

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

Consolidated Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2024 and 2023**

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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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Representation Letter

The entities that are required to be included in the consolidated financial statements of ATEN INTERNATIONAL CO., LTD. as of and for the year ended December 31, 2024 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, ATEN INTERNATIONAL CO., LTD. and Subsidiaries do not prepare a separate set of consolidated financial statements.

Company name: ATEN INTERNATIONAL CO., LTD.

Chairman: Sun-Chung Chen

Date: February 25, 2025



安侯建業聯合會計師事務所
KPMG

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Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of ATEN INTERNATIONAL CO., LTD. and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2024 and 2023, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of ATEN INTERNATIONAL CO., LTD. and its subsidiaries as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year end December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

Please refer to notes 4(n) and 6(r) for disclosure related to revenue recognition.

Description of key audit matter:

Revenue is the key indicator used by investors and management while evaluating ATEN INTERNATIONAL CO., LTD. and its subsidiaries' financial or operating performance. The accuracy of the timing and amount of revenue recognized have significant impact on the financial statements, for which the assumptions and judgments of revenue recognition rely on subjective judgment of the management. Hence, we consider it as the key audit matter.

How the matter was addressed in our audit:

The key audit procedures performed included testing the effectiveness of the design and implementing the internal control (both manual and system control) of sales and collecting cycle; reviewing significant sales contract to determine whether the key judgments and assumptions of revenue recognition are reasonable; analyzing the changes in top 10 customers from the most recent period and last year, and the changes in the price and quantity of each category of product line to determine whether if there are any significant misstatements; selecting sales transactions from a period of time before and after the balance sheet date, and verifying them with the vouchers to determine the accuracy of the timing and amounts of revenue recognized; understanding whether if there is a significant subsequent sales return or discount; and reviewing whether the disclosure of revenue made by the management is appropriate.

2. Inventory measurement

Please refer to notes 4(h), 5, and 6(g) for disclosure related to inventory measurement.

Description of key audit matter:

The inventory is measured at the lower of cost and net realizable value. Due to the update of technology, the inventory might be out of date or no longer meets the requirement of the market, which may result in a decline on the price of the product resulting in the cost of the inventory to be higher than the net realizable value. The measurement of inventory depends on the evaluation of the management based on several evidences. Therefore, we consider it as a key audit matter.

How the matter was addressed in our audit:

The key audit procedures performed is to understand the management's accounting policy of inventory measurement and determine whether it is reasonable and is being implement. The procedures include inspecting the method of inventory valuation assumption is consistently and evaluating whether the assumption is needed to be adjusted due to the operating and economic condition change. Obtaining the inventory valuation table, understanding the net realizable values by management and the variation of the prices, in the period after the reporting date, to ensure the appropriateness of the valuation price. Reviewing the reason and verifying the accuracy on past three years and current year's allowance of inventory. Assessing whether the disclosure of provision for inventory valuation is appropriate.

Other Matter

ATEN INTERNATIONAL CO., LTD. has prepared its parent company only financial statements as of and for the years ended December 31, 2024 and 2023, on which we have issued an unmodified opinion.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing ATEN INTERNATIONAL CO., LTD. and its subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
February 25, 2025

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 audit 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

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2024		December 31, 2023				December 31, 2024		December 31, 2023	
		Amount	%	Amount	%			Amount	%	Amount	%
11xx	Assets					21xx	Liabilities and Equity				
1100	Current assets:					2100	Current liabilities:				
1110	Cash and cash equivalents (note 6(a))	\$ 1,128,293	16	1,193,987	17	2120	Short-term borrowings (notes 6(k) and 8)	\$ 366,758	5	404,297	6
1136	Financial assets at fair value through profit or loss — current (note 6(c))	276,048	4	397,240	6	2150	Financial liabilities at fair value through profit or loss — current (note 6(c))	5,942	-	1,258	-
1140	Current financial assets at amortized cost, net (note 6(b))	138,088	2	90,449	1	2170	Notes payable	1,342	-	1,681	-
1150	Contract assets — current (note 6(r))	4,393	-	7,884	-	2216	Accounts payable	383,383	5	287,156	4
1170	Notes receivable, net (notes 6(e) and (r))	4,441	-	6,722	-	2219	Dividends Payable (note 6(p))	203,101	3	250,889	4
1200	Accounts receivable, net (notes 6(e) and (r))	717,330	10	714,916	10	2230	Other payable (notes 6(h), (n), (s) and 8)	544,969	8	550,638	8
130x	Other receivables (note 6(f))	6,859	-	14,354	-	2250	Current tax liabilities	130,686	2	84,696	1
1410	Inventories (note 6(g))	1,325,349	19	1,266,264	18	2280	Provisions — current (note 6(l))	24,205	-	22,810	-
1470	Prepayments	70,176	1	61,102	1	2399	Current lease liabilities (note 6(m))	65,019	1	101,486	1
	Other current assets	22,648	-	10,254	-		Other current liabilities	82,736	1	74,582	1
	Total current assets	3,693,625	52	3,763,172	53		Total current liabilities	1,808,141	25	1,779,493	25
15xx	Non-current assets:					25xx	Non-Current liabilities:				
1517	Financial assets at fair value through other comprehensive income — non-current (note 6(d))	12,080	-	27,246	-	2570	Deferred income tax liabilities (note 6(o))	154,443	2	181,700	2
1535	Non-current financial assets at amortized cost, net (note 6(b))	80,000	1	-	-	2580	Non-current lease liabilities (note 6(m))	166,044	3	194,750	3
1600	Property, plant and equipment (notes 6(h), 7, 8 and 9)	2,800,976	39	2,703,716	38	2640	Net defined benefit liabilities — non-current (note 6(n))	60,926	1	70,857	1
1755	Right-of-use assets (note 6(i))	217,423	3	289,963	4	2670	Deposits received	1,014	-	764	-
1780	Intangible assets (note 6(j))	3,151	-	4,336	-		Other non-current liabilities	58,039	1	57,648	1
1840	Deferred income tax assets (note 6(o))	177,348	2	143,557	2		Total non-current liabilities	440,466	7	505,719	7
1915	Prepayments for equipment	34	-	5,266	-	2xxx	Total liabilities	2,248,607	32	2,285,212	32
1920	Refundable deposits	42,206	1	35,049	1	3110	Equity attributable to shareholders of the company (notes 6(d), (o) and (p)):	1,194,711	17	1,194,711	17
1980	Other financial assets — non-current (notes 8 and 9)	95,439	2	116,133	2	3200	Common stock				
1990	Other non-current assets	1,316	-	1,535	-	3210	Capital surplus:	316,913	4	316,913	4
	Total non-current assets	3,429,973	48	3,326,801	47	3210	Additional paid-in capital	50	-	50	-
						3250	Donated assets received	316,963	4	316,963	4
						3300	Retained earnings:				
						3310	Legal reserve	1,623,232	23	1,566,677	22
						3320	Special reserve	178,017	2	203,711	3
						3350	Unappropriated retained earnings	1,650,188	23	1,655,497	23
								3,451,437	48	3,425,885	48
						3400	Other equity interest:				
						3410	Financial statements translation differences for foreign operations	(150,870)	(2)	(175,518)	(2)
						3420	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(920)	-	(22,030)	-
								(151,790)	(2)	(197,548)	(2)
							Total equity attributable to shareholders of the company	4,811,321	67	4,740,011	67
						36xx	Non-controlling interests	63,670	1	64,750	1
						3xxx	Total equity	4,874,991	68	4,804,761	68
1xxx	Total assets	\$ 7,123,598	100	7,089,973	100	2-3xxx	Total liabilities and equity	\$ 7,123,598	100	7,089,973	100

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 years ended December 31, 2024 and 2023

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

		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue (note 6(r))	\$ 4,993,174	100	5,156,242	100
5000	Operating costs (notes 6(g), (h), (i), (m), (n) and (s))	<u>2,009,762</u>	<u>40</u>	<u>2,065,366</u>	<u>40</u>
5900	Gross profit	<u>2,983,412</u>	<u>60</u>	<u>3,090,876</u>	<u>60</u>
6000	Operating expenses (notes 6(e), (h), (i), (j), (m), (n), (s) and 7):				
6100	Selling expenses	1,254,716	25	1,263,680	25
6200	Administrative expenses	540,928	11	511,930	10
6300	Research and development expenses	518,951	11	527,431	10
6450	Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	<u>308</u>	<u>-</u>	<u>(185)</u>	<u>-</u>
	Total operating expenses	<u>2,314,903</u>	<u>47</u>	<u>2,302,856</u>	<u>45</u>
6900	Operating profit	<u>668,509</u>	<u>13</u>	<u>788,020</u>	<u>15</u>
7000	Non-operating income and expenses (notes 6(m) and (t)):				
7100	Interest income	18,919	-	10,975	-
7010	Other income	28,020	1	26,848	1
7020	Other gains and losses	(27,028)	-	(31,437)	-
7050	Finance costs	<u>(34,955)</u>	<u>(1)</u>	<u>(41,287)</u>	<u>(1)</u>
	Total non-operating income and expenses	<u>(15,044)</u>	<u>-</u>	<u>(34,901)</u>	<u>-</u>
7900	Profit from continuing operations before tax	653,465	13	753,119	15
7950	Less: Income tax expenses (note 6(o))	<u>151,884</u>	<u>3</u>	<u>180,698</u>	<u>4</u>
	Net income	<u>501,581</u>	<u>10</u>	<u>572,421</u>	<u>11</u>
8300	Other comprehensive income (notes 6(o) and (p)):				
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	7,798	-	3,221	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	12,320	-	(70)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>2,001</u>	<u>-</u>	<u>3,346</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>18,117</u>	<u>-</u>	<u>(195)</u>	<u>-</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	23,336	-	(4,791)	-
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>23,336</u>	<u>-</u>	<u>(4,791)</u>	<u>-</u>
8300	Other comprehensive income	<u>41,453</u>	<u>-</u>	<u>(4,986)</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 543,034</u>	<u>10</u>	<u>567,435</u>	<u>11</u>
8600	Net income attributable to:				
8610	Shareholders of the parent	\$ 494,610	10	565,541	11
8620	Non-controlling interests	<u>6,971</u>	<u>-</u>	<u>6,880</u>	<u>-</u>
		<u>\$ 501,581</u>	<u>10</u>	<u>572,421</u>	<u>11</u>
8700	Total comprehensive income attributable to:				
8710	Shareholders of the parent	\$ 537,248	10	560,962	11
8720	Non-controlling interests	<u>5,786</u>	<u>-</u>	<u>6,473</u>	<u>-</u>
		<u>\$ 543,034</u>	<u>10</u>	<u>567,435</u>	<u>11</u>
	Basic earnings per share(in New Taiwan dollars) (note 6(q))				
9750	Basic earnings per share	<u>\$ 4.14</u>		<u>4.73</u>	
9850	Diluted earnings per share	<u>\$ 4.08</u>		<u>4.66</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 years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
						Total other equity interest			Total equity attributable to owners of parent	Non-controlling interests	Total equity	
						Financial statements translation differences for foreign operations	Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income	Total				
	Share capital		Retained earnings									
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	-	-	-	(25,199)	25,199	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(645,144)	(645,144)	-	-	-	(645,144)	(2,712)	(647,856)
Net income	-	-	-	-	565,541	565,541	-	-	-	565,541	6,880	572,421
Other comprehensive income	-	-	-	-	2,464	2,464	(4,345)	(2,698)	(7,043)	(4,579)	(407)	(4,986)
Total comprehensive income	-	-	-	-	568,005	568,005	(4,345)	(2,698)	(7,043)	560,962	6,473	567,435
Difference between consideration and carrying amount of subsidiaries acquired	-	-	-	-	(635)	(635)	-	-	-	(635)	635	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	998	998	-	(998)	(998)	-	-	-
Balance at December 31, 2023	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	-	-	-	-	494,610	494,610	-	-	-	494,610	6,971	501,581
Other comprehensive income	-	-	-	-	6,174	6,174	24,648	11,816	36,464	42,638	(1,185)	41,453
Total comprehensive income	-	-	-	-	500,784	500,784	24,648	11,816	36,464	537,248	5,786	543,034
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(3,486)	(3,486)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(9,294)	(9,294)	-	9,294	9,294	-	-	-
Balance at December 31, 2024	\$ 1,194,711	316,963	1,623,232	178,017	1,650,188	3,451,437	(150,870)	(920)	(151,790)	4,811,321	63,670	4,874,991

