

**ATEN INTERNATIONAL CO., LTD.  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Three Months Ended March 31, 2024 and 2023**

**Address: 3rd Floor, No. 125, Sec. 2, Datong Rd., Xizhi Dist., New Taipei City,  
Taiwan, R.O.C.**

**Telephone: (02)8692-6789**

The independent auditors' 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' report and consolidated financial statements, the Chinese version shall prevail.

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安侯建業聯合會計師事務所

KPMG

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

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

## Independent Auditors' Review Report

To the Board of Directors  
ATEN INTERNATIONAL CO., LTD.:

### Introduction

We have reviewed the accompanying consolidated balance sheets of ATEN INTERNATIONAL CO., LTD. and its subsidiaries (“the Group”) as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2024 and 2023, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

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

### Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$2,257,744 thousand and \$2,056,268 thousand, constituting 33% and 28% of the consolidated total assets as of March 31, 2024 and 2023, respectively, total liabilities amounting to \$660,291 thousand and \$630,580 thousand, constituting 29% and 24% of the consolidated total liabilities at March 31, 2024 and 2023, respectively, and total comprehensive income amounting to \$36,606 thousand and \$15,713 thousand, constituting 32% and 8% of the consolidated total comprehensive income for the three months ended March 31, 2024 and 2023, respectively.

**Qualified Conclusion**

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of ATEN INTERNATIONAL CO., LTD. and its subsidiaries as of March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Huang, Po-Shu and Wu, Chung-Shun.

KPMG

Taipei, Taiwan (Republic of China)  
April 26, 2024

**Notes to Readers**

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

The independent auditors’ 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’ report and consolidated financial statements, the Chinese version shall prevail.

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

## ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES

## Consolidated Balance Sheets

March 31, 2024, December 31, and March 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

	March 31, 2024		December 31, 2023		March 31, 2023			March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
<b>Assets</b>								<b>Liabilities and Equity</b>					
<b>Current assets:</b>								<b>Current liabilities:</b>					
11xx Cash and cash equivalents (note 6(a))	\$ 1,017,549	15	1,193,987	17	871,944	12	21xx Short-term borrowings (notes 6(k) and 8)	\$ 392,682	6	404,297	6	596,482	8
1136 Current financial assets at amortised cost, net (note 6(b))	94,563	1	90,449	1	103,361	1	2322 Current portion of long-term borrowings (notes 6(k) and 8)	-	-	-	-	3,979	-
1110 Financial assets at fair value through profit or loss – current (note 6(c))	443,538	7	397,240	6	913,490	12	2120 Financial liabilities at fair value through profit or loss – current (note 6(c))	6,564	-	1,258	-	5,667	-
1120 Financial assets at fair value through other comprehensive income – current (note 6(d))	-	-	-	-	6,324	-	2150 Notes payable	1,189	-	1,681	-	1,815	-
1140 Contract assets – current (note 6(r))	6,027	-	7,884	-	4,839	-	2170 Accounts payable	307,054	4	287,156	4	368,401	5
1150 Notes receivable, net (notes 6(e) and (r))	4,757	-	6,722	-	6,668	-	2216 Dividends Payable (note 6(p))	266,217	4	250,889	4	394,255	6
1170 Accounts receivable, net (notes 6(e) and (r))	698,219	10	714,916	10	794,476	11	2219 Other payable (notes 6(h), (s) and 8)	482,754	7	550,638	8	443,202	6
1200 Other receivables (note 6(f))	12,030	-	14,354	-	15,824	-	2230 Current tax liabilities	83,158	1	84,696	1	211,121	3
130x Inventories (note 6(g))	1,260,832	18	1,266,264	18	1,440,953	21	2250 Provisions – current (note 6(l))	22,810	-	22,810	-	27,052	-
1410 Prepayments	79,401	1	61,102	1	98,612	1	2280 Current lease liabilities (note 6(m))	73,147	1	101,486	1	88,894	1
1470 Other current assets	11,389	-	10,254	-	10,271	-	2399 Other current liabilities	109,082	2	74,582	1	129,930	2
<b>Total current assets</b>	<b>3,628,305</b>	<b>52</b>	<b>3,763,172</b>	<b>53</b>	<b>4,266,762</b>	<b>58</b>	<b>Total current liabilities</b>	<b>1,744,657</b>	<b>25</b>	<b>1,779,493</b>	<b>25</b>	<b>2,270,798</b>	<b>31</b>
<b>Non-current assets:</b>								<b>Non-Current liabilities:</b>					
15xx Financial assets at fair value through other comprehensive income – non-current (note 6(d))	27,246	-	27,246	-	27,617	-	2560 Non-current tax liabilities	-	-	-	-	15,188	-
1517 Property, plant and equipment (notes 6(h), 7, 8 and 9)	2,685,220	39	2,703,716	38	2,570,606	35	2570 Deferred income tax liabilities	180,474	3	181,700	2	179,998	2
1755 Right-of-use assets (note 6(i))	277,570	4	289,963	4	151,747	2	2580 Non-current lease liabilities (note 6(m))	212,311	3	194,750	3	63,702	1
1780 Intangible assets (note 6(j))	4,040	-	4,336	-	6,108	-	2640 Net defined benefit liabilities – non-current	70,887	1	70,857	1	79,557	1
1840 Deferred income tax assets	143,435	2	143,557	2	177,709	2	2645 Deposits received	1,174	-	764	-	905	-
1915 Prepayments for equipment	3,594	-	5,266	-	376	-	2670 Other non-current liabilities	58,679	1	57,648	1	55,097	1
1920 Refundable deposits	33,979	1	35,049	1	34,789	1	<b>Total non-current liabilities</b>	<b>523,525</b>	<b>8</b>	<b>505,719</b>	<b>7</b>	<b>394,447</b>	<b>5</b>
1980 Other financial assets – non-current (notes 8 and 9)	115,947	2	116,133	2	105,587	2	<b>Total liabilities</b>	<b>2,268,182</b>	<b>33</b>	<b>2,285,212</b>	<b>32</b>	<b>2,665,245</b>	<b>36</b>
1990 Other non-current assets	1,408	-	1,535	-	2,022	-	<b>Equity attributable to shareholders of the company (notes 6(d) and (p)):</b>						
<b>Total non-current assets</b>	<b>3,292,439</b>	<b>48</b>	<b>3,326,801</b>	<b>47</b>	<b>3,076,561</b>	<b>42</b>	3110 Common stock	1,194,711	17	1,194,711	17	1,194,711	16
							3200 Capital surplus:						
							3210 Additional paid-in capital	316,913	5	316,913	4	316,913	4
							3250 Donated assets received	50	-	50	-	50	-
								<b>316,963</b>	<b>5</b>	<b>316,963</b>	<b>4</b>	<b>316,963</b>	<b>4</b>
							3300 Retained earnings:						
							3310 Legal reserve	1,566,677	22	1,566,677	22	1,493,727	20
							3320 Special reserve	203,711	3	203,711	3	228,910	3
							3350 Unappropriated retained earnings	1,503,278	22	1,655,497	23	1,576,297	22
								<b>3,273,666</b>	<b>47</b>	<b>3,425,885</b>	<b>48</b>	<b>3,298,934</b>	<b>45</b>
							3400 Other equity interest:						
							3410 Financial statements translation differences for foreign operations	(173,860)	(3)	(175,518)	(2)	(174,136)	(2)
							3420 Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(22,030)	-	(22,030)	-	(18,380)	-
								<b>(195,890)</b>	<b>(3)</b>	<b>(197,548)</b>	<b>(2)</b>	<b>(192,516)</b>	<b>(2)</b>
							<b>Total equity attributable to shareholders of the company</b>	<b>4,589,450</b>	<b>66</b>	<b>4,740,011</b>	<b>67</b>	<b>4,618,092</b>	<b>63</b>
							36xx Non-controlling interests	63,112	1	64,750	1	59,986	1
							3xxx Total equity	4,652,562	67	4,804,761	68	4,678,078	64
1xxx <b>Total assets</b>	<b>\$ 6,920,744</b>	<b>100</b>	<b>7,089,973</b>	<b>100</b>	<b>7,343,323</b>	<b>100</b>	2-3xxx <b>Total liabilities and equity</b>	<b>\$ 6,920,744</b>	<b>100</b>	<b>7,089,973</b>	<b>100</b>	<b>7,343,323</b>	<b>100</b>

See accompanying notes to consolidated financial statements.

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

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the three months ended March 31, 2024 and 2023**  
**(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

		<b>For the three months ended March 31</b>			
		<b>2024</b>		<b>2023</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenue (note 6(r))</b>	\$ 1,175,022	100	1,385,134	100
5000	<b>Operating costs (notes 6(g), (h), (i), (m), (n) and (s))</b>	<u>459,986</u>	<u>39</u>	<u>545,909</u>	<u>39</u>
5900	<b>Gross profit</b>	<u>715,036</u>	<u>61</u>	<u>839,225</u>	<u>61</u>
6000	<b>Operating expenses (notes 6(e), (h), (i), (j), (m), (n), (s) and 7):</b>				
6100	Selling expenses	306,426	26	319,073	23
6200	Administrative expenses	123,536	11	122,906	9
6300	Research and development expenses	132,825	11	136,117	10
6450	Impairment loss determined in accordance with IFRS 9	<u>-</u>	<u>-</u>	<u>651</u>	<u>-</u>
	<b>Total operating expenses</b>	<u>562,787</u>	<u>48</u>	<u>578,747</u>	<u>42</u>
6900	<b>Operating profit</b>	<u>152,249</u>	<u>13</u>	<u>260,478</u>	<u>19</u>
7000	<b>Non-operating income and expenses (notes 6(m) and (t)):</b>				
7100	Interest income	2,624	-	1,504	-
7010	Other income	3,270	-	5,317	-
7020	Other gains and losses	4,393	1	(6,653)	-
7050	Finance costs	<u>(10,461)</u>	<u>(1)</u>	<u>(7,372)</u>	<u>(1)</u>
	<b>Total non-operating income and expenses</b>	<u>(174)</u>	<u>-</u>	<u>(7,204)</u>	<u>(1)</u>
7900	<b>Profit from continuing operations before tax</b>	152,075	13	253,274	18
7950	<b>Less: Income tax expenses (note 6(o))</b>	<u>39,688</u>	<u>3</u>	<u>62,303</u>	<u>4</u>
	<b>Net income</b>	<u>112,387</u>	<u>10</u>	<u>190,971</u>	<u>14</u>
8300	<b>Other comprehensive income (note (p)):</b>				
8310	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	-	-	(46)	-
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>
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	<u>-</u>	<u>-</u>	<u>(46)</u>	<u>-</u>
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	1,631	-	(3,774)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	<u>1,631</u>	<u>-</u>	<u>(3,774)</u>	<u>-</u>
8300	<b>Other comprehensive income</b>	<u>1,631</u>	<u>-</u>	<u>(3,820)</u>	<u>-</u>
8500	<b>Total comprehensive income</b>	<u>\$ 114,018</u>	<u>10</u>	<u>187,151</u>	<u>14</u>
8600	<b>Net income attributable to:</b>				
8610	Shareholders of the parent	\$ 110,618	10	190,528	14
8620	Non-controlling interests	<u>1,769</u>	<u>-</u>	<u>443</u>	<u>-</u>
		<u>\$ 112,387</u>	<u>10</u>	<u>190,971</u>	<u>14</u>
8700	<b>Total comprehensive income attributable to:</b>				
8710	Shareholders of the parent	\$ 112,276	10	187,519	14
8720	Non-controlling interests	<u>1,742</u>	<u>-</u>	<u>(368)</u>	<u>-</u>
		<u>\$ 114,018</u>	<u>10</u>	<u>187,151</u>	<u>14</u>
	<b>Basic earnings per share(in New Taiwan dollars) (note 6(q))</b>				
9750	Basic earnings per share	<u>\$ 0.93</u>		<u>1.59</u>	
9850	Diluted earnings per share	<u>\$ 0.92</u>		<u>1.57</u>	

See accompanying notes to consolidated financial statements.

