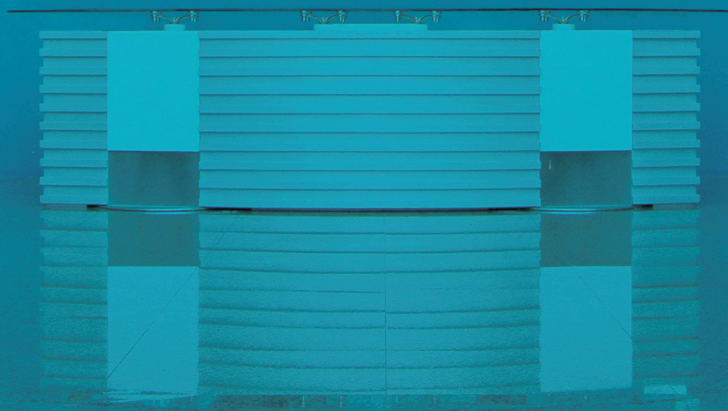


# D-Link Corporation

2024 Annual General Shareholders' Meeting Agenda

**D-Link**

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## **Disclaimer**

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## **D-Link Corporation**

### **Procedure for the 2024 Annual General Shareholders' Meeting**

- I. Call the Meeting to Order
- II. Chairperson's Address
- III. Reported matters
- IV. Acknowledged matters
- V. Matters for Discussion
- VI. Extemporaneous Motions
- VII. Adjournment

# D-Link Corporation

## Agenda for the 2024 Annual General Shareholders' Meeting

**Time:** 09:00 a.m., May 29, 2024 (Wednesday)

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

**Convening Method:** Physical Shareholders' Meeting

**Attendants:** All shareholders or their proxy holders

**Chairperson:** Victor Kuo, Chairperson of the Board of Directors

### **I. Call the Meeting to Order**

### **II. Chairperson's Address**

### **III. Reported matters**

- (I). To report the business of 2023
- (II). 2023 Audit Committee's review report
- (III). To report 2023 compensation distribution to employees and directors
- (IV). To report 2023 directors' remuneration
- (V). To report the cash dividend from 2023 profits distribution

### **IV. Acknowledged matters**

- (I). To adopt the 2023 business report and financial statements
- (II). To adopt the distribution of 2023 retained earnings

### **V. Matters for Discussion**

- (I). To approve the release of non-competition restrictions for directors

### **VI. Extemporary Motions**

### **VII. Adjournment**

# Reported matters

## I. To report the business of 2023

**Explanatory Notes:** For the 2023 business report, please refer to Attachment 1 (page 8).

## II. 2023 Audit Committee's review report

**Explanatory Notes:** For the 2023 Audit Committee's review report, please refer to Attachment 2 (page 14).

## III. To report 2023 compensation distribution to employees and directors

**Explanatory Notes:**

- (I). The distribution is handled in accordance with Article 27 of the Company's Articles of Incorporation. If the Company had a profit for the year, the Company shall appropriate 1~15% of the profit as compensation to employees and no more than 1% of that as compensation to directors. However, profit must first be taken to offset cumulation losses, if any.
- (II). The Company's distribution of 2023 compensation to employees and directors has been resolved by the board of directors meetings on February 27, 2024, and respectively distributes NT\$31,380,941 (5% of the profit) and NT\$3,138,094 (0.5% of the profit) as compensation to employees and directors. The 2023 compensation to employees and directors is to be distributed in cash and the qualification requirements of employees, including the employees of subsidiaries of the Company meeting certain specific requirements.

## IV. To report 2023 directors remuneration

**Explanatory Notes:**

(I)The policy, system, standard, and structure of the remuneration paid to the Company's Directors Independent Directors and describe the relevance between the remuneration amount paid and factors, such as their functions, risks, and time commitment:

- 1.Per the Company's "Articles of Incorporation", all the Board of Directors will determine the remuneration and transportation expenses for all Directors in line with industry standards.
- 2.Article 27 of the "Articles of Incorporation" stipulates that director remuneration should be distributed at a rate not exceeding one percent of the annual profit. The payment of Directors' remuneration in the Company will be governed by the "Regulations on the Management of Directors' and Functional Committee Members' Remuneration." The principles are outlined as follows:

- (1) Independent Directors do not partake in the distribution of profits.
- (2) The distribution of Director remuneration shall be based on the serving members of the Board of Directors as of the last day of the profit distribution year (12/31). It will be calculated proportionally based on the actual days served in the current year. However, in the year of a Board election, those who leave office at the end of their term are exempt from this limit. The profit distribution for the year of a Board election will be calculated based on the weighted points according to the duration of the old and new terms of office, excluding the day of resignation.
- (3) The distribution of compensation is based on a point system, where members of Board of Directors are allocated, different points depending on their attributes, roles, risk exposure, contributions, performance, and other relevant factors. The evaluation process considers industry standards and norms.

(II)For the detailed list of 2023 Director remuneration of the Company, please refer to Attachment 3 (page 15).

**V. To report the cash dividend from 2023 profits distribution**

**Explanatory Notes:**

- (I). In accordance with Article 27-1 of the Articles of Incorporation and a special resolution approved at the Board of Directors' meeting on February 27, 2024, the retained earnings available for distribution are NT\$321,236,606 and approximately NT\$0.5355 per share will be distributed.
- (II). The distribution of cash dividends is calculated and rounded down to the whole dollar amounts; the fractional amounts are aggregated and recognized in the Company's "Other income." The chairperson of the board of directors is authorized to handle all matters related to the base date, ex-dividend date, closure period, payment date of cash dividends, and other related matters if required by law, the competent authority, or if facts require modification.
- (III). The chairperson of the board of directors is authorized to handle all matters related to the distribution of cash dividends if there is a change in the dividend distribution rate due to a change in the number of outstanding shares of the Company.

## Acknowledged matters

### I. To adopt the 2023 business report and financial statements (Proposed by the Board of Directors)

#### Explanatory Notes:

- (I). The Company's 2023 financial statements were audited jointly by the CPAs Hsieh, Chiu-Hua, and Zhang, Shu-Ying of KPMG. The financial statements together with the business report were sent to the Audit Committee. The Audit Committee has completed the review and issued an Audit Committee's review report.
- (II). For the financial statements and reports, please refer to Attachment 1, Attachment 4, and Attachment 5 (page8, page 17-33).
- (III). Hereby submitted for adoption.

#### Resolution:

### II. To adopt the distribution of 2023 retained earnings (Proposed by the Board of Directors)

**Explanatory Notes:** For the distribution of 2023 retained earnings, please refer to the following table. Hereby submitted for adoption.