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 years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	2024	2023
Cash flows from operating activities:		
Net income before tax	\$ 653,465	753,119
Adjustments:		
Adjustments to reconcile profit and loss		
Depreciation expense	230,608	225,663
Amortization expense	1,185	2,052
Impairment loss (reversal of impairment loss) determined in accordance with IFRS9	308	(185)
Interest expense	34,955	41,287
Interest income	(18,919)	(10,975)
Dividend income	(4,584)	(375)
Gains on disposal of property, plant and equipment	(656)	(1,112)
Property, plant and equipment transferred to expenses	133	511
Losses on disposal of intangible assets	-	561
Prepayments for equipment transferred to expenses	-	138
Gains on lease modification	(258)	(39)
Total adjustments to reconcile profit and loss	242,772	257,526
Changes in assets / liabilities relating to operating activities:		
Net changes in operating assets:		
Financial assets at fair value through profit or loss	121,192	303,729
Contract assets	3,491	(1,894)
Notes receivable	2,281	414
Accounts receivable	(2,106)	18,896
Other receivable	7,495	6,488
Inventories	(63,040)	230,083
Prepayments	(9,074)	25,695
Other current assets	(10,065)	3,850
Total changes in operating assets, net	50,174	587,261
Net changes in operating liabilities:		
Financial liabilities held for trading	4,684	(9,611)
Notes payable	(339)	315
Accounts payable	96,227	(179,393)
Other payable	(5,669)	(36,255)
Provisions	1,395	(4,242)
Other current liabilities	8,154	(27,105)
Net defined benefit liabilities	(2,133)	(5,802)
Other non-current liabilities	391	4,361
Total changes in operating liabilities, net	102,710	(257,732)
Total changes in operating assets / liabilities, net	152,884	329,529
Total adjustments	395,656	587,055
Cash provided by operating activities	1,049,121	1,340,174
Dividends received	4,584	375
Payment of income tax	(168,372)	(277,491)
Net cash provided by operating activities	885,333	1,063,058
Cash flows from investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	24,987	6,672
Acquisition of financial assets at amortised cost	(47,639)	12,912
Acquisition of financial assets at amortised cost — non-current	(80,000)	-
Acquisition of property, plant and equipment	(192,878)	(224,653)
Proceeds from disposal of property, plant and equipment	1,153	1,951
Increase in refundable deposits	(7,157)	(4,044)
Decrease (increase) in other financial assets — non-current	20,694	(10,546)
Decrease in other non-current assets	219	626
Increase in prepayments for equipment	(34)	(6,107)
Interest received	16,590	10,975
Net cash used in investing activities	(264,065)	(212,214)
Cash flows from financing activities:		
Decrease in short-term borrowings	(38,104)	(216,587)
Repayment of long-term borrowings	-	(5,397)
Increase (decrease) in deposits received	250	(141)
Payment of lease liabilities	(112,936)	(115,072)
Cash dividends paid	(517,106)	(396,967)
Interest paid	(34,955)	(41,287)
Changes in non-controlling interests	(3,486)	-
Net cash used in financing activities	(706,337)	(775,451)
Effect of exchange rate changes on cash and cash equivalents	19,375	(3,704)
Net increase (decrease) in cash and cash equivalents for the period	(65,694)	71,689
Cash and cash equivalents at beginning of period	1,193,987	1,122,298
Cash and cash equivalents at end of period	\$ 1,128,293	1,193,987

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

For the years ended December 31, 2024 and 2023

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

(1) Company history

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

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

These consolidated financial statements were authorized for issuance by the Board of Directors on February 25, 2025.

(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 Accounting Standards 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”

(Continued)

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

- (c) The impact of IFRS Accounting Standards 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
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(4) Summary of material policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the Regulations) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the FSC.

(b) Basis of preparation

(i) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, unless otherwise stated (Refer to the summary of the significant accounting policies).

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The Group's consolidated financial statements are presented in New Taiwan dollars (NTD), which is Company's functional currency. The assets and liabilities of foreign operations are translated into the Group's presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to the Group's functional currency at the average rate. Foreign currency differences are recognized in other comprehensive income. All financial information presented in NTD has been rounded to the nearest thousand.

(Continued)

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

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

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

(ii) List of subsidiaries included in the consolidated financial statements

List of subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Scope of business	Percentage of ownership		Description
			December 31, 2024	December 31, 2023	
The Company	TOPMOST INTERNATIONAL CO., LTD. (TOPMOST)	Investing	100.00 %	100.00 %	
The Company	ATEN JAPAN CO., LTD. (ATEN JAPAN)	Trading of computer peripheral products	100.00 %	100.00 %	
The Company	ATEN US HOLDINGS INC. (ATEN US)	Investing	100.00 %	100.00 %	
The Company	FOREMOST INTERNATIONAL CO., LTD. (FOREMOST)	Investing	100.00 %	100.00 %	
The Company and TOPMOST	ATEN INFOTECH N.V. (ATEN INFOTECH)	Trading of computer peripheral products	100.00 %	100.00 %	
The Company	ATECH PERIPHERALS INC. (ATECH PERIPHERALS)	Manufacturing and trading of computer peripheral products	100.00 %	100.00 %	
The Company	ATEN COMPUTER PRODUCTS CO., LTD. (ATEN COMPUTER)	Manufacturing of computer peripheral products	100.00 %	100.00 %	
The Company	VISIONTOP CO., LTD. (VISIONTOP)	Specialized printing	59.58 %	59.58 %	
The Company	HONG JHENG TECHNOLOGY CO., LTD. (HONG JHENG)	Investing	100.00 %	100.00 %	
The Company	HONG YUAN CO., LTD. (HONG YUAN)	Investing	100.00 %	100.00 %	
The Company	ATEN ANZ PTY LTD. (ATEN ANZ)	Trading of computer peripheral products	100.00 %	100.00 %	
The Company	RCM FULLY AUTOMATION CO., LTD. (RCM FULLY)	Trading of computer peripheral products	26.00 %	26.00 %	
The Company	ATEN INFO COMMUNICAION LIMITED LIABILITY COMPANY (ATEN TURKEY)	Trading of computer peripheral products	100.00 %	100.00 %	

(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
			December 31, 2024	December 31, 2023	
The Company	ATEN POLAND SP Z.O. O. (ATEN POLAND)	Trading of computer peripheral products	100.00 %	100.00 %	
The Company	ATEN ROMANIA S.R.L. (ATEN ROMANIA)	Trading of computer peripheral products	100.00 %	100.00 %	
The Company	ATEN SOUTH AFRICA PTY LTD. (ATEN SOUTH AFRICA)	Trading of computer peripheral products	100.00 %	100.00 %	
The Company and HONG YUAN	ATEN ADVANCE PRIVATE LIMITED (ATEN ADVANCE)	Trading of computer peripheral products	100.00 %	100.00 %	
The Company and HONG YUAN	ATEN LATAM MEXICO S.A. DE C.V (ATEN MEXICO)	Trading of computer peripheral products	100.00 %	100.00 %	
The Company and HONG YUAN	PT ATEN TECHNOLOGY INDONESIA (ATEN INDONESIA)	Trading of computer peripheral products	100.00 %	100.00 %	
TOPMOST	EXPAND INTERNATIONAL CO., LTD. (EXPAND)	Investing	100.00 %	100.00 %	
TOPMOST	ATEN EUROPE LIMITED (ATEN EUROPE)	Investing	100.00 %	100.00 %	
TOPMOST	I/O MASTER INC. (I/O MASTER)	Investing	100.00 %	100.00 %	
The Company & FOREMOST	ATEN CHINA CO., LTD. (ATEN CHINA)	Trading of computer peripheral products	- %	100.00 %	Note 2
FOREMOST	ATEN FOREMOST INTERNATIONAL CO., LTD. (ATEN FOREMOST)	Research and trading of computer peripheral products	100.00 %	100.00 %	
ATEN FOREMOST	ATEN CHINA CO., LTD. (ATEN CHINA)	Trading of computer peripheral products	100.00 %	- %	Note 2
EXPAND	EXPAND ELECTRONIC CO., LTD. (EXPAND ELECTRONIC)	Manufacturing of computer peripheral products	100.00 %	100.00 %	
ATEN EUROPE	ATEN UK LIMITED (ATEN UK)	Trading of computer peripheral products	100.00 %	100.00 %	
ATEN EUROPE	ATEN KOREA CO., LTD. (ATEN KOREA)	Trading of computer peripheral products	85.00 %	85.00 %	
ATEN US	ATEN TECHNOLOGY INC. (ATEN TECHNOLOGY)	Trading of computer peripheral products	99.39 %	99.39 %	Note 1
ATEN US & ATEN TECHNOLOGY	ATEN NEW JERSEY INC. (ATEN NEW JERSEY)	Trading of computer peripheral products	99.52 %	99.52 %	Note 1
I/O MASTER	ATEN CANADA TECHNOLOGIES INC. (ATEN CANADA)	Research and development	100.00 %	100.00 %	
I/O MASTER	IOGEAR, INC.(IOGEAR)	Trading of computer peripheral products	100.00 %	100.00 %	
ATECH PERIPHERALS	RCM FULLY AUTOMATION CO., LTD. (RCM FULLY)	Trading of computer peripheral products	74.00 %	74.00 %	

Note 1: 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 2: 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.