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

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Equity**  
**For the three months ended March 31, 2024 and 2023**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent						Total other equity interest			Non-controlling interests	Total equity	
	Share capital		Retained earnings				Financial statements translation differences for foreign operations	Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income	Total			Total equity attributable to owners of parent
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total						
<b>Balance at January 1, 2023</b>	\$ 1,194,711	316,963	1,493,727	228,910	1,780,024	3,502,661	(171,173)	(18,334)	(189,507)	4,824,828	60,354	4,885,182
Appropriation and distribution of retained earnings:												
Cash dividends of ordinary share	-	-	-	-	(394,255)	(394,255)	-	-	-	(394,255)	-	(394,255)
Net income	-	-	-	-	190,528	190,528	-	-	-	190,528	443	190,971
Other comprehensive income	-	-	-	-	-	-	(2,963)	(46)	(3,009)	(3,009)	(811)	(3,820)
Total comprehensive income	-	-	-	-	190,528	190,528	(2,963)	(46)	(3,009)	187,519	(368)	187,151
<b>Balance at March 31, 2023</b>	<b>\$ 1,194,711</b>	<b>316,963</b>	<b>1,493,727</b>	<b>228,910</b>	<b>1,576,297</b>	<b>3,298,934</b>	<b>(174,136)</b>	<b>(18,380)</b>	<b>(192,516)</b>	<b>4,618,092</b>	<b>59,986</b>	<b>4,678,078</b>
<b>Balance at January 1, 2024</b>	\$ 1,194,711	316,963	1,566,677	203,711	1,655,497	3,425,885	(175,518)	(22,030)	(197,548)	4,740,011	64,750	4,804,761
Appropriation and distribution of retained earnings:												
Cash dividends of ordinary share	-	-	-	-	(262,837)	(262,837)	-	-	-	(262,837)	(3,380)	(266,217)
Net income	-	-	-	-	110,618	110,618	-	-	-	110,618	1,769	112,387
Other comprehensive income	-	-	-	-	-	-	1,658	-	1,658	1,658	(27)	1,631
Total comprehensive income	-	-	-	-	110,618	110,618	1,658	-	1,658	112,276	1,742	114,018
<b>Balance at March 31, 2024</b>	<b>\$ 1,194,711</b>	<b>316,963</b>	<b>1,566,677</b>	<b>203,711</b>	<b>1,503,278</b>	<b>3,273,666</b>	<b>(173,860)</b>	<b>(22,030)</b>	<b>(195,890)</b>	<b>4,589,450</b>	<b>63,112</b>	<b>4,652,562</b>

See accompanying notes to consolidated financial statements.

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

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the three months ended March 31, 2024 and 2023**

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

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities:</b>		
Net income before tax	\$ 152,075	253,274
<b>Adjustments:</b>		
Adjustments to reconcile profit and loss		
Depreciation expense	58,373	53,347
Amortization expense	296	841
Impairment loss determined in accordance with IFRS9	-	651
Interest expense	10,461	7,372
Interest income	(2,624)	(1,504)
Net gain on disposal of property, plant and equipment	(342)	(92)
Prepayments for equipment transferred to expenses	-	138
Gains on lease modification	(253)	(4)
Total adjustments to reconcile profit and loss	<u>65,911</u>	<u>60,749</u>
Changes in assets / liabilities relating to operating activities:		
Net changes in operating assets:		
Financial assets at fair value through profit or loss	(46,298)	(212,521)
Contract assets	1,857	1,151
Notes receivable	1,965	468
Accounts receivable	16,697	(61,500)
Other receivable	2,324	5,018
Inventories	3,958	56,202
Prepayments	(18,299)	(11,815)
Other current assets	(1,135)	3,841
Total changes in operating assets, net	<u>(38,931)</u>	<u>(219,156)</u>
Net changes in operating liabilities:		
Financial liabilities held for trading	5,306	(5,202)
Notes payable	(492)	449
Accounts payable	19,898	(98,148)
Other payable	(67,884)	(143,691)
Other current liabilities	34,500	28,243
Net defined benefit liabilities	30	(323)
Other non-current liabilities	1,031	1,810
Total changes in operating liabilities, net	<u>(7,611)</u>	<u>(216,862)</u>
Total changes in operating assets / liabilities, net	<u>(46,542)</u>	<u>(436,018)</u>
Total adjustments	<u>19,369</u>	<u>(375,269)</u>
Cash provided by (used in) operating activities	171,444	(121,995)
Payment of income tax	(40,986)	(50,095)
<b>Net cash provided by (used in) operating activities</b>	<u>130,458</u>	<u>(172,090)</u>
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at amortised cost	(4,114)	(103,361)
Acquisition of property, plant and equipment	(14,454)	(10,705)
Proceeds from disposal of property, plant and equipment	621	219
Decrease (increase) in refundable deposits	1,070	(3,784)
Decrease in other financial assets – non-current	186	-
Decrease in other non-current assets	127	139
Increase in prepayments for equipment	-	(231)
Interest received	2,624	1,504
<b>Net cash used in investing activities</b>	<u>(13,940)</u>	<u>(116,219)</u>
<b>Cash flows from financing activities:</b>		
Decrease in short-term borrowings	(12,882)	(24,853)
Repayment of long-term borrowings	-	(1,305)
Increase in deposits received	410	-
Payment of lease liabilities	(28,487)	(30,370)
Cash dividends paid	(250,889)	-
Interest paid	(10,461)	(7,372)
<b>Net cash used in financing activities</b>	<u>(302,309)</u>	<u>(63,900)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>9,353</u>	<u>(1,506)</u>
<b>Net decrease in cash and cash equivalents for the period</b>	<u>(176,438)</u>	<u>(353,715)</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>1,193,987</u>	<u>1,225,659</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 1,017,549</u>	<u>871,944</u>

See accompanying notes to consolidated financial statements.

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

## ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

March 31, 2024 and 2023

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

#### (1) Company history

ATEN INTERNATIONAL CO., LTD. (the "Company") was incorporated on July 6, 1979, under the laws of the Republic of China (ROC). The Company and its subsidiaries (the "Group") are mainly engaged in the manufacturing and trading of computer peripheral equipment, manufacturing of wired and wireless communication equipment, and manufacturing of electronic modules and parts.

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

These consolidated financial statements were approved by the Board of Directors and published on April 26, 2024.

#### (3) New standards, amendments and interpretations adopted:

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

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

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

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.	January 1, 2027

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
	<ul style="list-style-type: none"> <li>● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities.</li> <li>● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.</li> <li>● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.</li> </ul>	

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

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

**(4) Summary of material policies**

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

**(a) Statement of compliance**

These consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" ("the Regulations") and IAS 34 Interim Financial Reporting endorsed by the FSC, and do not present all the disclosures required for a complete set of annual consolidated financial statements prepared in accordance with the International Financial Reporting Standards, International Accounting Statements, IFRIC Interpretations, or SIC Interpretations endorsed by the FSC (hereinafter referred to IFRS Accounting Standards endorsed by the FSC) for a complete set of the annual consolidated financial statements.

**(b) Basis of consolidation**

List of subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Scope of business	Percentage of ownership			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
The Company	TOPMOST INTERNATIONAL CO., LTD. (TOPMOST)	Investing	100.00 %	100.00 %	100.00 %	
The Company	ATEN JAPAN CO., LTD. (ATEN JAPAN)	Trading of computer peripheral products	100.00 %	100.00 %	100.00 %	Note 1
The Company	ATEN US HOLDINGS INC. (ATEN US)	Investing	100.00 %	100.00 %	100.00 %	
The Company	FOREMOST INTERNATIONAL CO., LTD. (FOREMOST)	Investing	100.00 %	100.00 %	100.00 %	Note 1
The Company and TOPMOST	ATEN INFOTECH N.V. (ATEN INFOTECH)	Trading of computer peripheral products	100.00 %	100.00 %	100.00 %	Note 1
The Company	ATECH PERIPHERALS INC. (ATECH PERIPHERALS)	Manufacturing and trading of computer peripheral products	100.00 %	100.00 %	100.00 %	Note 1
The Company	ATEN COMPUTER PRODUCTS CO., LTD. (ATEN COMPUTER)	Manufacturing of computer peripheral products	100.00 %	100.00 %	100.00 %	Note 1

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of investor	Name of subsidiary	Scope of business	Percentage of ownership			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
The Company	VISIONTOP CO., LTD. (VISIONTOP)	Specialized printing	59.58 %	59.58 %	59.58 %	Note 1
The Company	HONG JHENG TECHNOLOGY CO., LTD. (HONG JHENG)	Investing	100.00 %	100.00 %	100.00 %	Note 1
The Company	HONG YUAN CO., LTD. (HONG YUAN)	Investing	100.00 %	100.00 %	100.00 %	Note 1
The Company	ATEN ANZ PTY LTD. (ATEN ANZ)	Trading of computer peripheral products	100.00 %	100.00 %	100.00 %	Note 1
The Company	RCM FULLY AUTOMATION CO., LTD. (RCM FULLY)	Trading of computer peripheral products	26.00 %	26.00 %	26.00 %	Note 1
The Company	ATEN INFO COMMUNICAION LIMITED LIABILITY COMPANY (ATEN TURKEY)	Trading of computer peripheral products	100.00 %	100.00 %	100.00 %	Note 1
The Company	ATEN POLAND SP Z.O. O. (ATEN POLAND)	Trading of computer peripheral products	100.00 %	100.00 %	100.00 %	Note 1
The Company	ATEN ROMANIA S.R.L. (ATEN ROMANIA)	Trading of computer peripheral products	100.00 %	100.00 %	100.00 %	Note 1
The Company	ATEN SOUTH AFRICA PTY LTD. (ATEN SOUTH AFRICA)	Trading of computer peripheral products	100.00 %	100.00 %	- %	Note 1
The Company and HONG YUAN	ATEN ADVANCE PRIVATE LIMITED (ATEN ADVANCE)	Trading of computer peripheral products	100.00 %	100.00 %	100.00 %	Note 1
The Company and HONG YUAN	ATEN LATAM MEXICO S.A. DE C.V (ATEN MEXICO)	Trading of computer peripheral products	100.00 %	100.00 %	100.00 %	Note 1
The Company and HONG YUAN	PT ATEN TECHNOLOGY INDONESIA (ATEN INDONESIA)	Trading of computer peripheral products	100.00 %	100.00 %	100.00 %	Note 1
TOPMOST	EXPAND INTERNATIONAL CO., LTD. (EXPAND)	Investing	100.00 %	100.00 %	100.00 %	
TOPMOST	ATEN EUROPE LIMITED (ATEN EUROPE)	Investing	100.00 %	100.00 %	100.00 %	Note 1
TOPMOST	I/O MASTER INC. (I/O MASTER)	Investing	100.00 %	100.00 %	100.00 %	Note 1
The Company & FOREMOST	ATEN CHINA CO., LTD. (ATEN CHINA)	Trading of computer peripheral products	100.00 %	100.00 %	100.00 %	Note 1
FOREMOST	ATEN FOREMOST INTERNATIONAL CO., LTD. (ATEN FOREMOST)	Research and trading of computer peripheral products	100.00 %	100.00 %	100.00 %	Note 1
EXPAND	EXPAND ELECTRONIC CO., LTD. (EXPAND ELECTRONIC)	Manufacturing of computer peripheral products	100.00 %	100.00 %	100.00 %	
ATEN EUROPE	ATEN UK LIMITED (ATEN UK)	Trading of computer peripheral products	100.00 %	100.00 %	100.00 %	Note 1
ATEN EUROPE	ATEN KOREA CO., LTD. (ATEN KOREA)	Trading of computer peripheral products	85.00 %	85.00 %	85.00 %	Note 1
ATEN US	ATEN TECHNOLOGY INC. (ATEN TECHNOLOGY)	Trading of computer peripheral products	99.39 %	99.11 %	99.11 %	Note 2
ATEN US & ATEN TECHNOLOGY	ATEN NEW JERSEY INC. (ATEN NEW JERSEY)	Trading of computer peripheral products	99.52 %	99.29 %	99.29 %	Notes 1 and 2

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of investor	Name of subsidiary	Scope of business	Percentage of ownership			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
I/O MASTER	ATEN CANADA TECHNOLOGIES INC. (ATEN CANADA)	Research and development	100.00 %	100.00 %	100.00 %	Note 1
I/O MASTER	IOGEAR, INC.(IOGEAR)	Trading of computer peripheral products	100.00 %	100.00 %	100.00 %	Note 1
A TECH PERIPHERALS	RCM FULLY AUTOMATION CO., LTD. (RCM FULLY)	Trading of computer peripheral products	74.00 %	74.00 %	74.00 %	Note 1

Note 1: It's an insignificant subsidiary, and its financial statement have not been reviewed.

