Long-term borrowings

	Currency	Interest rate (%)	Maturity year	June 30, 2023	December 31, 2022	June 30, 2022
Secured bank borrowings	TWD	0.85~2.11	2025~2035	\$ 834,259	-	-
Less : current portion				<u>(122,151)</u>	<u>-</u>	<u>-</u>
Total				<u>\$ 712,108</u>	<u>-</u>	<u>-</u>
Unused credit line				<u>\$ 94,000</u>	<u>-</u>	<u>-</u>

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

(n) Other Payables

	June 30, 2023	December 31, 2022	June 30, 2022
Salary payable	\$ 294,498	231,312	348,111
Dividend payable	177,809	569	180,453
Other payable-other	<u>709,664</u>	<u>644,262</u>	<u>640,752</u>
	<u>\$ 1,181,971</u>	<u>876,143</u>	<u>1,169,316</u>

(o) Lease liabilities

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

	June 30, 2023	December 31, 2022	June 30, 2022
Current	<u>\$ 177,676</u>	<u>144,423</u>	<u>126,052</u>
Non-current	<u>\$ 322,788</u>	<u>309,563</u>	<u>275,209</u>

The amounts recognized in profit or loss were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Interests on lease liabilities	<u>\$ 4,407</u>	<u>3,589</u>	<u>9,007</u>	<u>7,130</u>
Expenses relating to short-term leases	<u>\$ 12,844</u>	<u>13,600</u>	<u>25,183</u>	<u>26,942</u>
Expenses relating to leases of low-value assets	<u>\$ 100</u>	<u>-</u>	<u>100</u>	<u>-</u>
COVID-19-related rent concessions	<u>\$ -</u>	<u>(14)</u>	<u>-</u>	<u>(23)</u>

(Continued)

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

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

	For the six months ended June 30,	
	2023	2022
Total cash outflow for leases	\$ <u>117,967</u>	<u>103,895</u>

(i) Real estate leases

As of June 30, 2023, the Consolidated Company leases buildings for its office space. The leases of office space typically run for one to ten years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

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

(p) Current provisions

	For the six months ended June 30, 2023						
	Balance at January 1, 2023	Acquisition of subsidiaries	Increased	Used	Reversed	Effect of exchange	Balance at June 30, 2023
Warranties	\$ 106,307	6,258	1,048	(8,949)	-	368	105,032
Legal proceedings and royalties	<u>199,602</u>	<u>-</u>	<u>57,625</u>	<u>-</u>	<u>(34,917)</u>	<u>4,976</u>	<u>227,286</u>
	\$ <u>305,909</u>	<u>6,258</u>	<u>58,673</u>	<u>(8,949)</u>	<u>(34,917)</u>	<u>5,344</u>	<u>332,318</u>

	For the six months ended June 30, 2022						
	Balance at January 1, 2022	Acquisition of subsidiaries	Increased	Used	Reversed	Effect of exchange	Balance at June 30, 2022
Warranties	\$ 114,732	-	3,448	(6,360)	-	(2,671)	109,149
Legal proceedings and royalties	<u>119,067</u>	<u>-</u>	<u>80,260</u>	<u>-</u>	<u>-</u>	<u>8,755</u>	<u>208,082</u>
	\$ <u>233,799</u>	<u>-</u>	<u>83,708</u>	<u>(6,360)</u>	<u>-</u>	<u>6,084</u>	<u>317,231</u>

(Continued)

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

(q) Refund liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
Refund liabilities	\$ <u>527,218</u>	<u>473,514</u>	<u>420,012</u>

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

(r) Operating leases

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

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

	June 30, 2023	December 31, 2022	June 30, 2022
Within one year	\$ 1,611	3,166	1,639
One to two years	-	691	855
Two to five years	-	-	321
Total undiscounted lease payments	\$ <u>1,611</u>	<u>3,857</u>	<u>2,815</u>

(s) 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, 2022 and 2021.

(i) Defined benefit pension plans

The expenses recognized in profit or loss were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Operating costs	\$ <u>-</u>	<u>3</u>	<u>-</u>	<u>6</u>
Operating expenses	\$ <u>-</u>	<u>153</u>	<u>-</u>	<u>305</u>

(Continued)

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

(ii) Defined contribution plans

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

The Company's mainland subsidiaries have the basic endowment insurance in accordance with the pension regulations in China. Monthly contributions to an independent fund administered by the government are based on certain percentage of employees' monthly salaries and wages and recognize as the current year's expenses. D-Link Europe and other consolidated subsidiaries' pension expenses are based on the current contributions.

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

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Operating costs	\$ <u>3,800</u>	<u>1,596</u>	<u>5,398</u>	<u>2,822</u>
Operating expenses	\$ <u>28,842</u>	<u>29,107</u>	<u>55,956</u>	<u>53,570</u>

(t) Income Taxes

Income tax expenses are measured by the profit (loss) 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 June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Current income tax expense	\$ 55,115	19,080	105,104	35,666
Deferred tax expense				
Origination and reversal of temporary differences	<u>(4,420)</u>	<u>77,301</u>	<u>(44,553)</u>	<u>60,866</u>
Income tax expenses	\$ <u>50,695</u>	<u>96,381</u>	<u>60,551</u>	<u>96,532</u>

(Continued)

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

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

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign financial statements	\$ <u>(19,014)</u>	<u>95,207</u>	<u>(45,479)</u>	<u>106,729</u>

The income tax returns of the Company have been examined by the tax authority through 2020. The income tax returns of Yeotai, Cameo, Qianjin Investment and Soarnex have been examined by the tax authority through 2021.

(u) Capital and other equity

(i) Common stock

As of June 30, 2023, December 31, 2022 and June 30, 2022, the authorized capital amounted to \$8,800,000 thousand (including \$750,000 thousand authorized for the issuance of the employee stock options). As of June 30, 2023, December 31, 2022 and June 30, 2022, all the paid-in capital consisted 599,837 thousand shares, with a par value of \$10 per share, amounting to \$5,998,365 thousand.

(ii) Capital surplus

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

	June 30, 2023	December 31, 2022	June 30, 2022
Common stock in excess of par value	\$ 1,037,080	1,037,080	1,037,080
Treasury share transactions	39,310	39,310	39,310
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	<u>55,320</u>	<u>55,320</u>	<u>55,320</u>
Total	<u>\$ 1,342,623</u>	<u>1,342,623</u>	<u>1,342,623</u>

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

(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 on January 9, 2020, the amount of retained earnings allotted to legal reserve shall be calculated based on "net earnings after income taxes, plus any other amount recognized in undistributed retained earnings" since the earnings distribution in 2019. When the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be distributed as dividends in cash or stocks based on the resolution of the shareholders' meeting if there is no accumulated deficit.

2) Special reserve

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

3) Earning distribution

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

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

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

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

4) Dividend policy

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

(iv) Treasury stock

Qianjin Investment, a subsidiary of the Consolidated Company, acquired the Company's shareholdings in 2008, with a par value of \$36.66 per share. As of June 30, 2023, a total of 5,434 thousand shares, with a market value of \$21.85 per share, had yet to be sold.

(v) Other equity

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income
Balance at January 1, 2023	\$ (1,359,264)	(44,193)
The Consolidated Company	(106,983)	3,032
Associates	843	8,473
Associates—liquidation	<u>(11,214)</u>	<u>15,320</u>
Balance at June 30, 2023	<u>\$ (1,476,618)</u>	<u>(17,368)</u>
Balance at January 1, 2022	\$ (1,863,596)	(2,439)
The Consolidated Company	512,788	(14,699)
Associates	<u>14,392</u>	<u>(10,167)</u>
Balance at June 30, 2022	<u>\$ (1,336,416)</u>	<u>(27,305)</u>

(Continued)

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

(vi) Non-controlling interests

	For the six months ended June 30,	
	2023	2022
Balance at the beginning of the period	\$ 651,784	524,978
Net income attributable to non-controlling interest:		
Acquired changes in non-controlling interests of subsidiaries	1,850,939	-
Net income	63,691	56,338
Exchange differences on translation of foreign financial statements	8,779	5,435
Cash dividends distributed	<u>(42,514)</u>	<u>-</u>
Balance at the end of the period	<u><u>\$ 2,532,679</u></u>	<u><u>586,751</u></u>

(v) Earnings (loss) per share

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

(i) Basic earnings (loss) per share

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Net profit (loss) of the parent company for the year	\$ <u>385,330</u>	<u>3,321</u>	<u>524,462</u>	<u>(176,528)</u>
Outstanding ordinary shares	<u>597,577</u>	<u>599,837</u>	<u>598,707</u>	<u>599,837</u>
Basic earnings (loss) per share	<u>\$ 0.64</u>	<u>0.01</u>	<u>0.88</u>	<u>(0.29)</u>

(Continued)

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

(ii) Diluted earnings (loss) per share

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Net profit (loss) of the parent company for the year	\$ <u>385,330</u>	<u>3,321</u>	<u>524,462</u>	<u>(176,528)</u>
Weighted average number of outstanding ordinary shares (basic)	597,577	599,837	598,707	599,837
Employees' compensation has not been resolved by the Board of Directors	<u>1,298</u>	<u>-</u>	<u>1,379</u>	<u>-</u>
Weighted average number of outstanding ordinary shares (diluted)	<u>598,875</u>	<u>599,837</u>	<u>600,086</u>	<u>599,837</u>
Diluted earnings (loss) per share	\$ <u>0.64</u>	<u>0.01</u>	<u>0.87</u>	<u>(0.29)</u>

For calculation of the dilutive effect of the stock option for the six months ended June 30, 2023, the average market value was assessed based on the quoted market price where the Company's option was outstanding. The employee stock option was not included in the calculation of the dilutive earnings (loss) per shares due to its antidilutive effect for the six months ended in June 30, 2022.