(Continued)

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

(d) Foreign currency

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- (i) an investment in equity securities designated as at fair value through other comprehensive income;
- (ii) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- (iii) qualifying cash flow hedges to the extent that the hedges are effective.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future. Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non-current.

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

(Continued)

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

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

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

(f) Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalent refers to short term investments with high liquidity that are subject to insignificant risk of changes in their fair value and can be cashed into fixed amount of money. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purpose should be recognized as cash equivalent.

(g) Financial instruments

Trade receivables issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

On initial recognition, a financial asset is classified as Financial assets measured at amortized cost, Fair value through other comprehensive income (FVOCI) or Fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(Continued)

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

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, deriving from debt investments are recognized in profit or loss; whereas dividends deriving from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of equity investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of debt investments are reclassified to retain earnings instead of profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost.

(Continued)

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

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables are always measured at an amount equal to lifetime ECL.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

(Continued)

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

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;
or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(Continued)

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

(ii) Financial liabilities and equity instruments

1) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

2) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories consists of all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. Subsequent to initial recognition, inventories are measured at the lower of cost or net realizable value and the cost of inventories is based on the standard cost principle. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses at the end of the period. The differences between standard and actual costing are fully classified as operating costs. When the cost of inventories is higher than the net realizable value, the inventories are written down to net realizable value, and the write down amount is charged to current year's cost of goods sold.

(Continued)

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

(i) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

Land improvements	3 years
Buildings	2~61 years
Machinery equipment	3~10 years
Other equipment	1~12 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at, or before, the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

(Continued)

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by using the impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change of its assessment of the underlying asset purchase option; or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents its right-of-use assets that do not meet the definition of investment and its lease liabilities as a separate line item respectively in the statement of financial position.

(Continued)

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

The Group has elected not to recognize the right-of-use assets and lease liabilities for its short-term leases of office equipment and other equipment that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Group acts as a lessor, it determines, at lease commencement, whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(k) Intangible assets

(i) Recognition and measurement

Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1) Patents	3~5 years
2) Trademarks	3 years
3) Customer relationships	5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Impairment — Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(m) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(n) Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

(i) Sale of goods

The Group is mainly engaged in the manufacture and trading of computer peripheral products. The Group recognizes revenue when control of the products has been transferred. When the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract and the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group often offers volume discounts to its customers based on aggregate sales of electronic components in the contractual period. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

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ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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The Group's obligation to provide a refund for faulty electronic components under the standard warranty terms is recognized as a provision for warranty; please refer to note 6(l).

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(ii) Construction contracts

The Group enters into contracts to management of IT infrastructure. Because its customer controls the asset as it is constructed, the Group recognizes revenue over time on the basis of the construction costs incurred to date as a proportion of the total estimated costs of the contract.

The consideration promised in the contract includes fixed and variable amounts. The customer pays the fixed amount based on a payment schedule. For variable considerations, the Group estimates the amount of variable consideration using the most likely amount. If the Group has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

If the Group cannot reasonably measure its progress towards complete satisfaction of the performance obligation of a construction contract, the Group shall recognize revenue only to the extent of the costs expected to be recovered.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods; discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

(Continued)

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

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

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

(p) Income tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the below exceptions:

- (i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.
- (ii) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.
- (iii) Initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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

Deferred income tax assets and liabilities may be offset against each other if the following criteria are met:

- (i) The entity has the legal right to settle tax assets and liabilities on a net basis; and
- (ii) The taxing of deferred income tax assets and liabilities fulfill one of the below scenarios:
 - 1) levied by the same taxing authority; or
 - 2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

(q) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

When computing diluted earnings per share, all potential share are considered outstanding shares for the current period; therefore, both profit attributable to ordinary shareholders and outstanding shares should be adjusted for the impact of potential shares. Employee bonuses in the form of stock of the Company are accounted for as potential shares.

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

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

In preparing these consolidated financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, 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.

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

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group's risk management and climate-related commitments where appropriate. Revisions to estimates are recognised prospectively in the period of the change and future periods.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash and cash equivalents	\$ 1,339	1,721
Saving deposits and foreign currency deposits	915,284	915,508
Checking deposits	20,107	31,864
Time deposits	129,232	244,894
Repurchase Agreement	62,331	-
Cash and cash equivalents in the consolidated statement of cash flows	<u><u>\$ 1,128,293</u></u>	<u><u>1,193,987</u></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

	December 31, 2024	December 31, 2023
Financial assets at amortized cost – current:		
Bank's time deposits	<u><u>\$ 138,088</u></u>	<u><u>90,449</u></u>
Interest rate(%)	<u><u>1.425~5</u></u>	<u><u>1.3~5</u></u>
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.

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

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

	December 31, 2024	December 31, 2023
Mandatorily measured at fair value through profit or loss—current:		
Derivative instruments not used for hedging	\$ 2,961	7,189
Non-derivative financial assets	<u>273,087</u>	<u>390,051</u>
Total	<u>\$ 276,048</u>	<u>397,240</u>
	December 31, 2024	December 31, 2023
Financial liabilities held for trading—current:		
Derivative instruments not used for hedging	<u>\$ 5,942</u>	<u>1,258</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 December 31, 2024 and 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 December 31, 2024 and 2023.

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

	December 31, 2024		
	Contract amount (thousand dollars)	Currency	Maturity dates
Forward exchange sold	EUR 3,048 / NTD 104,937	EUR/NTD	2025.01.15~2025.03.05
Forward exchange sold	JPY 180,000 / NTD 38,333	JPY/NTD	2025.01.17
Forward exchange sold	GBP 234 / NTD 9,628	GBP/NTD	2025.01.17~2025.04.07
Forward exchange sold	AUD 105 / NTD 2,209	AUD/NTD	2025.03.03
Forward exchange purchased	USD 990 / KRW 1,395,947	USD/KRW	2025.01.23~2025.02.26

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

December 31, 2023			
	Contract amount (thousand dollars)	Currency	Maturity dates
Forward exchange sold	EUR 1,849 / NTD 63,078	EUR/NTD	2024.01.10~2024.03.20
Forward exchange sold	USD 8,900 / NTD 278,316	USD/NTD	2024.01.03~2024.04.19
Forward exchange sold	JPY 58,000 / NTD 12,708	JPY/NTD	2024.02.21
Forward exchange sold	GBP 240 / NTD 9,442	GBP/NTD	2024.02.16~2024.03.15
Forward exchange sold	USD 700 / CNY 4,994	USD/CNY	2024.01.05
Forward exchange sold	AUD 62 / NTD 1,302	AUD/NTD	2024.04.02
Forward exchange purchased	USD 340 / KRW 437,427	USD/KRW	2024.01.30~2024.02.26

Held-for-trading financial liabilities — Forward contract:

December 31, 2024			
	Contract amount (thousand dollars)	Currency	Maturity dates
Forward exchange sold	EUR 1,000 / NTD 33,947	EUR/NTD	2025.02.26
Forward exchange sold	USD 6,770 / NTD 244,739	USD/NTD	2025.01.06~2025.04.21
Forward exchange sold	JPY 50,000 / NTD 10,370	JPY/NTD	2025.02.19
Forward exchange purchased	USD 230 / KRW 338,102	USD/KRW	2025.02.26

December 31, 2023			
	Contract amount (thousand dollars)	Currency	Maturity dates
Forward exchange sold	EUR 1,016 / NTD 34,354	EUR/NTD	2024.01.10~2024.03.06
Forward exchange sold	USD 300 / NTD 9,147	USD/NTD	2024.01.31~2024.04.26
Forward exchange sold	JPY 205,000 / NTD 43,907	JPY/NTD	2024.01.19~2024.02.21
Forward exchange sold	GBP 160 / NTD 6,241	GBP/NTD	2024.01.16
Forward exchange sold	AUD 313 / NTD 6,434	AUD/NTD	2024.01.29~2024.02.29
Forward exchange purchased	USD 1,530 / KRW 1,985,062	USD/KRW	2024.01.30~2024.02.26

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

	December 31, 2024	December 31, 2023
Equity investments at fair value through other comprehensive income:		
Unlisted stocks (domestic) — non-current	\$ 12,080	27,246

(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 year ended December 31, 2024, the fair value at that time of disposal was \$24,987 thousand and accumulated loss on disposal was \$9,294 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

	December 31, 2024	December 31, 2023
Notes receivable	\$ 4,441	6,722
Accounts receivable, net	717,570	715,016
Less: allowance for impairment	240	100
	\$ 721,771	721,638

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ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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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 December 31, 2024. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward-looking information, including macroeconomic and relevant industry information. The expected credit losses as of was determined as follows:

December 31, 2024			
	Gross carrying amount	Weighted- average expected credit loss rate	Loss allowance provision
Current	\$ 703,423	0%	-
0 to 30 days past due	17,552	0%	-
31 to 60 days past due	410	0%	-
61 to 90 days past due	397	0%	-
91 to 120 days past due	22	0%	-
121 to 180 days past due	35	0%	-
181 to 360 days past due	165	70%~100%	118
More than 360 days past due	7	100%	7
	\$ 722,011		125
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

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

	For the years ended December 31	
	2024	2023
Balance at January 1	\$ 100	285
Impairment loss recognized	408	-
Impairment loss reversed	(100)	(185)
Amounts written off	(168)	-
Balance at December 31	<u><u>\$ 240</u></u>	<u><u>100</u></u>

As of December 31, 2024 and 2023, the bank has priority claim over the Group's accounts receivable amounting to \$118,472 thousand and \$155,558 thousand, respectively.

(f) Other receivables

	December 31, 2024	December 31, 2023
Other receivables	<u><u>\$ 6,859</u></u>	<u><u>14,354</u></u>

For the years ended December 31, 2024, the Group's loss allowance for other receivables did not move.