Note 2: ATEN US increased investment for USD4,000 thousand in ATEN TECHNOLOGY in August, 2023. Therefore, the percentage of ownership of ATEN US increased from 99.11% to 99.39%. Meanwhile, the combined percentage of ownership of ATEN US for ATEN NEW JERSEY increased from 99.29% to 99.52%.

(c) **Employee benefits**

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year plus any adjustments for significant post-market fluctuations, curtailments, settlements, or other one-time events.

(d) **Income tax**

Tax expense in the consolidated financial statements is measured and disclosed according to paragraph B12 of IAS 34 "Interim Financial Reporting".

Income tax expense for the period is best estimated by multiplying pretax income of the reporting period by the effective annual tax rate which was forecasted by the management. The outcome is then fully recognized as current tax expense.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

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

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

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

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(6) Explanation of significant accounts**

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2023. Please refer to note 6 of the consolidated financial statements for the year ended December 31, 2023.

(a) Cash and cash equivalents

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Cash and cash equivalents	\$ 1,706	1,721	4,239
Saving deposits and foreign currency deposits	752,703	915,508	655,363
Checking deposits	31,590	31,864	22,724
Time deposits	<u>231,550</u>	<u>244,894</u>	<u>189,618</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 1,017,549</u>	<u>1,193,987</u>	<u>871,944</u>

Please refer to note 6(u) for the interest rate risk and the fair value sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial assets at amortised cost

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Bank's time deposits	<u>\$ 94,563</u>	<u>90,449</u>	<u>103,361</u>
Interest rate(%)	<u>1.3~5</u>	<u>1.3~5</u>	<u>0.76~4.25</u>

The Company has assessed that these financial assets are held to maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

(c) Financial assets and liabilities at fair value through profit or loss

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Mandatorily measured at fair value through profit or loss – current:			
Derivative instruments not used for hedging	\$ 372	7,189	1,337
Non-derivative financial assets	<u>443,166</u>	<u>390,051</u>	<u>912,153</u>
Total	<u>\$ 443,538</u>	<u>397,240</u>	<u>913,490</u>

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Financial liabilities held for trading— current:			
Derivative instruments not used for hedging	\$ <u>6,564</u>	<u>1,258</u>	<u>5,667</u>

For the amount of financial assets and liabilities remeasured at fair value through profit or loss, please refer to note 6(t).

As of March 31, 2024, December 31 and March 31, 2023, the Group has not provided any aforementioned financial assets as collateral.

The Group uses derivative financial instruments to manage the exposures due to fluctuations of foreign exchange risk from its operating activities. The Group reported the following derivatives financial instruments as financial assets and liabilities at fair value through profit or loss without the application of hedge accounting were classified as mandatorily measured at fair value through profit or loss and held-for-trading financial instruments on March 31, 2024, December 31 and March 31, 2023 .

Mandatorily measured at fair value through profit or loss financial assets— Forward contract:

	<u>March 31, 2024</u>		
	<u>Contract amount (thousand dollars)</u>	<u>Currency</u>	<u>Maturity dates</u>
Forward exchange sold	EUR 250 /	EUR/NTD	2024.06.24
	NTD 8,585		
Forward exchange sold	USD 500 /	USD/NTD	2024.07.29~2024.08.05
	NTD 15,794		
Forward exchange sold	AUD 62 /	AUD/NTD	2024.04.02
	NTD 1,302		
Forward exchange purchased	USD 970 /	USD/KRW	2024.04.26~2024.05.29
	KRW 1,292,996		

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<b>December 31, 2023</b>			
	<b>Contract amount (thousand dollars)</b>	<b>Currency</b>	<b>Maturity dates</b>
Forward exchange sold	EUR 1,849 / NTD 63,078	EUR/NTD	2024.01.10~2024.03.20
Forward exchange sold	USD 8,900 / NTD 278,316	USD/NTD	2024.01.03~2024.04.19
Forward exchange sold	JPY 58,000 / NTD 12,708	JPY/NTD	2024.02.21
Forward exchange sold	GBP 240 / NTD 9,442	GBP/NTD	2024.02.16~2024.03.15
Forward exchange sold	USD 700 / CNY 4,994	USD/CNY	2024.01.05
Forward exchange sold	AUD 62 / NTD 1,302	AUD/NTD	2024.04.02
Forward exchange purchased	USD 340 / KRW 437,427	USD/KRW	2024.01.30~2024.02.26
<b>March 31, 2023</b>			
	<b>Contract amount (thousand dollars)</b>	<b>Currency</b>	<b>Maturity dates</b>
Forward exchange sold	USD 3,500 / NTD 106,428	USD/NTD	2023.04.07~2023.06.30
Forward exchange sold	JPY 239,000 / NTD 55,282	JPY/NTD	2023.04.19
Forward exchange sold	USD 500 / CNY 3,450	USD/CNY	2023.04.11
Forward exchange sold	AUD 381 / NTD 7,855	AUD/NTD	2023.05.08~2023.07.05
Forward exchange purchased	USD 770 / KRW 996,209	USD/KRW	2023.04.26~2023.05.30

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Held-for-trading financial liabilities — Forward contract:

	<b>March 31, 2024</b>		
	<b>Contract amount (thousand dollars)</b>	<b>Currency</b>	<b>Maturity dates</b>
Forward exchange sold	GBP 555 /	GBP/NTD	2024.04.16~2024.06.17
	NTD 21,966		
Forward exchange sold	USD 370 /	USD/CNY	2024.04.03
	CNY 2,658		
Forward exchange sold	AUD 136 /	AUD/NTD	2024.04.30~2024.05.29
	NTD 2,810		
Forward exchange sold	EUR 2,778 /	EUR/NTD	2024.04.10~2024.06.05
	NTD 94,089		
Forward exchange sold	USD 5,720 /	USD/NTD	2024.04.03~2024.07.26
	NTD 177,576		
Forward exchange sold	JPY 116,000 /	JPY/NTD	2024.04.19
	NTD 24,432		
	<b>December 31, 2023</b>		
	<b>Contract amount (thousand dollars)</b>	<b>Currency</b>	<b>Maturity dates</b>
Forward exchange sold	EUR 1,016 /	EUR/NTD	2024.01.10~2024.03.06
	NTD 34,354		
Forward exchange sold	USD 300 /	USD/NTD	2024.01.31~2024.04.26
	NTD 9,147		
Forward exchange sold	JPY 205,000 /	JPY/NTD	2024.01.19~2024.02.21
	NTD 43,907		
Forward exchange sold	GBP 160 /	GBP/NTD	2024.01.16
	NTD 6,241		
Forward exchange sold	AUD 313 /	AUD/NTD	2024.01.29~2024.02.29
	NTD 6,434		
Forward exchange purchased	USD 1,530 /	USD/KRW	2024.01.30~2024.02.26
	KRW 1,985,062		
	<b>March 31, 2023</b>		
	<b>Contract amount (thousand dollars)</b>	<b>Currency</b>	<b>Maturity dates</b>
Forward exchange sold	EUR 3,810 /	EUR/NTD	2023.04.12~2023.06.21
	NTD 123,986		
Forward exchange sold	USD 7,196 /	USD/NTD	2023.04.07~2023.07.05
	NTD 215,409		
Forward exchange sold	JPY 238,000 /	JPY/NTD	2023.04.19~2023.06.16
	NTD 54,019		
Forward exchange sold	GBP 344 /	GBP/NTD	2023.04.19~2023.06.16
	NTD 12,681		
Forward exchange purchased	USD 450 /	USD/KRW	2023.04.26~2023.05.30
	KRW 590,788		

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

For credit risk and market risk please refer to note 6(u).

(d) Financial assets at fair value through other comprehensive income

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>
Equity investments at fair value through other comprehensive income:			
Listed stocks (domestic) – current	\$ -	-	<u>6,324</u>
Unlisted stocks (domestic) – non-current	<u>\$ 27,246</u>	<u>27,246</u>	<u>27,617</u>

(i) Equity investments at fair value through other comprehensive income

The Group held equity instrument investment for long-term strategic purposes, not held for trading purposes, which have been designated as measured at fair value through other comprehensive income.

(ii) The Company sold the domestic listed stocks at the fair value for the year ended December 31, 2023, the fair value at that time of disposal was \$6,672 thousand and accumulated gain on disposal was \$998 thousand, which has been transferred from other equity to retained earnings.

(iii) For credit risk and market risk, please refer to note 6(u).

(iv) The Group did not hold any collateral for the collectible amounts.

(e) Notes and accounts receivable and other receivables

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>
Notes receivable	\$ 4,757	6,722	6,668
Accounts receivable, net	698,319	715,016	795,412
Less: allowance for impairment	<u>100</u>	<u>100</u>	<u>936</u>
	<u>\$ 702,976</u>	<u>721,638</u>	<u>801,144</u>

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected credit loss provision for all receivables on March 31, 2024. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward-looking information, including macroeconomic and relevant industry information. The expected credit losses as of was determined as follows:

	<b>March 31, 2024</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average expected credit loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 671,004	0%	-
0 to 30 days past due	31,059	0%	-
31 to 60 days past due	472	0%	-
61 to 90 days past due	333	0%	-
91 to 120 days past due	29	0%	-
121 to 180 days past due	46	0%	-
More than 360 days past due	<u>133</u>	75%~100%	<u>100</u>
	<b><u>\$ 703,076</u></b>		<b><u>100</u></b>
	<b>December 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average expected credit loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 681,132	0%	-
0 to 30 days past due	39,849	0%	-
31 to 60 days past due	88	0%	-
61 to 90 days past due	30	0%	-
91 to 120 days past due	75	0%	-
121 to 180 days past due	242	0%	-
181 to 360 days past due	207	0%	-
More than 360 days past due	<u>115</u>	80%~100%	<u>100</u>
	<b><u>\$ 721,738</u></b>		<b><u>100</u></b>

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>March 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average expected credit loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 754,570	0%	-
0 to 30 days past due	45,576	0%	-
31 to 60 days past due	490	0%	-
61 to 90 days past due	117	0%	-
121 to 180 days past due	93	0%	-
181 to 360 days past due	293	0%	-
More than 360 days past due	941	95%~100%	936
	<b>\$ 802,080</b>		<b>936</b>

The movement in the allowance for accounts receivable was as follows:

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 100	285
Impairment losses recognized	-	651
Balance at March 31	<b>\$ 100</b>	<b>936</b>

As of March 31, 2024, December 31 and March 31, 2023, the bank has priority claim over the Group's accounts receivable amounting to \$118,567 thousand, \$155,558 thousand and \$293,312 thousand, respectively.

(f) Other receivables

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Other receivables	\$ 12,030	14,354	16,824
Less: Loss allowance	-	-	1,000
	<b>\$ 12,030</b>	<b>14,354</b>	<b>15,824</b>

For the three months ended March 31, 2024 and 2023, the Group's loss allowance for other receivables did not move.

As of March 31, 2024, December 31 and March 31, 2023, the Group had no other receivable that were past due but not impaired.