(w) Revenue from contracts with customers

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

Major product / service lines	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Switch and Security products	\$ 1,976,918	1,730,236	3,865,931	3,315,863
Wireless and IoT products	626,336	739,335	1,261,512	1,499,863
Mobile and Broadband products	519,403	743,091	1,194,346	1,524,073
Others	<u>1,028,569</u>	<u>944,339</u>	<u>2,085,345</u>	<u>1,832,001</u>
	<u>\$ 4,151,226</u>	<u>4,157,001</u>	<u>8,407,134</u>	<u>8,171,800</u>

(Continued)

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

Primary geographical markets	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
American	\$ 331,432	280,260	614,848	625,417
European	1,018,313	1,170,212	2,309,114	2,248,810
Asia and others	<u>2,801,481</u>	<u>2,706,529</u>	<u>5,483,172</u>	<u>5,297,573</u>
	<u>\$ 4,151,226</u>	<u>4,157,001</u>	<u>8,407,134</u>	<u>8,171,800</u>

(ii) Contract liabilities

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

	June 30, 2023	December 31, 2022	June 30, 2022
Current contract liabilities (sales)	\$ <u>116,892</u>	<u>109,075</u>	<u>209,660</u>

- 2) The beginning contract liabilities were recognized as income, amounting to \$12,856 thousand, \$31,197 thousand, \$43,104 thousand and \$66,213 thousand for the three months and six months ended June 30, 2023 and 2022, respectively.

(x) 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 stockholders' 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 six months ended June 30, 2023, the Company's estimated its remunerations to employees and directors amounting to \$28,362 thousand and \$2,836 thousand, respectively. The estimated amounts mentioned above were calculated based on the profit before tax, excluding the remunerations to employees and directors of each period. These remunerations were expensed under operating expenses during 2023.

No remunerations to employees and directors were accrued for the six months ended June 30, 2022 due to the loss before tax incurred by the Company.

However, the Company estimated the remunerations to its employees and directors to be \$7,372 thousand and \$737 thousand for the year ended December 31, 2022, respectively, based on the resolution approved during the board meeting held on February 22, 2023 to be reported at the shareholder's meeting thereafter. Related information is available at the Market Observation Post System website.

(Continued)

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

(y) Other income and losses

(i) Interest income

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Interest income from bank deposits	\$ 20,093	3,223	25,457	5,516
Other interest income	<u>1,037</u>	<u>1,309</u>	<u>2,124</u>	<u>2,745</u>
Total	<u>\$ 21,130</u>	<u>4,532</u>	<u>27,581</u>	<u>8,261</u>

(ii) Other income

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Rent income	<u>\$ 971</u>	<u>1,606</u>	<u>2,177</u>	<u>2,622</u>

(iii) Other gains and losses

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Gain on disposals of investments	\$ 345,762	2,759	350,426	4,681
Foreign exchange gains (losses)	8,384	(144,732)	40,796	(188,537)
Valuation gains from financial assets and liabilities	38,681	36,328	24,094	24,886
Others	<u>15,872</u>	<u>10,799</u>	<u>21,870</u>	<u>15,276</u>
Total	<u>\$ 408,699</u>	<u>(94,846)</u>	<u>437,186</u>	<u>(143,694)</u>

(iv) Finance costs

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Interest expense	\$ (6,246)	(360)	(6,302)	(1,429)
Lease liability interests	<u>(4,407)</u>	<u>(3,589)</u>	<u>(9,007)</u>	<u>(7,130)</u>
Total	<u>\$ (10,653)</u>	<u>(3,949)</u>	<u>(15,309)</u>	<u>(8,559)</u>

(Continued)

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

(z) Reclassification adjustments of components of other comprehensive income

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

	For the six months ended	
	June 30,	
	2023	2022
Exchange differences on translation of foreign financial statements		
Change in exchange from the Consolidated Company	\$ (152,462)	619,517
Change in exchange from non-controlling interests	<u>8,779</u>	<u>5,435</u>
Change in exchange differences on translation of foreign financial statements recognized in other comprehensive income	<u>\$ (143,683)</u>	<u>624,952</u>
Share of other comprehensive income of associates accounted for using equity method		
Change in foreign currency exchange from associates	<u>\$ 843</u>	<u>14,392</u>
Share of other comprehensive income	<u>\$ 843</u>	<u>14,392</u>

(aa) Financial instruments

(i) Category of financial instruments

1) Financial Assets

	June 30,	December 31,	June 30,
	2023	2022	2022
Cash and cash equivalents	\$ 3,840,114	2,713,085	2,548,344
Financial assets at fair value through profit or loss - current	395,608	284,830	237,463
Notes receivable, accounts receivable and other receivables (including related parties)	4,012,409	3,452,584	3,713,133
Finance lease payment receivable (current and non-current)	130,982	144,517	153,726
Financial assets at fair value through other comprehensive income - non-current	19,572	16,703	18,733
Refundable deposits and other current assets	<u>242,573</u>	<u>208,005</u>	<u>216,213</u>
	<u>\$ 8,641,258</u>	<u>6,819,724</u>	<u>6,887,612</u>

(Continued)

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

2) Financial liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
Financial liabilities at fair value through profit or loss - current	\$ 13,083	15,331	7,255
Notes payable, accounts payable and other payables (including related parties)	3,671,304	3,812,705	4,047,195
Long-term borrowings (including borrowings due within one year)	834,259	-	-
Lease liability (current and non-current)	500,464	453,986	401,261
Guarantee deposits received	70,656	79,030	77,792
	<u>\$ 5,089,766</u>	<u>4,361,052</u>	<u>4,533,503</u>

(ii) Credit risk

Exposure to credit risk:

The carrying amount of financial assets represents the maximum amount exposed to credit risk. As of June 30, 2023, December 31, 2022 and June 30, 2022, the maximum exposure to credit risk has amounted to \$8,641,258 thousand, \$6,819,724 thousand and \$6,887,612 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
June 30, 2023							
Non-derivative financial liabilities							
Notes payable	\$ 179	179	179	-	-	-	-
Accounts payable	2,293,158	2,293,158	2,293,158	-	-	-	-
Accounts payable - related parties	195,996	195,996	195,996	-	-	-	-
Other payables	1,181,971	1,181,971	1,181,971	-	-	-	-
Lease liability	500,464	532,072	100,865	92,725	161,740	172,703	4,039
Guarantee deposits received	70,656	70,656	70,656	-	-	-	-
Long-term borrowings (including borrowings due within one year)	834,259	928,703	69,096	68,593	135,675	178,749	476,590

(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
Derivative financial liabilities							
Cross currency swaps							
Outflow	\$ 8,517	560,683	560,683	-	-	-	-
Inflow	-	549,080	549,080	-	-	-	-
Forward foreign exchange contracts							
Outflow	4,566	495,323	495,323	-	-	-	-
Inflow	-	489,354	489,354	-	-	-	-
	<u>\$ 5,089,766</u>	<u>7,297,175</u>	<u>6,006,361</u>	<u>161,318</u>	<u>297,415</u>	<u>351,452</u>	<u>480,629</u>
December 31, 2022							
Non-derivative financial liabilities							
Notes payable	\$ 2,056	2,056	2,056	-	-	-	-
Accounts payable	2,198,737	2,198,737	2,198,737	-	-	-	-
Accounts payable - related parties	735,769	735,769	735,769	-	-	-	-
Other payables	876,143	876,143	876,143	-	-	-	-
Lease liability	453,986	487,056	81,919	77,138	131,905	190,915	5,179
Guarantee deposits received	79,030	79,030	79,030	-	-	-	-
Derivative financial liabilities							
Cross currency swaps							
Outflow	\$ 1,361	313,330	313,330	-	-	-	-
Inflow	-	311,564	311,564	-	-	-	-
Forward foreign exchange contracts							
Outflow	13,970	1,005,124	1,005,124	-	-	-	-
Inflow	-	988,556	988,556	-	-	-	-
	<u>\$ 4,361,052</u>	<u>6,997,365</u>	<u>6,592,228</u>	<u>77,138</u>	<u>131,905</u>	<u>190,915</u>	<u>5,179</u>
June 30, 2022							
Non-derivative financial liabilities							
Notes payable	\$ 173	173	173	-	-	-	-
Accounts payable	2,230,040	2,230,040	2,230,040	-	-	-	-
Accounts payable - related parties	647,666	647,666	647,666	-	-	-	-
Other payables	1,169,316	1,169,316	1,169,316	-	-	-	-
Lease liability	401,261	427,074	77,058	60,217	103,993	179,636	6,170
Guarantee deposits received	77,792	77,792	77,792	-	-	-	-
Derivative financial liabilities							
Cross currency swaps							
Outflow	\$ 7,249	990,792	990,792	-	-	-	-
Inflow	-	984,248	984,248	-	-	-	-
Forward foreign exchange contracts							
Outflow	6	35,720	35,720	-	-	-	-
Inflow	-	35,671	35,671	-	-	-	-
	<u>\$ 4,533,503</u>	<u>6,598,492</u>	<u>6,248,476</u>	<u>60,217</u>	<u>103,993</u>	<u>179,636</u>	<u>6,170</u>