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

	2023
Balance at January 1	\$ 1,000
Amounts written off	(1,000)
Balance at December 31	<u><u>\$ -</u></u>

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

(g) Inventories

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

	December 31, 2024	December 31, 2023
Finished goods	\$ 695,533	639,382
Work in process	201,606	146,287
Raw material	428,210	480,595
	<u><u>\$ 1,325,349</u></u>	<u><u>1,266,264</u></u>

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ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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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:

	2024	2023
Losses on decline in market value of inventory	\$ 8,261	7,027
Losses on scrapping of inventory	17,471	23,169
Losses (gains) on physical inventory and others	1,575	(5,272)
Total	<u><u>\$ 27,307</u></u>	<u><u>24,924</u></u>

As of December 31, 2024 and 2023, the bank has priority claim over the Group's inventories amounting to \$215,126 thousand and \$258,759 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	12,668	-	21,028	30,093	32,358	96,731	192,878
Disposals	-	-	-	(36,744)	(16,190)	-	(52,934)
Reclassification	2,998	-	3,143	257	3,532	(3,276)	6,654
Effect of changes in exchange rates	(2,625)	(66)	10,600	1,410	5,097	-	14,416
Balance at December 31, 2024	<u><u>\$ 1,718,344</u></u>	<u><u>9,448</u></u>	<u><u>1,170,631</u></u>	<u><u>308,267</u></u>	<u><u>493,541</u></u>	<u><u>102,473</u></u>	<u><u>3,802,704</u></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	-	60,430	19,058	54,273	6,294	224,653
Disposals	-	-	(354)	(1,696)	(31,912)	-	(33,962)
Reclassification	-	-	12,349	4,945	2,021	(13,182)	6,133
Effect of changes in exchange rates	(3,618)	(131)	1,994	(390)	(413)	61	(2,497)
Balance at December 31, 2023	<u><u>\$ 1,705,303</u></u>	<u><u>9,514</u></u>	<u><u>1,135,860</u></u>	<u><u>313,251</u></u>	<u><u>468,744</u></u>	<u><u>9,018</u></u>	<u><u>3,641,690</u></u>
Depreciation:							
Balance at January 1, 2024	\$ -	7,542	400,586	186,180	343,666	-	937,974
Depreciation	-	899	36,369	26,840	46,375	-	110,483
Disposal	-	-	-	(36,744)	(15,693)	-	(52,437)
Effect of changes in exchange rates	-	(43)	(17)	1,855	3,913	-	5,708
Balance at December 31, 2024	<u><u>\$ -</u></u>	<u><u>8,398</u></u>	<u><u>436,938</u></u>	<u><u>178,131</u></u>	<u><u>378,261</u></u>	<u><u>-</u></u>	<u><u>1,001,728</u></u>
Balance at January 1, 2023	\$ -	6,721	365,597	163,621	327,756	-	863,695
Depreciation	-	904	34,968	25,109	47,303	-	108,284
Disposal	-	-	(354)	(1,485)	(31,284)	-	(33,123)
Reclassification	-	-	-	(531)	531	-	-
Effect of changes in exchange rates	-	(83)	375	(534)	(640)	-	(882)
Balance at December 31, 2023	<u><u>\$ -</u></u>	<u><u>7,542</u></u>	<u><u>400,586</u></u>	<u><u>186,180</u></u>	<u><u>343,666</u></u>	<u><u>-</u></u>	<u><u>937,974</u></u>
Carrying value:							
December 31, 2024	<u><u>\$ 1,718,344</u></u>	<u><u>1,050</u></u>	<u><u>733,693</u></u>	<u><u>130,136</u></u>	<u><u>115,280</u></u>	<u><u>102,473</u></u>	<u><u>2,800,976</u></u>
December 31, 2023	<u><u>\$ 1,705,303</u></u>	<u><u>1,972</u></u>	<u><u>735,274</u></u>	<u><u>127,071</u></u>	<u><u>125,078</u></u>	<u><u>9,018</u></u>	<u><u>2,703,716</u></u>
January 1, 2023	<u><u>\$ 1,624,323</u></u>	<u><u>2,924</u></u>	<u><u>695,844</u></u>	<u><u>127,713</u></u>	<u><u>117,019</u></u>	<u><u>15,845</u></u>	<u><u>2,583,668</u></u>

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

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ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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As of December 31, 2024 and 2023, the bank has priority claim over the Group's property, plant and equipment amounting to \$4,562 thousand and \$5,866 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:

	<u>Land and buildings</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost:				
Balance at January 1, 2024	\$ 440,575	10,805	6,356	457,736
Additions	36,477	2,441	-	38,918
Write-off	(52,991)	(2,512)	-	(55,503)
Effect of changes in foreign exchange rates	15,821	(48)	275	16,048
Balance at December 31, 2024	<u>\$ 439,882</u>	<u>10,686</u>	<u>6,631</u>	<u>457,199</u>
Balance at January 1, 2023	\$ 361,023	11,282	7,897	380,202
Additions	299,195	3,480	-	302,675
Write-off	(219,194)	(4,195)	(1,535)	(224,924)
Effect of changes in exchange rates	(449)	238	(6)	(217)
Balance at December 31, 2023	<u>\$ 440,575</u>	<u>10,805</u>	<u>6,356</u>	<u>457,736</u>
Accumulated depreciation:				
Balance at January 1, 2024	\$ 159,007	5,650	3,116	167,773
Depreciation	116,373	2,903	849	120,125
Write-off	(49,200)	(2,073)	-	(51,273)
Effect of changes in exchange rates	3,019	(53)	185	3,151
Balance at December 31, 2024	<u>\$ 229,199</u>	<u>6,427</u>	<u>4,150</u>	<u>239,776</u>
Balance at January 1, 2023	\$ 260,674	7,055	3,172	270,901
Depreciation	113,070	2,835	1,474	117,379
Write-off	(216,398)	(4,342)	(1,535)	(222,275)
Effect of changes in exchange rates	1,661	102	5	1,768
Balance at December 31, 2023	<u>\$ 159,007</u>	<u>5,650</u>	<u>3,116</u>	<u>167,773</u>
Carrying value:				
December 31, 2024	<u>\$ 210,683</u>	<u>4,259</u>	<u>2,481</u>	<u>217,423</u>
December 31, 2024	<u>\$ 281,568</u>	<u>5,155</u>	<u>3,240</u>	<u>289,963</u>
January 1, 2023	<u>\$ 100,349</u>	<u>4,227</u>	<u>4,725</u>	<u>109,301</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 December 31, 2024)	\$ <u>105,814</u>	<u>-</u>	<u>4,857</u>	<u>5,926</u>	<u>116,597</u>
Balance at January 1, 2023	\$ 105,814	2,384	4,857	5,926	118,981
Disposals	-	(2,384)	-	-	(2,384)
Balance at December 31, 2023	<u>\$ 105,814</u>	<u>-</u>	<u>4,857</u>	<u>5,926</u>	<u>116,597</u>

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

	<u>Goodwill</u>	<u>Patent</u>	<u>Trademark</u>	<u>Customer relationship</u>	<u>Total</u>
Amortization:					
Balance at January 1, 2024	\$ 103,058	-	4,857	4,346	112,261
Amortization	-	-	-	1,185	1,185
Balance at December 31, 2024	<u>\$ 103,058</u>	<u>-</u>	<u>4,857</u>	<u>5,531</u>	<u>113,446</u>
Balance at January 1, 2023	\$ 103,058	1,496	4,317	3,161	112,032
Amortization	-	327	540	1,185	2,052
Disposals	-	(1,823)	-	-	(1,823)
Balance at December 31, 2023	<u>\$ 103,058</u>	<u>-</u>	<u>4,857</u>	<u>4,346</u>	<u>112,261</u>
Carrying value:					
December 31, 2024	<u>\$ 2,756</u>	<u>-</u>	<u>-</u>	<u>395</u>	<u>3,151</u>
December 31, 2023	<u>\$ 2,756</u>	<u>-</u>	<u>-</u>	<u>1,580</u>	<u>4,336</u>
January 1, 2023	<u>\$ 2,756</u>	<u>888</u>	<u>540</u>	<u>2,765</u>	<u>6,949</u>

(i) Amortization Fee

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

(ii) Collateral

As of December 31, 2024 and 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

	December 31, 2024			
	Currency	Interest rate (%)	Maturity year	Amount
Secured loans	USD	6.2	2025	\$ 99,981
Secured loans	KRW	3.61~3.83	2025	33,345
Unsecured loans	USD	5.85	2025	6,556
Unsecured loans	EUR	3.844	2025	34,132
Unsecured loans	GBP	5.45~5.62	2025	13,791
Unsecured loans	CNY	2.92636~4.68	2025	128,953
Unsecured loans	TWD	1.75~2.22	2025	50,000
Total				<u>\$ 366,758</u>

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

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

As of December 31, 2024 and 2023, the unused credit facilities of the Group's short-term borrowings amounted to \$3,179,207 thousand and \$2,793,803 thousand, respectively.

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

(ii) Collateral of loans

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

(l) Provisions

	Warranties
Balance as of January 1, 2024	\$ 22,810
Provisions made during the year	25,751
Provisions used during the year	<u>(24,356)</u>
Balance as of December 31, 2024	<u><u>\$ 24,205</u></u>
Balance as of January 1, 2023	\$ 27,052
Provisions made during the year	20,647
Provisions used during the year	<u>(24,889)</u>
Balance as of December 31, 2023	<u><u>\$ 22,810</u></u>

In 2024 and 2023, provisions are mainly associated with the Group's business products, and are estimated based on the historical data and weighted average of all possibility of similar merchandises and services. Most of the warranty claims are expected to arise in the following year of the sale.

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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:

	December 31, 2024	December 31, 2023
Current	\$ <u>65,019</u>	<u>101,486</u>
Non-current	\$ <u>166,044</u>	<u>194,750</u>

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

The amounts recognized in profit or loss were as follows:

	2024	2023
Interest on lease liabilities	\$ <u>15,170</u>	<u>10,208</u>
Expenses relating to short-term leases	\$ <u>15,800</u>	<u>12,685</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>770</u>	<u>940</u>

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

	2024	2023
Total cash outflow for leases	\$ <u>144,676</u>	<u>138,905</u>

(n) Employee benefits

(i) Defined benefit plans

The Group determined the movement in the present value of the defined benefit obligations and fair value of plan assets as follows:

	December 31, 2024	December 31, 2023
Present value of the defined benefit obligations	\$ 181,303	182,283
Fair value of plan assets	(120,377)	(111,426)
The net defined benefit liability	\$ <u>60,926</u>	<u>70,857</u>

The Group established the pension fund account for the defined benefit plan in Bank of Taiwan. The plan, under the Labor Standards Law, provides benefits based on the employee's length of service and average monthly salary for the six-month period prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Labor Pension Fund Supervisory Committee. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by local banks.

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ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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The Group's Bank of Taiwan labor pension reserve account balance amounted to \$120,377 thousand (including pension payables in transit of \$2,044 thousand) at the end of the reporting period. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Labor Pension Fund Supervisory Committee.