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (g) Inventories

The components of the Group's inventories were as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Finished goods	\$ 641,560	639,382	746,318
Work in process	152,839	146,287	174,451
Raw material	466,433	480,595	520,184
	<u>\$ 1,260,832</u>	<u>1,266,264</u>	<u>1,440,953</u>

Due to the decrease in the net realizable value of inventories, the Group recognized the inventory pricing loss as cost of goods sold. The amounts are as follows:

	<b>For the three months ended March 31</b>	
	<u>2024</u>	<u>2023</u>
Losses on decline in market value of inventory	\$ 9,849	3,615
Losses on physical inventory, net	84	109
Losses on scrapping of inventory	620	3,361
Total	<u>\$ 10,553</u>	<u>7,085</u>

As of March 31, 2024, December 31 and March 31, 2023, the bank has priority claim over the Group's inventories amounting to \$228,951 thousand, \$258,759 thousand and \$325,147 thousand, respectively.

## (h) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group were as follows:

	<u>Land</u>	<u>Land improvements</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Other equipment</u>	<u>Construction in progress and testing equipment</u>	<u>Total</u>
Cost or deemed cost:							
Balance at January 1, 2024	\$ 1,705,303	9,514	1,135,860	313,251	468,744	9,018	3,641,690
Additions	-	-	158	24	1,701	12,571	14,454
Disposals	-	-	-	(35,000)	(9,009)	-	(44,009)
Reclassification	-	-	6,248	143	4,058	(8,382)	2,067
Effect of changes in exchange rates	(1,530)	(52)	(5,132)	70	2,910	-	(3,734)
Balance at March 31, 2024	<u>\$ 1,703,773</u>	<u>9,462</u>	<u>1,137,134</u>	<u>278,488</u>	<u>468,404</u>	<u>13,207</u>	<u>3,610,468</u>
Balance at January 1, 2023	\$ 1,624,323	9,645	1,061,441	291,334	444,775	15,845	3,447,363
Additions	-	-	4,183	1,818	3,960	744	10,705
Disposals	-	-	-	-	(10,255)	-	(10,255)
Reclassification	-	-	1,320	5,624	24	(1,389)	5,579
Effect of changes in exchange rates	(2,288)	(33)	(1,415)	329	(1,120)	28	(4,499)
Balance at March 31, 2023	<u>\$ 1,622,035</u>	<u>9,612</u>	<u>1,065,529</u>	<u>299,105</u>	<u>437,384</u>	<u>15,228</u>	<u>3,448,893</u>

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	Land	Land improvements	Buildings	Machinery	Other equipment	Construction in progress and testing equipment	Total
Depreciation:							
Balance at January 1, 2024	\$ -	7,542	400,586	186,180	343,666	-	937,974
Depreciation	-	225	9,500	6,599	11,915	-	28,239
Disposal	-	-	-	(35,000)	(8,730)	-	(43,730)
Effect of changes in exchange rates	-	(34)	(430)	470	2,759	-	2,765
Balance at March 31, 2024	<u>\$ -</u>	<u>7,733</u>	<u>409,656</u>	<u>158,249</u>	<u>349,610</u>	<u>-</u>	<u>925,248</u>
Balance at January 1, 2023	\$ -	6,721	365,597	163,621	327,756	-	863,695
Depreciation	-	226	8,271	5,936	11,603	-	26,036
Disposal	-	-	-	-	(10,128)	-	(10,128)
Effect of changes in exchange rates	-	(20)	(407)	212	(1,101)	-	(1,316)
Balance at March 31, 2023	<u>\$ -</u>	<u>6,927</u>	<u>373,461</u>	<u>169,769</u>	<u>328,130</u>	<u>-</u>	<u>878,287</u>
Carrying value:							
January 1, 2024	<u>\$ 1,705,303</u>	<u>1,972</u>	<u>735,274</u>	<u>127,071</u>	<u>125,078</u>	<u>9,018</u>	<u>2,703,716</u>
March 31, 2024	<u>\$ 1,703,773</u>	<u>1,729</u>	<u>727,478</u>	<u>120,239</u>	<u>118,794</u>	<u>13,207</u>	<u>2,685,220</u>
January 1, 2023	<u>\$ 1,624,323</u>	<u>2,924</u>	<u>695,844</u>	<u>127,713</u>	<u>117,019</u>	<u>15,845</u>	<u>2,583,668</u>
March 31, 2023	<u>\$ 1,622,035</u>	<u>2,685</u>	<u>692,068</u>	<u>129,336</u>	<u>109,254</u>	<u>15,228</u>	<u>2,570,606</u>

As of March 31, 2024, December 31 and March 31, 2023, the detail of property, plant and equipment pledged for car purchasing payables, short-term borrowings and credit facilities, please refer to note 8.

As of March 31, 2024, December 31 and March 31, 2023, the bank has priority claim over the Group's property, plant and equipment amounting to \$5,423 thousand, \$5,866 thousand and \$6,507 thousand, respectively.

(i) Right-of-use assets

The Group leases its assets including its land, buildings, transportation equipment and other equipment. Information about leases, for which the Group is the lessee, is presented below:

	Land and buildings	Transportation equipment	Other equipment	Total
Cost:				
Balance at January 1, 2024	\$ 440,575	10,805	6,356	457,736
Additions	12,052	1,304	-	13,356
Write-off	(17,405)	(2,489)	-	(19,894)
Effect of changes in foreign exchange rates	10,860	46	165	11,071
Balance at March 31, 2024	<u>\$ 446,082</u>	<u>9,666</u>	<u>6,521</u>	<u>462,269</u>
Balance at January 1, 2023	\$ 361,023	11,282	7,897	380,202
Additions	69,115	1,073	-	70,188
Write-off	(72,873)	-	(1,497)	(74,370)
Effect of changes in exchange rates	(183)	50	(58)	(191)
Balance at March 31, 2023	<u>\$ 357,082</u>	<u>12,405</u>	<u>6,342</u>	<u>375,829</u>

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>Land and buildings</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Total</u>
Accumulated depreciation:				
Balance at January 1, 2024	\$ 159,007	5,650	3,116	167,773
Depreciation	29,236	689	209	30,134
Write-off	(13,768)	(2,057)	-	(15,825)
Effect of changes in exchange rates	2,484	23	110	2,617
Balance at March 31, 2024	<u>\$ 176,959</u>	<u>4,305</u>	<u>3,435</u>	<u>184,699</u>
Balance at January 1, 2023	\$ 260,674	7,055	3,172	270,901
Depreciation	26,265	684	362	27,311
Write-off	(72,494)	-	(1,497)	(73,991)
Effect of changes in exchange rates	(147)	35	(27)	(139)
Balance at March 31, 2023	<u>\$ 214,298</u>	<u>7,774</u>	<u>2,010</u>	<u>224,082</u>
Carrying value:				
January 1, 2024	<u>\$ 281,568</u>	<u>5,155</u>	<u>3,240</u>	<u>289,963</u>
March 31, 2024	<u>\$ 269,123</u>	<u>5,361</u>	<u>3,086</u>	<u>277,570</u>
January 1, 2023	<u>\$ 100,349</u>	<u>4,227</u>	<u>4,725</u>	<u>109,301</u>
March 31, 2023	<u>\$ 142,784</u>	<u>4,631</u>	<u>4,332</u>	<u>151,747</u>

(j) Intangible assets

The cost and amortization of the intangible assets of the Group were as follows:

	<u>Goodwill</u>	<u>Patent</u>	<u>Trademark</u>	<u>Customer relationship</u>	<u>Total</u>
Costs:					
Balance at January 1, 2024 (Balance at March 31, 2024)	<u>\$ 105,814</u>	-	<u>4,857</u>	<u>5,926</u>	<u>116,597</u>
Balance at January 1, 2023 (Balance at March 31, 2023)	<u>\$ 105,814</u>	<u>2,384</u>	<u>4,857</u>	<u>5,926</u>	<u>118,981</u>
Amortization:					
Balance at January 1, 2024	\$ 103,058	-	4,857	4,346	112,261
Amortization	-	-	-	296	296
Balance at March 31, 2024	<u>\$ 103,058</u>	-	<u>4,857</u>	<u>4,642</u>	<u>112,557</u>
Balance at January 1, 2023	\$ 103,058	1,496	4,317	3,161	112,032
Amortization	-	140	405	296	841
Balance at March 31, 2023	<u>\$ 103,058</u>	<u>1,636</u>	<u>4,722</u>	<u>3,457</u>	<u>112,873</u>
Carrying value:					
January 1, 2024	<u>\$ 2,756</u>	-	-	<u>1,580</u>	<u>4,336</u>
March 31, 2024	<u>\$ 2,756</u>	-	-	<u>1,284</u>	<u>4,040</u>
January 1, 2023	<u>\$ 2,756</u>	<u>888</u>	<u>540</u>	<u>2,765</u>	<u>6,949</u>
March 31, 2023	<u>\$ 2,756</u>	<u>748</u>	<u>135</u>	<u>2,469</u>	<u>6,108</u>

(i) Amortization Fee

The amortization fee for the intangible assets in 2024 and 2023 are recorded under operating expense in the Consolidated Statements of Comprehensive Income.

(ii) Collateral

As of March 31, 2024, December 31 and March 31, 2023, none of the Group's intangible assets has not been pledged as collateral.

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(k) Short-term and long-term borrowings

The details, terms and clauses of the Group's short-term and long-term borrowings were as follows:

(i) Short-term borrowings

<b>March 31, 2024</b>				
	<b>Currency</b>	<b>Interest rate (%)</b>	<b>Maturity year</b>	<b>Amount</b>
Secured loans	USD	7.2	2024	\$ 143,953
Secured loans	KRW	3.97~4.52	2024	59,543
Secured loans	THB	4.9~5.22	2024	6,710
Unsecured loans	EUR	4.8028	2024	34,447
Unsecured loans	GBP	5.93~5.99	2024	25,634
Unsecured loans	CNY	3.806~4.73	2024	86,739
Unsecured loans	TWD	1.68	2024	20,000
Unsecured loans	THB	4.9~5.22	2024	15,656
Total				<b>\$ 392,682</b>

  

<b>December 31, 2023</b>				
	<b>Currency</b>	<b>Interest rate (%)</b>	<b>Maturity year</b>	<b>Amount</b>
Secured loans	USD	7.2	2024	\$ 158,285
Secured loans	KRW	3.97~4.52	2024	59,756
Secured loans	THB	4.9~5.22	2024	6,858
Unsecured loans	EUR	4.9129	2024	52,722
Unsecured loans	GBP	6.20~6.22	2024	24,882
Unsecured loans	CNY	3.55~4.73	2024	55,791
Unsecured loans	TWD	1.7	2024	30,000
Unsecured loans	THB	4.9~5.22	2024	16,003
Total				<b>\$ 404,297</b>

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>March 31, 2023</b>			<b>Amount</b>
	<b>Currency</b>	<b>Interest rate (%)</b>	<b>Maturity year</b>	
Letter of credit loans	USD	-	2023	\$ 6,801
Secured loans	USD	6.47~6.83	2023	152,270
Secured loans	KRW	3.70~3.92	2023	70,024
Unsecured loans	USD	5.73~5.80	2023	170,542
Unsecured loans	EUR	3.82	2023-2024	51,367
Unsecured loans	GBP	5.04	2023	23,906
Unsecured loans	JPY	1.7018	2023	29,718
Unsecured loans	CNY	3.1~4.5	2023	86,854
Unsecured loans	TWD	1.82	2023	5,000
<b>Total</b>				<b><u>\$ 596,482</u></b>

As of March 31, 2024, December 31 and March 31, 2023, the unused credit facilities of the Group's short-term borrowings amounted to \$2,700,908 thousand, \$2,793,803 thousand and \$2,390,207 thousand, respectively.

(ii) Long-term borrowings

	<b>March 31, 2023</b>			<b>Amount</b>
	<b>Currency</b>	<b>Interest rate (%)</b>	<b>Maturity year</b>	
Secured loans	EUR	1.976	2023	\$ <u>3,979</u>
Current				<u>\$ 3,979</u>

The Group does not have long-term borrowings on March 31, 2024 and December 31, 2023.

For the risk information of the Group interest rate, foreign currency and liquidity risk, please refer to note 6(u).

(iii) Collateral of loans

The Group has mortgaged their assets as collateral of loans. Please refer to note 8.

