

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

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 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 September 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2024 and 2023, as well as the changes in equity and cash flows for the nine months ended September 30, 2024 and 2023, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 4(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 \$2,323,127 thousand and \$2,098,802 thousand, constituting 33% and 30% of the consolidated total assets as of September 30, 2024 and 2023, respectively, total liabilities amounting to \$683,026 thousand and \$664,549 thousand, constituting 31% and 28% of the consolidated total liabilities at September 30, 2024 and 2023, respectively, and total comprehensive income amounting to \$36,970 thousand, \$30,225 thousand, \$94,265 thousand and \$68,552 thousand, constituting 21%, 21%, 24% and 16% of the consolidated total comprehensive income for the three months and nine months ended September 30, 2024 and 2023, respectively.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, 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 September 30, 2024 and 2023, and of its consolidated financial performance for the three months and nine months ended September 30, 2024 and 2023, as well as its consolidated cash flows for the nine months ended September 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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)
November 6, 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

September 30,
2024, December 31, and September 30, 2023

(Expressed in Thousands of New Taiwan Dollars)

	September 30, 2024		December 31, 2023		September 30, 2023			September 30, 2024		December 31, 2023		September 30, 2023	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Assets								Liabilities and Equity					
11xx Current assets:							21xx Current liabilities:						
1100 Cash and cash equivalents (note 6(a))	\$ 785,252	12	1,193,987	17	811,396	12	2100 Short-term borrowings (notes 6(k) and 8)	\$ 394,543	6	404,297	6	463,162	7
1110 Financial assets at fair value through profit or loss—current (note 6(c))	417,816	6	397,240	6	563,456	8	2322 Current portion of long-term borrowings (notes 6(k) and 8)	-	-	-	-	1,358	-
1120 Financial assets at fair value through other comprehensive income—current (note 6(d))	-	-	-	-	6,522	-	2120 Financial liabilities at fair value through profit or loss—current (note 6(c))	1,193	-	1,258	-	2,376	-
1136 Current financial assets at amortized cost, net (note 6(b))	171,168	2	90,449	1	57,829	1	2150 Notes payable	1,275	-	1,681	-	1,250	-
1140 Contract assets—current (note 6(r))	8,878	-	7,884	-	6,538	-	2170 Accounts payable	415,841	6	287,156	4	321,359	5
1150 Notes receivable, net (notes 6(e) and (r))	3,891	-	6,722	-	5,704	-	2216 Dividends Payable (note 6(p))	203,101	3	250,889	4	250,889	4
1170 Accounts receivable, net (notes 6(e) and (r))	683,122	11	714,916	10	649,380	10	2219 Other payable (notes 6(h), (s) and 8)	500,229	7	550,638	8	472,713	7
1200 Other receivables (note 6(f))	21,745	-	14,354	-	12,763	-	2230 Current tax liabilities	39,068	1	84,696	1	71,008	1
130x Inventories (note 6(g))	1,395,875	20	1,266,264	18	1,422,023	20	2250 Provisions—current (note 6(l))	22,810	-	22,810	-	27,052	-
1410 Prepayments	87,287	1	61,102	1	72,093	1	2280 Current lease liabilities (note 6(m))	71,810	1	101,486	1	102,892	1
1470 Other current assets	10,950	-	10,254	-	13,777	-	2399 Other current liabilities	88,265	1	74,582	1	95,610	1
Total current assets	<u>3,585,984</u>	<u>52</u>	<u>3,763,172</u>	<u>53</u>	<u>3,621,481</u>	<u>52</u>	Total current liabilities	<u>1,738,135</u>	<u>25</u>	<u>1,779,493</u>	<u>25</u>	<u>1,809,669</u>	<u>26</u>
15xx Non-current assets:							25xx Non-Current liabilities:						
1517 Financial assets at fair value through other comprehensive income—non-current (note 6(d))	25,205	-	27,246	-	27,617	-	2570 Deferred income tax liabilities	180,677	3	181,700	2	183,913	3
1535 Non-current financial assets at amortized cost, net (note 6(b))	80,000	1	-	-	-	-	2580 Non-current lease liabilities (note 6(m))	166,081	2	194,750	3	218,668	3
1600 Property, plant and equipment (notes 6(h), 7, 8 and 9)	2,723,890	39	2,703,716	38	2,710,833	38	2640 Net defined benefit liabilities—non-current	70,563	1	70,857	1	79,272	1
1755 Right-of-use assets (note 6(i))	224,474	3	289,963	4	319,937	4	2645 Deposits received	1,014	-	764	-	764	-
1780 Intangible assets (note 6(j))	3,447	-	4,336	-	4,656	-	2670 Other non-current liabilities	57,900	1	57,648	1	55,057	1
1840 Deferred income tax assets	143,490	2	143,557	2	178,798	3	Total non-current liabilities	<u>476,235</u>	<u>7</u>	<u>505,719</u>	<u>7</u>	<u>537,674</u>	<u>8</u>
1915 Prepayments for equipment	3	-	5,266	-	2,885	-	Total liabilities	<u>2,214,370</u>	<u>32</u>	<u>2,285,212</u>	<u>32</u>	<u>2,347,343</u>	<u>34</u>
1920 Refundable deposits	42,696	1	35,049	1	36,492	1	Equity attributable to shareholders of the company (notes 6(d) and (p)):						
1980 Other financial assets—non-current (notes 8 and 9)	117,174	2	116,133	2	113,518	2	3110 Common stock	1,194,711	17	1,194,711	17	1,194,711	17
1990 Other non-current assets	1,138	-	1,535	-	1,722	-	3210 Capital surplus:						
Total non-current assets	<u>3,361,517</u>	<u>48</u>	<u>3,326,801</u>	<u>47</u>	<u>3,396,458</u>	<u>48</u>	3210 Additional paid-in capital	316,913	5	316,913	4	316,913	4
							3250 Donated assets received	50	-	50	-	50	-
								<u>316,963</u>	<u>5</u>	<u>316,963</u>	<u>4</u>	<u>316,963</u>	<u>4</u>
							3300 Retained earnings:						
							3310 Legal reserve	1,623,232	23	1,566,677	22	1,566,677	22
							3320 Special reserve	178,017	3	203,711	3	189,507	3
							3350 Unappropriated retained earnings	1,465,997	21	1,655,497	23	1,527,767	22
								<u>3,267,246</u>	<u>47</u>	<u>3,425,885</u>	<u>48</u>	<u>3,283,951</u>	<u>47</u>
							3400 Other equity interest:						
							3410 Financial statements translation differences for foreign operations	(110,839)	(2)	(175,518)	(2)	(171,244)	(3)
							3420 Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(2,460)	-	(22,030)	-	(18,182)	-
								<u>(113,299)</u>	<u>(2)</u>	<u>(197,548)</u>	<u>(2)</u>	<u>(189,426)</u>	<u>(3)</u>
							Total equity attributable to shareholders of the company	<u>4,665,621</u>	<u>67</u>	<u>4,740,011</u>	<u>67</u>	<u>4,606,199</u>	<u>65</u>
							36xx Non-controlling interests	67,510	1	64,750	1	64,397	1
							3xxx Total equity	<u>4,733,131</u>	<u>68</u>	<u>4,804,761</u>	<u>68</u>	<u>4,670,596</u>	<u>66</u>
1xxx Total assets	<u>\$ 6,947,501</u>	<u>100</u>	<u>7,089,973</u>	<u>100</u>	<u>7,017,939</u>	<u>100</u>	2-3xxx Total liabilities and equity	<u>\$ 6,947,501</u>	<u>100</u>	<u>7,089,973</u>	<u>100</u>	<u>7,017,939</u>	<u>100</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 Comprehensive Income
For the nine months ended September 30, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