**D-Link Corporation**  
**Earnings Distribution Table**  
**Year 2023**

Items	Unit: NTD
<b>Beginning unappropriated retained earnings</b>	-
Add: Net profit after tax for the year 2023	567,581,116
Changes in equity of associates for using equity method	17,047
Remeasurement of defined benefit plans	(5,302,103)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	(15,319,741)
Less: Legal reserve appropriated (10%)	(54,697,632)
Special reserve appropriated	(171,042,081)
Cash dividends (NT\$0.5355 / per share)	(321,236,606)
<b>Ending unappropriated retained earnings</b>	-

Chairperson: Victor Kuo

CEO : CJ Chang

Deputy Director: Claire Chou

#### Resolution:



## **Matters for Discussion**

### **I. To approve the release of non-competition restrictions for directors (Proposed by the Board of Directors)**

#### **Explanatory Notes:**

- (I). As stipulated in Article 209 of the Company Act, “a director who does anything for himself or on behalf of another person that is within the scope of the company’s business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”
- (II). In circumstances that the term of office of the directors and the representatives there of are involved in the investment or operation of other companies that are of the same or similar nature as the Company’s business scope, and act as the directors or managerial officers therein, it is proposed the annual general shareholders’ meeting to release them, in accordance with Article 209 of the Company Act, from non-competition restrictions starting from the date they take office in other companies under the premise that such concurrent positions pose no adverse effect on the Company’s interest, in order to facilitate the business development of the Company.
- (III). For “List of director concurrent positions in other companies”, please refer to Attachment 6 (page 34).
- (IV). Please decide on this matter.

#### **Resolution:**

## **Extemporary Motions**

## **Adjournment**

# Attachment

# 2023 Business Report

## I. Operating Performance in 2023

### (I). Implementation Results of the 2023 Business Plan

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

### (I). Budget Implementation

The Company did not disclose its financial forecast for 2024.

### (II). Profitability Analysis

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

### (III). Research and Development Status

#### ➤ Commercial Product Line

- (1) **Switch Products:** To meet the increasing demand for Wi-Fi 6E/7 wireless products, we have introduced the DXS-3130 series of 10G PoE management switches and the DMS-1250 series of 2.5G PoE smart switches. These products, when combined with Wi-Fi 6E/7 commercial wireless products, provide the optimal solution for enterprise and campus networks. As part of the product generation update, we have introduced the DQS-3610 series, which is a new line of 100G/25G L3 core Switch. This series offers a comprehensive range of switch products suitable for both large enterprises and small businesses. Customers can centrally manage all smart and management switches through the D-View8 management platform using the standard SNMP.
- (2) **Enterprise Access Point and VPN Gateway Products:** Introduce the brand-new Wi-Fi 6 indoor and outdoor AX3000 commercial wireless products, DAP-X3060 and X3060OU. Moreover, responding to the growing popularity of tri-band applications, the Wi-Fi 6E indoor AX5400 product will also be launched subsequently. Users can

choose stand-alone operations or utilize the Nuclias Connect management platform, offering a user-friendly centralized management solution for commercial wireless networks. It is anticipated that following the introduction of Wi-Fi 6E, there will be a gradual rollout of Wi-Fi 7 related products, offering a comprehensive range of commercial wireless solutions to the market.

➤ **Home Product Line**

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

➤ **Telecom Product Line**

- (1) **Broadband Network Products:** We continue to develop XGPON product lines, mainly XGPON modems. The Company will promote Two-box home network solutions integrated with Wi-Fi Mesh products. In addition to the demand of telecom providers, we have also started to plan and develop related products with third-party partners.
- (2) **Mobile Broadband Products:** We offer a variety of devices for LTE/5G mobile broadband communication. In addition to our existing LTE 4G Cat4/Cat6 AX1500 CPE products, we have also introduced ODU supporting 5G-NR 3GPP R16 specifications and a 5G CPE series that integrates Wi-Fi 6 AX3000/AX6000 and wireless Mesh functionality. It is expected that the Company is able to meet the needs of telecom providers at different levels.
- (3) **M2M Industry Application:** The Company launches the industrial applications integrated with the Internet devices. The main feature of the product is that it can be used in various vertical applications. The product series mainly supports LTE/5G networks, as well as Ethernet and Wi-Fi. The Company promotes the Internet access of devices in various industries, the collection and monitoring of data and status, and the integration of D-ECS platform functions to provide the comprehensive wireless connectivity solution for industrial applications. Successful cases can now be found globally, with applications in various sectors such as public transportation, charging stations, electronic billboards in shopping malls, and city bike rentals.

## II. Business Plan for 2024

### (I). 2024 Business objectives

The Company adheres to the following operating guidelines to achieve the established

strategic targets.

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

## **(II). Sales Forecast and Basis**

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

### **1. Commercial Product Line**

- (1) Switch Products: As expectations for a temporary pause in interest rate hikes and subsequent rate cuts by the ECB and the Fed gradually diminish, it is anticipated that corporate capital expenditure will rebound this year. Furthermore, the ongoing trend of generative AI is expected to persist, necessitating not only significant computing power but also a substantial increase in network traffic demand. Consequently, the demand for switches in the corporate, telecommunications, and retail markets is expected to remain stable and gradually increase. This year, in addition to the continued promotion of enterprise cloud solutions, the introduction of multiple new series of 10G/25G/100G switches will also contribute to revenue growth, and together with the existing main 1Gbps class switches, the overall market share will likely further increase.
- (2) Wireless Access Point and VPN Gateway Products: In the new year, in addition to launching several models of enterprise-grade Wi-Fi 6 access points at the beginning of the year, we have also planned for the release of the next-generation enterprise-grade Wi-Fi 7 access points, which are expected to be available in the second half of the year. With Wi-Fi 6 VPN Gateway and intelligent management platform, we aim to assist SMEs in building a smoother, more convenient, stable, and secure remote office environment.

### **2. Home Product Line**

- (1) Home Wireless Routers: The widespread use of mobile devices, along with the availability of various internet services, has transformed the wireless router at home into the central hub for household internet usage. The Company not only continuously launches routers with the latest specifications of Wi-Fi 6E and Wi-Fi 7,

but we have also started integrating Matter technology based on AI, coupled with a series of IoT devices, to build a smart home solution that provides services in a hope to increase sustainable revenue and stabilize profitability.