(l) Provisions

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Warranties	<u>\$ 22,810</u>	<u>22,810</u>	<u>27,052</u>

For the three months ended March 31, 2024 and 2023, the Group did not have any significant change on the provisions. For other relative information, please refer to note 6(l) of the consolidated financial statements for the year ended December 31, 2023.

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(m) Lease liabilities

The Group's lease liabilities were as follow:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Current	<u>\$ 73,147</u>	<u>101,486</u>	<u>88,894</u>
Non-current	<u>\$ 212,311</u>	<u>194,750</u>	<u>63,702</u>

For the maturity analysis, please refer to note 6(u).

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Interest on lease liabilities	<u>\$ 4,107</u>	<u>1,290</u>
Expenses relating to short-term leases	<u>\$ 3,418</u>	<u>3,777</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 200</u>	<u>242</u>

The amounts recognized in the statement of cash flows for the Group was as follows:

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Total cash outflow for leases	<u>\$ 36,212</u>	<u>35,679</u>

(n) Employee benefits

(i) Defined benefit plans

In the prior fiscal year, there was no material volatility of the market, material reimbursement and settlement or other material one-time events. As a result, pension cost in the consolidated interim financial statements was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate as of December 31, 2023 and 2022.

The Group's expenses recognized in profit or loss were as follows:

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Operating costs	\$ 100	109
Selling expenses	55	59
Administration expenses	171	175
Research and development expenses	<u>36</u>	<u>47</u>
Total	<u>\$ 362</u>	<u>390</u>

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Defined contribution plans

According to the defined contribution plans, the Group made contributions to the Bureau of Labor Insurance and the local authorities of the consolidated overseas subsidiaries. The Group recognized pension costs of the defined contribution plans in profit or loss were as follows:

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Operating costs	\$ 2,343	2,269
Selling expenses	9,271	8,934
Administration expenses	2,125	1,970
Research and development expenses	2,674	2,618
Total	<b>\$ 16,413</b>	<b>15,791</b>

(o) Income tax

Income tax expense was best estimated by multiplying pretax income for the interim reporting period by the effective tax rate which was forecasted by the management.

The amount of income tax were as follows:

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Current tax expense		
Current period	\$ 39,688	62,303
Income tax expense from continuing operations	<b>\$ 39,688</b>	<b>62,303</b>

The tax returns of the Company have been assessed by the tax authorities for all years through 2021.

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(p) Capital and other equity

Except for those mentioned below, there were no significant changes in capital for the three months ended March 31, 2024 and 2023. Please refer to note 6(p) to the consolidated financial statements for the year ended December 31, 2023, for related information.

(i) Retained earnings

The Company's amended articles of incorporation stipulates that the Company's earnings distribution may be made on a quarterly basis after the close of each quarter. When allocating earnings, the Company shall first estimate and reserve the remuneration to employees and the taxes to be paid, offset prior years' deficits, provide 10% as legal reserve, provide or reverse a special reserve in accordance with relevant laws or regulations or as requested by authorities in charge. After the abovementioned appropriations, the distribution of the remaining earnings, if any, by way of stock dividends should be proposed by the board of directors and is subject to the stockholders' approval; by way of cash dividends should be approved by the board of directors. The Company's net earnings from the current year shall be used to pay income tax, offset prior years' deficits, provide 10% as legal reserve, provide or reverse a special reserve in accordance with relevant laws or regulations or as requested by authorities in charge. After the abovementioned appropriations, the distribution of the remaining earnings, if any, should be proposed by the board of directors and is subject to the stockholders' approval. For earning distribution issued in cash may be passed by the Board of Directors with more than two-thirds of the directors' attendance, and be resolved by more than half of the directors, then be reported to the shareholders' general meeting.

The Company's business cycle is in the constant growth stage. In consideration of the Company's future capital requirements, its long term financial plan and shareholders' satisfaction as to cash inflow, the Company's articles of incorporation stipulate that the board of directors may propose 30% or more of the distributable earnings as dividends, of which at least 10% should be distributed as cash dividends. However, such distribution depends on the current earnings and the capital condition, and is subject to the approval of stockholders.

The Group's Board of Directors resolved to appropriate the 2023 earnings from July to December and January to June. These earnings were appropriated as follows:

	<b>2023</b>	<b>2023</b>
	<b>July – December</b>	<b>January – June</b>
	<b>February 29,</b>	<b>August 8, 2023</b>
	<b>2024</b>	<b>2023</b>
Resolution Date of ATEN's Board of Directors		
Cash dividends to shareholders	\$ <u>262,837</u>	<u>250,889</u>
Cash dividends per share (NTD)	\$ <u>2.2</u>	<u>2.1</u>

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group's Board of Directors resolved to appropriate the 2022 earnings from July to December and January to June. These earnings were appropriated as follows:

	<b>2022</b>	<b>2022</b>
	<b>July – December</b>	<b>January – June</b>
	<b>March 14, 2023</b>	<b>August 4, 2022</b>
Resolution Date of ATEN's Board of Directors		
Cash dividends to shareholders	<b>\$ 394,255</b>	<b>286,731</b>
Cash dividends per share (NTD)	<b>\$ 3.3</b>	<b>2.4</b>

(ii) Other equities (net of tax)

	<b>Foreign exchange differences arising from foreign operations</b>	<b>Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income</b>	<b>Non-controlling interests</b>	<b>Total</b>
Balance as of January 1, 2024	\$ (175,518)	(22,030)	(6,271)	(203,819)
Foreign exchange differences arising from foreign operations	1,658	-	(27)	1,631
Balance as of March 31, 2024	<b>\$ (173,860)</b>	<b>(22,030)</b>	<b>(6,298)</b>	<b>(202,188)</b>
Balance as of January 1, 2023	\$ (171,173)	(18,334)	(5,825)	(195,332)
Foreign exchange differences arising from foreign operations	(2,963)	-	(811)	(3,774)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(46)	-	(46)
Balance as of March 31, 2023	<b>\$ (174,136)</b>	<b>(18,380)</b>	<b>(6,636)</b>	<b>(199,152)</b>

(q) Earnings per share

The calculation of the Group's basic earnings per share and diluted earnings per share for years ended March 31, 2024 and 2023 was as follows:

(i) Basic earnings per share

	<b>For the three months ended</b>	
	<b>March 31</b>	
	<b>2024</b>	<b>2023</b>
Net income attributable to ordinary shareholders of the Company	<b>\$ 110,618</b>	<b>190,528</b>
Weighted-average number of ordinary shares	<b>119,471</b>	<b>119,471</b>
Basic earnings per share (NTD)	<b>\$ 0.93</b>	<b>1.59</b>

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Diluted earnings per share

	Unit: thousand of shares For the three months ended March 31	
	2024	2023
Net income attributable to ordinary shareholders of the Company	\$ 110,618	190,528
Weighted-average number of ordinary shares (basic)	119,471	119,471
Impact of potential common shares		
Effect of employee stock bonus	1,314	1,975
Weighted-average number of ordinary shares (diluted)	120,785	121,446
Diluted earnings per share (NTD)	\$ 0.92	1.57

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended March 31, 2024		
	Computer peripheral products	Other	Total
Primary geographical markets:			
United States	\$ 214,058	-	214,058
Japan	192,399	-	192,399
Taiwan	152,245	29,033	181,278
China	89,999	-	89,999
Others	497,288	-	497,288
	\$ 1,145,989	29,033	1,175,022
Major product lines:			
IT infrastructure management solutions	\$ 730,631	-	730,631
Video products	212,933	-	212,933
Others	202,425	29,033	231,458
	\$ 1,145,989	29,033	1,175,022

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**For the three months ended**  
**March 31, 2023**

	<u>Computer peripheral products</u>	<u>Other</u>	<u>Total</u>
Primary geographical markets:			
United States	\$ 355,086	-	355,086
Japan	274,902	-	274,902
Taiwan	132,866	22,497	155,363
Others	<u>599,783</u>	<u>-</u>	<u>599,783</u>
	<u>\$ 1,362,637</u>	<u>22,497</u>	<u>1,385,134</u>
Major product lines:			
IT infrastructure management solutions	\$ 941,411	-	941,411
Video products	223,545	-	223,545
Others	<u>197,681</u>	<u>22,497</u>	<u>220,178</u>
	<u>\$ 1,362,637</u>	<u>22,497</u>	<u>1,385,134</u>

(ii) Contract balance

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Notes receivable	\$ 4,757	6,722	6,668
Accounts receivable, net	698,319	715,016	795,412
Less: allowance for impairment	<u>100</u>	<u>100</u>	<u>936</u>
Total	<u>\$ 702,976</u>	<u>721,638</u>	<u>801,144</u>
Contract assets	<u>\$ 6,027</u>	<u>7,884</u>	<u>4,839</u>

Please refer to note 6(e) for the disclosure of accounts receivable and its impairment.

(s) Remuneration to employees, directors and supervisors

In accordance with the Company's articles, the net income before tax, after deducting the remuneration to employees, directors and supervisors, shall first be offset against any deficit, then 10%~16% will be distributed as employee remuneration and less than 2% will be allocated as directors' and supervisors' remuneration. The amounts of employee, directors' and supervisors' remuneration, to be distributed in cash or stock, should be decided in the board meeting, with two thirds of the board members attending the meeting, and over half of the attendees approving the amounts for distribution that are to be reported at the shareholders meeting. Employees who are entitled to receive the above-mentioned employee remuneration, in share or cash, include the employees of the subsidiaries of the Group who meet certain specific requirement.

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

For the three months ended March 31, 2024 and 2023, the estimated amounts of employees' compensation were \$24,128 thousand and \$41,669 thousand, respectively, and the estimated amounts of directors' remuneration were \$1,930 thousand and \$3,334 thousand, respectively. The estimated amounts mentioned above are based on the net profit before tax, excluding employee compensation and directors' remuneration, of each respective ending period, multiplied by the percentage of the employee compensation, and the directors' remuneration, as specified in the Company's article. The estimations are recorded under operating cost or operating expenses. If there are any subsequent adjustments to the actual remuneration amount, the adjustments will be regarded as changes in accounting estimate and will be reflected in profit or loss in the following year.

For the years ended December 31, 2023 and 2022, the remunerations to employees amounted to \$123,866 thousand and \$149,728 thousand, respectively, and the remunerations to directors amounted to \$9,909 thousand and \$11,978 thousand, respectively. The amounts are identical to those of the actual distributions. The information is available on the Market Observation Post System.

(t) Non-operating income and expenses

(i) Interest income

	<b>For the three months ended</b>	
	<b>March 31</b>	
	<u>2024</u>	<u>2023</u>
Interest income from bank deposits	<u>\$ 2,624</u>	<u>1,504</u>

(ii) Other income

	<b>For the three months ended</b>	
	<b>March 31</b>	
	<u>2024</u>	<u>2023</u>
Total other income — Other	<u>\$ 3,270</u>	<u>5,317</u>

(iii) Other gains and losses

	<b>For the three months ended</b>	
	<b>March 31</b>	
	<u>2024</u>	<u>2023</u>
Gains on disposal of property, plant and equipment	\$ 342	92
Gains (losses) on foreign exchange	14,491	(8,904)
Gains (losses) on financial assets at fair value through profit or loss	(10,407)	2,614
Others	<u>(33)</u>	<u>(455)</u>
Net other gains and losses	<u>\$ 4,393</u>	<u>(6,653)</u>

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (iv) Finance costs

	<b>For the three months ended</b>	
	<b>March 31</b>	
	<b>2024</b>	<b>2023</b>
Interest expense	<u>\$ 10,461</u>	<u>7,372</u>

## (u) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and in the degree of exposure to credit risk, liquidity risk— interest rate risk and market risk arising from financial instruments. For the related information, please refer to note 6(u) of the consolidated financial statements for the year ended December 31, 2023.