	For the three months ended September				For the nine months ended September			
	30		30		30		30	
	2024	2023	2024	2023	2024	2023	2024	2023
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue (note 6(r))	\$ 1,260,046	100	1,217,012	100	3,646,747	100	3,836,866	100
5000 Operating costs (notes 6(g), (h), (i), (m), (n) and (s))	<u>506,832</u>	40	<u>485,632</u>	40	<u>1,463,123</u>	40	<u>1,525,768</u>	40
5900 Gross profit	<u>753,214</u>	60	<u>731,380</u>	60	<u>2,183,624</u>	60	<u>2,311,098</u>	60
6000 Operating expenses (notes 6(e), (h), (i), (j), (m), (n), (s) and 7):								
6100 Selling expenses	310,680	25	307,197	25	929,738	25	943,738	25
6200 Administrative expenses	134,837	11	127,044	10	391,832	11	373,920	10
6300 Research and development expenses	125,323	10	129,258	11	393,315	11	398,731	10
6450 Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	<u>-</u>	-	<u>-</u>	-	<u>123</u>	-	<u>(185)</u>	-
Total operating expenses	<u>570,840</u>	46	<u>563,499</u>	46	<u>1,715,008</u>	47	<u>1,716,204</u>	45
6900 Operating profit	<u>182,374</u>	14	<u>167,881</u>	14	<u>468,616</u>	13	<u>594,894</u>	15
7000 Non-operating income and expenses (notes 6(m) and (t)):								
7100 Interest income	4,223	-	2,162	-	11,938	-	7,058	-
7010 Other income	4,962	-	3,780	-	11,631	-	13,157	-
7020 Other gains and losses	(29,218)	(1)	6,614	1	(21,610)	-	(22,457)	-
7050 Finance costs	<u>(8,582)</u>	(1)	<u>(11,982)</u>	(1)	<u>(27,489)</u>	(1)	<u>(30,110)</u>	-
Total non-operating income and expenses	<u>(28,615)</u>	(2)	<u>574</u>	-	<u>(25,530)</u>	(1)	<u>(32,352)</u>	-
7900 Profit from continuing operations before tax	153,759	12	168,455	14	443,086	12	562,542	15
7950 Less: Income tax expenses (note 6(o))	<u>42,265</u>	3	<u>42,315</u>	4	<u>111,760</u>	3	<u>131,724</u>	4
Net income	<u>111,494</u>	9	<u>126,140</u>	10	<u>331,326</u>	9	<u>430,818</u>	11
8300 Other comprehensive income (note (p)):								
8310 Components of other comprehensive income (loss) that will not be reclassified to profit or loss								
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	-	-	(163)	-	1,421	-	152	-
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>	-
Components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	-	<u>(163)</u>	-	<u>1,421</u>	-	<u>152</u>	-
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss								
8361 Exchange differences on translation of foreign financial statements	65,022	5	14,709	1	64,941	2	(412)	-
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>	-
Components of other comprehensive income that will be reclassified to profit or loss	<u>65,022</u>	5	<u>14,709</u>	1	<u>64,941</u>	2	<u>(412)</u>	-
8300 Other comprehensive income	<u>65,022</u>	5	<u>14,546</u>	1	<u>66,362</u>	2	<u>(260)</u>	-
8500 Total comprehensive income	<u>\$ 176,516</u>	<u>14</u>	<u>140,686</u>	<u>11</u>	<u>397,688</u>	<u>11</u>	<u>430,558</u>	<u>11</u>
8600 Net income attributable to:								
8610 Shareholders of the parent	\$ 109,425	9	123,743	10	325,448	9	427,069	11
8620 Non-controlling interests	<u>2,069</u>	-	<u>2,397</u>	-	<u>5,878</u>	-	<u>3,749</u>	-
Total comprehensive income attributable to:	<u>\$ 111,494</u>	<u>9</u>	<u>126,140</u>	<u>10</u>	<u>331,326</u>	<u>9</u>	<u>430,818</u>	<u>11</u>
8700 Total comprehensive income attributable to:								
8710 Shareholders of the parent	\$ 174,143	14	138,028	11	391,548	11	427,150	11
8720 Non-controlling interests	<u>2,373</u>	-	<u>2,658</u>	-	<u>6,140</u>	-	<u>3,408</u>	-
Total comprehensive income attributable to:	<u>\$ 176,516</u>	<u>14</u>	<u>140,686</u>	<u>11</u>	<u>397,688</u>	<u>11</u>	<u>430,558</u>	<u>11</u>
Basic earnings per share(in New Taiwan dollars) (note 6(q))								
9750 Basic earnings per share	<u>\$ 0.92</u>		<u>1.04</u>		<u>2.72</u>		<u>3.57</u>	
9850 Diluted earnings per share	<u>\$ 0.91</u>		<u>1.03</u>		<u>2.70</u>		<u>3.53</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 nine months ended September 30, 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						
Balance at January 1, 2023	\$ 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:												
Legal reserve appropriated	-	-	72,950	-	(72,950)	-	-	-	-	-	-	-
Special reserve reversed	-	-	-	(39,403)	39,403	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(645,144)	(645,144)	-	-	-	(645,144)	-	(645,144)
Net income	-	-	-	-	427,069	427,069	-	-	-	427,069	3,749	430,818
Other comprehensive income	-	-	-	-	-	-	(71)	152	81	81	(341)	(260)
Total comprehensive income	-	-	-	-	427,069	427,069	(71)	152	81	427,150	3,408	430,558
Difference between consideration and carrying amount of subsidiaries acquired	-	-	-	-	(635)	(635)	-	-	-	(635)	635	-
Balance at September 30, 2023	\$ 1,194,711	316,963	1,566,677	189,507	1,527,767	3,283,951	(171,244)	(18,182)	(189,426)	4,606,199	64,397	4,670,596
Balance at January 1, 2024	\$ 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:												
Legal reserve appropriated	-	-	56,555	-	(56,555)	-	-	-	-	-	-	-
Special reserve reversed	-	-	-	(25,694)	25,694	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(465,938)	(465,938)	-	-	-	(465,938)	(3,380)	(469,318)
Net income	-	-	-	-	325,448	325,448	-	-	-	325,448	5,878	331,326
Other comprehensive income	-	-	-	-	-	-	64,679	1,421	66,100	66,100	262	66,362
Total comprehensive income	-	-	-	-	325,448	325,448	64,679	1,421	66,100	391,548	6,140	397,688
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(18,149)	(18,149)	-	18,149	18,149	-	-	-
Balance at September 30, 2024	\$ 1,194,711	316,963	1,623,232	178,017	1,465,997	3,267,246	(110,839)	(2,460)	(113,299)	4,665,621	67,510	4,733,131

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 nine months ended September 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2024	2023
Cash flows from operating activities:		
Net income before tax	\$ 443,086	562,542
Adjustments:		
Adjustments to reconcile profit and loss		
Depreciation expense	173,478	164,405
Amortization expense	889	1,732
Impairment loss (reversal of impairment loss) determined in accordance with IFRS9	123	(185)
Interest expense	27,489	30,110
Interest income	(11,938)	(7,058)
Dividend income	-	(75)
Net gain on disposal of property, plant and equipment	(647)	(875)
Property, plant and equipment transferred to expenses	133	450
Loss on disposal of intangible assets	-	561
Prepayments for equipment transferred to expenses	-	138
Losses (gains) on lease modification	(257)	99
Total adjustments to reconcile profit and loss	<u>189,270</u>	<u>189,302</u>
Changes in assets / liabilities relating to operating activities:		
Net changes in operating assets:		
Financial assets at fair value through profit or loss	(20,576)	137,513
Contract assets	(994)	(548)
Notes receivable	2,831	1,432
Accounts receivable	31,839	84,432
Other receivable	(7,391)	8,079
Inventories	(132,478)	73,249
Prepayments	(26,185)	14,704
Other current assets	(696)	335
Total changes in operating assets, net	<u>(153,650)</u>	<u>319,196</u>
Net changes in operating liabilities:		
Financial liabilities held for trading	(65)	(8,493)
Notes payable	(406)	(116)
Accounts payable	128,685	(145,190)
Other payable	(50,409)	(114,180)
Other current liabilities	13,683	(6,077)
Net defined benefit liabilities	(294)	(608)
Other non-current liabilities	252	1,770
Total changes in operating liabilities, net	<u>91,446</u>	<u>(272,894)</u>
Total changes in operating assets / liabilities, net	<u>(62,204)</u>	<u>46,302</u>
Total adjustments	<u>127,066</u>	<u>235,604</u>
Cash provided by operating activities	570,152	798,146
Dividends received	-	75
Payment of income tax	(157,643)	(271,627)
Net cash provided by operating activities	<u>412,509</u>	<u>526,594</u>
Cash flows from investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	1,851	-
Acquisition of financial assets at amortised cost	(80,719)	(57,829)
Acquisition of financial assets at amortised cost — non-current	(80,000)	-
Acquisition of property, plant and equipment	(67,774)	(209,339)
Proceeds from disposal of property, plant and equipment	989	1,710
Increase in refundable deposits	(7,647)	(5,487)
Increase in other financial assets — non-current	(1,041)	(7,931)
Decrease in other non-current assets	397	439
Increase in prepayments for equipment	-	(3,182)
Interest received	11,938	7,058
Net cash used in investing activities	<u>(222,006)</u>	<u>(274,561)</u>
Cash flows from financing activities:		
Decrease in short-term borrowings	(10,885)	(158,809)
Repayment of long-term borrowings	-	(4,024)
Increase (decrease) in deposits received	250	(141)
Payment of lease liabilities	(83,216)	(87,199)
Cash dividends paid	(517,106)	(394,255)
Interest paid	(27,489)	(30,110)
Net cash used in financing activities	<u>(638,446)</u>	<u>(674,538)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>39,208</u>	<u>8,242</u>
Net decrease in cash and cash equivalents for the period	<u>(408,735)</u>	<u>(414,263)</u>
Cash and cash equivalents at beginning of period	<u>1,193,987</u>	<u>1,225,659</u>
Cash and cash equivalents at end of period	<u>\$ 785,252</u>	<u>\$ 811,396</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

September 30, 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 authorized for issuance by the Board of Directors on November 6, 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 the FSC but not yet effective

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

- Amendments to IAS21 "Lack of Exchangeability"

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

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

The following new and amended standards, which may be relevant to the 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”	<p>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.</p> <ul style="list-style-type: none"> ● 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. ● 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. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027

(Continued)

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

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.