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

### **3. Telecom Product Line**

- (1) Broadband Network Products: Although the demand for copper wire is gradually being replaced by optical fiber, there is still some demand in developing countries. The Company continues to invest some resources to serve the existing customers in order to secure the market share and customers. There is insufficient bandwidth in the previous fiber optic network of GPON (2.5Gbps). The major network companies are making every effort to gain a foothold in the 10G PON market. With the maturity of the technology, the market share of XGS-PON (10Gbps for both uploading and downloading) is expected to increase rapidly in recent years in response to the emergence of KOLs and the huge traffic demand of Tik Tok and generative AI for uploading videos. Following the ongoing telecom project in 2023, XGS-PON products will be expanded in 2024 together with a series of Mesh Router to offer telecommunications companies more options, either in the form of one-box or two-boxes, and expedite the customization process with our experienced research and development team, this year will commence the Company's Transition from Copper to Fiber.
- (2) Mobile Broadband Products: With the gradual increase of 5G coverage, 5G FWA (Fixed Wireless Access) has become a broadband access solution in low population density areas due to advantages such as shorter deployment time and lower labor and equipment costs, which can increase broadband network coverage while significantly reducing operators' fiber deployment costs. In addition, 5G that integrated with AI and cloud computing technologies can develop various applications and services, such as IoV, smart monitoring, remote industrial control, etc. It is also one of the most important infrastructures in the AIoT. The Company has successively launched Sub-6 5G indoor router and 5G mobile router, and has gained market share. This year, we will not only collaborate with a series of IoT devices to create AIoT industry application service solutions but also enhance our well-established private 5G solutions and actively promote them to compete for telecommunications tenders in different countries.

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

The market sentiment is continuing to decline, with the consumer goods market being particularly affected by a severe imbalance between supply and demand. The Company has

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

### **III. Future Development Strategy**

#### **(I). Short-term Development Strategy**

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

#### **(II). Mid- and Long-term Development Strategy**

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

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

Competition in the networking market is fierce. Not only are new brands entering the market one after another, but also ODMs are often directly involved in telecom bidding projects. However, the Chinese manufacturers who are competing for market share at low prices continue to emerge, squeezing the gross profit of the networking companies. The Company will continue to optimize its supply chain, reform its global organization, and carry out stringent inventory management to reduce costs and expenses, as well as AI and cloud platforms form the core, presenting a variety of solutions to surpass individual product approaches so as to increase sustainable revenue and stabilize profitability. In addition, in response to rising security awareness in various countries, the Company has been well-prepared for "local manufacturing". The Company has established ESG Committee to create a sustainable business environment from three aspects, namely environment, society, and corporate governance, in addition to striving to make profits in the core business. Regarding the overall business environment, the pandemic gradually eases and lockdowns are lifted, inflation appears to be curbed. However, geopolitical tensions remain high. In the upcoming year, the prices of raw materials, energy, and the supply chain will undoubtedly be

significantly impacted. It remains to be seen whether we will experience a repetition of the cycle from two years ago, when the epidemic caused shortages, hoarding, material scarcity, excessive ordering, and a substantial increase in inventory levels. This led to a period required for destocking and resulted in an economy downturn. Additionally, central banks in Europe and the United States have been signaling the possibility of interest rate cuts, raising concerns about potential speculative inflows causing currency fluctuations. This situation also requires close observation. Lastly, this year is an election year. According to statistics, approximately 2 billion people worldwide are expected to participate in voting across various elections, representing around 60% of GWP. Key regions for the company's operations include the United States, Taiwan, India, and the 27 member states of the European Union. Therefore, in addition to planning, developing and promoting various solutions as usual, the main focus of this year is to work closely with our subsidiaries, pay attention to local situations, understand local needs and dynamically adjusting inventories, keep an eye on central bank policies of each country, and seek expert advice to implement exchange rate risk management. Last but not least, we would like to express our sincere appreciation to all shareholders for your support and trust in the Company. Our management team and all employees will strive to create the maximum values for all shareholders.

Chairperson: Victor Kuo

CEO: CJ Chang



## **D-Link Corporation 2023 Audit Committee's Review Report**

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

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

Best regards,

2024 Annual General Shareholders' meeting, D-Link Corporation

Convener of the Auditing Committee: Chen, Chin-Ming  
Feb 27, 2024



1. **Please Describe the Policy, System, Standard, and Structure of the Remuneration Paid to the Independent Directors and Describe the Relevance Between the Remuneration Amount Paid and Factors, such as their Functions, Risks, and Time Commitment.**  
 In accordance with the "Management Regulations on the Remuneration of Directors and Functional Committee Members", the Company pays the remuneration of directors and independent directors, which includes Base Compensation (A), Directors Compensation (C) and Allowances (D), the descriptions of which are as follows:  
 (1) Base Compensation (A) : Independent directors serve on functional committees such as audit and remuneration. Their responsibilities, risks and time commitment are greater and more important than those of ordinary directors. Therefore, the compensation of director varies depending on the nature.  
 (2) Directors Compensation (C): The Company's Articles of Incorporation specify that directors' compensation shall not exceed 1% of the current year's profitability and shall be allocated on a point basis, considering the status of the board members, their duties, board attendance and other contributions. Independent directors shall not participate in the profit distribution.  
 (3) Allowances (D): The attendance fees for directors (including independent directors) to attend the Board of Directors' meetings or shareholders' meetings in person.
2. **Except as Disclosed in the Table above, Remuneration to Directors Received for the Service Provided (such as Serving as Non-employee Consultants) to all Companies Listed in the Consolidated Financial Statements in the Most Recent Year: None.**

Note1: Institutional Director of Young Syun Investment Co., Ltd. Representative Victor Kuo resigned from his position on May 31, 2023, and assumed as Institutional Director at Taiwan Network Group United Co., Ltd. on May 31, 2023.

Note2: Institutional Director of Young Syun Investment Co., Ltd. Representative Joseph Wang resigned from his position on May 31, 2023, and assumed as Institutional Director at Taiwan Network Group United Co., Ltd. on May 31, 2023. Therefore, it is indicated separately.

Note3: Institutional Director of E-TOP Metal Co., Ltd. Representative Amy Wu, Fred Fong, Director Brian Kao, and Victor Wu elected on May 31, 2023. And the disclosure period of remuneration is from the date of elected to December 31, 2023.

Note4: Institutional Director of Pu Ju Investment Co., Ltd. Representative David Tai, Alan Yu, and Howard Kao tenure expired on May 31, 2023. And the disclosure period of remuneration was from January 1, 2023 to the date of tenure expired.

Note5: The directors' compensation (C) and employees' compensation (G) of 2023 was approved by the board of directors on 2024.02.27.

Note6: Profit refers to the profit for the year in the 2023 parent company only financial statements of D-Link Corporation.

# **Independent Auditors' Report and 2023 Consolidated Financial Statements**

## **Representation Letter**

The entities that are required to be included in the consolidated financial statements of D-LINK CORPORATION as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements," endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, D-LINK CORPORATION and Subsidiaries do not prepare a separate set of consolidated financial statements.