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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:

	June 30, 2023			December 31, 2022			June 30, 2022			
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	
Financial assets (note):										
Monetary items:										
CLP	\$	106,611	0.03	4,135	51,842	0.03	1,852	149,702	0.03	4,837
JPY		1,138,232	0.22	245,660	900,870	0.23	211,078	835,787	0.22	183,044
EUR		26,949	33.96	915,168	-	-	-	-	-	-
CAD		10	23.51	240	6,125	22.68	138,914	8,230	23.09	190,034
USD		160,446	31.14	4,995,462	209,971	30.71	6,447,767	220,456	29.73	6,553,382
MXN		-	-	-	-	-	-	2,210	1.49	3,288
BRL		5,941	6.46	38,384	10,070	5.89	59,263	8,969	5.68	50,898
AUD		3,793	20.74	78,646	4,749	20.93	99,394	5,318	20.52	109,112
				<u>\$ 6,277,695</u>			<u>6,958,268</u>			<u>7,094,595</u>
Non-monetary items:										
USD	\$	11,550	31.14	<u>359,605</u>	8,849	30.71	<u>271,724</u>	7,581	29.73	<u>225,362</u>
Derivative instruments:										
GBP	\$	-	-	-	-	-	-	12	36.19	433
AUD		26	20.74	548	-	-	-	37	20.52	769
EUR		155	33.96	5,275	-	32.87	13	95	31.16	2,948
USD		284	31.14	8,830	52	30.71	1,585	194	29.73	5,778
INR		3	0.38	1	-	-	-	-	-	-
JPY		27,522	0.22	5,941	55,377	0.23	12,975	2,625	0.22	575
BRL		49	6.46	319	-	-	-	917	5.68	5,203
CNH		3,730	4.29	16,010	606	4.41	2,674	-	-	-
CAD		7	33.96	240	8	22.68	185	2	23.09	50
IDR		32,737	0.0021	68	-	-	-	-	-	-
KRW		102,230	0.03	2,750	-	-	-	23,569	0.03	634
				<u>\$ 39,982</u>			<u>17,432</u>			<u>16,390</u>
Financial liabilities (note):										
Monetary items:										
JPY	\$	2,073,458	0.22	447,505	2,094,822	0.23	490,827	1,936,687	0.22	424,151
CAD		4	23.51	101	3,470	22.68	78,691	1,345	23.09	31,052
EUR		11,391	33.96	386,827	-	-	-	-	-	-
BRL		21,730	6.46	140,391	21,851	5.89	128,603	20,676	5.68	117,336
USD		116,814	31.14	3,637,018	149,608	30.71	4,594,173	139,955	29.73	4,160,300
CLP		131,134	0.03	5,087	131,909	0.03	4,713	171,779	0.03	5,551
AUD		2,492	20.74	51,684	2,560	20.93	53,591	1,492	20.52	30,614
MXN		-	-	-	-	-	-	101	1.49	151
				<u>\$ 4,668,613</u>			<u>5,350,598</u>			<u>4,769,155</u>

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

	June 30, 2023			December 31, 2022			June 30, 2022		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Derivative instruments:									
EUR	\$ 40	33.96	1,371	118	32.87	3,885	-	-	-
CAD	4	23.51	101	3	22.68	68	1	23.09	32
JPY	28,708	0.22	6,195	19,859	0.23	4,653	17,785	0.22	3,895
IDR	-	-	-	10,137	0.0020	19	-	-	-
KRW	-	-	-	117,881	0.03	3,171	-	-	-
BRL	103	6.46	667	341	5.89	2,007	-	-	-
USD	-	-	-	-	-	-	-	29.73	6
INR	63	0.38	24	151	0.37	56	-	-	-
CNH	1,101	4.29	4,725	175	4.41	772	749	4.44	3,322
AUD	-	-	-	33	20.93	700	-	-	-
			<u>\$ 13,083</u>			<u>15,331</u>			<u>7,255</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.

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 \$8,384 thousand, a loss of \$144,732 thousand, a gain of \$40,796 thousand and a loss of \$188,537 thousand for the three months and the six months ended June 30, 2023 and 2022, 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, loans, accounts payable and other payables that are denominated in foreign currency. A 1.5% of appreciation (depreciation) of each consolidated components currency, other than the functional currency, against the functional currency for the six months ended June 30, 2023 and 2022 would have increased or decreased the net income (loss) after tax by \$23,899 thousand and \$30,668 thousand and increased or decreased the equity by \$60 thousand and \$64 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.

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

If the interest rate had increased or decreased by 0.5%, the Consolidated Company's net income (loss) after tax would have increased or decreased by \$5,008 thousand and \$3,774 thousand for the six months ended June 30, 2023 and 2022, 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:

June 30, 2023				
Assets and liabilities	Total	Level 1	Level 2	Level 3
Measured at fair value on recurring basis				
Non-derivative assets and liabilities				
Assets:				
Financial assets at fair value through profit or loss - current	\$ 355,626	355,626	-	-
Financial assets at fair value through other comprehensive income	19,572	15,593	-	3,979
Derivatives				
Assets:				
Financial assets at fair value through profit or loss - current	39,982	-	39,982	-
Liabilities:				
Financial liabilities at fair value through profit or loss - current	13,083	-	13,083	-
December 31, 2022				
Assets and liabilities	Total	Level 1	Level 2	Level 3
Measured at fair value on recurring basis				
Non-derivative assets and liabilities				
Assets:				
Financial assets at fair value through profit or loss - current	\$ 267,398	267,398	-	-
Financial assets at fair value through other comprehensive income	16,703	12,377	-	4,326
Derivatives				
Assets:				
Financial assets at fair value through profit or loss - current	17,432	-	17,432	-

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

		December 31, 2022			
Assets and liabilities	Total	Level 1	Level 2	Level 3	
Liabilities:					
Financial liabilities at fair value through profit or loss - current	\$ 15,331	-	15,331	-	
		June 30, 2022			
Assets and liabilities	Total	Level 1	Level 2	Level 3	
Measured at fair value on recurring basis					
Non-derivative assets and liabilities					
Assets:					
Financial assets at fair value through profit or loss - current	\$ 221,073	221,073	-	-	
Financial assets at fair value through other comprehensive income	18,733	14,444	-	4,289	
Derivatives					
Assets:					
Financial assets at fair value through profit or loss - current	16,390	-	16,390	-	
Liabilities:					
Financial liabilities at fair value through profit or loss - current	7,255	-	7,255	-	

2) Valuation techniques

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

3) Transfer between Level 1 and Level 2

For the three months ended and the six months ended June 30, 2023 and 2022, there were no transfers between level 1 and level 2 of the fair value hierarchy.

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

4) Reconciliation of level 3 fair values

	Financial assets at fair value through other comprehensive income
Balance at January 1, 2023	\$ 4,326
Recognized in other comprehensive loss	<u>(347)</u>
Balance at June 30, 2023	<u>\$ 3,979</u>
Balance at January 1, 2022	\$ 4,093
Recognized in other comprehensive income	<u>196</u>
Balance at June 30, 2022	<u>\$ 4,289</u>

For the six months ended June 30, 2023 and 2022, total gains or losses that were included in unrealized gains and losses from financial assets at fair value through other comprehensive income were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Total gains or losses recognized :				
In other comprehensive income, and presented in “unrealized gains (losses) from financial assets at fair value through other comprehensive income (loss)”	\$ (877)	(87)	(347)	196

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

The Consolidated Company’s financial instruments that use Level 3 inputs to measure fair value include fair value through other comprehensive income – equity investments.

(Continued)

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

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income-equity investments without an active market	Net Asset Value Method	Net Asset Value	Not applicable

(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.

	June 30, 2023		December 31, 2022		June 30, 2022	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Non-financial assets:						
Investment property	\$ <u>38,282</u>	<u>53,874</u>	<u>38,480</u>	<u>73,181</u>	<u>38,678</u>	<u>65,042</u>
June 30, 2023						
Assets and liabilities	Total		Level 1	Level 2	Level 3	
Non-financial assets:						
Investment property	\$	53,874	-	-	53,874	
December 31, 2022						
Assets and liabilities	Total		Level 1	Level 2	Level 3	
Non-financial assets:						
Investment property	\$	73,181	-	-	73,181	
June 30, 2022						
Assets and liabilities	Total		Level 1	Level 2	Level 3	
Non-financial assets:						
Investment property	\$	65,042	-	-	65,042	

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

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.

(ab) 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 to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

(iii) Credit risk

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

1) Accounts receivable

The credit risk exposure of the Consolidated Company arises from the operations and financial conditions of each customer and the political and economic stability of the Consolidated Company's customer base, including the default risk of the industry and country in which customers operate in. However, the Consolidated Company operates worldwide, and thus, risk is diversified. As of June 30, 2023, December 31, 2022 and June 30, 2022, revenue from each customer does not exceed 10% of the Consolidated Company's revenue, therefore, there is no concentration of credit risk.