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”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards – Volume 11

(4) Summary of material 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
			September 30, 2024	December 31, 2023	September 30, 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

(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
			September 30, 2024	December 31, 2023	September 30, 2023	
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
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 %	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 %	Note 1 and 3
FOREMOST	ATEN FOREMOST INTERNATIONAL CO., LTD. (ATEN FOREMOST)	Research and trading of computer peripheral products	100.00 %	100.00 %	100.00 %	Note 1
ATEN FOREMOST	ATEN CHINA CO., LTD. (ATEN CHINA)	Trading of computer peripheral products	100.00 %	- %	- %	Note 1 and 3

(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
			September 30, 2024	December 31, 2023	September 30, 2023	
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 %	99.39 %	99.39 %	Note 2
ATEN US & ATEN TECHNOLOGY	ATEN NEW JERSEY INC. (ATEN NEW JERSEY)	Trading of computer peripheral products	99.52 %	99.52 %	99.52 %	Notes 1 and 2
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
ATECH 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%.

Note 3: The Company & FOREMOST dispose 100% shares of ATEN CHINA to ATEN FOREMOST on April 1, 2024. The transaction was an organizational restructuring under common control, Therefore, the Company's ownership percentage of ATEN CHINA remains unchanged and there has been no substantial change to the reporting entity.

(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.

(Continued)

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

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

The preparation of the consolidated financial statements in conformity with the Regulations and 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.

(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>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>September 30,</u> <u>2023</u>
Cash and cash equivalents	\$ 1,834	1,721	4,223
Saving deposits and foreign currency deposits	617,177	915,508	593,157
Checking deposits	23,323	31,864	25,921
Time deposits	79,553	244,894	188,095
Repurchase Agreement	63,365	-	-
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 785,252</u>	<u>1,193,987</u>	<u>811,396</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 amortized cost

	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>September 30,</u> <u>2023</u>
Financial assets at amortized cost – current:			
Bank's time deposits	<u>\$ 171,168</u>	<u>90,449</u>	<u>57,829</u>
Interest rate(%)	<u>1.425~5</u>	<u>1.3~5</u>	<u>1.3~4.3</u>

(Continued)

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

	September 30, 2024
Financial assets at amortized cost – non current:	
Corporate bonds	\$ <u><u>80,000</u></u>
Interest rate(%)	<u><u>3.7</u></u>

The Group 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

	September 30, 2024	December 31, 2023	September 30, 2023
Mandatorily measured at fair value through profit or loss – current:			
Derivative instruments not used for hedging	\$ 5,325	7,189	3,096
Non-derivative financial assets	<u>412,491</u>	<u>390,051</u>	<u>560,360</u>
Total	<u><u>\$ 417,816</u></u>	<u><u>397,240</u></u>	<u><u>563,456</u></u>
	September 30, 2024	December 31, 2023	September 30, 2023
Financial liabilities held for trading – current:			
Derivative instruments not used for hedging	\$ <u><u>1,193</u></u>	<u><u>1,258</u></u>	<u><u>2,376</u></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 September 30, 2024, December 31 and September 30, 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 September 30, 2024, December 31 and September 30, 2023.

(Continued)

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

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

September 30, 2024				
	Contract amount		Currency	Maturity dates
	(thousand dollars)			
Forward exchange sold	EUR 2,841 /	EUR/NTD		2024.10.18~2024.12.04
	NTD 100,630			
Forward exchange sold	USD 10,840 /	USD/NTD		2024.10.04~2025.02.26
	NTD 345,958			
Forward exchange sold	JPY 62,000 /	JPY/NTD		2024.11.18
	NTD 14,030			
Forward exchange sold	USD 600 /	USD/CNY		2024.10.08
	CNY 4,237			
December 31, 2023				
	Contract amount		Currency	Maturity dates
	(thousand dollars)			
Forward exchange sold	EUR 1,849 /	EUR/NTD		2024.01.10~2024.03.20
	NTD 63,078			
Forward exchange sold	USD 8,900 /	USD/NTD		2024.01.03~2024.04.19
	NTD 278,316			
Forward exchange sold	JPY 58,000 /	JPY/NTD		2024.02.21
	NTD 12,708			
Forward exchange sold	GBP 240 /	GBP/NTD		2024.02.16~2024.03.15
	NTD 9,442			
Forward exchange sold	USD 700 /	USD/CNY		2024.01.05
	CNY 4,994			
Forward exchange sold	AUD 62 /	AUD/NTD		2024.04.02
	NTD 1,302			
Forward exchange purchased	USD 340 /	USD/KRW		2024.01.30~2024.02.26
	KRW 437,427			
September 30, 2023				
	Contract amount		Currency	Maturity dates
	(thousand dollars)			
Forward exchange sold	EUR 3,289 /	EUR/NTD		2023.10.02~2023.12.06
	NTD 112,913			
Forward exchange sold	JPY 270,000 /	JPY/NTD		2023.10.20~2023.11.17
	NTD 58,994			
Forward exchange sold	GBP 240 /	GBP/NTD		2023.10.16~2023.11.15
	NTD 9,559			
Forward exchange sold	AUD 319 /	AUD/NTD		2023.10.04~2023.12.29
	NTD 6,598			
Forward exchange purchased	USD 970 /	USD/KRW		2023.10.27~2023.11.28
	KRW 1,284,525			

(Continued)

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

Held-for-trading financial liabilities – Forward contract:

September 30, 2024			
	Contract amount (thousand dollars)	Currency	Maturity dates
Forward exchange sold	EUR 680 /	EUR/NTD	2024.10.18
	NTD 23,980		
Forward exchange sold	JPY 30,000 /	JPY/NTD	2024.10.18
	NTD 6,594		
Forward exchange sold	GBP 310 /	GBP/NTD	2024.10.16~2024.12.18
	NTD 12,918		
Forward exchange sold	AUD 182 /	AUD/NTD	2024.10.30~2024.11.29
	NTD 3,919		
Forward exchange purchased	USD 1,480 /	USD/KRW	2024.10.30~2024.11.28
	KRW 1,975,046		
December 31, 2023			
	Contract amount (thousand dollars)	Currency	Maturity dates
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		
September 30, 2023			
	Contract amount (thousand dollars)	Currency	Maturity dates
Forward exchange sold	USD 5,800 /	USD/NTD	2023.10.04~2023.12.22
	NTD 184,008		
Forward exchange sold	USD 600 /	USD/CNY	2023.10.12
	CNY 4,368		
Forward exchange sold	AUD 60 /	AUD/NTD	2023.11.29
	NTD 1,226		

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

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

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

	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>September 30,</u> <u>2023</u>
Equity investments at fair value through other comprehensive income:			
Listed stocks (domestic) – current	\$ -	-	<u>6,522</u>
Unlisted stocks (domestic) – non-current	<u>\$ 25,205</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 unlisted stocks at the fair value for the nine month ended September 30, 2024, the fair value at that time of disposal was \$1,851 thousand and accumulated loss on disposal was \$18,149 thousand, which has been transferred from other equity to retained earnings.

(iii) 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.

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

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

(e) Notes and accounts receivable and other receivables

	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>September 30,</u> <u>2023</u>
Notes receivable	\$ 3,891	6,722	5,704
Accounts receivable, net	683,177	715,016	649,480
Less: allowance for impairment	<u>55</u>	<u>100</u>	<u>100</u>
	<u>\$ 687,013</u>	<u>721,638</u>	<u>655,084</u>

(Continued)

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 September 30, 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:

	September 30, 2024		
	Gross carrying amount	Weighted- average expected credit loss rate	Loss allowance provision
Current	\$ 665,890	0%	-
0 to 30 days past due	19,607	0%	-
31 to 60 days past due	308	0%	-
61 to 90 days past due	807	0%	-
91 to 120 days past due	108	0%	-
121 to 180 days past due	102	0%	-
181 to 360 days past due	246	0%	-
	\$ 687,068		-
	December 31, 2023		
	Gross carrying amount	Weighted- average expected credit loss rate	Loss allowance provision
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	115	80%~100%	100
	\$ 721,738		100

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

	September 30, 2023		
	Gross carrying amount	Weighted- average expected credit loss rate	Loss allowance provision
Current	\$ 628,100	0%	-
0 to 30 days past due	26,059	0%	-
31 to 60 days past due	243	0%	-
61 to 90 days past due	56	0%	-
91 to 120 days past due	206	0%	-
121 to 180 days past due	154	0%	-
181 to 360 days past due	221	0%	-
More than 360 days past due	145	60%~100%	100
	\$ 655,184		100

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

	For the nine months ended September 30	
	2024	2023
Balance at January 1	\$ 100	285
Impairment loss recognized	168	-
Impairment loss reversed	(45)	(185)
Amounts written off	(168)	-
Balance at September 30	\$ 55	100

As of September 30, 2024, December 31 and September 30, 2023, the bank has priority claim over the Group's accounts receivable amounting to \$110,029 thousand, \$155,558 thousand and \$127,640 thousand, respectively.