## (i) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>3-5 years</u>	<u>Over 5 years</u>
<b>March 31, 2024</b>							
Non-derivative financial liabilities							
Secured loans	\$ 210,206	216,160	216,160	-	-	-	-
Unsecured loans	182,476	184,260	184,260	-	-	-	-
Notes and accounts payable	308,243	308,243	308,243	-	-	-	-
Dividends Payable	266,217	266,217	266,217	-	-	-	-
Other payables	482,754	482,754	482,754	-	-	-	-
Lease liabilities	285,458	325,305	110,385	57,076	48,622	93,590	15,632
Deposits received	1,174	1,174	1,174	-	-	-	-
Derivative financial liabilities							
Other forward contracts:							
Outflow	6,564	6,564	6,564	-	-	-	-
	<u>\$ 1,743,092</u>	<u>1,790,677</u>	<u>1,575,757</u>	<u>57,076</u>	<u>48,622</u>	<u>93,590</u>	<u>15,632</u>
<b>December 31, 2023</b>							
Non-derivative financial liabilities							
Secured loans	\$ 224,899	233,310	233,310	-	-	-	-
Unsecured loans	179,398	181,995	181,995	-	-	-	-
Notes and accounts payable	288,837	288,837	288,837	-	-	-	-
Dividends Payable	250,889	250,889	250,889	-	-	-	-
Other payables	550,638	550,638	550,638	-	-	-	-
Lease liabilities	296,236	338,019	115,597	61,643	46,856	87,641	26,282
Deposits received	764	764	764	-	-	-	-
Derivative financial liabilities							
Other forward contracts:							
Outflow	1,258	1,258	1,258	-	-	-	-
	<u>\$ 1,792,919</u>	<u>1,845,710</u>	<u>1,623,288</u>	<u>61,643</u>	<u>46,856</u>	<u>87,641</u>	<u>26,282</u>

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>3-5 years</u>	<u>Over 5 years</u>
<b>March 31, 2023</b>							
Non-derivative financial liabilities							
Secured loans	\$ 226,273	231,238	231,238	-	-	-	-
Unsecured loans	374,188	382,643	382,643	-	-	-	-
Notes and accounts payable	370,216	370,216	370,216	-	-	-	-
Dividends Payable	394,255	394,255	394,255	-	-	-	-
Other payables	443,202	443,202	443,202	-	-	-	-
Lease liabilities	152,596	157,167	92,454	57,499	5,777	1,286	151
Deposits received	905	905	905	-	-	-	-
Derivative financial liabilities							
Other forward contracts:							
Outflow	5,667	5,667	5,667	-	-	-	-
	<u>\$ 1,967,302</u>	<u>1,985,293</u>	<u>1,920,580</u>	<u>57,499</u>	<u>5,777</u>	<u>1,286</u>	<u>151</u>

The Group is not expecting the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(ii) Liquidity risk

1) Exchange rate risk

The Group's significant exposure to foreign currency risk was as follows:

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
<b>March 31, 2024</b>			
Financial assets:			
Monetary items:			
USD	\$	16,577	31.9900
JPY		188,477	0.2114
EUR		4,277	34.4468
CNY		20,899	4.4074
GBP		662	40.3682
Financial liabilities:			
Monetary items:			
USD	\$	4,548	31.9900
CNY		21,310	4.4074
THB		39,454	0.8787

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
<b>December 31, 2023</b>			
Financial assets:			
Monetary items:			
USD	\$ 18,582	30.7350	571,104
JPY	272,418	0.2174	59,224
EUR	3,944	34.0144	134,165
CNY	19,731	4.3315	85,464
Financial liabilities:			
Monetary items:			
USD	\$ 6,381	30.7350	196,126
CNY	16,958	4.3315	73,454
THB	41,600	0.8982	37,365
<b>March 31, 2023</b>			
Financial assets:			
Monetary items:			
USD	\$ 21,046	30.4540	640,926
JPY	683,847	0.2286	156,327
EUR	4,659	33.1400	154,403
CNY	17,195	4.4313	76,196
Financial liabilities:			
Monetary items:			
USD	\$ 5,192	30.4540	158,102
CNY	19,076	4.4313	84,532

Note: Since the effect of foreign exchange risk derived from the transactions within the Group cannot be fully eliminated, analysis is based on the amounts prior to the eliminated adjustments.

The Group's exposure to foreign currency risk arises from the translation of foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, loans and borrowings, and trade and other payables that are denominated in foreign currency. A 1% appreciation or depreciation of the NTD against the USD, JPY, EUR, CNY, GBP and THB as of March 31, 2024 and 2023 would have increased or decreased the net profit by \$5,622 thousand and \$7,852 thousand, respectively. The analysis is performed on the same basis for both periods.

Since the Group books its transaction in different functional currencies, the information on foreign exchange gains (loss) on monetary items is disclosed based on the total amount. For the three months ended March 31, 2024 and 2023, foreign exchange gains (losses) (including realized and unrealized portion) amounted to \$14,491 thousand and \$(8,904) thousand, respectively.

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Interest rate risk

The financial assets of the consolidated company subject to fair value risk of interest rate changes are bank deposits; financial liabilities are short for term and long-term loans, the impact of changes in interest rates on the fair value of the underlying financial assets is not material.

The following sensitivity analysis is based on the risk exposure of the interest rate on derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is on the basis of the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the management of the Group's assessment on the reasonably possible interval of interest rate change.

With all other variable factors remain constant. If the interest rate increases or decreases by 1%, the effect on the Group's income before tax is not material for the three months ended March 31, 2024 and 2023.

(iii) Fair value and carrying amount

1) Categories and fair value of financial instruments

Except for the followings, carrying amount of the Group's financial assets and liabilities are valued approximately to their fair value, and are not based on observable market date and the value measurements which are not reliable. No additional fair value disclosure is required in accordance to the Regulations.

	<b>March 31, 2024</b>				
	<b>Carrying amount</b>	<b>Fair value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 372	-	372	-	372
Non derivative financial assets mandatorily measured at fair value through profit or loss	<u>443,166</u>	<u>443,166</u>	<u>-</u>	<u>-</u>	<u>443,166</u>
Subtotal	<u>443,538</u>	<u>443,166</u>	<u>372</u>	<u>-</u>	<u>443,538</u>
Financial assets at fair value through other comprehensive income					
Unlisted stocks (domestic and overseas)	<u>27,246</u>	<u>-</u>	<u>-</u>	<u>27,246</u>	<u>27,246</u>
Total	<u>\$ 470,784</u>	<u>443,166</u>	<u>372</u>	<u>27,246</u>	<u>470,784</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	<u>\$ (6,564)</u>	<u>-</u>	<u>(6,564)</u>	<u>-</u>	<u>(6,564)</u>

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>December 31, 2023</b>				
	<b>Carrying amount</b>	<b>Fair value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 7,189	-	7,189	-	7,189
Non derivative financial assets mandatorily measured at fair value through profit or loss	<u>390,051</u>	<u>390,051</u>	<u>-</u>	<u>-</u>	<u>390,051</u>
Subtotal	<u>397,240</u>	<u>390,051</u>	<u>7,189</u>	<u>-</u>	<u>397,240</u>
Financial assets at fair value through other comprehensive income					
Unlisted stocks (domestic and overseas)	<u>27,246</u>	<u>-</u>	<u>-</u>	<u>27,246</u>	<u>27,246</u>
Total	<u>\$ 424,486</u>	<u>390,051</u>	<u>7,189</u>	<u>27,246</u>	<u>424,486</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	<u>\$ (1,258)</u>	<u>-</u>	<u>(1,258)</u>	<u>-</u>	<u>(1,258)</u>
	<b>March 31, 2023</b>				
	<b>Carrying amount</b>	<b>Fair value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 1,337	-	1,337	-	1,337
Non derivative financial assets mandatorily measured at fair value through profit or loss	<u>912,153</u>	<u>912,153</u>	<u>-</u>	<u>-</u>	<u>912,153</u>
Subtotal	<u>913,490</u>	<u>912,153</u>	<u>1,337</u>	<u>-</u>	<u>913,490</u>
Financial assets at fair value through other comprehensive income					
Listed stocks (domestic)	6,324	6,324	-	-	6,324
Unlisted stocks (domestic and overseas)	<u>27,617</u>	<u>-</u>	<u>-</u>	<u>27,617</u>	<u>27,617</u>
Subtotal	<u>33,941</u>	<u>6,324</u>	<u>-</u>	<u>27,617</u>	<u>33,941</u>
Total	<u>\$ 947,431</u>	<u>918,477</u>	<u>1,337</u>	<u>27,617</u>	<u>947,431</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	<u>\$ (5,667)</u>	<u>-</u>	<u>(5,667)</u>	<u>-</u>	<u>(5,667)</u>

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Valuation techniques in financial instruments measured at fair value

a) Non— derivative financial instruments

If there are quoted prices in the active markets for financial instruments, the fair value of those prices may be based on the quoted market prices. The market prices announced by Securities Exchange and Over the Counter are the benchmarks of the fair value of equity instruments and Liability instruments trading in active markets.

The fair value of financial assets and liabilities traded in the active markets will be based on the quoted market prices when the quoted prices can be obtained from the exchanges, brokers, underwriters, industrial unions, pricing service agencies or authorities, as well as if they can represent as the one usually traded in fair market transaction in practice. If the requirements above mentioned don't actually accomplish, the market ought to be seen inactive condition. Generally speaking, the index of inactive market are based on the large difference of the price between buying and selling transaction, the difference of the price between buying and selling transaction distinctively increasing or little quantity of trading volume.

The fair values of the Group's financial instruments trading in active markets are categorized by types and nature as follows:

Stocks of listed Companies and open-ended funds are financial assets possessing standard provision and trading in active markets. Their fair values are determined based on the market quotes and net assets value, respectively.

In addition to the aforementioned financial instruments trading in active markets, the fair values of other financial instruments are obtained through valuation or by referencing the quotes from counterparties. Such valuation technique involves referencing the fair value of financial instruments that are virtually alike in terms and characteristic, and using discounted cash flow model or other pricing models. Other pricing models may utilize the available market information on the balance sheet date such as yield curve from Over the Counter and the average quotes on the interest rates of Reuters Commercial Paper.

b) Derivative financial instrument

Derivatives are priced based on the pricing models widely accepted by markets. Forward Exchange Contracts are normally priced based on the current forward exchange rates or the forward interest rate estimated using interest rate parity theory.

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

3) Fair value hierarchy

The Company used the fair value that can be observed in the market to measure the value of assets and liabilities. Fair values levels are based on the degree in which the fair value can be observed and grouped in to Levels 1 to 3 as follows:

- a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- b) Level 2: inputs, other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- c) Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

There was no such situation that the Company reclassified the financial instruments from one level to another as of the reporting date.

4) Transfers between level 1 and level 2

There was no significant transfer from level 2 financial instrument to level 1 financial instrument.

5) Reconciliation of Level 3 fair values

	<b>Fair value through other comprehensive income</b>
	<b>Unquoted equity instruments</b>
Balance at January 1, 2024 (Balance at March 31, 2024)	<b>\$ <u>27,246</u></b>
Balance at January 1, 2023 (Balance at March 31, 2023)	<b>\$ <u>27,617</u></b>

The aforementioned gains or losses were listed in “Unrealized gains (losses) from financial assets at fair value through other comprehensive income”.

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income equity investments without an active market	Comparative company	<ul style="list-style-type: none"> <li>· Multipliers of price-book ratios as of March 31, 2024, December 31 and March 31, 2023 were 1.05~1.85, 1.05~1.85 and 0.93~1.68, respectively.</li> <li>· Multipliers of price-earnings ratio as of March 31, 2024 and December 31, 2023 was 24.25.</li> <li>· Market illiquidity discount rate as of March 31, 2024, December 31 and March 31, 2023 were both 20%.</li> </ul>	<ul style="list-style-type: none"> <li>· The estimated fair value would increase (decrease) if</li> <li>· the multiplier were higher (lower)</li> <li>· the market illiquidity discount were lower (higher)</li> </ul>

- 7) Fair value measurements in Level 3— sensitivity analysis of reasonably possible alternative assumptions

For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

	<u>Input</u>	<u>Assumptions</u>	<u>Other comprehensive income</u>	
			<u>Favorable</u>	<u>Unfavorable</u>
<b>March 31, 2024</b>				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	5%	\$ 1,704	(1,704)
<b>December 31, 2023</b>				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	5%	1,704	(1,704)

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

March 31, 2023	<u>Input</u>	<u>Assumptions</u>	<u>Other comprehensive income</u>	
			<u>Favorable</u>	<u>Unfavorable</u>
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	5%	1,877	(1,877)

The favorable and unfavorable effects represent the changes in fair value, and the fair value is based on a variety of unobservable inputs calculated using a valuation technique.