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Group were as follows:

	2024	2023
Defined benefit obligation at 1 January	\$ 182,283	188,751
Current service costs and interest	3,394	2,931
Remeasurements of the net defined benefit liability (asset)		
— Due to changes in financial assumption of actuarial (losses) gains	1,841	(2,232)
Benefits paid by the plan	(6,215)	(7,167)
Defined benefit obligation at 31 December	\$ 181,303	182,283

3) Movement of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

	2024	2023
Fair value of plan assets, January 1	\$ 111,426	108,871
Interest revenue	1,406	1,375
Remeasurements of the net defined benefit liability		
— Return on plan assets (excluding amounts included in net interest expense)	9,639	989
Contributions made	4,121	7,358
Benefits paid by the plan	(6,215)	(7,167)
Fair value of plan assets, December 31	\$ 120,377	111,426

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	2024	2023
Current service cost	\$ 508	571
Net interest on the defined benefit liability	1,480	985
	\$ 1,988	1,556

(Continued)

ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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	<u>2024</u>	<u>2023</u>
Operating costs	\$ 568	440
Selling expenses	621	234
Administration expenses	662	704
Research and development expenses	<u>137</u>	<u>178</u>
	<u><u>\$ 1,988</u></u>	<u><u>1,556</u></u>

5) Actuarial assumptions

The following are the Group's principal actuarial assumptions at the reporting dates:

	<u>2024.12.31</u>	<u>2023.12.31</u>
Discount rate	1.5%~1.55%	1.25%
Future salary increases rate	2.50%~3.00%	2.50%~3.00%

The Group expects to make contributions of \$2,121 thousand to the defined benefit plans in the next year starting from the reporting date of 2024.

The weighted average duration of the defined benefit obligation is 8.2~8.5 years.

6) Sensitivity analysis

When calculating the present value of the defined benefit obligation, the Company uses judgments and estimations to determine the actuarial assumptions, including employee turnover rates and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligation.

As of December 31, 2024 and 2023, the present value of defined benefit obligation impact was as follow:

	<u>The impact on defined benefit obligation</u>	
	<u>Increase</u>	<u>Decrease</u>
December 31, 2024		
Discount rate (0.25%)	\$ (1,569)	1,617
Future salary increase rate (1.00%)	6,738	(6,104)
December 31, 2023		
Discount rate (0.25%)	(1,756)	1,812
Future salary increase rate (1.00%)	7,654	(6,881)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2024 and 2023.

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ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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(ii) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labour pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The Group's pension costs under the defined contribution method were \$62,051 thousand and \$58,576 thousand for 2024 and 2023, respectively. Payment was made to the Bureau of Labor Insurance and the local authorities of the consolidated overseas subsidiaries.

(iii) Short-term employee benefit liabilities

	December 31, 2024	December 31, 2023
Paid annual leave (recorded under other payables)	<u><u>\$ 49,276</u></u>	<u><u>47,019</u></u>

(o) Income tax

(i) Income tax expenses

The amount of income tax for 2024 and 2023 were as follows:

	2024	2023
Current tax expense		
Current period	\$ 207,237	149,051
Adjustment for prior periods	<u>7,696</u>	<u>(3,013)</u>
	<u>214,933</u>	<u>146,038</u>
Deferred income tax expense		
Origination and reversal of temporary differences	<u>(63,049)</u>	<u>34,660</u>
Income tax expense from continuing operations	<u><u>\$ 151,884</u></u>	<u><u>180,698</u></u>

The amounts of income tax recognized in other comprehensive income for 2024 and 2023 were as follows:

	2024	2023
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of the defined benefit plans	\$ (1,497)	(718)
Unrealized gains on equity instruments at fair value through other comprehensive income	<u>(504)</u>	<u>(2,628)</u>
	<u><u>\$ (2,001)</u></u>	<u><u>(3,346)</u></u>

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

Reconciliation of income tax and profit before tax for 2024 and 2023 was as follows:

	2024	2023
Net income before tax	\$ 653,465	753,119
Income tax using the Company's domestic tax rate	\$ 130,693	150,624
Effect of tax rates differences in foreign jurisdiction	43,117	42,546
Adjustments according to tax law	(16,092)	5,592
Tax treaty rewards	(13,500)	(15,000)
Previous unrecognized tax losses	-	(49)
Underestimated (overestimated) of prior year's income tax	7,696	(3,013)
Overestimated of prior year's deferred income tax assets	-	3,196
Others	(30)	(3,198)
Total	\$ 151,884	180,698

(ii) Deferred income tax assets and liabilities

1) Unrecognized deferred income tax assets

The Deferred income tax assets that have not been recognized by the Group are as follows:

	December 31, 2024	December 31, 2023
Tax losses	\$ 501,900	388,488

Under the Income Tax Act, the operating loss as examined and assessed by the local tax authorities could be carried forward for use as a deduction from taxable income over a period of prior years. Deferred income tax assets have not been recognized in respect of these items because it is not probable that the future taxable profit will be available, against which, the Group can utilize the benefits therefrom.

As of December 31, 2024, the amount of tax losses is not yet recognized as deferred tax assets and the expiry year were as follows:

Year of expiration	Amount
2025	\$ 8,236
2026	39,493
2027	38,337
2019	43,629
2032	63,075
2037	3,588
After 2038	305,542
	\$ 501,900

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ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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2) Recognized deferred income tax assets and liabilities

Changes in the amount of deferred income tax assets and liabilities for 2024 and 2023 were as follows:

Deferred income tax assets:

	Defined benefit plans	Unrealized profit from sales	Loss carryforward	Others	Total
Balance at January 1, 2024	\$ 11,080	65,587	932	65,958	143,557
Recognized in profit or loss	(548)	31,735	(932)	5,537	35,792
Recognized in other comprehensive income	(1,497)	-	-	(504)	(2,001)
Balance at December 31, 2024	<u>\$ 9,035</u>	<u>97,322</u>	<u>-</u>	<u>70,991</u>	<u>177,348</u>
Balance at January 1, 2023	\$ 12,958	95,816	3,523	67,561	179,858
Recognized in profit or loss	(1,160)	(30,229)	(2,591)	1,025	(32,955)
Recognized in other comprehensive income	(718)	-	-	(2,628)	(3,346)
Balance at December 31, 2023	<u>\$ 11,080</u>	<u>65,587</u>	<u>932</u>	<u>65,958</u>	<u>143,557</u>

Deferred income tax liabilities:

	Foreign investment income accounted for using equity method	Others	Total
Balance at January 1, 2024	\$ 127,289	54,411	181,700
Recognized in profit or loss	(25,218)	(2,039)	(27,257)
Balance at December 31, 2024	<u>\$ 102,071</u>	<u>52,372</u>	<u>154,443</u>
Balance at January 1, 2023	\$ 126,233	53,762	179,995
Recognized in profit or loss	1,056	649	1,705
Balance at December 31, 2023	<u>\$ 127,289</u>	<u>54,411</u>	<u>181,700</u>

(iii) Examination and Approval

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

(p) Capital and other equity

(i) Common stock

As of December 31, 2024 and 2023, the total value of nominal ordinary shares amounted to \$1,500,000 thousand, face value of each share is \$10, of which 150,000 thousand shares, 119,471 thousand shares were issued. All issued shares were paid up upon issuance.

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

(ii) Additional paid-in capital

In accordance with the ROC Company Act, realized capital reserves can only be reclassified as share capital or distributed as cash dividends after offsetting losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital reserves to be reclassified under share capital shall not exceed 10% of the actual share capital amount.

(iii) 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.

1) Legal reserve

In accordance with the Company Act, when distributing the earnings, 10% should be set aside as legal reserve, until it is equal to authorized capital. If the Company experienced profit for the year, the distribution of the statutory earnings reserve, either by new shares or by cash, shall be decided at the shareholders meeting, and the distribution amount is limited to the portion of legal reserve which exceeds 25% of the paid-in capital.

ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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2) Special earnings reserve

In accordance with Ruling No.1010012865 issued by the Financial Supervisory Commission on 6 April 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal to the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The Group's Board of Directors resolved to appropriate the 2024 earnings from July to December. These earnings were appropriated as follows:

	2024
	<u>July – December</u>
	<u>February 25,</u>
	<u>2025</u>
Resolution Date of ATEN's Board of Directors	
Cash dividends to shareholders	\$ <u><u>250,889</u></u>
Cash dividends per share (NTD)	\$ <u><u>2.1</u></u>

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><u>203,101</u></u>
Cash dividends per share (NTD)	\$ <u><u>1.7</u></u>

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

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ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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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
Resolution Date of ATEN's Board of Directors	March 14, 2023	August 4, 2022
Cash dividends to shareholders	\$ 394,255	286,731
Cash dividends per share (NTD)	\$ 3.3	2.4

(iv) Other equities (net of tax)

	Foreign exchange differences arising from foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Non-controlling interests	Total
Balance as of January 1, 2024	\$ (175,518)	(22,030)	(6,271)	(203,819)
Foreign exchange differences arising from foreign operations	24,648	-	(1,312)	23,336
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	11,816	-	11,816
Disposal of investments in equity instruments designed at fair value through other comprehensive income	-	9,294	-	9,294
Balance as of December 31, 2024	\$ (150,870)	(920)	(7,583)	(159,373)
Balance as of January 1, 2023	\$ (171,173)	(18,334)	(5,825)	(195,332)
Foreign exchange differences arising from foreign operations	(4,345)	-	(446)	(4,791)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(2,698)	-	(2,698)
Disposal of investments in equity instruments designed at fair value through other comprehensive income	-	(998)	-	(998)
Balance as of December 31, 2023	\$ (175,518)	(22,030)	(6,271)	(203,819)

(q) Earnings per share

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

(i) Basic earnings per share

	Unit: thousand of shares	2024	2023
Net income attributable to ordinary shareholders of the Company		\$ 494,610	565,541
Weighted-average number of ordinary shares		119,471	119,471
Basic earnings per share (NTD)		\$ 4.14	4.73

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ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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(ii) Diluted earnings per share

	Unit: thousand of shares	
	2024	2023
Net income attributable to ordinary shareholders of the Company	\$ 494,610	565,541
Weighted-average number of ordinary shares (basic)	119,471	119,471
Impact of potential common shares		
Effect of employee share bonus	1,631	1,906
Weighted-average number of ordinary shares (diluted)	121,102	121,377
Diluted earnings per share (NTD)	\$ 4.08	4.66