(f) Other receivables

	September 30, 2024	December 31, 2023	September 30, 2023
Other receivables	\$ 21,745	14,354	13,763
Less: Loss allowance	-	-	1,000
	\$ 21,745	14,354	12,763

For the nine months ended September 30, 2024 and 2023, the Group's loss allowance for other receivables did not move.

As of September 30, 2024, December 31 and September 30, 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:

	September 30, 2024	December 31, 2023	September 30, 2023
Finished goods	\$ 731,195	639,382	737,132
Work in process	204,047	146,287	161,816
Raw material	460,633	480,595	523,075
	<u>\$ 1,395,875</u>	<u>1,266,264</u>	<u>1,422,023</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:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Losses on (reversal of) decline in market value of inventory	\$ (1,031)	1,574	12,975	2,253
Losses (gains) on physical inventory, net	57	(227)	229	(954)
Losses on scrapping of inventory	2,085	3,664	7,652	13,297
Total	<u>\$ 1,111</u>	<u>5,011</u>	<u>20,856</u>	<u>14,596</u>

As of September 30, 2024, December 31 and September 30, 2023, the bank has priority claim over the Group's inventories amounting to \$218,649 thousand, \$258,759 thousand and \$331,002 thousand, respectively.

(h) Property, plant and equipment

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

	Land	Land improvements	Buildings	Machinery	Other equipment	Construction in progress and testing equipment	Total
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	12,481	-	19,310	3,580	21,093	11,310	67,774
Disposals	-	-	-	(36,743)	(14,243)	-	(50,986)
Reclassification	2,953	-	3,143	254	2,974	(3,275)	6,049
Effect of changes in exchange rates	4,155	44	27,465	4,535	8,194	-	44,393
Balance at September 30, 2024	<u>\$ 1,724,892</u>	<u>9,558</u>	<u>1,185,778</u>	<u>284,877</u>	<u>486,762</u>	<u>17,053</u>	<u>3,708,920</u>
Balance at January 1, 2023	\$ 1,624,323	9,645	1,061,441	291,334	444,775	15,845	3,447,363
Additions	84,598	-	51,506	18,835	32,706	21,694	209,339
Disposals	-	-	(354)	(1,592)	(26,197)	-	(28,143)
Reclassification	-	-	3,021	4,945	1,453	(3,414)	6,005
Effect of changes in exchange rates	(4,125)	(142)	(3,790)	(317)	3,048	(118)	(5,444)
Balance at September 30, 2023	<u>\$ 1,704,796</u>	<u>9,503</u>	<u>1,111,824</u>	<u>313,205</u>	<u>455,785</u>	<u>34,007</u>	<u>3,629,120</u>

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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	-	674	27,213	19,972	35,114	-	82,973
Disposal	-	-	-	(36,743)	(13,901)	-	(50,644)
Effect of changes in exchange rates	-	32	5,641	2,550	6,504	-	14,727
Balance at September 30, 2024	<u>\$ -</u>	<u>8,248</u>	<u>433,440</u>	<u>171,959</u>	<u>371,383</u>	<u>-</u>	<u>985,030</u>
Balance at January 1, 2023	\$ -	6,721	365,597	163,621	327,756	-	863,695
Depreciation	-	678	25,588	18,369	35,158	-	79,793
Disposal	-	-	(354)	(1,382)	(25,572)	-	(27,308)
Reclassification	-	-	-	(531)	531	-	-
Effect of changes in exchange rates	-	(90)	(374)	(22)	2,593	-	2,107
Balance at September 30, 2023	<u>\$ -</u>	<u>7,309</u>	<u>390,457</u>	<u>180,055</u>	<u>340,466</u>	<u>-</u>	<u>918,287</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>
September 30, 2024	<u>\$ 1,724,892</u>	<u>1,310</u>	<u>752,338</u>	<u>112,918</u>	<u>115,379</u>	<u>17,053</u>	<u>2,723,890</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>
September 30, 2023	<u>\$ 1,704,796</u>	<u>2,194</u>	<u>721,367</u>	<u>133,150</u>	<u>115,319</u>	<u>34,007</u>	<u>2,710,833</u>

As of September 30, 2024, December 31 and September 30, 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 September 30, 2024, December 31 and September 30, 2023, the bank has priority claim over the Group's property, plant and equipment amounting to \$4,663 thousand, \$5,866 thousand and \$7,006 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	18,131	2,440	-	20,571
Write-off	(22,075)	(2,517)	-	(24,592)
Effect of changes in foreign exchange rates	14,058	292	142	14,492
Balance at September 30, 2024	<u>\$ 450,689</u>	<u>11,020</u>	<u>6,498</u>	<u>468,207</u>
Balance at January 1, 2023	\$ 361,023	11,282	7,897	380,202
Additions	282,977	3,154	-	286,131
Write-off	(186,046)	(4,190)	(1,524)	(191,760)
Effect of changes in exchange rates	12,338	149	200	12,687
Balance at September 30, 2023	<u>\$ 470,292</u>	<u>10,395</u>	<u>6,573</u>	<u>487,260</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	87,737	2,131	637	90,505
Write-off	(18,374)	(2,076)	-	(20,450)
Effect of changes in exchange rates	5,659	165	81	5,905
Balance at September 30, 2024	<u>\$ 234,029</u>	<u>5,870</u>	<u>3,834</u>	<u>243,733</u>
Balance at January 1, 2023	\$ 260,674	7,055	3,172	270,901
Depreciation	81,609	1,902	1,101	84,612
Write-off	(185,385)	(4,190)	(1,524)	(191,099)
Effect of changes in exchange rates	2,741	45	123	2,909
Balance at September 30, 2023	<u>\$ 159,639</u>	<u>4,812</u>	<u>2,872</u>	<u>167,323</u>
Carrying value:				
January 1, 2024	<u>\$ 281,568</u>	<u>5,155</u>	<u>3,240</u>	<u>289,963</u>
September 30, 2024	<u>\$ 216,660</u>	<u>5,150</u>	<u>2,664</u>	<u>224,474</u>
January 1, 2023	<u>\$ 100,349</u>	<u>4,227</u>	<u>4,725</u>	<u>109,301</u>
September 30, 2024	<u>\$ 310,653</u>	<u>5,583</u>	<u>3,701</u>	<u>319,937</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 September 30, 2024)	\$ <u>105,814</u>	-	4,857	5,926	116,597
Balance at January 1, 2023	\$ 105,814	2,384	4,857	5,926	118,981
Disposals	-	(1,402)	-	-	(1,402)
Balance at September 30, 2023	<u>\$ 105,814</u>	<u>982</u>	<u>4,857</u>	<u>5,926</u>	<u>117,579</u>
Amortization:					
Balance at January 1, 2024	\$ 103,058	-	4,857	4,346	112,261
Amortization	-	-	-	889	889
Balance at September 30, 2024	<u>\$ 103,058</u>	<u>-</u>	<u>4,857</u>	<u>5,235</u>	<u>113,150</u>
Balance at January 1, 2023	\$ 103,058	1,496	4,317	3,161	112,032
Amortization	-	303	540	889	1,732
Disposals	-	(841)	-	-	(841)
Balance at September 30, 2023	<u>\$ 103,058</u>	<u>958</u>	<u>4,857</u>	<u>4,050</u>	<u>112,923</u>
Carrying value:					
January 1, 2024	<u>\$ 2,756</u>	<u>-</u>	<u>-</u>	<u>1,580</u>	<u>4,336</u>
September 30, 2024	<u>\$ 2,756</u>	<u>-</u>	<u>-</u>	<u>691</u>	<u>3,447</u>
January 1, 2023	<u>\$ 2,756</u>	<u>888</u>	<u>540</u>	<u>2,765</u>	<u>6,949</u>
September 30, 2023	<u>\$ 2,756</u>	<u>24</u>	<u>-</u>	<u>1,876</u>	<u>4,656</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.

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ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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(ii) Collateral

As of September 30, 2024, December 31 and September 30, 2023, none of the Group's intangible assets has not been pledged as collateral.

(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

	September 30, 2024			
	Currency	Interest rate (%)	Maturity year	
Secured loans	USD	6.7	2025	\$ 107,613
Secured loans	KRW	3.61~3.83	2025	36,268
Unsecured loans	EUR	4.442	2025	35,380
Unsecured loans	GBP	5.78~5.79	2024	22,270
Unsecured loans	JPY	1.84545	2024	44,480
Unsecured loans	CNY	1.7927~4.68	2024~2025	118,532
Unsecured loans	TWD	0.5~1.75	2024~2025	30,000
Total				\$ <u>394,543</u>

	December 31, 2023			
	Currency	Interest rate (%)	Maturity year	
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				\$ <u>404,297</u>

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

	September 30, 2023			Amount
	Currency	Interest rate (%)	Maturity year	
Secured loans	USD	7.2	2024	\$ 190,381
Secured loans	KRW	3.97~4.52	2024	59,803
Secured loans	THB	4.4~4.7463	2023	7,895
Unsecured loans	EUR	4.498	2024	52,556
Unsecured loans	GBP	6.32~6.34	2023	24,902
Unsecured loans	CNY	4.25~4.93	2023	64,203
Unsecured loans	TWD	1.7~1.89	2023	45,000
Unsecured loans	THB	4.4~4.7463	2023	18,422
Total				<u>\$ 463,162</u>

As of September 30, 2024, December 31 and September 30, 2023, the unused credit facilities of the Group's short-term borrowings amounted to \$2,743,689 thousand, \$2,793,803 thousand and \$2,793,130 thousand, respectively.