(v) Financial risk management

The objective and policies of the consolidated company are identical to those disclosed in note 6(v) of the consolidated financial statement for the year ended 2023.

(w) Capital management

The disclosure of objectives, policies and procedures of the Group's capital management are the same as those specified in the consolidated financial statements for the year ended December 31, 2023; and there were no significant changes in the Group's collective quantitative information from those disclosed in the consolidated financial statements for the year ended December 31, 2023. For related information, please refer to note 6(y) of the consolidated financial statements for the year ended December 31, 2023.

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

The Group's investing and financing activities which did not affect the current cash flow in the three months ended March 31, 2024 and 2023, were as follows:

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

Reconciliation of liabilities arising from financing activities were as follows:

	<u>January 1, 2024</u>	<u>Cash flows</u>	<u>Non-cash changes</u>		<u>March 31, 2024</u>
			<u>Effect of change in exchange rates</u>	<u>Others</u>	
Short-term borrowings	\$ 404,297	(12,882)	1,267	-	392,682
Lease liabilities	296,236	(32,594)	8,675	13,141	285,458
Deposits received	764	410	-	-	1,174
Total liabilities from financing activities	<u>\$ 701,297</u>	<u>(45,066)</u>	<u>9,942</u>	<u>13,141</u>	<u>679,314</u>

  

	<u>January 1, 2023</u>	<u>Cash flows</u>	<u>Non-cash changes</u>		<u>March 31, 2023</u>
			<u>Effect of change in exchange rates</u>	<u>Others</u>	
Short-term borrowings	\$ 622,189	(24,853)	(854)	-	596,482
Long-term borrowings (including current portion)	5,236	(1,305)	48	-	3,979
Lease liabilities	113,292	(31,660)	(131)	71,095	152,596
Deposits received	905	-	-	-	905
Total liabilities from financing activities	<u>\$ 741,622</u>	<u>(57,818)</u>	<u>(937)</u>	<u>71,095</u>	<u>753,962</u>

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(7) Related-party transactions**

Key management personnel compensation comprised:

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Short-term employee benefits	<u>\$ 20,659</u>	<u>20,326</u>

For the three months ended March 31, 2024 and 2023, the Group provided three vehicles at a cost of \$12,250 thousand and \$12,336 thousand for key management personnel, respectively.

**(8) Pledged assets**

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Cash and negotiable certificate of deposits (recorded under other financial assets – non current)	Guarantee for provisional attachment	\$ 71,428	71,428	71,428
Time deposits (recorded under other financial assets – non current)	Guarantee for customs	4,222	4,179	4,159
Negotiable certificate of deposits (recorded under other financial assets – non current)	Guarantee for provisional seizure	30,000	30,000	30,000
Time deposits (recorded under other financial assets – non current)	Guarantee for short-term borrowings	10,297	10,526	-
Property, plant and equipment	Guarantee for short-term borrowings	58,997	59,800	174,325
Other equipment	Guarantee for car purchasing	6,979	7,214	-
		<u>\$ 181,923</u>	<u>183,147</u>	<u>279,912</u>

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(9) Commitments and contingencies**

(a) The unrecognized construction contract of the Group as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Acquisition of Property, plant and equipment	\$ <u>18,205</u>	<u>18,609</u>	<u>18,483</u>

(b) As of March 31, 2024, December 31 and March 31, 2023, the Group had an unused line of credit for purchasing raw materials amounting to \$1,998 thousand (USD62,462), \$5,148 thousand (USD 165,312) and \$6,801 thousand (USD222,310).

(c) As of March 31, 2024, December 31 and March 31, 2023, the outstanding bank drafts to secure credit facilities and financial instruments amounted to \$3,421,303 thousand, \$3,015,251 thousand and \$2,972,069 thousand, respectively.

(d) HoeYa Technology Inc. filed lawsuits against the Company for the damage of the product that is under previous provisional attachment requested by the Company in August 2007 and August 2020 respectively. Regarding damage compensation, the Intellectual Property Court made the first remanded judgement of 2007 lawsuit in June 2023, and both companies filed an appeal. The Supreme Court reversed the first remanded judgement in December 2023 and remanded to the Intellectual Property Court for retrial proceedings. The Company has estimated and recognized the relevant losses. In October 2021 the Intellectual Property Court dismissed the 2020 lawsuit brought by HoeYa Technology Inc. which HoeYa Technology Inc. filed an appeal accordingly. Both of the lawsuits were under the court proceedings. The Company has retained attorneys to handle the cases, which were still in progress as of the reporting date.

(e) YiFeng Technology Co., Ltd. filed lawsuit against the Company for the damage of the product that is under previous provisional attachment requested by the Company in September 2019. The Company has retained attorney to handle the case. The Company received the first and second instance judgment in favor of the Company from the Intellectual Property Court in June 2021 and August 2022, and YiFeng Technology Co., Ltd. filed an appeal in July 2021 and September 2022 respectively; the third instance procedure was still in progress as of the reporting date.

**(10) Losses Due to Major Disasters: None.**

**(11) Subsequent Events: None.**

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(12) Other**

- (a) The following is a summary statement of employee benefits, depreciation and amortization expenses by function:

By nature	By function			Three months ended March 31 2024			Three months ended March 31 2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total			
Employee benefits									
Salary	81,348	352,948	434,296	88,265	364,632	452,897			
Labor and health insurance	8,585	33,200	41,785	8,917	33,916	42,833			
Pension	2,443	14,332	16,775	2,378	13,803	16,181			
Directors' remuneration	-	3,430	3,430	-	4,834	4,834			
Others	5,138	11,083	16,221	5,634	11,573	17,207			
Depreciation (Note 1)	21,266	36,935	58,201	20,532	32,815	53,347			
Amortization	-	296	296	-	841	841			

Note 1: The Company's depreciation expenses recognized under other gains and losses amounted to \$172 thousand for the three months ended March 31, 2024, and it's not applicable for the three months ended March 31, 2023.

- (b) Seasonality operations

The business of the Group is neither seasonal nor cyclical.

- (c) The Company filed criminal charges against its former employees for not following its policy, wherein they illegally gained profit for themselves during their service in 2015 to 2016. The suspects have already resigned from the Company at the end of 2016. After the Company filed the lawsuit, Taiwan Taipei District Court and Taiwan Taipei High Court ruled the defendant to be guilty and made the sentence in July 2019 and February 2020, respectively. The Company and both of the defendant filed appeal to the Taiwan Supreme Court in March 2020. The Supreme Court rendered a judgement on March 19, 2021 and declared that both defendants committed Subparagraph 2, Paragraph 1, Article 171 of Securities and Exchange Act for making the Company process the non-arm's length transactions and were both sentenced 32 months in prison. Both defendants turned in the criminal proceeds plus the interest amounted to \$3,174 thousand and \$3,342 thousand should be returned to the Company. The seized \$70,296 thousand and \$6,516 thousand criminal proceeds were returned to the Company in 2019 and 2021. The civil lawsuit is still in the first trial at Taipei District Court.

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(13) Other disclosures**

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the three months ended March 31, 2024:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties: None.
- (iii) Securities held as of March 31, 2024 (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand dollars

Name of holder	Nature and name of security	Relationship with the security issuer	Account name	Ending balance				Remarks
				Number of shares	Book value	Holding percentage	Market value	
	Mutual fund:							
The Company	JihSun Money Market Fund	-	Financial assets at fair value through profit or loss – current	3,298	50,473	-	50,473	
The Company	SinoPac Money Market Fund	-	Financial assets at fair value through profit or loss – current	6,372	91,427	-	91,427	
The Company	Union Money Market Fund	-	Financial assets at fair value through profit or loss – current	6,524	88,845	-	88,845	
The Company	Capital Money Market Fund	-	Financial assets at fair value through profit or loss – current	31	522	-	522	
The Company	First Bank Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss – current	8,035	126,879	-	126,879	
The Company	Fubon Chi-Hsiang Money Market Fund	-	Financial assets at fair value through profit or loss – current	143	2,308	-	2,308	
HONG JHENG TECHNOLOGY CO.,LTD	JihSun Money Market Fund	-	Financial assets at fair value through profit or loss – current	2,567	39,281	-	39,281	
HONG YUAN CO., LTD	JihSun Money Market Fund	-	Financial assets at fair value through profit or loss – current	2,838	43,431	-	43,431	
	Stock:							
The Company	ACROX CO., LTD.	-	Financial assets at fair value through other comprehensive income – non current	1,428	5,146	14	5,146	
The Company	OptoMedia Technology Inc.	-	Financial assets at fair value through other comprehensive income – non current	162	2,041	2	2,041	
The Company	Taiwan Wind PowerEnergy	-	Financial assets at fair value through other comprehensive income – non current	900	20,059	5	20,059	
HONG JHENG TECHNOLOGY CO.,LTD	Common Stock of Visionary Dynamics Co., Ltd.	-	Financial assets at fair value through other comprehensive income – non current	20	-	1	-	Note 1

Note 1: The impairment loss was fully recognized.

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Unit: thousand dollars

Name of Company	Counter-party	Relationship	Transaction details				The status and reason for deviation from arm's-length transaction		Account / note receivable (payable)		Remarks
			Purchase / Sale	Amount	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
The Company	EXPAND ELECTRONIC CO., LTD.	Subsidiary	Purchase	109,031	39	30 days	No significant differences	Note 1	(45,304)	(19)	Note 2

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of Company	Counter-party	Relationship	Transaction details				The status and reason for deviation from arm's-length transaction		Account / note receivable (payable)		Remarks
			Purchase / Sale	Amount	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
EXPAND ELECTRONIC CO., LTD.	The Company	Subsidiary	(Sales)	(109,031)	(100)	30 days	No significant differences	Note 1	45,304	100	Note 2

Note 1: Payments are netted with the account receivable resulting from the Company purchasing on behalf of related parties.

Note 2: The transactions within the Group were eliminated in the consolidated financial statements.

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

Unit: thousand dollars

Name of related party	Counter-party	Relationship	Balance of receivables from related party	Turnover rate	Overdue amount		Amounts received in subsequent period	Allowances for bad debts
					Amount	Action taken		
The Company	ATEN TECHNOLOGY INC.	Sub subsidiary	126,009	1.52	-		21,351 (As of April 26, 2024)	-
EXPAND INTERNATIONAL CO., LTD.	The Company	The ultimate parent company	191,809	-	-	Depend on capital budgeting	- (As of April 26, 2024)	-

(ix) Trading in derivative instruments:

Please refer to 6(c) for further information for the three months ended March 31, 2024.