Company name: D-LINK CORPORATION

Chairman: Kuo, Chin-Ho

Date: February 27, 2024



安侯建業聯合會計師事務所

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## Independent Auditors' Report

To the Board of Directors of D-LINK CORPORATION:

### Opinion

We have audited the consolidated financial statements of D-LINK CORPORATION and its subsidiaries which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended December 31, 2023 and 2022, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the report of another auditor (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of D-LINK CORPORATION and its subsidiaries as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the D-LINK CORPORATION and its subsidiaries in accordance with The Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. Based on our audits and the report of another auditor, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Other Matters

We did not audit the financial statements of D-Link International Pte. Ltd. and D-Link Middle East FZE, subsidiaries of D-Link Corporation as of and for the year ended December 31, 2023 and the financial statements of D-Link International Pte. Ltd. and D-Link Brazil LTDA, subsidiaries of D-Link Corporation as of and for the year ended December 31, 2022. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for above subsidiaries, is based solely on the reports of other auditors. The financial statements of above subsidiaries reflects the total assets constituting 12% and 5% of the consolidated total assets at December 31, 2023 and 2022, and the total revenues constituting 21% and 8% of the consolidated total revenues for the years ended December 31, 2023 and 2022, respectively.



D-LINK CORPORATION has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion with other matters paragraph.

### **Key Audit Matters**

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

#### **1. Valuation of inventories**

Please refer to Note 4(i) for accounting policy of inventory, Note 5(b) for accounting estimations and assumption uncertainty of inventory valuation, and Note 6(e) for the write-down of inventories to net realizable value.

##### **Key Audit Matter Explanation:**

Most inventories of D-LINK CORPORATION and its subsidiaries are internet solution products, which are measured at the lower of cost or net realizable value. As a result of competitive and rapidly changing environment where D-LINK CORPORATION and its subsidiaries is located in, its internet solution products may become out-of-date and can no longer meet the market needs, resulting in a fluctuation in the market needs and the price of these products. The estimation of the net realizable value involves a subjective judgment of the Consolidated Company's management, which results in a risk that inventory cost may exceed its net realizable value.

##### **How the matter was addressed in our audit:**

For valuation of inventories, we observed the physical count of inventories at year end to inspect the condition of inventories; reviewed the inventory aging reports; review the net realizable value basis adopted by the Consolidated Company's management to verify whether the allowance for obsolete inventory estimated by the Company is in accordance with the inventory provision policy. We also assessed the appropriateness of the Consolidated Company's relevant disclosure of inventories.

#### **2. Revenue recognition**

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

##### **Key Audit Matter Explanation:**

D-LINK CORPORATION and its subsidiaries sells internet related products and services, and aims to offer high-quality internet solution proposals to global consumers and enterprises. Revenue is the key performance indicator to evaluate the Consolidated Company's performance. Consequently, we have determined revenue recognition to be a key audit matter.

##### **How the matter was addressed in our audit:**

We tested the effectiveness of the Consolidated Company's controls on revenue recognition; evaluated whether the terms of sale were consistent with the accounting standards and checked relevant sales documents; analyzed and compared the changes in sales to major customers to assess the reasonableness of revenue recognition.



## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing D-LINK CORPORATION and its subsidiaries' financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of D-LINK CORPORATION and its subsidiaries' internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on D-LINK CORPORATION and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause D-LINK CORPORATION and its subsidiaries to cease to continue as a going concern.



5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hsieh, Chiu-Hua and Chang, Stu-Ying.

KPMG

Taipei, Taiwan (Republic of China)

February 27, 2024

#### Notes to Readers

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

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



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

**D-LINK CORPORATION AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**December 31, 2023 and 2022**

(Expressed in Thousands of New Taiwan Dollar)

	December 31, 2023		December 31, 2022		December 31, 2023		December 31, 2022	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Assets</b>								
<b>Current assets:</b>								
1100 Cash and cash equivalents (note 6(b))	\$ 4,097,696	25	2,713,085	18	2120			
1110 Financial assets at fair value through profit or loss – current (note 6(b))	429,915	3	284,830	2	2130			
1150 Notes receivable, net (note 6(c))	2,038	-	5,660	-	2150			
1170 Accounts receivable, net (note 6(c))	3,092,436	19	3,421,795	22	2170			
1180 Accounts receivable due from related parties, net (notes 6(c) and 7)	2,698	-	5,027	-	2180			
1197 Finance lease payment receivable (note 6(d))	36,098	-	32,553	-	2200			
1200 Other receivables (notes 6(c) and 7)	29,498	-	20,102	-	2230			
1220 Current tax assets	24,340	-	20,783	-	2250			
130X Inventories (note 6(c))	3,303,203	20	4,069,166	26	2280			
1421 Prepayment for purchase (note 7)	45,053	-	69,748	1	2320			
1470 Other current assets (note 8)	707,095	4	461,119	3	2365			
	11,770,060	71	11,103,868	72	2399			
<b>Non-current assets:</b>								
Financial assets at fair value through profit or loss – non-current (note 6(b))	254,100	2	-	-	2540			
1510 Financial (note 6(b))	19,989	-	16,703	-	2570			
1550 Investments accounted for using equity method (note 6(f))	16,251	-	1,420,297	9	2580			
1600 Property, plant and equipment (notes 6(i) and 8)	2,394,081	14	978,816	6	2600			
1755 Right-of-use assets (note 6(j))	334,048	2	303,509	2				
1760 Investment property, net (note 6(k))	38,083	-	38,480	-				
1780 Intangible assets (note 6(l))	784,615	5	516,922	3				
1840 Deferred tax assets (note 6(i))	628,964	4	687,114	5	3110			
1990 Other non-current assets (notes 6(i) and 8)	304,624	2	243,868	2	3200			
194D Long-term lease payment receivable, net (note 6(d))	75,964	-	111,964	-				
	4,850,719	29	4,317,673	28				
<b>Total assets</b>	\$ 16,620,779	100	15,421,541	100				
<b>Liabilities and Equity</b>								
<b>Current liabilities:</b>								
Financial liabilities at fair value through profit or loss – current (note 6(b))	22,812	-	15,331	-				
Current contract liabilities (notes 6(x) and 7)	145,163	1	169,075	1				
Notes payable	76	-	2,056	-				
Accounts payable	1,465,613	9	2,198,737	14				
Accounts payable to related parties (note 7)	120,359	1	735,769	5				
Other payables (notes 6(i) and 7)	1,075,850	6	876,143	6				
Current tax liabilities	6,435	-	31,027	-				
Current provisions (note 6(q))	127,483	1	305,909	2				
Current lease liabilities (note 6(p))	182,145	1	144,423	1				
Current portion of long-term liabilities (note 6(n))	122,151	1	-	-				
Current refund liability (note 6(r))	463,639	3	473,514	3				
Other current liabilities	99,814	-	61,430	-				
	3,852,540	23	4,953,414	32				
<b>Non-current liabilities:</b>								
Long-term borrowings (note 6(n))	528,881	3	-	-				
Deferred tax liabilities (note 6(i))	159,037	1	323,120	2				
Non-current lease liabilities (note 6(p))	272,663	2	309,563	2				
Other non-current liabilities (note 6(i))	231,935	1	273,988	2				
	1,192,516	7	906,671	6				
	5,025,056	30	5,860,085	38				
	6,028,365	37	5,998,365	39				
	1,364,335	8	1,342,623	9				
<b>Equity attributable to owners of parent: (note 6(o))</b>								
Ordinary shares	2,144,259	13	2,129,290	14				
Capital surplus	693,165	4	693,165	4				
Retained earnings:	546,976	3	149,686	1				
Legal reserve	2,972,141	19						
Special reserve	(1,614,689)	(10)	(1,403,457)	(9)				
Unappropriated retained earnings	(82,833)	-						
Other equity interest	3320							
Treasury shares	3350							
Total equity attributable to owners of parent	3400							
Non-controlling interests (notes 6(b) and (v))	3500							
	36XX							
	9,079,668	55	8,009,672	56				
	2,516,053	15	651,784	4				
	11,995,723	70	9,361,456	62				
<b>Total equity</b>	\$ 16,620,779	100	15,421,541	100				