(ii) Long-term borrowings

	September 30, 2023			Amount
	Currency	Interest rate (%)	Maturity year	
Secured loans	EUR	1.976	2023	<u>\$ 1,358</u>
Current				<u>\$ 1,358</u>

The Group does not have long-term borrowings on September 30, 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

	September 30, 2024	December 31, 2023	September 30, 2023
Warranties	<u>\$ 22,810</u>	<u>22,810</u>	<u>27,052</u>

For the nine months ended September 30, 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:

	September 30, 2024	December 31, 2023	September 30, 2023
Current	\$ <u>71,810</u>	<u>101,486</u>	<u>102,892</u>
Non-current	\$ <u>166,081</u>	<u>194,750</u>	<u>218,668</u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Interest on lease liabilities	\$ <u>3,640</u>	<u>3,498</u>	<u>11,691</u>	<u>5,959</u>
Expenses relating to short-term leases	\$ <u>4,347</u>	<u>2,751</u>	<u>11,571</u>	<u>10,007</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>185</u>	<u>224</u>	<u>580</u>	<u>699</u>

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

	For the nine months ended September 30	
	2024	2023
Total cash outflow for leases	\$ <u>107,058</u>	<u>103,864</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.

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

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

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Operating costs	\$ 92	111	276	330
Selling expenses	53	58	161	172
Administration expenses	221	176	496	527
Research and development expenses	(21)	44	102	138
Total	<u>\$ 345</u>	<u>389</u>	<u>1,035</u>	<u>1,167</u>

(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:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Operating costs	\$ 1,911	2,059	6,000	6,617
Selling expenses	7,904	7,789	24,783	24,076
Administration expenses	1,860	1,681	6,364	5,842
Research and development expenses	2,842	2,718	8,235	8,043
Total	<u>\$ 14,517</u>	<u>14,247</u>	<u>45,382</u>	<u>44,578</u>

(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:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Current tax expense				
Current period	\$ 42,265	42,315	113,937	137,084
Adjustment for prior periods	-	-	(2,177)	(5,360)
Income tax expense from continuing operations	<u>\$ 42,265</u>	<u>42,315</u>	<u>111,760</u>	<u>131,724</u>

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 nine months ended September 30, 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 2024 earnings from January to June. These earnings were appropriated as follows:

	2024
	<u>January – June</u>
	<u>August 8, 2024</u>
Resolution Date of ATEN's Board of Directors	
Cash dividends to shareholders	<u>\$ 203,101</u>
Cash dividends per share (NTD)	<u>\$ 1.7</u>

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

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:

	2023	2023
	July – December	January – June
	February 29,	August 8, 2023
	2024	2023
Resolution Date of ATEN's Board of Directors	<u>February 29,</u>	<u>August 8, 2023</u>
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>

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:

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

(ii) Other equities (net of tax)

	Foreign exchange	Unrealized gains	Non-controlling	Total
	differences arising	(losses) on	interests	
	from foreign	financial assets		
	operations	measured at fair		
		value through		
		other		
		comprehensive		
		income		
Balance as of January 1, 2024	\$ (175,518)	(22,030)	(6,271)	(203,819)
Foreign exchange differences arising from foreign operations	64,679	-	262	64,941
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	1,421	-	1,421
Disposal of investments in equity instruments designed at fair value through other comprehensive income	-	18,149	-	18,149
Balance as of September 30, 2024	<u>\$ (110,839)</u>	<u>(2,460)</u>	<u>(6,009)</u>	<u>(119,308)</u>
Balance as of January 1, 2023	\$ (171,173)	(18,334)	(5,825)	(195,332)
Foreign exchange differences arising from foreign operations	(71)	-	(341)	(412)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	152	-	152
Balance as of September 30, 2023	<u>\$ (171,244)</u>	<u>(18,182)</u>	<u>(6,166)</u>	<u>(195,592)</u>

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

(q) Earnings per share

The calculation of the Group's basic earnings per share and diluted earnings per share for the nine months ended September 30, 2024 and 2023 was as follows:

(i) Basic earnings per share

	Unit: thousand of shares			
	For the three months ended September 30		For the nine months ended September 30	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Net income attributable to ordinary shareholders of the Company	\$ <u>109,425</u>	<u>123,743</u>	<u>325,448</u>	<u>427,069</u>
Weighted-average number of ordinary shares	<u>119,471</u>	<u>119,471</u>	<u>119,471</u>	<u>119,471</u>
Basic earnings per share (NTD)	\$ <u>0.92</u>	<u>1.04</u>	<u>2.72</u>	<u>3.57</u>

(ii) Diluted earnings per share

	Unit: thousand of shares			
	For the three months ended September 30		For the nine months ended September 30	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Net income attributable to ordinary shareholders of the Company	\$ <u>109,425</u>	<u>123,743</u>	<u>325,448</u>	<u>427,069</u>
Weighted-average number of ordinary shares (basic)	119,471	119,471	119,471	119,471
Impact of potential common shares				
Effect of employee stock bonus	901	1,134	1,239	1,619
Weighted-average number of ordinary shares (diluted)	<u>120,372</u>	<u>120,605</u>	<u>120,710</u>	<u>121,090</u>
Diluted earnings per share (NTD)	\$ <u>0.91</u>	<u>1.03</u>	<u>2.70</u>	<u>3.53</u>

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

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended September 30, 2024		
	Computer peripheral products	Other	Total
Primary geographical markets:			
United States	\$ 270,717	-	270,717
Taiwan	125,014	38,294	163,308
Japan	176,636	-	176,636
South Korea	102,699	-	102,699
China	85,606	-	85,606
Others	461,080	-	461,080
	\$ 1,221,752	38,294	1,260,046
Major product lines:			
IT infrastructure management solutions	\$ 818,936	-	818,936
Video products	197,321	-	197,321
Others	205,495	38,294	243,789
	\$ 1,221,752	38,294	1,260,046
	For the three months ended September 30, 2023		
	Computer peripheral products	Other	Total
Primary geographical markets:			
United States	\$ 251,201	-	251,201
Japan	163,823	-	163,823
Taiwan	121,043	32,250	153,293
Others	648,695	-	648,695
	\$ 1,184,762	32,250	1,217,012
Major product lines:			
IT infrastructure management solutions	\$ 745,863	-	745,863
Video products	222,211	-	222,211
Others	216,688	32,250	248,938
	\$ 1,184,762	32,250	1,217,012

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

	For the nine months ended September 30, 2024		
	Computer peripheral products	Other	Total
Primary geographical markets:			
United States	\$ 742,411	-	742,411
Taiwan	422,839	100,363	523,202
Japan	511,217	-	511,217
South Korea	278,797	-	278,797
China	263,268	-	263,268
Others	<u>1,327,852</u>	<u>-</u>	<u>1,327,852</u>
	<u>\$ 3,546,384</u>	<u>100,363</u>	<u>3,646,747</u>
Major product lines:			
IT infrastructure management solutions	\$ 2,313,276	-	2,313,276
Video products	613,776	-	613,776
Others	<u>619,332</u>	<u>100,363</u>	<u>719,695</u>
	<u>\$ 3,546,384</u>	<u>100,363</u>	<u>3,646,747</u>
	For the nine months ended September 30, 2023		
	Computer peripheral products	Other	Total
Primary geographical markets:			
United States	\$ 850,380	-	850,380
Japan	620,609	-	620,609
Taiwan	371,405	85,581	456,986
Others	<u>1,908,891</u>	<u>-</u>	<u>1,908,891</u>
	<u>\$ 3,751,285</u>	<u>85,581</u>	<u>3,836,866</u>
Major product lines:			
IT infrastructure management solutions	\$ 2,425,386	-	2,425,386
Video products	666,337	-	666,337
Others	<u>659,562</u>	<u>85,581</u>	<u>745,143</u>
	<u>\$ 3,751,285</u>	<u>85,581</u>	<u>3,836,866</u>

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

(ii) Contract balance

	September 30, 2024	December 31, 2023	September 30, 2023
Notes receivable	\$ 3,891	6,722	5,704
Accounts receivable, net	683,177	715,016	649,480
Less: allowance for impairment	55	100	100
Total	<u>\$ 687,013</u>	<u>721,638</u>	<u>655,084</u>
Contract assets	<u>\$ 8,878</u>	<u>7,884</u>	<u>6,538</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.