(x) Business relationships and significant intercompany transactions:

Unit: thousand dollars

No.	Name of company	Name of counter-party	Existing relationship with the counter-party	Transaction details			
				Account name	Amount	Trading terms	Percentage of the total consolidated revenue or total assets
0	The Company	ATEN TECHNOLOGY INC.	1	Sales revenue	53,721	No significant differences	5 %
0	The Company	ATEN INFOTECH N.V.	1	Sales revenue	93,008	No significant differences	8 %
0	The Company	ATEN CHINA CO., LTD.	1	Sales revenue	68,831	No significant differences	6 %
0	The Company	ATEN JAPAN CO., LTD.	1	Sales revenue	76,233	No significant differences	6 %
0	The Company	ATEN KOREA CO., LTD.	1	Sales revenue	54,515	No significant differences	5 %
0	The Company	ATEN UK LTD.	1	Sales revenue	24,305	No significant differences	2 %
0	The Company	ATECH PERIPHERALS.	1	Sales revenue	43,217	No significant differences	4 %
0	The Company	ATEN POLAND SP. Z O. O.	1	Sales revenue	12,197	No significant differences	1 %
0	The Company	ATEN TECHNOLOGY INC.	1	Accounts receivable	126,009	155 days	2 %
0	The Company	ATEN INFOTECH N.V.	1	Accounts receivable	96,830	90 days	1 %
0	The Company	ATEN CHINA CO., LTD.	1	Accounts receivable	71,525	45 days	1 %
1	EXPAND INTERNATIONAL CO., LTD.	The Company	2	Accounts receivable	191,809	Payments are netted with the accounts receivable resulting from the Company purchasing on behalf of related parties.	3 %
2	ATEN FOREMOST INTERNATIONAL CO., LTD.	The Company	2	Sales revenue	77,876	Payments are netted with the accounts receivable resulting from the Company purchasing on behalf of related parties.	7 %
3	EXPAND ELECTRONIC CO., LTD.	The Company	2	Sales revenue	109,031	The Company is its only customer	9 %

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

No.	Name of company	Name of counter-party	Existing relationship with the counter-party	Transaction details			
				Account name	Amount	Trading terms	Percentage of the total consolidated revenue or total assets
4	ATEN CANADA TECHNOLOGIES INC.	The Company	2	Sales revenue	24,935	The Company is its only customer	2 %
5	ATEN COMPUTER PRODUCTS CO., LTD	The Company	2	Sales revenue	48,732	Payments are netted with the accounts receivable resulting from the Company purchasing on behalf of related parties.	4 %
6	A TECH PERIPHERALS.	RCM FULLY AUTOMATION CO., LTD.	3	Sales revenue	25,674	No significant differences	2 %

Note 1: Company numbering is as follows:

- (1) Parent company is 0.
- (2) Subsidiary starts from 1.

Note 2: The number of the relationship with the transaction counterparty represents the following:

- (1) 1 represents downstream transactions.
- (2) 2 represents upstream transactions.
- (3) 3 represents sidestream transactions.

Note 3: For balance sheet items, over 1% of total consolidated assets, and for profit or loss items, over 1% of total consolidated revenue were selected for disclosure.

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2024 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Scope of business	Original cost		Ending balance			Net income (loss) of investee	Investment income (losses)	Remarks
				March 31, 2024	December 31, 2023	Shares	Ratio of shares	Book value			
The Company	TOPMOST INTERNATIONAL CO., LTD.	Cayman	Investing	22,183	22,183	700,000	100 %	560,422	(2,822)	(2,822)	note 1
The Company	ATEN JAPAN CO., LTD.	Japan	Trading of computer peripheral equipment	25,105	25,105	1,600	100 %	173,382	14,127	14,127	note 1
The Company	ATEN US HOLDINGS INC.	USA	Investing	413,050	413,050	13,380,000	100 %	53,786	(27,132)	(27,132)	note 1
The Company	FOREMOST INTERNATIONAL CO., LTD.	Mauritius	Investing	69,730	69,730	2,180,628	100 %	31,756	(2,177)	(2,177)	note 1
The Company	A TECH PERIPHERALS.	Taiwan	Manufacturing and trading of computer peripheral equipment	90,479	90,479	10,000,000	100 %	148,376	16,533	16,547	note 1
The Company	ATEN INFOTECH N.V.	Belgium	Trading of computer peripheral equipment	54,197	54,197	58,343	100 %	87,751	3,977	3,977	note 1
The Company	ATEN COMPUTER PRODUCTS CO., LTD.	Thailand	Manufacturing of computer peripheral equipment	452,304	436,424	4,799,998	100 %	329,715	(2,225)	(2,225)	note 1
The Company	VISIONTOP CO., LTD.	Taiwan	Specialized printing	86,483	86,483	6,472,066	60 %	69,144	2,521	1,505	note 1
The Company	HONG JHENG TECHNOLOGY CO., LTD.	Taiwan	Investing	31,778	31,778	1,600,000	100 %	44,425	127	125	note 1
The Company	HONG YUAN CO., LTD.	Taiwan	Investing	31,778	31,778	1,600,000	100 %	48,484	140	139	note 1
The Company	ATEN ANZ PTY LTD.	Australia	Trading of computer peripheral equipment	77,350	77,350	3,500,000	100 %	18,147	(2,943)	(2,943)	note 1
The Company	RCM FULLY AUTOMATION CO., LTD.	Taiwan	Trading of computer peripheral equipment	7,800	7,800	780,000	26 %	9,367	11,142	3,029	note 1
The Company	ATEN INFO COMMUNICATION LIMITED LIABILITY COMPANY	Turkey	Trading of computer peripheral equipment	23,714	23,714	7,000	100 %	5,546	733	733	note 1
The Company	ATEN POLAND SP. Z O. O.	Poland	Trading of computer peripheral equipment	8,295	8,295	20,000	100 %	4,969	(714)	(714)	note 1
The Company	ATEN ROMANIA S.R.L.	Romania	Trading of computer peripheral equipment	5,839	5,839	80,000	100 %	10,237	(199)	(199)	note 1
The Company	ATEN SOUTH AFRICA	South Africa	Trading of computer peripheral equipment	7,572	7,572	4,300	100 %	6,831	(457)	(457)	note 1
The Company and HONGYUAN CO., LTD.	ATEN ADVANCE PRIVATE LIMITED	India	Trading of computer peripheral equipment	9,030	9,030	2,200,000	100 %	10,086	70	70	note 1
The Company and HONGYUAN CO., LTD.	ATEN LATAM MEXICO S.A. DE C.V.	Mexico	Trading of computer peripheral equipment	13,827	7,204	8,700,000	100 %	8,086	218	218	note 1
The Company and HONGYUAN CO., LTD.	PT ATEN TECHNOLOGY INDONESIA	Indonesia	Trading of computer peripheral equipment	5,099	5,099	2,500	100 %	3,771	120	120	note 1

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## ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Name of investor	Name of investee	Location	Scope of business	Original cost		Ending balance			Net income (loss) of investee	Investment income (losses)	Remarks
				March 31, 2024	December 31, 2023	Shares	Ratio of shares	Book value			
TOPMOST INTERNATIONAL CO., LTD.	ATEN EUROPE LTD.	UK	Investing	67,279	67,279	1,069,000	100 %	241,097	7,918	7,918	note 1
TOPMOST INTERNATIONAL CO., LTD.	I/O MASTER INC.	Samoa	Investing	9,782	9,782	700,000	100 %	34,103	(5,767)	(5,767)	note 1
ATEN US HOLDING INC.	ATEN NEW JERSEY INC.	USA	Trading of computer peripheral equipment	22,815	22,815	160,000	20 %	5,350	242	48	note 1
ATEN US HOLDING INC.	ATEN TECHNOLOGY INC.	USA	Trading of computer peripheral equipment	393,171	393,171	12,672,084	99 %	117,961	(27,784)	(27,614)	note 1
ATEN TECHNOLOGY INC.	ATEN NEW JERSEY INC.	USA	Trading of computer peripheral equipment	3,303	3,303	640,000	80 %	21,399	242	194	note 1
ATEN EUROPE LTD.	ATEN UK LTD.	UK	Trading of computer peripheral equipment	37,922	37,922	650,000	100 %	5,701	1,912	1,912	note 1
ATEN EUROPE LTD.	ATEN KOREA CO., LTD.	Korea	Trading of computer peripheral equipment	34,811	34,811	102,000	85 %	96,729	6,183	5,256	note 1
I/O MASTER INC.	ATEN CANADA TECHNOLOGIES INC.	Canada	Research and development	3	3	300	100 %	42,693	(5,724)	(5,724)	note 1
I/O MASTER INC.	I/OGEAR, Inc.	USA	Trading of computer peripheral equipment	3	3	10	100 %	-	-	-	note 1
ATECH PERIPHERALS.	RCM FULLY AUTOMATION CO., LTD.	Taiwan	Trading of computer peripheral equipment	22,066	22,066	2,220,000	74 %	33,198	11,142	8,245	note 1

Note 1: Eliminated in the consolidated financial statements.

(c) Information on investment in mainland China:

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

Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2024	Investment flow during current period		Cumulative investment (amount) from Taiwan as of March 31, 2024	Net income (loss) on investee	Direct / indirect investment holding percentage	Investment income (loss) (Note 4)	Book value	Accumulated remittance of earnings in current period
					Remittance amount	Repatriation amount						
EXPAND INTERNATIONAL CO., LTD. (Note 2)	Investing	21,383	(3)	21,383	-	-	21,383	(5,978)	100 %	(5,978)	324,769	69,337
ATEN CHINA CO., LTD.	Trading of computer peripheral equipment	56,924	(3)	51,394	-	-	51,394	(5,583)	100 %	(5,583)	17,618	86,093
ATEN FOREMOST INTERNATIONAL CO., LTD.	Research and trading of computer peripheral equipment	29,315	(3)	29,315	-	-	29,315	1,659	100 %	1,659	42,983	-
EXPAND ELECTRONIC CO., LTD.	Manufacturing of computer peripheral products	67,184	(3)	34,706	-	-	34,706	(6,245)	100 %	(6,245)	124,258	-

Note 1: The method of investment is divided into the following four categories:

- (1) Remittance from third-region companies to invest in Mainland China.
- (2) Through the establishment of third-region companies then investing in Mainland China.
- (3) Through transferring the investment to third-region existing companies then investing in Mainland China.
- (4) Other methods: EX: delegated investments.

Note 2: In response to the regulation toward processing plants in China and Chinese government's incentive rewards for processing plants turn funded enterprises, the Company's investment through third party companies to reinvest the mainland areas of existing processing plant in Shenzhen, mainland was converted to a wholly owned company (EXPAND ELECTRONIC CO., LTD.) on March 27, 2012.

Note 3: Aforementioned amounts have been eliminated upon consolidation.

Note 4: The basis used for recognizing net income (loss) for the period:

- (1) The amount of investment income (loss) was recognized under the equity method based on the financial statements which were reviewed by the auditor of the Company.
- (2) The amount of investment income (loss) from investees was recognized under the equity method based on the financial statements which were not reviewed by the auditor of the Company.

Note 5: The exchange rate is USD 1 to NTD31.990.

(ii) Limitation on investment in Mainland China:

Company name	Accumulated investment amount remitted from Taiwan to Mainland China at the end of the period	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
The Company	136,798	175,945	- (Note 1)

Note 1: The Company was certified as an operations center by the Industrial Development Bureau, Ministry of Economic Affairs, in approval letter No.11251033200, and the certification is valid from August 14, 2023 to August 13, 2026. The Company has no limitation on investment in Mainland China during the abovementioned period.

Note 2: The exchange rate is USD1 to NTD31.990.

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Significant transactions:

Please refer to 13(a) item No. 10 for further information.

(d) Major shareholders:

	Shareholding		Unit: share
Shareholder's Name		Shares	Percentage
Shang-Jen Chen		6,789,342	5.68 %
Ching-Tang Chen		6,571,352	5.50 %

**(14) Segment information:**

The Group's operating segment information and reconciliation are as follows:

	<u>Computer peripheral equipment</u>	<u>Others</u>	<u>Adjustments or elimination</u>	<u>Total</u>
<b>Three months ended March 31, 2024</b>				
Revenue:				
Revenue from external customers	\$ 1,145,989	29,033	-	1,175,022
Inter-segment revenues	<u>702,765</u>	<u>-</u>	<u>(702,765)</u>	<u>-</u>
<b>Total revenue</b>	<u>\$ 1,848,754</u>	<u>29,033</u>	<u>(702,765)</u>	<u>1,175,022</u>
<b>Reportable segment profit or loss</b>	<u>\$ 147,335</u>	<u>2,550</u>	<u>2,190</u>	<u>152,075</u>
<b>Three months ended March 31, 2023</b>				
Revenue:				
Revenue from external customers	\$ 1,362,637	22,497	-	1,385,134
Inter-segment revenues	<u>763,375</u>	<u>-</u>	<u>(763,375)</u>	<u>-</u>
<b>Total revenue</b>	<u>\$ 2,126,012</u>	<u>22,497</u>	<u>(763,375)</u>	<u>1,385,134</u>
<b>Reportable segment profit or loss</b>	<u>\$ 244,450</u>	<u>(782)</u>	<u>9,606</u>	<u>253,274</u>