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

**D-LINK CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the years ended December 31, 2023 and 2022**

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

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

See accompanying notes to consolidated financial statements.

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

**D-LINK CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollar)

	Equity attributable to owners of parent							Total equity attributable to owners of parent				
	Retained earnings			Total other equity interest								
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange difference translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value other comprehensive income		Unearned Share-based Employee Compensation	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests
<b>Balance at January 1, 2022</b>	\$ 5,998,365	1,522,573	2,110,026	412,952	299,477	(1,863,596)	(2,439)	8,477,358	524,978	151,149	260,382	9,002,336
Net profit	-	-	-	-	109,233	-	-	109,233	-	-	-	-
Total comprehensive income (loss)	-	-	-	-	20,106	594,332	(25,488)	184,954	-	-	-	-
Appropriation and distribution of retained earnings:	-	-	-	-	29,339	594,332	(25,488)	184,954	-	-	-	-
Legal reserve appropriated	-	-	-	-	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	-	-	-	-	-	-	-	-	-
Other changes in capital surplus:	-	-	19,264	-	(19,264)	-	-	-	-	-	-	-
Cash dividends from capital surplus	-	-	-	280,213	(280,213)	-	-	-	-	-	-	-
Changes in equity of associates accounted for using equity method	-	(179,950)	-	-	-	-	-	(179,950)	-	-	-	(179,950)
Changes in non-controlling interests	-	-	-	-	4,081	-	-	4,081	-	-	-	4,081
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at December 31, 2022</b>	5,998,365	1,342,623	2,129,290	693,165	149,686	(1,359,264)	(44,193)	8,909,672	651,784	151,149	260,382	9,561,456
Net profit	-	-	-	-	567,581	-	-	567,581	-	-	-	-
Total comprehensive income (loss)	-	-	-	-	567,581	-	-	567,581	-	-	-	-
Issue employee restricted shares	-	-	-	-	(5,302)	(187,017)	11,869	(180,450)	(6,078)	-	-	(186,528)
Appropriation and distribution of retained earnings:	-	-	-	-	562,279	(187,017)	11,869	387,131	124,019	-	-	511,150
Legal reserve appropriated	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	14,969	-	(14,969)	-	-	(14,969)	-	-	-	-
Changes in equity of associates accounted for using equity method	-	-	-	-	(134,717)	-	-	(134,717)	-	-	-	(134,717)
Disposal of investments accounted for using equity method	-	-	-	-	17	-	-	17	-	-	-	17
Shares of the parent company held by its subsidiaries which are regarded as treasury shares	-	-	-	-	(15,320)	(11,214)	15,320	(11,214)	-	-	-	(11,214)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	507	-	-	-	-	-	(82,823)	-	-	507	(82,823)
Changes in non-controlling interests from acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	1,850,939	-	1,850,939
<b>Balance at December 31, 2023</b>	\$ 6,028,365	1,364,335	2,144,259	693,165	546,976	(1,557,495)	(17,004)	9,079,668	2,516,055	(110,687)	-	11,595,223

See accompanying notes to consolidated financial statements.

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

**D-LINK CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollar)**

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

See accompanying notes to consolidated financial statements.

# Independent Auditors' Report and 2022 Parent Company Only Financial Statements



安侯建業聯合會計師事務所

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## Independent Auditors' Report

To the Board of Directors of D-LINK CORPORATION:

### Opinion

We have audited the financial statements of D-LINK CORPORATION("the Company"), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended December 31, 2023 and 2022, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the report of another auditor (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years ended December 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the report of another auditor, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Other Matter

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



## **Key Audit Matters**

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

### **1. Evaluation of investments accounted for using equity method**

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

#### **Key Audit Matter Explanation:**

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

#### **How the matter was addressed in our audit:**

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

### **2. Revenue recognition**

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

#### **Key Audit Matter Explanation:**

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

#### **How the matter was addressed in our audit:**

We tested the effectiveness of the Company’s controls surrounding revenue recognition; reviewed relevant sales documents to evaluate whether terms of sales are consistent with the accounting standards; analyzed and compared the changes in sales to major customers to assess the reasonableness of revenue recognition.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



6. Obtain sufficient appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hsieh, Chiu-Hua and Chang, Stu-Ying.

KPMG

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

#### Notes to Readers

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

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





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

**D-LINK CORPORATION**

**Statements of Comprehensive Income**

**For the years ended December 31, 2023 and 2022**

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

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

See accompanying notes to parent company only financial statements.

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

D-LINK CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings				Total other equity interest					
	Ordinary Shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unearned Stock-based Employee Compensation	Treasury shares	Total equity
<b>Balance at January 1, 2022</b>	\$ 3,998,365	1,522,573	2,110,026	412,952	299,477	(1,863,596)	(2,439)	-	-	8,477,358
Net profit	-	-	-	-	109,233	-	-	-	-	109,233
Other comprehensive income (loss)	-	-	-	-	20,106	504,332	(25,488)	-	-	498,950
Total comprehensive income (loss)	-	-	-	-	129,339	504,332	(25,488)	-	-	608,183
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	19,264	280,213	(19,264)	-	-	-	-	-
Special reserve appropriated	-	-	-	-	(280,213)	-	-	-	-	-
Other changes in capital surplus:										
Cash dividends from capital surplus	-	-	-	-	-	-	-	-	-	-
Changes in equity of associates accounted for using equity method	-	(179,950)	-	-	-	-	-	-	-	(179,950)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	4,081	-	-	-	-	4,081
<b>Balance at December 31, 2022</b>	\$ 5,998,365	1,342,623	2,129,290	693,165	16,266	(1,359,264)	(16,266)	-	-	8,909,672
Net profit	-	-	-	-	149,686	-	(44,193)	-	-	105,493
Other comprehensive income (loss)	-	-	-	-	567,581	-	-	-	-	567,581
Total comprehensive income (loss)	-	-	-	-	(5,302)	(187,017)	1,869	-	-	(180,450)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	562,279	(187,017)	1,869	-	-	387,131
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	14,969	-	(14,969)	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(134,717)	-	-	-	-	(134,717)
Changes in equity of associates accounted for using equity method	-	-	-	-	17	-	-	-	-	17
Disposal of investments accounted for using equity method	-	-	-	-	(15,320)	(11,214)	15,320	-	-	(11,214)
Shares of the parent company held by its subsidiaries which are regarded as treasury shares	-	-	-	-	-	-	-	-	(82,823)	(82,823)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	507	-	-	-	-	-	-	-	507
<b>Balance at December 31, 2023</b>	\$ 6,028,365	1,364,335	2,144,259	693,165	546,976	(1,557,495)	(17,004)	(40,110)	(82,823)	9,079,668

See accompanying notes to parent company only financial statements.