For the three months and nine months ended September 30, 2024 and 2023, the estimated amounts of employees' compensation were \$24,043 thousand, \$27,064 thousand, \$70,845 thousand and \$92,234 thousand, respectively, and the estimated amounts of directors' remuneration were \$1,924 thousand, \$2,165 thousand, \$5,668 thousand and \$7,379 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.

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

(t) Non-operating income and expenses

(i) Interest income

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Interest income from bank deposits	\$ <u>4,223</u>	<u>2,162</u>	<u>11,938</u>	<u>7,058</u>

(ii) Other income

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Dividend income	\$ -	75	-	75
Total other income—Other	<u>4,962</u>	<u>3,705</u>	<u>11,631</u>	<u>13,082</u>
Total other income	<u>\$ 4,962</u>	<u>3,780</u>	<u>11,631</u>	<u>13,157</u>

(iii) Other gains and losses

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Gains on disposal of property, plant and equipment	\$ 325	440	647	875
Losses on disposal of intangible assets	-	-	-	(561)
Gains on foreign exchange	1,146	11,780	22,300	10,988
Losses on financial assets at fair value through profit or loss	(4,112)	(5,140)	(17,771)	(6,711)
Compensation loss and interests	(23,902)	-	(23,902)	(26,098)
Others	<u>(2,675)</u>	<u>(466)</u>	<u>(2,884)</u>	<u>(950)</u>
Net other gains and losses	<u>\$ (29,218)</u>	<u>6,614</u>	<u>(21,610)</u>	<u>(22,457)</u>

(iv) Finance costs

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Interest expense	\$ <u>8,582</u>	<u>11,982</u>	<u>27,489</u>	<u>30,110</u>

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

(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>
September 30, 2024							
Non-derivative financial liabilities							
Secured loans	\$ 143,881	151,106	151,106	-	-	-	-
Unsecured loans	250,662	254,935	254,935	-	-	-	-
Notes and accounts payable	417,116	417,116	417,116	-	-	-	-
Dividends Payable	203,101	203,101	203,101	-	-	-	-
Other payables	500,229	500,229	500,229	-	-	-	-
Lease liabilities	237,891	270,441	83,793	54,748	46,444	85,456	-
Deposits received	1,014	1,014	1,014	-	-	-	-
Derivative financial liabilities							
Other forward contracts:							
Outflow	1,193	1,193	1,193	-	-	-	-
	<u>\$ 1,755,087</u>	<u>1,799,135</u>	<u>1,612,487</u>	<u>54,748</u>	<u>46,444</u>	<u>85,456</u>	<u>-</u>
December 31, 2023							
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>
September 30, 2023							
Non-derivative financial liabilities							
Secured loans	\$ 259,438	273,207	273,207	-	-	-	-
Unsecured loans	205,082	209,730	209,730	-	-	-	-
Notes and accounts payable	322,609	322,609	322,609	-	-	-	-
Dividends Payable	250,889	250,889	250,889	-	-	-	-
Other payables	472,713	472,713	472,713	-	-	-	-
Lease liabilities	321,560	368,842	118,291	74,008	45,659	91,468	39,416
Deposits received	764	764	764	-	-	-	-
Derivative financial liabilities							
Other forward contracts:							
Outflow	2,376	2,376	2,376	-	-	-	-
	<u>\$ 1,835,431</u>	<u>1,901,130</u>	<u>1,650,579</u>	<u>74,008</u>	<u>45,659</u>	<u>91,468</u>	<u>39,416</u>

(Continued)

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

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>
September 30, 2024			
Financial assets:			
Monetary items:			
USD	\$ 19,676	31.6510	622,775
JPY	213,320	0.2224	47,442
EUR	4,994	35.3795	176,697
CNY	22,734	4.5241	102,851
Financial liabilities:			
Monetary items:			
USD	\$ 6,322	31.6510	200,107
CNY	24,520	4.5241	110,931
THB	25,371	0.9817	24,906
December 31, 2023			
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

(Continued)

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

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
September 30, 2023			
Financial assets:			
Monetary items:			
USD	\$ 16,263	32.2680	524,774
JPY	293,996	0.2161	63,533
EUR	4,395	33.9072	149,034
CNY	11,208	4.4146	49,480
Financial liabilities:			
Monetary items:			
USD	\$ 5,430	32.2680	175,216
CNY	12,143	4.4146	53,608

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 and THB as of September 30, 2024 and 2023 would have increased or decreased the net profit by \$6,138 thousand and \$5,580 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 and nine months ended September 30, 2024 and 2023, foreign exchange gains (including realized and unrealized portion) amounted to \$1,146 thousand, \$11,780 thousand, \$22,300 thousand and \$10,988 thousand, respectively.

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.

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

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 nine months ended September 30, 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.

	September 30, 2024				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 5,325	-	5,325	-	5,325
Non derivative financial assets mandatorily measured at fair value through profit or loss	412,491	412,491	-	-	412,491
Subtotal	417,816	412,491	5,325	-	417,816
Financial assets at fair value through other comprehensive income					
Unlisted stocks (domestic and overseas)	25,205	-	-	25,205	25,205
Total	<u>\$ 443,021</u>	<u>412,491</u>	<u>5,325</u>	<u>25,205</u>	<u>443,021</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	<u>\$ (1,193)</u>	<u>-</u>	<u>(1,193)</u>	<u>-</u>	<u>(1,193)</u>

(Continued)

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

	December 31, 2023				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
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>
	September 30, 2023				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 3,096	-	3,096	-	3,096
Non derivative financial assets mandatorily measured at fair value through profit or loss	<u>560,360</u>	<u>560,360</u>	<u>-</u>	<u>-</u>	<u>560,360</u>
Subtotal	<u>563,456</u>	<u>560,360</u>	<u>3,096</u>	<u>-</u>	<u>563,456</u>
Financial assets at fair value through other comprehensive income					
Listed stocks (domestic)	6,522	6,522	-	-	6,522
Unlisted stocks (domestic and overseas)	<u>27,617</u>	<u>-</u>	<u>-</u>	<u>27,617</u>	<u>27,617</u>
Subtotal	<u>34,139</u>	<u>6,522</u>	<u>-</u>	<u>27,617</u>	<u>34,139</u>
Total	<u>\$ 597,595</u>	<u>566,882</u>	<u>3,096</u>	<u>27,617</u>	<u>597,595</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	<u>\$ (2,376)</u>	<u>-</u>	<u>(2,376)</u>	<u>-</u>	<u>(2,376)</u>

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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
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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

	Fair value through other comprehensive income
	Unquoted equity instruments
Balance at January 1, 2024	\$ 27,246
Recongized in other comprehensive income	(190)
Disposal	(1,851)
Balance at September 30, 2024	\$ 25,205
Balance at January 1, 2023 (Balance at September 30, 2023)	\$ 27,617

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"> · Multipliers of price-book ratios as of September 30, 2024, December 31 and September 30, 2023 were 1.05~1.85, 1.05~1.85 and 0.93~1.68, respectively. · Multipliers of price-earnings ratio as of September 30, 2024 and December 31, 2023 was 24.25. · Market illiquidity discount rate as of September 30, 2024, December 31 and September 30, 2023 were both 20%. 	<p>The estimated fair value would increase (decrease) if</p> <ul style="list-style-type: none"> · the multiplier were higher (lower) · the market illiquidity discount were lower (higher)

- 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>
September 30, 2024				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	5%	\$ 1,576	(1,576)
December 31, 2023				
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

September 30, 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(w) 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 nine months ended September 30, 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>September 30, 2024</u>
			<u>Effect of change in exchange rates</u>	<u>Others</u>	
Short-term borrowings	\$ 404,297	(10,885)	1,131	-	394,543
Lease liabilities	296,236	(94,907)	8,699	27,863	237,891
Deposits received	764	250	-	-	1,014
Total liabilities from financing activities	<u>\$ 701,297</u>	<u>(105,542)</u>	<u>9,830</u>	<u>27,863</u>	<u>633,448</u>

	<u>January 1, 2023</u>	<u>Cash flows</u>	<u>Non-cash changes</u>		<u>September 30, 2023</u>
			<u>Effect of change in exchange rates</u>	<u>Others</u>	
Short-term borrowings	\$ 622,189	(158,809)	(218)	-	463,162
Long-term borrowings (including current portion)	5,236	(4,024)	146	-	1,358
Lease liabilities	113,292	(93,158)	9,898	291,528	321,560
Deposits received	905	(141)	-	-	764
Total liabilities from financing activities	<u>\$ 741,622</u>	<u>(256,132)</u>	<u>9,826</u>	<u>291,528</u>	<u>786,844</u>

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

(7) Related-party transactions

(a) Names and relationship with related parties

The related parties that have transactions with the consolidated company in the reporting period are shown below:

<u>Name of related party</u>	<u>Relationship with the Group</u>
XIUFENG ELEMENTARY SCHOOL EDUCATIONAL FOUNDATION	The chairman of the board of the foundation is same as the chairman of the board of the Group

(b) Significant related party transactions – Donation

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Other related party – XIUFENG ELEMENTARY SCHOOL EDUCATIONAL FOUNDATION	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>50</u>

(c) Key management personnel compensations

Key management personnel compensation comprised:

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ <u>20,789</u>	<u>19,447</u>	<u>61,989</u>	<u>58,747</u>

For the nine months ended September 30, 2024 and 2023, the Group provided three vehicles at a cost of \$12,250 thousand for key management personnel.