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

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

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

(Continued)

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

The Consolidated Company's policies is to provide financial guarantees only to wholly owned subsidiaries. As of June 30, 2023, December 31, 2022 and June 30, 2022, the Consolidated Company has not provided any guarantees to a third party.

(iv) Liquidity risk

Liquidity risk is the risk that the Consolidated Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Consolidated Company's approach to manage liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Company's reputation. The Consolidated Company aims to maintain the level of its cash and short-term bank facilities at an amount in excess of expected cash flows on financial liabilities over the succeeding 60 days. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Consolidated Company had unused credit facilities for \$3,972,260 thousand as of June 30, 2023.

(v) Market risk

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

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

1) Currency risk

The Consolidated Company is exposed to currency risk on sales, purchases and loans that are denominated in currencies other than its respective functional currencies. The functional currencies of the Consolidated Company are primarily denominated in US Dollars (USD) and New Taiwan Dollars (TWD) and include denominated in Euro (EUR), Chinese Yuan (CNY), Japanese Yen (JPY) and Brazilian Real (BRL) of other countries in which the subsidiaries registered. Purchases are mainly denominated in USD while sales are denominated in USD, EUR, CNY, TWD, British Pounds (GBP),

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 loans in the Consolidated Company are denominated in its functional currencies and are incorporated in net exposure on loan requirement denominated in foreign currencies as mentioned above to ensure the net exposure is maintained at acceptable level.

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 3 months. The finance department will monitor the changes in market and dispose of the investments, if necessary.

(ac) Capital management

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

(Continued)

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

Debt-to-equity ratio:

	June 30, 2023	December 31, 2022	June 30, 2022
Total liabilities	\$ 6,692,159	5,860,085	6,094,094
Less: cash and cash equivalents	<u>(3,840,114)</u>	<u>(2,713,085)</u>	<u>(2,548,344)</u>
Net debt	<u>\$ 2,852,045</u>	<u>3,147,000</u>	<u>3,545,750</u>
Total equity	<u>\$ 11,643,441</u>	<u>9,561,456</u>	<u>9,209,945</u>
Debt-to-equity ratio	<u>24.49%</u>	<u>32.91%</u>	<u>38.50%</u>

As of June 30, 2023, the methods of the Consolidated Company's capital management remained unchanged.

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

Information of non-cash-traded investing and financing activities for the six months ended June 30, 2023 and 2022 were as follows:

- (i) For right-to-use assets, please refer to note 6(j).
- (ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Acquisition of subsidiaries	Non-cash changes			June 30, 2023
				Exchange	Fair value changes	Others	
Lease liabilities	\$ 453,986	(83,777)	68,370	-	-	61,885	500,464
Others	<u>79,030</u>	<u>(8,374)</u>	-	-	-	-	<u>70,656</u>
Total liabilities from financing activities	<u>\$ 533,016</u>	<u>(92,151)</u>	<u>68,370</u>	<u>-</u>	<u>-</u>	<u>61,885</u>	<u>571,120</u>

	January 1, 2022	Cash flows	Acquisition of subsidiaries	Non-cash changes			June 30, 2022
				Exchange	Fair value changes	Others	
Lease liabilities	\$ 440,451	(69,823)	-	-	-	30,633	401,261
Others	<u>82,860</u>	<u>(5,068)</u>	-	-	-	-	<u>77,792</u>
Total liabilities from financing activities	<u>\$ 523,311</u>	<u>(74,891)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,633</u>	<u>479,053</u>

(Continued)

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

(7) Related-party transactions:

(a) Names and relationship with related parties

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

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

(b) Significant related party transactions

(i) Sales and service revenue

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Associates	\$ 7,458	32,105	17,755	36,121
Others	<u>409</u>	<u>1,015</u>	<u>1,589</u>	<u>2,458</u>
	<u>\$ 7,867</u>	<u>33,120</u>	<u>19,344</u>	<u>38,579</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.

(Continued)

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

(ii) Purchases

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Associates:				
Cameo	\$ -	327,396	666,555	623,012
Other related parties:				
Amigo	173,163	247,816	310,657	432,890
Amit	1,106	245	1,661	2,010
	<u>\$ 174,269</u>	<u>575,457</u>	<u>978,873</u>	<u>1,057,912</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	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable	Associates – T-COM	\$ 6,414	3,217	4,522
Accounts receivable	Associates – PC	-	1,800	-
Accounts receivable	Other related parties – Sapido	15	10	137
Accounts receivable	Other related parties – Amigo	640	-	-
Other receivables	Associates – Cameo	-	73	-
Other receivables	Associates – Yeochia	-	-	71,169
Other receivables	Associates – Yeomao	-	-	143,616
Other receivables	Associates – T-COM	-	65	-
Other receivables	Other related parties – Amigo	-	18	6,361
Prepayment for purchase	Other related parties – Amigo	93	-	-
		<u>\$ 7,162</u>	<u>5,183</u>	<u>225,805</u>

The Consolidated Company's other receivables to associates and other related parties were derived from the sale of equipment and others.

(Continued)

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

(iv) Payables to related parties

Account	Relationship	June 30, 2023	December 31, 2022	June 30, 2022
Accounts payable	Associates—Cameo	\$ -	530,536	368,694
Accounts payable	Other related parties— Amigo	194,730	203,678	278,774
Accounts payable	Other related parties— Amit	1,266	1,555	198
Other payables	Associates—Cameo	-	3,396	2,038
Other payables	Other related parties— Amigo	-	12,235	2,892
Other payables	Other related parties— Amit	1,987	6,490	1,807
Other payables	Other related parties— Sapido	63	2,100	-
Other payables	Other related parties— Others	52	-	-
Contract liabilities	Associates—T-COM	-	8,137	76,467
		<u>\$ 198,098</u>	<u>768,127</u>	<u>730,870</u>

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

(v) Property transaction

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

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Associates:				
Cameo	\$ -	1,501	-	3,917
Other related parties:				
Amigo	2,189	13,838	4,474	13,838
Amit	-	180	-	472
	<u>\$ 2,189</u>	<u>15,519</u>	<u>4,474</u>	<u>18,227</u>

(Continued)

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

(vi) Overdue payment

The Consolidated Company's temporary payments for purchasing materials from related parties, and the amount of the overdue payment was as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Other related parties:			
Amigo	\$ <u>-</u>	<u>-</u>	<u>2,592</u>

About the above overdue payments, the Consolidated Company accrued interest of \$327 thousand on loan basis.

(vii) Services purchased from related parties

The services purchased from related parties were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Associates:				
Cameo	\$ -	439	134	520
Other related parties:				
Amigo	-	1,528	494	2,778
Amit	1,892	1,541	4,435	1,546
Others	<u>50</u>	<u>-</u>	<u>50</u>	<u>-</u>
	<u>\$ 1,942</u>	<u>3,508</u>	<u>5,113</u>	<u>4,844</u>

(viii) Other income and losses

Account	Relationship	For the three months ended June 30,		For the six months ended June 30,	
		2023	2022	2023	2022
Other gains and losses	Associates – Cameo	\$ 266	-	266	-
Other gains and losses	Other related parties – Amigo	-	-	-	96
Other interest income	Other related parties – Amigo	<u>-</u>	<u>95</u>	<u>-</u>	<u>327</u>
		<u>\$ 266</u>	<u>95</u>	<u>266</u>	<u>423</u>

Other income and losses composed of interest income and gain on disposal of miscellaneous equipment from other related parties, as well as remunerations to directors from associates to Cameo before Cameo became a consolidated subsidiary.

(Continued)

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

(ix) Lease

In October 2021 and March 2022, the Consolidated Company entered into separate lease agreements with its other related party, Amigo, and its subsidiary, Cameo, respectively, to lease out its office buildings to both parties, with monthly rentals based on the market rates within their respective vicinities. For the six months ended June 30, 2023 and 2022, the Consolidated Company recognized the rental income from Amigo and Cameo amounting to \$1,744 thousand and \$175 thousand, respectively, for both periods. Both amounts mentioned above had been fully collected as of June 30, 2023.