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

**D-LINK CORPORATION**

**Statements of Cash Flows**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars)**

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

See accompanying notes to parent company only financial statements.

## D-Link Corporation

### List of director concurrent positions in other companies

Position	Name	Release of Directors from non-competition restriction
Institutional director	Taiwan Network Group United Co., Ltd.	Institutional Director of United Fiber Optic Communication Inc. Institutional Director of Cameo Communication Inc. Institutional Director of Amigo Technology Co., Ltd.
Representative of institutional director	Taiwan Network Group United Co., Ltd. Representative: Joseph Wang	Chairperson of East Win Administration Consultant Co., Ltd. Chairperson of East Win Enterprises Ltd. Director of Kao Yuan University.
Institutional director	E-TOP Metal Co., Ltd.	Institutional Director of Genevisio Co., Ltd.
Representative of institutional director	E-TOP Metal Co., Ltd. Representative: Amy Wu	Representative of institutional director of OFCO Industrial Corporation.
Independent Director	Richard Lee	Representative of institutional director of Bank Of Kaohsiung.

# Appendix

# **D-Link Corporation**

## **Articles of Incorporation**

### **Chapter 1 General Provision**

Article 1 The Company is duly incorporated in accordance with the Company Act and bears the title of D-Link Corporation.

Article 2 The Company is engaged in the following business:

- (1) CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing
- (2) CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing
- (3) CC01060 Wired Communication Equipment and Apparatus Manufacturing
- (4) CC01110 Computers and Computing Peripheral Equipments Manufacturing
- (5) E605010 Computing Equipments Installation Construction
- (6) E701010 Telecommunications Construction
- (7) E701030 Restrained Telecom Radio Frequency Equipments and Materials Construction
- (8) F113020 Wholesale of Household Appliance
- (9) F113050 Wholesale of Computing and Business Machinery Equipment
- (10) F113070 Wholesale of Telecom Instruments
- (11) F118010 Wholesale of Computer Software
- (12) F213010 Retail Sale of Household Appliance
- (13) F213030 Retail sale of Computing and Business Machinery Equipment
- (14) F213060 Retail Sale of Telecom Instruments
- (15) F218010 Retail Sale of Computer Software
- (16) F401010 International Trade
- (17) F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
- (18) I301010 Software Design Services
- (19) I301020 Data Processing Services
- (20) I301030 Digital Information Supply Services
- (21) I401010 General Advertising Services
- (22) I401020 Leaflet Distribution
- (23) JE01010 Rental and Leasing Business
- (24) J303010 Magazine and Periodical Publication
- (25) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval

Article 3 For the business operation of the Company, the Company authorizes the Directors to invest in other companies of the related industry. The amount of the Company's outward investment shall not be restricted to Article 13 of the Company Law.

Article 4 For the business operation of the Company, the Company may provide guarantees upon approval from the Board of Directors.

Article 5 The Company shall be based in Taipei City, ROC, and shall be free, upon resolution of the Board of Directors and approval of competent authority, to set up

branch offices at various locations within and without the territory of ROC.

Article 6 The Company shall make public announcements in accordance with Article 28 of the Company Act.

## **Chapter 2 Shareholding**

Article 7 The total capital of the Company shall be NTD8.8 billion, divided into 880 million shares with a par value of NT\$10 per share, and may be paid-up in installments. Matters related to issuance of new shares shall be determined by the Board. The Corporation may issue employee stock options. A total of NTD 750 million from the above capital shall be divided into 75,000,000 shares, reserved for issuing employee stock options, and may be paid-up in installments.

Article 7-1 The employees who are entitled to the transfer or distribution of the treasury stock bought back by the Company, share subscription warrant issued to employees, issued new shares for capital increase and restricted stock must be employees of the subsidiary companies meeting certain criteria. The Board is authorized to determine such criteria.

Article 8 The stock shares of the company are registered shares. They shall be signed by Directors representing the Company or affixed with seals thereof and shall be duly certified or authenticated by the competent authority or a certifying institution appointed by the competent authority before issuance thereof.

The Company may be exempted from printing any share certificate for the shares issued but shall appoint a centralized securities custody enterprise/institution to make recordation of the issue of such shares.

Article 9 The matters regarding stock affairs shall proceed in accordance with stipulation of “Regulations Governing the Administration of Shareholder Services of Public Companies” and other relevant laws and regulations issued by the securities authorities.

Article 10 The entries in the Company’s shareholders’ rosters shall not be altered within 60 days before regular shareholders meeting, or 30 days before temporary shareholders meeting, or 5 days before the company decides to distribute stock dividends or other interest.

## **Chapter 3 Shareholders’ Meeting**

Article 11 The General Meeting of shareholders is consisted of regular sessions and special sessions. Regular session will be convened once a year within 6 months after close of each fiscal year, and the shareholders shall be informed thereof 30 days prior to the meeting. Special session will be called for at any time as necessary, and the shareholders shall be informed thereof 15 days prior to the meeting. The meeting of shareholders may be held by video conference or other methods announced by the central competent authority. A shareholder who participates in a meeting by video conference shall be deemed to be present in person.

The date, venue and cause(s) or subject(s) of the preceding meetings to be convened shall be indicated in the meeting notice to be given to shareholders. The Board shall call for the meeting unless otherwise specified in the Company Act.