(Continued)

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

(8) Pledged assets

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 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	4,242	4,179	4,179
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	11,504	10,526	7,911
Property, plant and equipment	Guarantee for short-term borrowings	59,376	59,800	181,585
Other equipment	Guarantee for car purchasing	6,509	7,214	-
		<u>\$ 183,059</u>	<u>183,147</u>	<u>295,103</u>

(9) Commitments and contingencies

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Acquisition of Property, plant and equipment	<u>\$ 565,451</u>	<u>18,609</u>	<u>18,174</u>

(b) To expand the business and optimize the production lines for medium-to long-term, the Board of Directors approved a resolution for making use of the Company's land to build a factory in Taoyuan City Yangmei District on August 8, 2024. As of September 30, 2024, the amount invested is \$10,848 thousand and recorded as construction in progress and testing equipment.

(c) As of September 30, 2024, December 31 and September 30, 2023, the Group had an unused line of credit for purchasing raw materials amounting to \$0 thousand (USD0), \$5,148 thousand (USD 165,312) and \$0 thousand (USD0).

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

- (d) As of September 30, 2024, December 31 and September 30, 2023, the outstanding bank drafts to secure credit facilities and financial instruments amounted to \$3,243,338 thousand, \$3,015,251 thousand and \$3,477,413 thousand, respectively.
- (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.

(12) Other

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

By function	Three months ended September 30, 2024			Three months ended September 30, 2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	88,604	352,157	440,761	83,241	335,392	418,633
Labor and health insurance	8,535	34,323	42,858	8,042	34,658	42,700
Pension	2,003	12,859	14,862	2,170	12,466	14,636
Remuneration of directors	-	3,424	3,424	-	3,665	3,665
Others	5,826	11,663	17,489	5,253	10,516	15,769
Depreciation	21,593	36,114	57,707	21,039	35,967	57,006
Amortization	-	297	297	-	366	366

(Continued)

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

By function	Nine months ended September 30 2024			Nine months ended September 30 2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
By nature						
Employee benefits						
Salary	256,474	1,057,081	1,313,555	257,165	1,051,077	1,308,242
Labor and health insurance	25,542	98,613	124,155	25,240	98,939	124,179
Pension	6,276	40,141	46,417	6,947	38,798	45,745
Directors' remuneration	-	10,168	10,168	-	11,879	11,879
Others	16,973	38,849	55,822	15,507	35,212	50,719
Depreciation	64,380	109,098	173,478	62,062	102,343	164,405
Amortization	-	889	889	-	1,732	1,732

(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 Company received the judgement in favor of the Company from Taipei District Court in June 2024. Both defendants has filed an appeal and the lawsuits will enter into second instance.
- (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. Both lawsuits were concluded in September 2024.

(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 nine month ended September 30, 2024:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties: None.
- (iii) Securities held as of September 30, 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	704	10,853	-	10,853	
The Company	SinoPac Money Market Fund	-	Financial assets at fair value through profit or loss – current	9,042	130,667	-	130,667	
The Company	Union Money Market Fund	-	Financial assets at fair value through profit or loss – current	820	11,248	-	11,248	
The Company	Capital Money Market Fund	-	Financial assets at fair value through profit or loss – current	31	526	-	526	
The Company	First Bank Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss – current	6,972	110,889	-	110,889	
The Company	Fubon Chi-Hsiang Money Market Fund	-	Financial assets at fair value through profit or loss – current	3,996	65,011	-	65,011	
HONG JHENG TECHNOLOGY CO.,LTD	JihSun Money Market Fund	-	Financial assets at fair value through profit or loss – current	2,567	39,559	-	39,559	
HONG YUAN CO., LTD	JihSun Money Market Fund	-	Financial assets at fair value through profit or loss – current	2,838	43,738	-	43,738	
	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	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
	Bonds:							
The Company	Cathay Life Insurance Bonds	-	Financial assets at amortized cost – non current	-	80,000	-	81,192	

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.

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ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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	429,767	41	30 days	No significant differences	Note 1	(71,648)	(20)	Note 2
EXPAND ELECTRONIC CO., LTD.	The Company	Subsidiary	(Sales)	(429,767)	(100)	30 days	No significant differences	Note 1	71,648	100	Note 2
The Company	ATEN COMPUTER PRODUCTS CO.,LTD	Subsidiary	Purchase	157,113	15	30 days	No significant differences	Note 1	(8,802)	(2)	Note 2
ATEN COMPUTER PRODUCTS CO.,LTD	The Company	Subsidiary	(Sales)	(157,113)	(100)	30 days	No significant differences	Note 1	8,802	100	Note 2
The Company	ATEN INFOTECH N.V.	Subsidiary	(Sales)	(356,725)	(14)	90 days	No significant differences	No significant differences	127,565	16	Note 2
ATEN INFOTECH N.V.	The Company	Subsidiary	Purchase	356,725	100	90 days	No significant differences	No significant differences	(127,565)	(100)	Note 2
The Company	ATECH PERIPHERALS.	Subsidiary	(Sales)	(142,464)	(6)	30 days	No significant differences	No significant differences	19,138	2	Note 2
ATECH PERIPHERALS.	The Company	Subsidiary	Purchase	142,464	53	30 days	No significant differences	No significant differences	(19,138)	(27)	Note 2
The Company	ATEN KOREA CO., LTD.	Invested by sub subsidiary	(Sales)	(189,182)	(7)	60 days	No significant differences	No significant differences	48,730	6	Note 2
ATEN KOREA CO., LTD.	The Company	Invested by sub subsidiary	Purchase	189,182	100	60 days	No significant differences	No significant differences	(48,730)	(100)	Note 2
The Company	ATEN CHINA CO., LTD.	Sub subsidiary	(Sales)	(197,985)	(8)	45 days	No significant differences	No significant differences	87,295	11	Note 2
ATEN CHINA CO., LTD.	The Company	Sub subsidiary	Purchase	197,985	100	45 days	No significant differences	No significant differences	(87,295)	(96)	Note 2
The Company	ATEN TECHNOLOGY INC.	Subsidiary	(Sales)	(225,069)	(9)	155 days	No significant differences	No significant differences	156,812	20	Note 2
ATEN TECHNOLOGY INC.	The Company	Subsidiary	Purchase	225,069	78	155 days	No significant differences	No significant differences	(156,812)	(94)	Note 2
The Company	ATEN JAPAN CO., LTD.	Subsidiary	(Sales)	(217,421)	(9)	75 days	No significant differences	No significant differences	45,154	6	Note 2
ATEN JAPAN CO., LTD.	The Company	Subsidiary	Purchase	217,421	100	75 days	No significant differences	No significant differences	(45,154)	(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.	Subsidiary	156,812	1.91	-		36,926 (As of November 6, 2024)	-
The Company	ATEN INFOTECH N.V.	Subsidiary	127,565	4.50	-		28,027 (As of November 6, 2024)	-
EXPAND INTERNATIONAL CO., LTD.	The Company	The ultimate parent company	191,851	-	-	Depend on capital budgeting	- (As of November 6, 2024)	-

- (ix) Trading in derivative instruments:

Please refer to 6(c) for further information for the nine month ended September 30, 2024.

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

(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	225,069	No significant differences	6 %
0	The Company	ATEN INFOTECH N.V.	1	Sales revenue	356,725	No significant differences	10 %
0	The Company	ATEN CHINA CO., LTD.	1	Sales revenue	197,985	No significant differences	5 %
0	The Company	ATEN JAPAN CO., LTD.	1	Sales revenue	217,421	No significant differences	6 %
0	The Company	ATEN KOREA CO., LTD.	1	Sales revenue	189,182	No significant differences	5 %
0	The Company	ATEN UK LTD.	1	Sales revenue	57,484	No significant differences	2 %
0	The Company	ATECH PERIPHERALS.	1	Sales revenue	142,464	No significant differences	4 %
0	The Company	ATEN POLAND SP. Z O. O.	1	Sales revenue	38,190	No significant differences	1 %
0	The Company	ATEN TECHNOLOGY INC.	1	Accounts receivable	156,812	155 days	2 %
0	The Company	ATEN INFOTECH N.V.	1	Accounts receivable	127,565	90 days	2 %
0	The Company	ATEN CHINA CO., LTD.	1	Accounts receivable	87,295	45 days	1 %
1	EXPAND INTERNATIONAL CO., LTD.	The Company	2	Accounts receivable	191,851	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	77,195	Payments are netted with the accounts receivable resulting from the Company purchasing on behalf of related parties.	2 %
3	EXPAND ELECTRONIC CO., LTD.	The Company	2	Sales revenue	429,767	The Company is its only customer	12 %
3	EXPAND ELECTRONIC CO., LTD.	The Company	2	Accounts receivable	71,648	Payments are netted with the accounts receivable resulting from the Company purchasing on behalf of related parties.	1 %
4	ATEN CANADA TECHNOLOGIES INC.	The Company	2	Sales revenue	81,712	The Company is its only customer	2 %
5	ATEN COMPUTER PRODUCTS CO., LTD.	The Company	2	Sales revenue	157,113	Payments are netted with the accounts receivable resulting from the Company purchasing on behalf of related parties.	4 %

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.