On November 1, 2021, the Consolidated Company leased a portion of its Tainan plant from Cameo based on a monthly rental payment. For the six months ended June 30, 2023 and 2022, the rental expenses recognized as operating cost amounting to \$593 thousand and \$1,186 thousand, respectively, and the relevant amounts had been fully paid as of June 30, 2023.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Short-term employee benefits \$	8,021	11,474	16,383	19,900
Post-employee benefits	<u>151</u>	<u>224</u>	<u>306</u>	<u>478</u>
	<u>\$ 8,172</u>	<u>11,698</u>	<u>16,689</u>	<u>20,378</u>

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	June 30, 2023	December 31, 2022	June 30, 2022
Other current assets and other non-current assets	Rental deposits, performance bond and time deposits	\$ 122,483	97,164	76,541
Property, plant, and equipment-land	Long-term bank borrowings	346,639	-	-
Property, plant, and equipment-buildings	Long-term bank borrowings	<u>944,657</u>	<u>-</u>	<u>-</u>
		<u>\$ 1,413,779</u>	<u>97,164</u>	<u>76,541</u>

(Continued)

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

(9) Significant contingent liabilities and unrecognized commitments:

- (a) The Consolidated Company's subsidiary, D-Link Brazil, had disputes regarding prior year's insufficient invoices attached to sales return with the local tax authorities, and had filed litigation. D-Link Brazil had accrued possible tax, interest and penalty.
- (b) The Consolidated Company's subsidiary, D-Link India, had disputes regarding prior year's declaration tax on customs with the local tax authorities. Based on its evaluation, the Consolidated Company believes the above litigation will not have any significant impact on its current operations.
- (c) UNM Rainforest Innovations filed a lawsuit against the Company in February 2020, alleging that some of the D-Link's products infringed its patents. The Company has retained its attorneys in the US and is currently building defense with product suppliers. Based on its evaluation, the Consolidated Company believes the above litigation will not have any significant impact on its current operations.
- (d) Israel Consumers Council filed a group lawsuit against the Consolidated Company's subsidiary, D-Link International, in 2020, alleging that D-Link International was suspected of restricting product resale prices in Israel. D-Link International has appointed its attorneys to handle and negotiate a settlement. Based on its evaluation, the Consolidated Company believes the above litigation will not have any significant impact on its current operations.
- (e) In 2022, Atlas Global filed a lawsuit against the Company, alleging that some of D-Link's products have infringed its patents. Hence, the Company has appointed attorneys to handle this case. The Consolidated Company believes the above litigation will not have any significant impact on its current operations.
- (f) In 2023, Bell Northern Research, LLC filed a lawsuit against D-Link Systems, alleging that some of D-Link Systems' products have infringed its patents. Hence, D-Link Systems has decided to appoint attorneys to defend its case. The Consolidated Company believes the above litigation will not have any significant impact on its current operations.
- (g) 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	For the three months ended June 30,					
	2023			2022		
	Cost of Goods Sold	Operating Expense	Total	Cost of Goods Sold	Operating Expense	Total
Employee benefits						
Salaries	70,785	520,265	591,050	17,038	478,413	495,451
Labor and health insurance	5,673	27,610	33,283	624	23,900	24,524
Pension	3,800	28,842	32,642	1,599	29,260	30,859
Others	7,241	54,853	62,094	2,077	53,119	55,196
Depreciation	28,031	55,971	84,002	2,585	49,035	51,620
Amortization	25	10,554	10,579	8	9,465	9,473

By item	For the six months ended June 30,					
	2023			2022		
	Cost of Goods Sold	Operating Expense	Total	Cost of Goods Sold	Operating Expense	Total
Employee benefits						
Salaries	89,076	995,787	1,084,863	32,986	947,711	980,697
Labor and health insurance	6,153	52,223	58,376	1,309	50,855	52,164
Pension	5,398	55,956	61,354	2,828	53,875	56,703
Others	9,477	109,614	119,091	4,414	109,922	114,336
Depreciation	31,543	103,486	135,029	5,607	98,633	104,240
Amortization	32	17,518	17,550	16	18,118	18,134

- (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		
1	D-Link International	D-Link Shanghai	Other receivables-related parties	Yes	309,092	309,092	309,092	3.80	2	-	Operating Capital	-	-	-	2,760,337	2,760,337
1	D-Link International	D-Link Shanghai	Other receivables-related parties	Yes	365,368	365,368	365,368	-	2	-	Convert from Account receivables to loan receivable	-	-	-	2,760,337	2,760,337
2	D-Link Russia Investment	D-Link Corporation	Other receivables-related parties	Yes	762,808	762,808	762,808	-	2	-	Operating Capital	-	-	-	778,036	778,036
3	D-Link Japan K.K.	D-Link Corporation	Other receivables-related parties	Yes	388,486	388,486	388,486	0.50	2	-	Operating Capital	-	-	-	623,849	623,849
4	D-Link (Deutschland) GmbH	D-Link Europe	Other receivables-related parties	Yes	169,795	169,795	105,273	1.00	2	-	Operating Capital	-	-	-	213,156	213,156
5	PC	Cameo	Other receivables	Yes	86,380	77,838	59,157	-	2	-	Operating Capital	-	-	-	142,806	142,806
6	PC	Huge Castle	Other receivables	Yes	8,543	-	-	-	2	-	Operating Capital	-	-	-	142,806	142,806
7	Luis Jo'se	Huge Castle	Other receivables	Yes	8,543	-	-	-	2	-	Operating Capital	-	-	-	19,309	19,309
8	Qianjin Investment	Cameo	Other receivables	Yes	38,000	38,000	-	1.11	2	-	Operating Capital	-	-	-	63,712	63,712
9	Huge Castle	Cameo	Other receivables	Yes	93,405	93,405	93,405	-	2	-	Operating Capital	-	-	-	205,940	205,940

Note 1: Purpose of fund financing for the borrower:

1. For those companies with business transaction with the Company, please fill in 1.
2. For those companies with short-term financing needs, please fill in 2.

Note 2: Total amount of loans from D-Link International to the Company and the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries shall not exceed 100% of the net worth of D-Link International. The ending amount and funding loan limits are calculated by the unaudited balance.

Note 3: Total amount of loans from D-Link Russia Investment to the Company shall not exceed 100% of the net worth of D-Link Russia Investment. The ending amount and funding loan limits are calculated by the unaudited balance.

Note 4: Total amount of loans from D-Link Japan to the Company shall not exceed 100% of the net worth of D-Link Japan. The ending amount and funding loan limits are calculated by the unaudited balance.

Note 5: Total amount of loans from D-Link Deutschland to the Company's 100% directly or indirectly owned overseas subsidiaries shall not exceed 100% of the net worth of D-Link Deutschland. The ending amount and funding loan limits are calculated by the unaudited balance.

Note 6: The total amount of loans from PC, Luis Jo'se, Qianjin Investment and Huge Castle to Cameo and its 100% directly or indirectly owned overseas subsidiaries shall not exceed 40% of the net worth of PC, Luis Jo'se, Qianjin Investment and Huge Castle. The ending amount and funding loan limits are calculated by the unaudited balance.

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

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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	1,999,455	126,531	126,531	69,312	-	1.39 %	5,998,365	Y	N	N
0	D-Link Corporation	D-Link Shanghai	2	1,999,455	150,260	77,838	20,285	-	0.85 %	5,998,365	Y	N	Y

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

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

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

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

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

(iii) Securities held as of June 30, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars/shares)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance			Fair value	Note
				Shares/Units	Carrying value	Percentage of ownership (%)		
D-Link Corporation	EHO0	None	Financial assets at fair value through profit or loss-non-current	749,663	-	4.11 %	-	Note
D-Link Corporation	EWAVE	None	Financial assets at fair value through profit or loss-non-current	83,334	-	1.89 %	-	Note
D-Link Corporation	TGC	None	Financial assets at fair value through profit or loss-non-current	500,000	-	1.84 %	-	Note
D-Link Corporation	YICHIA Information Corporation	None	Financial assets at fair value through profit or loss-non-current	73,500	-	6.68 %	-	Note
D-Link Corporation	UBICOM	None	Financial assets at fair value through profit or loss-non-current	926,814	-	3.05 %	-	Note
D-Link Corporation	PurpleComm, Inc.	None	Financial assets at fair value through profit or loss-non-current	3,385,417	-	14.10 %	-	Note
D-Link Corporation	Global Mobile Corp.	None	Financial assets at fair value through profit or loss-non-current	6,600,000	-	2.39 %	-	Note
D-Link Holding	Best 3C	None	Financial assets at fair value through profit or loss-non-current	600,000	-	1.88 %	-	Note
D-Link Holding	E2O	None	Financial assets at fair value through profit or loss-non-current	252,525	-	0.05 %	-	Note
Yeotai	Stemcyte	None	Financial assets at fair value through other comprehensive income-non-current	18,950	202	0.01 %	202	
Yeotai	Kaimei	None	Financial assets at fair value through other comprehensive income-non-current	231,342	15,593	0.21 %	15,593	
D-Link India	MIRAE MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	20,867	19,145	-	19,145	
D-Link India	ICICI MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	387,461	49,832	-	49,832	
D-Link India	ADITYA BIRLA MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	415,943	58,309	-	58,309	
D-Link India	MAHINDRA MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	40,494	22,898	-	22,898	
D-Link India	UNION MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	22,914	19,194	-	19,194	
D-Link India	NIPPON INDIA MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	18,033	38,334	-	38,334	
D-Link India	TATA MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	21,085	28,626	-	28,626	

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D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance			Note	
				Shares/Units	Carrying value	Percentage of ownership (%)		Fair value
D-Link India	SBI MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	37,119	50,482	-	50,482	
D-Link India	HDFC MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	22,492	38,402	-	38,402	
D-Link India	AXIS MUTUAL FUND	None	Financial assets at fair value through profit or loss-current	23,749	22,771	-	22,771	
D-Link India	JM MUTAL FUND	None	Financial assets at fair value through profit or loss-current	324,122	7,633	-	7,633	
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
Qianjin Investment	D-Link Corporation	Parent company	Treasury stock	5,434,069	118,735	0.91 %	118,735	