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

	2024		
	Computer peripheral products	Other	Total
Primary geographical markets:			
United States	\$ 1,002,149	-	1,002,149
Taiwan	628,815	135,738	764,553
Japan	719,297	-	719,297
South Korea	388,197	-	388,197
China	347,507	-	347,507
Others	1,771,471	-	1,771,471
	\$ 4,857,436	135,738	4,993,174
Major product lines:			
IT infrastructure management solutions	\$ 3,150,668	-	3,150,668
Video products	824,430	-	824,430
Others	882,338	135,738	1,018,076
	\$ 4,857,436	135,738	4,993,174

(Continued)

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

		2023		
		Computer peripheral products	Other	Total
Primary geographical markets:				
United States	\$	1,126,539	-	1,126,539
Japan		812,865	-	812,865
Taiwan		491,930	121,609	613,539
China		342,608	-	342,608
South Korea		402,335	-	402,335
Others		1,858,356	-	1,858,356
	\$	5,034,633	121,609	5,156,242
Major product lines:				
IT infrastructure management solutions	\$	3,264,231	-	3,264,231
Video products		896,438	-	896,438
Others		873,964	121,609	995,573
	\$	5,034,633	121,609	5,156,242
(ii) Contract balance				
		December 31, 2024	December 31, 2023	January 1, 2023
Notes receivable	\$	4,441	6,722	7,136
Accounts receivable, net		717,570	715,016	733,912
Less: allowance for impairment		240	100	285
Total	\$	721,771	721,638	740,763
Contract assets	\$	4,393	7,884	5,990

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

(s) Remuneration to employees, directors and supervisors

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

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

For the years ended December 31, 2024 and 2023, the Company estimated its employee remuneration amounting to \$104,184 thousand and \$123,866 thousand, and directors' and supervisors' remuneration amounting to \$8,335 thousands and \$9,909 thousands, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2024 and 2023. Related information would be available at the Market Observation Post System website. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2024 and 2023.

(t) Non-operating income and expenses

(i) Interest income

	2024	2023
Interest income from bank deposits	\$ <u><u>18,919</u></u>	<u><u>10,975</u></u>

(ii) Other income

	2024	2023
Dividend income	\$ 4,584	375
Total other income—Other	<u>23,436</u>	<u>26,473</u>
Total other income	\$ <u><u>28,020</u></u>	<u><u>26,848</u></u>

(iii) Other gains and losses

	2024	2023
Gains on disposal of property, plant and equipment	\$ 656	1,112
Losses on disposal of intangible assets	-	(561)
Gains on lease modification	258	39
Gains (losses) on foreign exchange	20,249	(5,210)
Gains (losses) on financial assets / liabilities at fair value through profit or loss	(17,497)	249
Compensation loss and interests	(23,902)	(26,098)
Others	<u>(6,792)</u>	<u>(968)</u>
Net other gains and losses	\$ <u><u>(27,028)</u></u>	<u><u>(31,437)</u></u>

(iv) Finance costs

	2024	2023
Interest expense	\$ <u><u>34,955</u></u>	<u><u>41,287</u></u>

(Continued)

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

(u) Financial instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk. As of December 31, 2024 and 2023, the maximum amount exposed to credit risk amounted to \$2,500,784 thousand and \$2,596,096 thousand, respectively.

2) Concentration of credit risk

During 2024 and 2023, approximately 9% percent and 13% percent of the Group's revenue was attributable to sales transactions with a single oversea customer. However, geographically, there was no concentration of credit risk.

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	Within a year	1-2 years	2-3 years	3-5 years	Over 5 years
December 31, 2024							
Non-derivative financial liabilities							
Secured loans	\$ 133,326	137,752	137,751	-	-	-	-
Unsecured loans	233,432	236,046	236,046	-	-	-	-
Notes and accounts payable	384,725	384,725	384,725	-	-	-	-
Dividends Payable	203,101	203,101	203,101	-	-	-	-
Other payables	544,969	544,969	544,969	-	-	-	-
Lease liabilities	231,063	261,881	77,088	61,087	47,307	76,399	-
Deposits received	1,014	1,014	1,014	-	-	-	-
Derivative financial liabilities							
Other forward contracts:							
Outflow	5,942	5,942	5,942	-	-	-	-
	<u>\$ 1,737,572</u>	<u>1,775,430</u>	<u>1,590,636</u>	<u>61,087</u>	<u>47,307</u>	<u>76,399</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>

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

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

(iii) Exchange rate risk

1) Exposure to 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>
December 31, 2024			
Financial assets:			
Monetary items:			
USD	\$ 19,858	32.7810	650,961
JPY	308,857	0.2099	64,829
EUR	8,717	34.1316	297,510
CNY	26,243	4.4775	117,504
Financial liabilities:			
Monetary items:			
USD	\$ 7,217	32.7810	236,591
CNY	28,107	4.4775	125,850
THB	37,014	0.9570	35,422
EUR	644	34.1316	21,993
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

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.

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

2) Sensitivity analysis

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 December 31, 2024 and 2023 would have increased or decreased the net profit by \$7,109 thousand and \$5,430 thousand, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary item

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 December 31, 2024 and 2023, foreign exchange gains (losses) (including realized and unrealized portion) amounted to \$20,249 thousand and \$(5,210) thousand, respectively.

(iv) Interest rate analysis

Please refer to the note for liquidity risk management and the interest rate exposure to the Group's financial assets and liabilities.

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 years ended December 31, 2024 and 2023.

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

(v) 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.

December 31, 2024					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 2,961	-	2,961	-	2,961
Non derivative financial assets mandatorily measured at fair value through profit or loss	273,087	273,087	-	-	273,087
Subtotal	276,048	273,087	2,961	-	276,048
Financial assets at fair value through other comprehensive income					
Unlisted stocks (domestic and overseas)	12,080	-	-	12,080	12,080
Total	<u>\$ 288,128</u>	<u>273,087</u>	<u>2,961</u>	<u>12,080</u>	<u>288,128</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ (5,942)	-	(5,942)	-	(5,942)
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	390,051	390,051	-	-	390,051
Subtotal	397,240	390,051	7,189	-	397,240
Financial assets at fair value through other comprehensive income					
Unlisted stocks (domestic and overseas)	27,246	-	-	27,246	27,246
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	\$ (1,258)	-	(1,258)	-	(1,258)

(Continued)

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

2) Valuation techniques in financial instruments measured at fair value

a) Non—derivative financial instruments

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

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

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

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

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

b) Derivative financial instrument

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

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

3) Fair value hierarchy

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

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

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

4) Transfers between level 1 and level 2

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

5) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Unquoted equity instruments
Balance at January 1, 2024	\$ 27,246
Recognized in other comprehensive income	9,821
Disposal	(24,987)
Balance at December 31, 2024	\$ 12,080
Balance at January 1, 2023	\$ 27,617
Recognized in other comprehensive income	(371)
Balance at December 31, 2023	\$ 27,246

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

(Continued)

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 December 31, 2024 and 2023 were 1.13 and 1.05~1.85, respectively. Multipliers of price-earnings ratio as of December 31, 2024 was 24.25. Market illiquidity discount rate as of December 31, 2024 and 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>Other comprehensive income</u>	
	<u>Input</u>	<u>Assumptions</u>	<u>Favorable</u>	<u>Unfavorable</u>
December 31, 2024				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	5%	\$ 755	(755)
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)

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.

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

(v) Financial risk management

(i) Overview

The Group is exposed to the following risks arising from financial instruments:

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

This note expresses the information on risk exposure and objectives, policies and process of risk measurement and management. For detailed information, please refer to the related notes to each risk.

(ii) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through their training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors the risk which should be in compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board of Directors is assisted in its oversight role by the Internal Audit. The Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

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

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer, financial institution, or counterparty fails to meet its contractual obligations and arises principally from the Group's receivables from its customers, financial instruments, or non-public trading securities.

1) Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly during deteriorating economic circumstances. The counterparties of the Consolidated Companies' notes and accounts receivable are predominantly concentrated in Asia, which accounted for 62% and 54% of the total amount of notes and accounts receivable as of December 31, 2024 and 2023, respectively.

The Group has established a credit policy, under which, each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval from the Board of Directors; these limits are reviewed regularly.

The Group has established an allowance for bad debt account to reflect the estimated losses for trade, other receivables, and investment. The allowance for bad debt account consists of specific losses relating to individually significant exposure and the unrecognized losses arising from similar assets groups. The allowance for bad debt account is based on the historical collection record of similar financial assets.

2) Investments

The credit risk exposure in the bank deposits, fixed income investments and other financial instruments are measured and monitored by the Group's finance department. Since the Group's transactions are with the counterparties, and the contractually obligated counterparties are the banks, financial institutions, corporate organizations and government agencies with good credits, there are no compliance issues, and therefore, there is no significant credit risk.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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The Group uses activity-based costing to estimate the cost of its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of the expected cash flows on financial liabilities (other than trade payables) over the succeeding 60 days. The Group also monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Group has unused short-term bank facilities of \$3,179,207 thousand and \$2,793,803 thousand, respectively, as of December 31, 2024 and 2023.

(v) **Market Risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) **Currency risk**

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group. The currencies used in these transactions are the EUR, USD, JPY, GBP, KRW and CNY.

The Group holds accounts receivable denominated on the currency other than functional currency. Gains or losses on change of exchange rate and that on long-term and short-term borrowings denominated in foreign currency can offset each other, reducing the currency risk of the Group.

The interest is denominated in the currency used in the borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily the NTD, EUR, USD, THB, GBP, KRW and CNY.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

2) **Interest rate risk**

The Group's short-term borrowings are liabilities which are affected by the fluctuation of interest rates. Accordingly, changes in market rate would affect the effective interest rate and the future cash flow to alter.

3) **Other market price risk**

Financial assets at fair value through profit or loss—current and available-for-sale financial assets—current are listed stocks and mutual funds, which may fluctuate with changes in equity price. In order to manage market risk, the Group carefully selects trust companies with good reputations to engage in financial instrument transactions.

(Continued)

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

The Group's bank balances and financial liability—short-term and long-term borrowings are exposed to the cash flow risk arising from changes in interest rates. However, the impact of the cash flow risk arising from changes in interest rate is not expected to be significant.

(w) Capital management

The Group's objectives for managing capital are to safeguard the capacity to continue to operate, to provide a return to shareholders and benefits to other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, or issue new shares to settle long-term liabilities.

The Group uses the debt ratio to manage capital. This ratio divides debt by total assets. The debt from the balance sheet is accounted for as total liabilities. Total assets include share capital, capital surplus, retained earnings, other equity and non-controlling interest, plus, debt; the Group may also use its equity ratio, computed as one, less, its debt ratio, as a basis in managing its capital.