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ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the nine month ended September 30, 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
				September 30, 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 %	585,046	7,465	7,465	note 1
The Company	ATEN JAPAN CO., LTD.	Japan	Trading of computer peripheral equipment	25,105	25,105	1,600	100 %	142,335	34,078	34,078	note 1
The Company	ATEN US HOLDINGS INC.	USA	Investing	413,050	413,050	13,380,000	100 %	17,748	(62,264)	(62,264)	note 1
The Company	FOREMOST INTERNATIONAL CO., LTD.	Mauritius	Investing	69,730	69,730	2,180,628	100 %	13,617	(18,158)	(18,158)	note 1
The Company	A TECH PERIPHERALS.	Taiwan	Manufacturing and trading of computer peripheral equipment	90,479	90,479	10,000,000	100 %	153,070	24,544	24,581	note 1
The Company	ATEN INFOTECH N.V.	Belgium	Trading of computer peripheral equipment	54,197	54,197	58,343	100 %	23,241	24,406	24,406	note 1
The Company	ATEN COMPUTER PRODUCTS CO., LTD.	Thailand	Manufacturing of computer peripheral equipment	452,304	436,424	4,799,998	100 %	358,230	(12,195)	(12,195)	note 1
The Company	VISIONTOP CO., LTD.	Taiwan	Specialized printing	86,483	86,483	6,472,066	60 %	72,354	7,902	4,715	note 1
The Company	HONG JHENG TECHNOLOGY CO., LTD.	Taiwan	Investing	16,778	31,778	100,000	100 %	4,603	476	475	note 1 and 3
The Company	HONG YUAN CO., LTD.	Taiwan	Investing	16,778	31,778	100,000	100 %	4,746	519	517	note 1 and 4
The Company	ATEN ANZ PTY LTD.	Australia	Trading of computer peripheral equipment	77,350	77,350	3,500,000	100 %	14,727	(7,681)	(7,681)	note 1
The Company	RCM FULLY AUTOMATION CO., LTD.	Taiwan	Trading of computer peripheral equipment	7,800	7,800	780,000	26 %	9,699	11,408	3,361	note 1
The Company	ATEN INFO COMMUNICATION LIMITED LIABILITY COMPANY	Turkey	Trading of computer peripheral equipment	23,714	23,714	7,000	100 %	5,715	(79)	(79)	note 1
The Company	ATEN POLAND SP. Z O. O.	Poland	Trading of computer peripheral equipment	8,295	8,295	20,000	100 %	4,490	(1,412)	(1,412)	note 1
The Company	ATEN ROMANIA S.R.L.	Romania	Trading of computer peripheral equipment	5,839	5,839	80,000	100 %	10,751	10	10	note 1
The Company	ATEN SOUTH AFRICA	South Africa	Trading of computer peripheral equipment	7,572	7,572	4,300	100 %	6,008	(1,866)	(1,866)	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 %	10,412	563	563	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 %	6,963	498	498	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 %	3,858	22	22	note 1
TOPMOST INTERNATIONAL CO., LTD.	ATEN EUROPE LTD.	UK	Investing	67,279	67,279	1,069,000	100 %	261,611	19,458	19,458	note 1
TOPMOST INTERNATIONAL CO., LTD.	I/O MASTER INC.	Samoa	Investing	9,782	9,782	700,000	100 %	38,178	(1,361)	(1,361)	note 1
ATEN US HOLDING INC.	ATEN NEW JERSEY INC.	USA	Trading of computer peripheral equipment	17,592	22,815	20	20 %	268	431	86	notes 1 and 2
ATEN US HOLDING INC.	ATEN TECHNOLOGY INC.	USA	Trading of computer peripheral equipment	393,171	393,171	12,672,084	99 %	82,574	(61,836)	(61,459)	note 1
ATEN TECHNOLOGY INC.	ATEN NEW JERSEY INC.	USA	Trading of computer peripheral equipment	-	3,303	80	80 %	1,072	431	345	notes 1 and 2
ATEN EUROPE LTD.	ATEN UK LTD.	UK	Trading of computer peripheral equipment	46,298	37,922	850,000	100 %	12,697	231	231	note 1
ATEN EUROPE LTD.	ATEN KOREA CO., LTD.	Korea	Trading of computer peripheral equipment	34,811	34,811	102,000	85 %	110,561	21,189	18,011	note 1
I/O MASTER INC.	ATEN CANADA TECHNOLOGIES INC.	Canada	Research and development	3	3	300	100 %	46,677	(1,318)	(1,318)	note 1
I/O MASTER INC.	I/OGEAR, Inc.	USA	Trading of computer peripheral equipment	3	3	10	100 %	-	-	-	note 1
A TECH PERIPHERALS.	RCM FULLY AUTOMATION CO., LTD.	Taiwan	Trading of computer peripheral equipment	22,066	22,066	2,220,000	74 %	33,307	11,408	8,442	note 1

Note 1: Eliminated in the consolidated financial statements.

Note 2: ATEN NEW JERSEY INC. executed the capital reduction with the amount of USD\$800 thousand in June 2024 and the reduction portion was 99.9875%.

Note 3: HONG JHENG TECHNOLOGY CO., LTD. executed the capital reduction with the amount of NTDS\$15,000 thousand in September 2024 and the reduction portion was 93.75%.

Note 4: HONG YUAN CO., LTD. executed the capital reduction with the amount of NTDS\$15,000 thousand in September 2024 and the reduction portion was 93.75%.

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

(c) Information on investment in mainland China:

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

Unit: thousand dollars

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 September 30, 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	(1,007)	100 %	(1,007) (1)	333,118	69,337
ATEN CHINA CO., LTD.	Trading of computer peripheral equipment	56,924	(3)	51,394	-	-	51,394	(23,926)	100 %	(23,926) (2)	(864)	86,093
ATEN FOREMOST INTERNATIONAL CO., LTD.	Research and trading of computer peripheral equipment	29,315	(3)	29,315	-	-	29,315	(13,582)	100 %	(13,582) (2)	28,436	-
EXPAND ELECTRONIC CO., LTD.	Manufacturing of computer peripheral products	67,184	(3)	34,706	-	-	34,706	(1,310)	100 %	(1,310) (1)	132,685	-

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 NTD31.651.

(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	174,081	- (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 NTD31.651.

(iii) Significant transactions:

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

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

(d) Major shareholders:

Unit: share			
Shareholder's Name	Shareholding	Shares	Percentage
Shang-Jen Chen		6,789,342	5.68 %
Ching-Tang Chen		6,780,352	5.67 %

(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>
Three months ended September 30, 2024				
Revenue:				
Revenue from external customers	\$ 1,221,752	38,294	-	1,260,046
Inter-segment revenues	843,694	-	(843,694)	-
Total revenue	<u>\$ 2,065,446</u>	<u>38,294</u>	<u>(843,694)</u>	<u>1,260,046</u>
Reportable segment profit or loss	<u>\$ 172,583</u>	<u>3,666</u>	<u>(22,490)</u>	<u>153,759</u>
Three months ended September 30, 2023				
Revenue:				
Revenue from external customers	\$ 1,184,762	32,250	-	1,217,012
Inter-segment revenues	697,143	-	(697,143)	-
Total revenue	<u>\$ 1,881,905</u>	<u>32,250</u>	<u>(697,143)</u>	<u>1,217,012</u>
Reportable segment profit or loss	<u>\$ 171,227</u>	<u>3,203</u>	<u>(5,975)</u>	<u>168,455</u>
Nine months ended September 30, 2024				
Revenue:				
Revenue from external customers	\$ 3,546,384	100,363	-	3,646,747
Inter-segment revenues	2,361,766	-	(2,361,766)	-
Total revenue	<u>\$ 5,908,150</u>	<u>100,363</u>	<u>(2,361,766)</u>	<u>3,646,747</u>
Reportable segment profit or loss	<u>\$ 447,630</u>	<u>9,878</u>	<u>(14,422)</u>	<u>443,086</u>
Nine months ended September 30, 2023				
Revenue:				
Revenue from external customers	\$ 3,751,285	85,581	-	3,836,866
Inter-segment revenues	2,216,765	-	(2,216,765)	-
Total revenue	<u>\$ 5,968,050</u>	<u>85,581</u>	<u>(2,216,765)</u>	<u>3,836,866</u>
Reportable segment profit or loss	<u>\$ 553,404</u>	<u>4,600</u>	<u>4,538</u>	<u>562,542</u>