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

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (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)	(232,458)	(7) %	60 Days	-	-	61,181	4%	
D-Link Corporation	D-Link Systems	Subsidiary	(Sales and service revenue)	(310,528)	(9) %	75 Days	-	-	220,353	13%	
D-Link Corporation	D-Link Europe	Subsidiary	(Sales and service revenue)	(1,342,814)	(38) %	60 Days	-	-	705,212	41%	
D-Link Corporation	D-Link ME	Subsidiary	(Sales and service revenue)	(321,308)	(9) %	60 Days	-	-	139,973	8%	
D-Link Corporation	D-Link Japan	Subsidiary	(Sales and service revenue)	(296,410)	(8) %	60 Days	-	-	97,700	6%	
D-Link Corporation	D-Link India	Subsidiary	(Sales and service revenue)	(383,422)	(11) %	45 Days	-	-	162,254	9%	
D-Link Corporation	Cameo	Subsidiary	Purchase	888,207	32 %	90 Days	-	-	(423,958)	(32)%	Note 2
D-Link Corporation	AMIGO	Other related party	Purchase	258,615	9 %	90 Days	-	-	(159,860)	(12)%	
D-Link International	D-Link Corporation	Parent company	Purchase	231,948	71 %	60 Days	-	-	(61,181)	(59)%	
D-Link Systems	D-Link Corporation	Parent company	Purchase	310,313	97 %	90 Days	-	-	(220,353)	(58)%	
D-Link Europe	D-Link Corporation	Parent company	Purchase	1,336,900	99 %	60 Days	-	-	(705,212)	(89)%	
D-Link ME	D-Link Corporation	Parent company	Purchase	320,942	30 %	60 Days	-	-	(139,973)	(25)%	
D-Link Japan	D-Link Corporation	Parent company	Purchase	274,364	89 %	60 Days	-	-	(97,700)	(99)%	
D-Link India	D-Link Corporation	Parent company	Purchase	351,911	18 %	45 Days	-	-	(162,254)	(28)%	
Cameo	D-Link Corporation	Parent company	(Sales)	(894,459)	(48) %	90 Days	-	-	424,029	48%	

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sales)	Amount	Percentage of total purchases/(Sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
D-Link Shanghai	D-Link Trade	The ultimate parent company is D-Link Corporation	(Sales)	(905,577)	(96) %	120 Days	—	—	715,433	97%	
D-Link Trade	D-Link Shanghai	The ultimate parent company is D-Link Corporation	Purchase	905,577	98 %	120 Days	—	—	(715,433)	(61)%	
Cameo	D-Link Shanghai	The ultimate parent company is D-Link Corporation	(Sales)	(206,404)	(11) %	90 Days	—	—	96,838	11%	
D-Link Shanghai	Cameo	The ultimate parent company is D-Link Corporation	Purchase	205,718	22 %	90 Days	—	—	(96,838)	(13)%	

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

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

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

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Overdue (Note 1)		Amounts received in subsequent period (Note 2)	Allowance for bad debts
					Amount	Action taken		
D-Link Corporation	D-Link Systems	Subsidiary	220,353	2.69	-	-	33,707	-
D-Link Corporation	D-Link Europe	Subsidiary	705,212	5.43	-	-	59,083	-
D-Link Corporation	D-Link ME	Subsidiary	139,973	2.46	-	-	77,837	-
D-Link Corporation	D-Link India	Subsidiary	162,254	3.63	2	-	69,077	-
D-Link International	D-Link ME	The ultimate parent company is D-Link Corporation	207,001	-	206,742	-	-	-
D-Link International	D-Link L.A.	The ultimate parent company is D-Link Corporation	647,654	-	647,654	-	-	-
D-Link International	D-Link Brazil	The ultimate parent company is D-Link Corporation	151,641	-	151,641	-	18,146	-
D-Link International	D-Link Trade	The ultimate parent company is D-Link Corporation	437,605	-	437,605	-	57,176	-
D-Link Shanghai	D-Link Trade	The ultimate parent company is D-Link Corporation	715,433	6.51	-	-	110,992	-
Cameo	D-Link Corporation	Parent Company	424,029	4.08	-	-	166,404	-

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

Note 2: The amount represents collections subsequent to June 30, 2023 up to July 26, 2023.

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

(Continued)

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

(ix) Trading in derivative instruments:

(In Thousands of New Taiwan Dollars)

Company Name	Derivative Instruments Category	Holding Purpose	Contract Amount		Book Value	Fair Value
		Non-trading:				
D-Link Corporation	Cross currency swap	USD	USD	20,200	8,830	8,830
D-Link Corporation	Cross currency swap	EUR	EUR	7,700	2,355	2,355
D-Link Corporation	Cross currency swap	JPY	JPY	160,000	1,484	1,484
D-Link Corporation	Cross currency swap	AUD	AUD	600	512	512
D-Link International	Cross currency swap	CNH	CNH	115,292	16,010	16,010
D-Link Corporation	Cross currency swap	CAD	CAD	2,400	211	211
D-Link Corporation	Forward foreign exchange contract	CAD(Sell)	CAD	500	29	29
D-Link Corporation	Forward foreign exchange contract	EUR(Sell)	EUR	7,100	2,920	2,920
D-Link Corporation	Forward foreign exchange contract	AUD(Sell)	AUD	500	36	36
D-Link Corporation	Forward foreign exchange contract	JPY(Sell)	JPY	400,000	3,420	3,420
D-Link International	Forward foreign exchange contract	JPY(Sell)	JPY	60,000	1,037	1,037
D-Link International	Forward foreign exchange contract	KRW(Sell)	KRW	4,228,940	2,750	2,750
D-Link International	Forward foreign exchange contract	BRL(Sell)	BRL	4,815	319	319
D-Link International	Forward foreign exchange contract	IDR(Sell)	IDR	16,472,500	68	68
D-Link India	Forward foreign exchange contract	INR(Sell)	INR	20,511	1	1
D-Link Corporation	Cross currency swap	JPY	JPY	1,800,000	(6,195)	(6,195)
D-Link Corporation	Cross currency swap	CAD	CAD	700	(101)	(101)
D-Link International	Cross currency swap	CNH	CNH	33,602	(2,221)	(2,221)
D-Link Corporation	Forward foreign exchange contract	EUR(Sell)	EUR	7,900	(1,371)	(1,371)
D-Link International	Forward foreign exchange contract	CNH(Buy)	CNH	32,090	(2,504)	(2,504)
D-Link International	Forward foreign exchange contract	BRL(Sell)	BRL	10,321	(667)	(667)
D-Link India	Forward foreign exchange contract	INR(Sell)	INR	53,396	(24)	(24)

(Continued)

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

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	D-Link Corporation	D-Link Systems	1	Investments accounted for using equity method	1,506,911	-	8%
0	D-Link Corporation	D-Link International	1	Investments accounted for using equity method	2,547,103	-	14%
0	D-Link Corporation	D-Link Holding	1	Investments accounted for using equity method	882,698	-	5%
0	D-Link Corporation	D-Link ME	1	Investments accounted for using equity method	1,091,020	-	6%
0	D-Link Corporation	D-Link Japan	1	Investments accounted for using equity method	631,611	-	3%
0	D-Link Corporation	D-Link Europe	1	Investments accounted for using equity method	724,111	-	4%
0	D-Link Corporation	Cameo	1	Investments accounted for using equity method	1,594,726	-	9%
0	D-Link Corporation	D-Link Brazil	1	Investments accounted for using equity method-credit	(191,667)	-	(1)%
0	D-Link Corporation	D-Link L.A.	1	Investments accounted for using equity method-credit	(636,330)	-	(3)%
0	D-Link Corporation	D-Link International	1	Sales and service revenue	232,458	60 Days	3%
0	D-Link Corporation	D-Link Systems	1	Sales and service revenue	310,528	75 Days	4%
0	D-Link Corporation	D-Link Europe	1	Sales and service revenue	1,342,814	60 Days	16%
0	D-Link Corporation	D-Link ME	1	Sales and service revenue	321,308	60 Days	4%
0	D-Link Corporation	D-Link Japan	1	Sales and service revenue	296,410	60 Days	4%
0	D-Link Corporation	D-Link India	1	Sales and service revenue	383,422	45 Days	5%
0	D-Link Corporation	D-Link Systems	1	Accounts receivable-related party	220,353	75 Days	1%
0	D-Link Corporation	D-Link Europe	1	Accounts receivable-related party	705,212	60 Days	4%
1	D-Link Holding	D-Link Mauritius	3	Investments accounted for using equity method	1,134,348	-	6%
2	D-Link International	D-Link ME	3	Accounts receivable-related party	207,001	60 Days	1%
2	D-Link International	D-Link L.A.	3	Accounts receivable-related party	647,654	75 Days	4%
2	D-Link International	D-Link Trade	3	Accounts receivable-related party	437,605	180 Days	2%

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
2	D-Link International	D-Link Russia Investment	3	Investments accounted for using equity method	778,036	-	4%
3	D-Link Mauritius	D-Link India	3	Investments accounted for using equity method	1,132,856	-	6%
4	D-Link Europe	D-Link Deutschland	3	Investments accounted for using equity method	213,156	-	1%
5	D-Link Shanghai	D-Link Trade	3	Sales	905,577	120 Days	11%
5	D-Link Shanghai	D-Link Trade	3	Accounts receivable-related party	715,433	120 Days	4%
6	Cameo	Qianjin Investment	3	Investments accounted for using equity method	514,850	-	3%
7	Huge Castle	PC	3	Investments accounted for using equity method	357,015	-	2%

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

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

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

Note 3: Nature of relationship are listed as below:

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

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

(b) Information on investees:

The following is the information on investees for the six months ended June 30, 2023 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2023			Net income (losses) of investee	Investment income (losses)	Note
				June 30, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value			
D-Link Corporation	D-Link Systems	USA	Sales and after-sales service in USA	1,672,702	1,672,702	48,045,007	100.00 %	1,506,911	3,122	3,122	D-Link Corporation acquired 1.56% of the shareholding in D-Link Systems from D-Link Holding in November 2022.
D-Link Corporation	D-Link Canada	Canada	Sales and after-sales service in Canada	-	216,354	-	- %	-	-	-	D-Link Corporation transferred 100% of its shareholding in D-Link Canada to D-Link Systems in January 2023.
D-Link Corporation	D-Link International	Singapore	Sales and after-sales service in Southeast Asia	1,941,986	1,941,986	66,074,660	99.36 %	2,547,103	90,370	198,396	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 %	(636,330)	-	-	

(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 June 30, 2023			Net income (losses) of investee	Investment income (losses)	Note
				June 30, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value			
D-Link Corporation	D-Link Sudamerica	Chile	Sales and after-sales service in Chile	6,512	6,512	199,999	100.00 %	10,452	460	460	100% shares owned by D-Link Corporation and D-Link Holding
D-Link Corporation	D-Link Mexicana	Mexico	Sales and after-sales service in Mexico	301,036	301,036	152,066	100.00 %	3,425	(505)	(505)	100% shares owned by D-Link Corporation and D-Link Sudamerica ; In liquidation process.
D-Link Corporation	D-Link Brazil	Brazil	Sales and after-sales service in Brazil	932,197	932,197	2,964,836,727	100.00 %	(191,667)	5,087	5,087	100% shares owned by D-Link Corporation and D-Link Holding
D-Link Corporation	D-Link ME	UAE	Sales and after-sales service in Middle East and Africa	103,930	71,484	6	100.00 %	1,091,020	12,977	12,977	D-Link Corporation acquired 16.67% of the shareholding in D-Link ME from D-Link International in June 2023.
D-Link Corporation	D-Link Australia	Australia	Sales and after-sales service in Australia and New Zealand	16,764	16,764	1,000,000	100.00 %	135,490	(15,504)	(15,504)	D-Link Corporation acquired 0.1% of the shareholding in D-Link Australia from D-Link International in December 2022.
D-Link Corporation	D-Link Holding	BVI	Investment company	891,177	2,242,837	27,044,212	100.00 %	882,698	164,782	107,680	Investment income included the amounts of transactions between affiliated companies; D-Link Holding conducted a cash capital reduction and return the capital USD 41,018 thousand to D-Link Corporation in May 2023.
D-Link Corporation	D-Link Deutschland	Germany	Sales and after-sales service in Germany	120,050	120,050	-	- %	120,050	6,296	-	100% shares owned by D-Link Corporation directly and indirectly. Investment income was recognized in D-Link Europe.
D-Link Corporation	D-Link Japan	Japan	Sales and after-sales service in Japan	595,310	595,310	9,500	100.00 %	631,611	57,895	57,895	
D-Link Corporation	D-Link Investment	Singapore	Investment company	67,191	67,191	2,200,000	100.00 %	(76,371)	(126,915)	(126,915)	
D-Link Corporation	Yeotai	Taiwan	Investment company	146,000	146,000	14,600,000	100.00 %	47,815	180	180	
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 %	1,594,726	1,001	(42,669)	Investment losses included the amounts of transactions between affiliated companies; Cameo was an associate before March 31, 2023.
D-Link Corporation	D-Link Europe	UK	Sales and after sales service in Europe	1,260,451	-	32,497,455	100.00 %	724,111	(65,522)	(47,478)	D-Link Corporation acquired 100% of the shareholding in D-Link Europe from D-Link Holding in May 2023.
D-Link Systems	D-Link Canada	Canada	Sales and after sales service in Canada	159,585	-	5,736,000	100.00 %	138,739	(25,745)	(25,745)	D-Link Corporation transferred 100% of its shareholding in D-Link Canada to D-Link Systems in January 2023.
D-Link Investment	D-Link Trade	Russia	Sales and after sales service in Russia	66,538	66,538	註2	100.00 %	(76,185)	(128,546)	(128,546)	

(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 June 30, 2023			Net income (losses) of investee	Investment income (losses)	Note
				June 30, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value			
D-Link Trade	T-COM	Russia	Sales and after sales service in Russia	12,485	12,485	註2	40.00 %	4,890	(6,818)	3,730	
D-Link International	D-Link ME	UAE	Sales and after sales service in Middle East and Africa	-	34,260	-	- %	-	-	-	D-Link International transferred 16.67% of its shareholding in D-Link ME to D-Link Corporation in June 2023.
D-Link International	D-Link Korea	Korea	Sales and after sales service in Korea	44,300	44,300	330,901	100.00 %	(47,134)	(8,558)	(8,558)	
D-Link International	D-Link Trade M	Republic of Moldova	Sales and after sales service in Moldova	13	13	-	100.00 %	(176)	27	27	
D-Link International	D-Link Russia Investment	BVI	Investment company	789,757	789,757	25,000,000	100.00 %	778,036	165,857	165,857	
D-Link International	D-Link Malaysia	Malaysia	Sales and after sales service in Malaysia	6,130	6,130	800,000	100.00 %	8,210	694	694	
D-Link International	D-Link Lithuania	Lithuania	Sales and after sales service	3,574	3,574	1,000	100.00 %	9,515	4,944	4,944	
D-Link Lithuania	D-Link Ukraine	Ukraine	Sales and after sales service in Ukraine	4,883	-	註2	100.00 %	3,623	(1,200)	(1,200)	
D-Link Lithuania	D-Link Kazakhstan	Kazakhstan	Sales and after sales service in Kazakhstan	612	-	註2	100.00 %	502	(102)	(102)	
D-Link Holding	D-Link Europe	UK	Sales and after sales service in Europe	-	971,293	-	- %	-	-	(18,044)	D-Link Holding transferred 100% of its shareholding in D-Link Europe to D-Link Corporation in May 2023.
D-Link Holding	D-Link International	Singapore	Sales and after-sales service in Southeast Asia	8,466	8,466	425,340	0.64 %	(15,256)	90,370	-	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 %	4,803	222	222	
D-Link Holding	D-Link Mauritius	Mauritius	Investment company	186,789	186,789	200,000	100.00 %	1,134,348	72,227	72,227	
D-Link Holding	D-Link Shiang-Hai (Cayman)	Cayman Island	Investment company	654,974	654,974	50,000	100.00 %	(156,446)	106,664	106,664	
D-Link Holding	Success Stone	BVI	Investment company	297,027	297,027	9,822	100.00 %	147,242	3,871	3,871	
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	- %	-	5,087	-	D-Link Brazil's investment income was recognized in D-Link Corporation.
D-Link Holding	D-Link Sudamerica	Chile	Sales and after sales service in Chile	-	-	1	- %	-	460	-	D-Link Sudamerica's investment income was recognized in D-Link Corporation.
D-Link Mauritius	D-Link India	India	Sales and after sales service in India	340,319	340,319	18,114,663	51.02 %	1,132,856	72,405	72,405	
D-Link Mauritius	TeamFI India	India	Technical services for software and hardware system integration	8	8	1	0.01 %	15	-	-	100% shares owned by D-Link Mauritius and D-Link India.
D-Link India	TeamFI India	India	Technical services for software and hardware system integration	84,114	84,114	10,499	99.99 %	130,971	2,861	2,861	100% shares owned by D-Link Mauritius and D-Link India.
D-Link L.A	D-Link Peru S.A.	Peru	Sales and after sales service in Peru	-	-	1	0.03 %	3	(358)	-	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 %	6,485	697	697	
D-Link Sudamerica	D-Link Guatemala S.A.	Guatemala	Sales and after sales service in Guatemala	410	410	99,000	99.00 %	570	-	-	In liquidation process.
D-Link Sudamerica	D-Link Peru S.A.	Peru	Sales and after sales service in Peru	38	38	3,499	99.97 %	8,623	(358)	(358)	
D-Link Sudamerica	D-Link Mexicana	Mexico	Sales and after sales service in Mexico	6	6	3	- %	7	(505)	-	D-Link Mexicana's investment loss was recognized in D-Link Corporation; In liquidation process.