The Group's debt and equity ratio at the end of the reporting date were as follow:

	December 31, 2024	December 31, 2023
Total liabilities	\$ 2,248,607	2,285,212
Total assets	\$ 7,123,598	7,089,973
Equity ratio	68 %	68 %

As of December 31, 2024, there were no changes in the Group's approach of capital management.

(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 years ended December 31, 2024 and 2023, were as follows:

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

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2024	Cash flows	Non-cash changes Effect of change in exchange rates	Others	December 31, 2024
Short-term borrowings	\$ 404,297	(38,104)	565	-	366,758
Lease liabilities	296,236	(128,106)	13,333	49,600	231,063
Deposits received	764	250	-	-	1,014
Total liabilities from financing activities	\$ 701,297	(165,960)	13,898	49,600	598,835

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

	January 1, 2023	Cash flows	Non-cash changes		December 31, 2023
			Effect of change in exchange rates	Others	
Short-term borrowings	\$ 622,189	(216,587)	(1,305)	-	404,297
Long-term borrowings (including current portion)	5,236	(5,397)	161	-	-
Lease liabilities	113,292	(125,280)	(1,971)	310,195	296,236
Deposits received	905	(141)	-	-	764
Total liabilities from financing activities	<u>\$ 741,622</u>	<u>(347,405)</u>	<u>(3,115)</u>	<u>310,195</u>	<u>701,297</u>

(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>2024</u>	<u>2023</u>
Other related party — XIUFENG ELEMENTARY SCHOOL EDUCATIONAL FOUNDATION	<u>\$ -</u>	<u>50</u>

(c) Key management personnel compensations

Key management personnel compensation comprised:

	<u>2024</u>	<u>2023</u>
Short-term employee benefits	<u>\$ 83,400</u>	<u>72,120</u>

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

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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>December 31, 2024</u>	<u>December 31, 2023</u>
Cash and negotiable certificate of deposits (recorded under other financial assets — non current)	Guarantee for provisional attachment	\$ 50,000	71,428
Time deposits (recorded under other financial assets — non current)	Guarantee for customs	4,242	4,179
Negotiable certificate of deposits (recorded under other financial assets — non current)	Guarantee for provisional seizure	30,000	30,000
Time deposits (recorded under other financial assets — non current)	Guarantee for short-term borrowings	11,197	10,526
Property, plant and equipment	Guarantee for short-term borrowings	54,656	59,800
Other equipment	Guarantee for car purchasing	6,273	7,214
		<u><u>\$ 156,368</u></u>	<u><u>183,147</u></u>

(9) Commitments and contingencies

- (a) As of December 31, 2024 and 2023, subsidiary ATEN COMPUTER has the unrecognized construction contract amounting to \$15,712 thousand and \$18,609 thousand, respectively.
- (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. The total contract amount is \$549,333 thousand (excluding tax). As of December 31, 2024, the amount invested is \$82,400 thousand and recorded as construction in progress and testing equipment.
- (c) As of December 31, 2024 and 2023, the Group had an unused line of credit for purchasing raw materials amounting to \$5,116 thousand (USD156,080) and \$5,148 thousand (USD165,312), respectively.
- (d) As of December 31, 2024 and 2023, the outstanding bank drafts to secure credit facilities and financial instruments amounted to \$3,413,578 thousand and \$3,015,251 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 Supreme Court remanded to the Intellectual Property Court for retrial proceedings in October, 2024. The Company has retained attorneys to handle the cases, which were still in progress as of the reporting date.

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

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events

Subsidiary ATEN US HOLDINGS INC. decided to reduce capital to offset losses amounting to USD8,535 thousand. The decision was made during the board meeting on January 14, 2025, and the extraordinary general meeting on January 21, 2025. ATEN US HOLDINGS INC. will eliminate 4 million shares, resulting in a capital reduction portion of 63.79%.

(12) Other

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

By nature	By function	Years ended December 31 2024			Years ended December 31 2023		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits							
Salary		343,547	1,404,901	1,748,448	338,279	1,379,556	1,717,835
Labor and health insurance		34,526	131,904	166,430	33,609	132,019	165,628
Pension		8,698	55,341	64,039	9,119	51,013	60,132
Directors' remuneration		-	14,335	14,335	-	15,909	15,909
Others		22,957	53,016	75,973	21,217	49,723	70,940
Depreciation		85,849	144,759	230,608	83,599	142,064	225,663
Amortization		-	1,185	1,185	-	2,052	2,052

- (b) 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.
- (c) 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.

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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 year ended December 31, 2024:

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

Unit: thousand dollars

Name of holder	Nature and name of security	Relationship with the security issuer	Account name	2024				Maximum investment in 2024	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	10,893	-	10,893	90,328	
The Company	SinoPac Money Market Fund	-	Financial assets at fair value through profit or loss – current	3,172	46,017	-	46,017	168,968	
The Company	Union Money Market Fund	-	Financial assets at fair value through profit or loss – current	820	11,289	-	11,289	88,845	
The Company	Capital Money Market Fund	-	Financial assets at fair value through profit or loss – current	31	528	-	528	40,215	
The Company	First Bank Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss – current	10,238	163,461	-	163,461	176,317	
The Company	Fubon Chi-Hsiang Money Market Fund	-	Financial assets at fair value through profit or loss – current	2,504	40,899	-	40,899	150,278	
	Stock:								
The Company	Taiwan Wind PowerEnergy	-	Financial assets at fair value through other comprehensive income – non current	900	12,080	5	12,080	9,000	
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	-	79,988	-	

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:

Unit: thousand dollars

Name of company	Name of security	Account name	Counterparty	Relationship with the Company	Beginning balance		Purchases		Sales				Ending balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Disposal gain	Shares	Amount
The Company	JihSun Money Market Fund	Financial assets at fair value through profit or loss – current	-	-	7,774	111,175	12,392	178,500	16,994	245,000	243,300	1,700	3,172	46,017

- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

Unit: thousand dollars

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	Engaging others to build on the Company's own land	2024.10.29	549,333	Payment 15%	Wei Zheng Construction	Non-related parties	-	-	-	-	Not available	Engaging others to build on the Company's own land	According to the signing contract

(Continued)

ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

Unit: thousand dollars

Name of Company	Counter-party	Relationship	Transaction details				The status and reason for deviation from arm's-length transaction		Account / note receivable (payable)		Remarks
			Purchase / Sale	Amount	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
The Company	EXPAND ELECTRONIC CO., LTD.	Subsidiary	Purchase	589,949	42	30 days	No significant differences	Note 1	(82,998)	(25)	Note 2
EXPAND ELECTRONIC CO., LTD.	The Company	Subsidiary	(Sales)	(589,949)	(100)	30 days	No significant differences	Note 1	82,998	100	Note 2
The Company	ATEN COMPUTER PRODUCTS CO., LTD.	Subsidiary	Purchase	221,919	16	30 days	No significant differences	Note 1	(27,221)	(8)	Note 2
ATEN COMPUTER PRODUCTS CO., LTD.	The Company	Subsidiary	(Sales)	(221,919)	(100)	30 days	No significant differences	Note 1	27,221	100	Note 2
The Company	ATEN FOREMOST INTERNATIONAL CO., LTD.	Sub-subsidiary	Purchase	101,035	7	30 days	No significant differences	Note 1	(16,027)	(5)	Note 2
ATEN FOREMOST INTERNATIONAL CO., LTD.	The Company	Sub-subsidiary	(Sales)	(101,035)	(47)	30 days	No significant differences	Note 1	16,027	36	Note 2
The Company	ATEN INFOTECH N.V.	Subsidiary	(Sales)	(552,599)	(16)	150 days	No significant differences	No significant differences	236,761	28	Note 2
ATEN INFOTECH N.V.	The Company	Subsidiary	Purchase	552,599	100	150 days	No significant differences	No significant differences	(236,761)	(100)	Note 2
The Company	ATECH PERIPHERALS.	Subsidiary	(Sales)	(195,880)	(6)	30 days	No significant differences	No significant differences	19,648	2	Note 2
ATECH PERIPHERALS.	The Company	Subsidiary	Purchase	195,880	57	30 days	No significant differences	No significant differences	(19,648)	(39)	Note 2
The Company	ATEN KOREA CO., LTD.	Invested by sub subsidiary	(Sales)	(274,013)	(8)	60 days	No significant differences	No significant differences	65,107	8	Note 2
ATEN KOREA CO., LTD.	The Company	Invested by sub subsidiary	Purchase	274,013	100	60 days	No significant differences	No significant differences	(65,107)	(100)	Note 2
The Company	ATEN CHINA CO., LTD.	Invested by sub-subsidiary	(Sales)	(267,851)	(8)	45 days	No significant differences	No significant differences	90,885	11	Note 2
ATEN CHINA CO., LTD.	The Company	Invested by sub-subsidiary	Purchase	267,851	100	45 days	No significant differences	No significant differences	(90,885)	(95)	Note 2
The Company	ATEN TECHNOLOGY INC.	Subsidiary	(Sales)	(317,395)	(9)	155 days	No significant differences	No significant differences	166,205	20	Note 2
ATEN TECHNOLOGY INC.	The Company	Subsidiary	Purchase	317,395	79	155 days	No significant differences	No significant differences	(166,205)	(93)	Note 2
The Company	ATEN JAPAN CO., LTD.	Subsidiary	(Sales)	(326,297)	(9)	75 days	No significant differences	No significant differences	64,317	8	Note 2
ATEN JAPAN CO., LTD.	The Company	Subsidiary	Purchase	326,297	100	75 days	No significant differences	No significant differences	(64,317)	(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 INFOTECH N.V.	Subsidiary	236,761	3.44	-		- (As of February 25, 2025)	-
The Company	ATEN TECHNOLOGY INC.	Subsidiary	166,205	1.96	-		47,170 (As of February 25, 2025)	-
EXPAND INTERNATIONAL CO., LTD.	The Company	The ultimate parent company	191,834	-	-	Depend on capital budgeting	- (As of February 25, 2025)	-

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ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ix) Trading in derivative instruments:

Please refer to 6(c) for further information for the year ended December 31, 2024.