- Article 12 During shareholders meeting, The Chairman shall preside the shareholders' meeting. In case the Chairman is absent, the Chairman shall designate one Director to act on his behalf. In the absence of such a designation, the Directors shall elect from among themselves an acting chairman.
- Article 13 At a Shareholders' Meeting, a form of proxy printed by the company with expressly statement of authorization scope, can be presented for proxy to attend the Shareholders' Meeting. The attendance of Shareholders shall be handled not only in accordance with Company Act, but also the provisions in "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" released by competent authorities.
- Article 14 Except in the circumstances otherwise provided for in other law and regulations, a shareholder shall have one voting power in respect of each share in his/her/its possession.
- Article 15 Except for other stipulations of Company Act, the resolutions of shareholders' meeting shall be approved for execution with favorable votes by more than half of participating shareholders representing total issued shares of the company in shareholders meeting.
- Article 16 Matters relating to the resolutions of a Shareholders' Meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The aforementioned distribution of meeting minutes shall be handled in accordance to relevant law and regulations. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of this Company. The attendance list bearing the signatures of shareholders present at the meeting and the powers of attorney of the proxies shall be kept by the company for a minimum period of at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

#### **Chapter 4 Director**

- Article 17 The Company shall establish 7 to 9 Directors who shall be elected by the shareholders' meeting from among the persons with disposing capacity. The term of office of a Director shall be three years; but he/she may be eligible for reelection. Among the aforementioned number of Directors, there shall be at least 3 Independent Directors. In accordance with Article 192-1 of Company Act, the elections for Directors of the company shall be done by nomination system with candidates. The Independent Directors' qualification, shareholding and other business limit, nomination, mean of election, and other matters to be comply with shall be executed by relevant law and regulations provided for by the competent authority in charge of securities affairs. Independent Directors and Non-Independent Directors shall be elected during the same voting session, and have votes allocated separately.
- Article 18 If there is a shortfall of one-third of Directors, the Board of Directors shall convene a Shareholders' Meeting for the by-election. The tenure of succeeding Directors shall have expired at the end of the original service period.

- Article 19 In case no election of new Directors is effected after expiration of the term of office of existing Directors, the term of office of out-going Directors shall be extended until the time new Directors have been elected and assumed their office.
- Article 20 The board shall be formed by Directors and shall appoint one Chairman and may appoint a Vice Chairman during a board meeting with more than two-thirds of Directors present, and with the support of more than half of all attending Directors. The Chairman shall represent the company externally, preside the shareholders' meeting, the meeting of the board of directors internally, and handle all matters of the Company in accordance with the law and regulations, Article of Incorporation, and resolutions of Shareholders' and Board Meeting.
- Article 21 The operation and other important matters of the Company shall be resolved by the board of Directors. Except for the meetings that shall be convened in accordance with Article 203 or 203-1 of the Company Act, all other Board Meetings shall be convened and presided by the Chairman. If the Chairperson is on leave or unable to fulfill his functional duties for any reason, matter regarding the appointee shall be handled in accordance with Article 208 of the Company Act. The Chairman shall attend the Board Meetings in person. If a Board Meeting is convened by way of video conference, those who participate in the meeting using video conferencing are considered to have attended the meeting in person. In case a Director appoints another director to attend the meeting his/her behalf, he shall issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting. A director may accept the appointment to act as the proxy of one other director only.
- Article 21-1 In calling a meeting of the Board of Directors, a notice shall be given to each Director no later than 7 days prior to the scheduled meeting date. In the case of emergency, a meeting of the Board of Directors may be convened at any time.
- The notice set forth in the preceding paragraph may be effected by means of written documents, E-mail, or facsimile.
- Article 22 Unless otherwise regulated by the Company Act, the Board's resolutions are passed only if more than half of the total Board members are present in a meeting, and with more than half of attending Directors voting in favor
- Article 23 Resolutions adopted at a Board Meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the Chairman of the Board and shall be distributed to all Directors of the Company within 20 days after the close of the meeting. The resolutions of the board meeting shall be recorded in the minutes. Such minutes, together with the attendance list and proxies, shall be filed and kept at the Company, and be stipulated by Article 183 of the Company Act.
- Article 24 The Company has set up an Audit Committee pursuant to Article 14-4 of the Securities and Exchange Act. The Audit Committee shall perform the duties of the Supervisors stipulated by the Company Act, Securities and Exchange Act, and other regulations. Audit Committee shall consist of all Independent Directors.
- Article 24-1 The Board of Directors shall be authorized to determine the remuneration and transportation allowance to all the Directors based on the standard generally adhered by other firms of the same trade.

## **Chapter 5 Organization and Management**

Article 25 The Company may several managers. The appointment, discharge and the remuneration of the managerial personnel shall be decided in accordance with Article 29 of the Company Act.

## **Chapter 6 Financial Statement**

Article 26 The fiscal year for the Company shall be from January 1 of each year to December 31 of the same year. After the close of each fiscal year, reports shall be prepared by the Board of Directors, and submitted to the General Shareholders' Meeting for acceptance.

Article 27 Based on the profit of the year, the Company shall appropriate 1%~15% of the profit as remuneration to employees, and no more than 1% of the profit as remuneration to directors. However, profits must first be taken to offset against cumulative losses if any.

The profit mentioned in the preceding paragraph refers to the pre-tax income of the current year minus the amount of remuneration to be distributed to the directors or employees.

The distribution of remuneration to employees and directors shall be determined by a majority of the Directors at a meeting attended by two-thirds or more of the total number of Directors and then reported to the Shareholders' Meeting.

Employees' remuneration, as mentioned above, can be paid in shares or cash and to employees of affiliated companies that satisfy certain criteria. This certain criteria may be determined under the Board's authority.

Article 27-1 In response to the overall business environment and the nature of industrial growth, the Company's long-term financial planning, recruitment of domestic and foreign talents, and pursuit of sustainable business operations, the Company adopts a residual dividend policy. The Company's annual profit, if any, shall be distributed in the following order:

- (1) Tax payment
- (2) Set off accumulated deficits
- (3) Appropriate 10% as legal reserve
- (4) Appropriate or return to special reserve pursuant to regulations formulated by the competent authority
- (5) If there is a surplus after the preceding deductions, the balance and the accumulated undistributed surplus will be determined by the Board for distribution. Shall the remuneration be distributed in form of new shares, such matter shall be resolved by the Shareholders' Meeting before distribution thereof. The total amount of shareholder dividends shall be no less than 30% of the distributable profit of the year.

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

Dividend types: Based on the Company's capital budget plan, stock dividends may be distributed to retain the required funds, and the rest are distributed in in

form of cash, provided that the cash dividends are not less than 10% of the total dividends.

## **Chapter 7 Supplementary Provisions**

Article 28 The Company's foundation principles and operational regulations shall be established separately by the board of directors.

Article 29 Any matters that are addressed in the Articles of Incorporation shall be governed by The Company Act and other relevant laws.

Article 30 This Article of Incorporation was constituted on June 8, 1987.