(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 June 30, 2023			Net income (losses) of investee	Investment income (losses)	Note
				June 30, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value			
D-Link Sudamerica	D-Link Argentina S.A.	Argentina	Sales and after sales service in Argentina	2,750	2,750	100	100.00 %	51	-	-	In liquidation process.
D-Link Europe	D-Link Deutschland	Germany	Sales and after sales service in Germany	131,769	131,769	註2	100.00 %	213,156	6,296	6,296	
D-Link Europe	D-Link AB	Sweden	Sales and after sales service in Sweden	9,022	9,022	15,500	100.00 %	17,340	1,076	1,076	
D-Link Europe	D-Link Iberia	Spain	Sales and after sales service in Spain	1,976	1,976	50,000	100.00 %	69,842	2,241	2,241	
D-Link Europe	D-Link Mediterraneo	Italy	Sales and after sales service in Italy	2,177	2,177	50,000	100.00 %	31,204	1,858	1,858	
D-Link Europe	D-Link (Holdings) Ltd.	UK	Investment company	-	-	3	100.00 %	9,523	-	-	
D-Link Europe	D-Link France	France	Sales and after sales service in France	5,287	5,287	114,560	100.00 %	46,608	3,214	3,214	
D-Link Europe	D-Link Netherlands	Netherlands	Sales and after sales service in Netherlands	2,132	2,132	50,000	100.00 %	6,360	(2,228)	(2,228)	
D-Link Europe	D-Link Polska	Poland	Sales and after sales service in Poland	1,210	1,210	100	100.00 %	25,304	161	161	
D-Link Europe	D-Link Magyarorszag	Hungary	Sales and after sales service in Hungary	523	523	300	100.00 %	4,305	(1,878)	(1,878)	
D-Link Europe	D-Link s.r.o	Czech	Sales and after sales service in Czech	329	329	100	100.00 %	3,359	(1,199)	(1,199)	
D-Link (Holdings) Ltd.	D-Link UK	UK	Sales and after sales service in UK	-	-	300,100	100.00 %	9,522	-	-	
D-Link Mediterraneo SRL	D-Link Adria d.o.o.	Croatia	Sales and after sales service in Croatia	326	326	註2	100.00 %	-	-	-	In liquidation process.
Yeotai	Xtramus Technologies Co. Ltd.	Taiwan	Research, development, manufacturing and sell of testing equipment for network	38,110	38,110	1,832,446	41.18 %	1,928	4,681	136	
Cameo	Huge Castle	Samoa	Investment company	515,592	-	16,397,718	100.00 %	514,850	(42,665)	(42,665)	
Cameo	Qianjin Investment	Taiwan	Investment company	270,000	-	27,000,000	100.00 %	159,280	48	48	
Qianjin Investment	Soarnex Technology	Taiwan	International Trade	-	-	-	- %	-	(13)	(13)	Liquidation completed on April 24, 2023.
Huge Castle	PC	Mauritius	Investment company and trading	141,739	-	500,000	100.00 %	357,015	(54,528)	(54,528)	
Huge Castle	Luis Jo'se	BVI	Investment company	43,673	-	1,362,680	100.00 %	48,274	7,244	7,244	

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

Note 2: Limited Company

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

(c) Information on investment in Mainland China:

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

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value (Note 2)	Accumulated remittance of earnings in current period	Note
					Outflow	Inflow							
D-Link Shanghai	Buy and sell of networking equipment and wireless system	607,133	2	607,133	-	-	607,133	105,068	100.00%	105,068	(169,785)	-	
Netpro	Research, development and trading business	21,795	2	20,315	-	-	20,315	1,596	100.00%	1,596	15,572	-	
YouXiang	Technical Service and Import/Export trading business	60,960	3	-	-	-	-	(7,342)	9.86%	-	3,777	-	
Cameo Technology Development (Shenzhen) Co., Ltd.	R&D for communications technology and products	-	2	17,175	-	-	17,175	N/A	-	N/A	Note 3	-	Note 3
Nettech Technology (Suzhou) Co., Ltd.	Production, processing, and sale of electronic communications equipment	79,496	2	141,739	-	-	141,739	(9,931)	100.00%	(9,931)	83,034	271,678	Note 6, 7, 8, 9, 10, 11
Wide View Technology Inc.	R&D, production, and sale of electronic components	-	2	20,923	-	-	20,923	N/A	-	N/A	Note 4	-	Note 4
Suzhou Soarnex Technology Co., Ltd	Software development and software services for computer information systems	22,064	2	-	-	-	-	6,538	100.00%	6,538	30,316	-	Note 5

(Continued)

D-LINK CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Note 1: Method of Investment:

Type 1: Direct investments in Mainland China

Type 2: Indirect investments in Mainland China

Type 3: Others

Note 2: The amounts in New Taiwan Dollars were translated at the exchange rates of USD 31.14 and CNY 4.29 as of June 30, 2023.

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

Note 4: 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: Suzhoa Soarmex Technology Co., Ltd. was invested by Nettech Technology (Suzhou) Co., Ltd. in Mainland China through self-funding. In August 2019, Nettech Technology (Suzhou) Co., Ltd. transferred its entire shareholdings to Luis Jo'se.

Note 6: Nettech Technology (Suzhou) Co., Ltd. conducted a capital reduction to return the shares amounting to USD \$25,000 thousand, at the percentage rate of 90.20%, based on a resolution of the Board of Directors held on December 8, 2021. The relevant statutory registration procedures had been completed on February 11, 2022. Thereafter, Nettech Technology (Suzhou) Co., Ltd. remitted USD \$25,000 thousand to PC on February 21, 2022.

Note 7: PC conducted a capital reduction to return the shares amounting to USD \$22,000 thousand, at the percentage rate of 81.48%, based on a resolution of the Board of Directors held on April 29, 2022, which is the base date of the capital reduction. PC remitted USD \$22,000 thousand to Huge Castle on June 22, 2022.

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

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

Note 10: The Board of Directors held in November 2022 resolved to liquidate Nettech Technology (Suzhou) Co., Ltd. The liquidation procedures have already commenced, and it is expected to be completed at the end of 2023.

Note 11: Nettech Technology (Suzhou) Co., Ltd. remitted the surplus of USD \$8,240 thousand to PC in the second quarter of 2023.

(ii) **Limitation on investment in Mainland China:**

Company Name	Accumulated Investment in Mainland China as of June 30, 2023	Investment Amounts Authorized by the MOEAIC	Upper Limit on Investment
D-Link Corporation	627,448	627,448	(Note 1)
Cameo	179,837	193,022	1,915,193 (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 six months ended June 30, 2023, the significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

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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	9.97 %

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.

(14) Segment information:

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

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

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

(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 June 30, 2023				
	American markets	European markets	Asia markets and others	Adjustments and eliminations	Total
Revenue:					
Third-party customers	\$ 331,432	1,018,313	2,801,481	-	4,151,226
Inter-company	<u>7,004</u>	<u>3,058</u>	<u>839,721</u>	<u>(849,783)</u>	<u>-</u>
Total revenue	<u><u>\$ 338,436</u></u>	<u><u>1,021,371</u></u>	<u><u>3,641,202</u></u>	<u><u>(849,783)</u></u>	<u><u>4,151,226</u></u>
Reportable segment profit (loss)	<u><u>\$ 25,469</u></u>	<u><u>21,062</u></u>	<u><u>763,364</u></u>	<u><u>(345,998)</u></u>	<u><u>463,897</u></u>
	For the three months ended June 30, 2022				
	American markets	European markets	Asia markets and others	Adjustments and eliminations	Total
Revenue:					
Third-party customers	\$ 280,260	1,170,212	2,706,529	-	4,157,001
Inter-company	<u>8,102</u>	<u>10,721</u>	<u>802,727</u>	<u>(821,550)</u>	<u>-</u>
Total revenue	<u><u>\$ 288,362</u></u>	<u><u>1,180,933</u></u>	<u><u>3,509,256</u></u>	<u><u>(821,550)</u></u>	<u><u>4,157,001</u></u>
Reportable segment profit (loss)	<u><u>\$ (19,254)</u></u>	<u><u>(24,951)</u></u>	<u><u>258,528</u></u>	<u><u>(78,248)</u></u>	<u><u>136,075</u></u>
	For the six months ended June 30, 2023				
	American markets	European markets	Asia markets and others	Adjustments and eliminations	Total
Revenue:					
Third-party customers	\$ 614,848	2,309,114	5,483,172	-	8,407,134
Inter-company	<u>16,327</u>	<u>9,962</u>	<u>1,741,987</u>	<u>(1,768,276)</u>	<u>-</u>
Total revenue	<u><u>\$ 631,175</u></u>	<u><u>2,319,076</u></u>	<u><u>7,225,159</u></u>	<u><u>(1,768,276)</u></u>	<u><u>8,407,134</u></u>
Reportable segment profit (loss)	<u><u>\$ (18,347)</u></u>	<u><u>(7,092)</u></u>	<u><u>1,167,437</u></u>	<u><u>(493,294)</u></u>	<u><u>648,704</u></u>

(Continued)

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

For the six months ended June 30, 2022

	American markets	European markets	Asia markets and others	Adjustments and eliminations	Total
Revenue:					
Third-party customers	\$ 625,417	2,248,810	5,297,573	-	8,171,800
Inter-company	<u>14,749</u>	<u>15,903</u>	<u>1,540,414</u>	<u>(1,571,066)</u>	<u>-</u>
Total revenue	<u>\$ 640,166</u>	<u>2,264,713</u>	<u>6,837,987</u>	<u>(1,571,066)</u>	<u>8,171,800</u>
Reportable segment profit (loss)	<u>\$ (44,431)</u>	<u>(170,510)</u>	<u>79,222</u>	<u>112,061</u>	<u>(23,658)</u>
	American markets	European markets	Asia markets and others	Adjustments and eliminations	Total
Reportable segment assets:					
June 30, 2023	<u>\$ 2,914,388</u>	<u>4,663,198</u>	<u>27,452,518</u>	<u>(16,694,504)</u>	<u>18,335,600</u>
December 31, 2022	<u>\$ 2,954,333</u>	<u>4,585,624</u>	<u>23,412,208</u>	<u>(15,530,624)</u>	<u>15,421,541</u>
June 30, 2022	<u>\$ 3,108,580</u>	<u>4,385,916</u>	<u>22,841,458</u>	<u>(15,031,915)</u>	<u>15,304,039</u>