Amendment for the 1<sup>st</sup> instance: April 30, 1989

Amendment for the 2<sup>nd</sup> instance: September 20, 1989

Amendment for the 3<sup>rd</sup> instance: January 6, 1990

Amendment for the 4<sup>th</sup> instance: May 27, 1990

Amendment for the 5<sup>th</sup> instance: June 21, 1990

Amendment for the 6<sup>th</sup> instance: February 21, 1991

Amendment for the 7<sup>th</sup> instance: April 20, 1991

Amendment for the 8<sup>th</sup> instance: May 9, 1992

Amendment for the 9<sup>th</sup> instance: June 13, 1992

Amendment for the 10<sup>th</sup> instance: April 10, 1993

Amendment for the 11<sup>th</sup> instance: April 23, 1994

Amendment for the 12<sup>th</sup> instance: April 14, 1995

Amendment for the 13<sup>th</sup> instance: May 17, 1996

Amendment for the 14<sup>th</sup> instance: April 25, 1997

Amendment for the 15<sup>th</sup> instance: May 8, 1998

Amendment for the 16<sup>th</sup> instance: May 27, 1999

Amendment for the 17<sup>th</sup> instance: May 25, 2000

Amendment for the 18<sup>th</sup> instance: May 31, 2002

Amendment for the 19<sup>th</sup> instance: May 8, 2003

Amendment for the 20<sup>th</sup> instance: May 28, 2004

Amendment for the 21<sup>st</sup> instance: June 17, 2005

Amendment for the 22<sup>nd</sup> instance: June 9, 2006

Amendment for the 23<sup>rd</sup> instance: June 8, 2007

Amendment for the 24<sup>th</sup> instance: June 13 2008

Amendment for the 25<sup>th</sup> instance: June 19, 2009

Amendment for the 26<sup>th</sup> instance: June 18, 2010

Amendment for the 27<sup>th</sup> instance: June 10, 2011

Amendment for the 28<sup>th</sup> instance: June 22, 2012

Amendment for the 29<sup>th</sup> instance: June 20, 2014

Amendment for the 30<sup>th</sup> instance: June 17, 2016

Amendment for the 31<sup>st</sup> instance: April 28, 2017

Amendment for the 32<sup>nd</sup> instance: June 21, 2019

Amendment for the 33rd instance: June 15, 2020

Amendment for the 34th instance: May 27, 2022

Issues that are not fully addressed in this Articles of Incorporation shall be handled in accordance with the Company Act.

## **D-Link Corporation**

### **Rules and Procedures of Shareholders' Meetings**

Article 1        The rules of procedures for D-Link Corporation (“the Company”)’s shareholders meetings, except as otherwise provided by law, shall be handled in accordance with these Rules.

Article 2        Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.

Changes to how the Company convenes shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice.

Before 15 days before the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby.

The Company shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders meeting:

1. For physical shareholders meetings, to be distributed on-site at the meeting.
2. For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.
3. For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Article 3        For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

If, after a proxy form is delivered to the Company, a shareholder wishes to

attend the shareholders meeting online, a written notice of proxy cancellation shall be submitted to the Company two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 4 The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

The restrictions on the place of the meeting shall not apply when the Company convenes a virtual-only shareholders meeting.

Article 5 The time during which shareholder attendance registrations will be accepted shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.

The shareholders may hand in a sign-in card in lieu of signing in for attending the Company's shareholders meeting. Solicitors soliciting proxy forms shall also bring identification documents for verification.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date.

In the event of a virtual shareholders meeting, the Company shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

Article 6 To convene a virtual shareholders meeting, the Company shall include the follow particulars in the shareholders meeting notice:

1. How shareholders attend the virtual meeting and exercise their rights.
2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:
  - (1) To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.
  - (2) Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.
  - (3) In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting,

after deducting those represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.

(4) Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.

3. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.

Article 7 If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 8 The Company shall make an audio or video recording of the proceedings of the shareholders meeting.

The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Where a shareholders meeting is held online, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

The information and audio and video recording in the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.

Article 9 Attendance at shareholders meetings shall be calculated based on numbers of

shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to the Company in accordance with Article 4.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

#### Article 10

If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. After the meeting is adjourned, shareholders are not allowed to elect another chair to continue the meeting at the same place or find another venue. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and



discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

Article 11 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.

Article 12 Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

Article 13 A shareholder shall be entitled to one vote for each share held, except when

the shares are restricted shares or are deemed non-voting shares in accordance with the law.

When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after

vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

When the Company convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.

In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.

When the Company convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online in accordance with Article 4 decide to attend the physical shareholders meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online.

When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

**Article 14** The election of directors or independent directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and independent directors and the numbers of votes with which they were elected, and the names of directors and independent directors not elected and number of votes they received.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

**Article 15** Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including

the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors or independent directors. The minutes shall be retained for the duration of the existence of the Company.

Where a virtual shareholders meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.

When convening a virtual-only shareholder meeting, other than compliance with the requirements in the preceding paragraph, the Company shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting online

Article 16      On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders meeting. In the event a virtual shareholders meeting, the Company shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

During the Company's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.

Article 17      Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor".

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18      When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances,

the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

Article 19 In the event of a virtual shareholders meeting, the Company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.

Article 20 When the Company convenes a virtual-only shareholders meeting, both the chair and secretary shall be in the same location.

Article 21 In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders meeting online shall not attend the postponed or resumed session.

For a meeting to be postponed or resumed under the first paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.

During a postponed or resumed session of a shareholders meeting held under the first paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors.

When the Company convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in first paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and not postponement or resumption thereof under the

second paragraph is required.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.

When postponing or resuming a meeting according to the first paragraph, the Company shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, this Corporations shall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the first paragraph.

Article 22      These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be affected in the same manner.

These Rules was constituted on May 31, 2023.

## D-Link Corporation Shareholdings of All Directors

As of March 30, 2024 (The book closure date)

Title	Name	No. of shares held	Shareholding percentage
Chairperson	Taiwan Network Group United Co., Ltd. Representative: Victor Kuo	5,000	0%
Director	Taiwan Network Group United Co., Ltd. Representative: Joseph Wang		
Director	E-TOP Metal Co., Ltd. Representative: Amy Wu	28,904,189	4.80%
Director	E-TOP Metal Co., Ltd. Representative: Fred Fong		
Director	Brian Kao	0	0%
Director	Victor Wu	0	0%
Independent Director	Richard Chen	0	0%
Independent Director	Richard Lee	0	0%
Independent Director	Chun-Hsiung Chu	0	0%
<b>Total</b>		<b>28,909,189</b>	<b>4.80%</b>

Note:

1. As of March 30, 2024, the Company has issued a total of 602,655,473 common shares.
2. The minimum numbers of shares required to be held by all Directors of the Company is 19,284,975 shares. As of March 30, 2024, the total number of shares held by Directors: 28,909,189 shares. The total number of shares held by all directors of the Company is compliant to the regulations.
3. The Company has set up an Audit Committee. Thus, the numbers of shares required to be held by all supervisors stipulated by law is not applicable.
4. The shares held by Independent Directors are not included in that held by the Directors.

# D-Link®

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