(x) Business relationships and significant intercompany transactions:

Unit: thousand dollars

No.	Name of company	Name of counter-party	Existing relationship with the counter-party	Transaction details			
				Account name	Amount	Trading terms	Percentage of the total consolidated revenue or total assets
0	The Company	ATEN TECHNOLOGY INC.	1	Sales revenue	317,395	No significant differences	6 %
0	The Company	ATEN INFOTECH N.V.	1	Sales revenue	552,599	No significant differences	11 %
0	The Company	ATEN CHINA CO., LTD.	1	Sales revenue	267,851	No significant differences	5 %
0	The Company	ATEN JAPAN CO., LTD.	1	Sales revenue	326,297	No significant differences	7 %
0	The Company	ATEN KOREA CO., LTD.	1	Sales revenue	274,013	No significant differences	5 %
0	The Company	ATEN UK LTD.	1	Sales revenue	71,627	No significant differences	1 %
0	The Company	ATECH PERIPHERALS.	1	Sales revenue	195,880	No significant differences	4 %
0	The Company	ATEN POLAND SP. Z O. O.	1	Sales revenue	58,240	No significant differences	1 %
0	The Company	ATEN TECHNOLOGY INC.	1	Accounts receivable	166,205	155 days	2 %
0	The Company	ATEN INFOTECH N.V.	1	Accounts receivable	236,761	150 days	3 %
0	The Company	ATEN CHINA CO., LTD.	1	Accounts receivable	90,885	45 days	1 %
1	EXPAND INTERNATIONAL CO., LTD.	The Company	2	Accounts receivable	191,834	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	101,035	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	589,949	The Company is its only customer	12 %
3	EXPAND ELECTRONIC CO., LTD.	The Company	2	Accounts receivable	82,998	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	109,017	The Company is its only customer	2 %
5	ATEN COMPUTER PRODUCTS CO., LTD.	The Company	2	Sales revenue	221,919	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.

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ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2024 (excluding information on investees in Mainland China):

Unit: thousand dollars												
Name of investor	Name of investee	Location	Scope of business	Original cost		Ending balance			Maximum investment in 2024	Net income (loss) of investee	Investment income (losses)	Remarks
				December 31, 2024	December 31, 2023	Shares	Ratio of shares	Book value				
The Company	TOPMOST INTERNATIONAL CO., LTD.	Cayman	Investing	22,183	22,183	700,000	100 %	579,901	22,183	20,783	20,783	note 1
The Company	ATEN JAPAN CO., LTD.	Japan	Trading of computer peripheral equipment	25,105	25,105	1,600	100 %	149,728	25,105	59,245	59,245	note 1
The Company	ATEN US HOLDINGS INC.	USA	Investing	413,050	413,050	13,380,000	100 %	(608)	413,050	(82,680)	(82,680)	note 1
The Company	FOREMOST INTERNATIONAL CO., LTD.	Mauritius	Investing	69,730	69,730	2,180,628	100 %	(887)	69,730	(30,760)	(30,760)	note 1
The Company	ATECH PERIPHERALS.	Taiwan	Manufacturing and trading of computer peripheral equipment	90,479	90,479	10,000,000	100 %	168,140	90,479	36,504	36,549	note 1
The Company	ATEN INFOTECH N.V.	Belgium	Trading of computer peripheral equipment	54,197	54,197	58,343	100 %	(21,843)	54,197	25,413	25,413	note 1
The Company	ATEN COMPUTER PRODUCTS CO., LTD.	Thailand	Manufacturing of computer peripheral equipment	452,304	436,424	4,799,998	100 %	343,871	452,304	(17,236)	(17,236)	notes 1 and 2
The Company	VISIONTOP CO., LTD.	Taiwan	Specialized printing	81,345	86,483	5,958,228	60 %	67,409	86,483	7,909	4,720	notes 1 and 8
The Company	HONG JHENG TECHNOLOGY CO., LTD.	Taiwan	Investing	16,778	31,778	100,000	100 %	4,636	31,778	507	507	notes 1 and 5
The Company	HONG YUAN CO., LTD.	Taiwan	Investing	16,778	31,778	100,000	100 %	4,783	31,778	554	554	notes 1 and 6
The Company	ATEN ANZ PTY LTD.	Australia	Trading of computer peripheral equipment	77,350	77,350	3,500,000	100 %	11,674	77,350	(8,463)	(8,463)	note 1
The Company	RCM FULLY AUTOMATION CO., LTD.	Taiwan	Trading of computer peripheral equipment	7,800	7,800	780,000	26 %	9,495	7,800	13,624	4,068	note 1
The Company	ATEN INFO COMMUNICATION LIMITED LIABILITY COMPANY	Turkey	Trading of computer peripheral equipment	23,714	23,714	7,000	100 %	5,720	23,714	(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 %	5,537	8,295	391	391	note 1
The Company	ATEN ROMANIA S.R.L	Romania	Trading of computer peripheral equipment	5,839	5,839	80,000	100 %	10,509	5,839	183	183	note 1
The Company	ATEN SOUTH AFRICA	South Africa	Trading of computer peripheral equipment	7,572	7,572	4,300	100 %	5,045	7,572	(2,520)	(2,520)	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 %	10,805	9,030	813	813	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 %	6,782	13,827	379	379	notes 1 and 3
The Company and HONGYUAN CO., LTD.	PT ATEN TECHNOLOGY INDONESIA	Indonesia	Trading of computer peripheral equipment	5,099	5,099	2,500	100 %	3,921	5,099	269	269	note 1
TOPMOST INTERNATIONAL CO., LTD.	ATEN EUROPE LTD.	UK	Investing	67,279	67,279	1,069,000	100 %	250,747	67,279	22,794	22,794	note 1
TOPMOST INTERNATIONAL CO., LTD.	I/O MASTER INC.	Samoa	Investing	9,782	9,782	700,000	100 %	41,727	9,782	3,923	3,923	note 1
ATEN US HOLDING INC.	ATEN NEW JERSEY INC.	USA	Trading of computer peripheral equipment	17,592	22,815	20	20 %	274	22,815	429	86	notes 1 and 4
ATEN US HOLDING INC.	ATEN TECHNOLOGY INC.	USA	Trading of computer peripheral equipment	393,171	393,171	12,672,084	99 %	64,906	393,171	(84,786)	(84,269)	note 1
ATEN TECHNOLOGY INC.	ATEN NEW JERSEY INC.	USA	Trading of computer peripheral equipment	-	3,303	80	80 %	1,095	3,303	429	343	notes 1 and 4
ATEN EUROPE LTD.	ATEN UK LTD.	UK	Trading of computer peripheral equipment	46,298	37,922	850,000	100 %	6,044	46,298	(6,053)	(6,053)	notes 1 and 7
ATEN EUROPE LTD.	ATEN KOREA CO., LTD.	Korea	Trading of computer peripheral equipment	34,811	34,811	102,000	85 %	108,425	34,811	28,622	24,329	note 1
I/O MASTER INC.	ATEN CANADA TECHNOLOGIES INC.	Canada	Research and development	3	3	300	100 %	50,529	3	3,967	3,967	note 1
I/O MASTER INC.	IOGEAR, Inc.	USA	Trading of computer peripheral equipment	3	3	10	100 %	-	3	-	-	note 1
ATECH PERIPHERALS.	RCM FULLY AUTOMATION CO., LTD.	Taiwan	Trading of computer peripheral equipment	22,066	22,066	2,220,000	74 %	32,539	22,066	13,624	10,082	note 1

Note 1: Eliminated in the consolidated financial statements.

Note 2: ATEN COMPUTER PRODUCTS CO., LTD executed the capital increase with the amount of THB18,000 thousand in March 2024.

Note 3: ATEN LATAM MEXICO S.A.DE C.V. executed the capital increase with the amount of MXN3,500 thousand in March 2024.

ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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Note 4: ATEN NEW JERSEY INC. executed the capital reduction with the amount of USD800 thousand in June 2024 and the reduction portion was 99.99%.
 Note 5: HONG JHENG TECHNOLOGY CO., LTD executed the capital reduction with the amount of NTD15,000 thousand in September 2024 and the reduction portion was 93.75%.
 Note 6: HONG YUAN CO., LTD. executed the capital reduction with the amount of NTD15,000 thousand in September 2024 and the reduction portion was 93.75%.
 Note 7: ATEN UK LTD. executed the capital increase with the amount of GBP200 thousand in September 2024.
 Note 8: VISIONTOP CO., LTD. executed the capital reduction with the amount of NTD5,138 thousand in December 2024 and the reduction portion was 7.94%.

(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 December 31, 2024	Net income (loss) on investee	Direct / indirect investment holding percentage	Maximum investment in 2024	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	6,901	100 %	21,383	6,901 (1)	339,571	69,337
ATEN CHINA CO., LTD.	Trading of computer peripheral equipment	56,924	(3)	51,394	-	-	51,394	(37,627)	100 %	51,394	(37,627) (2)	(13,503)	86,093
ATEN FOREMOST INTERNATIONAL CO., LTD.	Research and trading of computer peripheral equipment	29,315	(3)	29,315	-	-	29,315	(25,771)	100 %	29,315	(25,771) (2)	16,620	-
EXPAND ELECTRONIC CO., LTD.	Manufacturing of computer peripheral products	67,184	(3)	34,706	-	-	34,706	6,105	100 %	34,706	6,105 (1)	138,772	-

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 financial statements of the investee are audited by the auditors of the parent company. Investment gains (losses) are accounted for by the equity method.
 Note 5: The exchange rate is USD 1 to NTD32.781.

(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	180,296	- (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 NTD32.781.

(iii) Significant transactions:

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

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

(d) Major shareholders:

Unit: share

Shareholder's Name	Shareholding	Shares	Percentage
Ching-Tang Chen		6,933,352	5.80 %
Shang-Jen Chen		6,789,342	5.68 %

(14) Segment information:

(a) General information

The Group has two reportable segments: computer peripheral equipment segment and specialized printing segment. The computer peripheral equipment segment is primarily involved in the production and sales of computer peripheral equipment. The specialized printing segment is primarily involved in the printing of advertisements.

The reportable segments are the Group's strategic divisions, offering different products and services. Because each strategic division requires different technology and marketing strategies, each division is managed separately.

(b) Information on the reportable segment's profit or loss, assets, liabilities, and their measurement and reconciliations

The Group uses the internal management report (that the chief operating decision maker reviews) as the basis to determine resource allocation and make a performance evaluation. The internal management report (including profit before taxation, but not including any extraordinary activity and foreign exchange gain or losses due to taxation, extraordinary activity and foreign exchange gain or losses) are managed on a group basis, and hence, they are not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is consistent with that in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to the ones described in note 4 "Significant Accounting Policies".

The Group treats intersegment sales and transfers as third-party transactions. They are measured at marker price.

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ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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The Group's operating segment information and reconciliation are as follows:

	2024			
	Computer peripheral equipment	Others	Adjustments or elimination	Total
Revenue:				
Revenue from external customers	\$ 4,857,436	135,738	-	4,993,174
Inter-segment revenues	<u>3,346,711</u>	<u>-</u>	<u>(3,346,711)</u>	<u>-</u>
Total revenue	<u>\$ 8,204,147</u>	<u>135,738</u>	<u>(3,346,711)</u>	<u>4,993,174</u>
Reportable segment profit or loss	<u>\$ 678,713</u>	<u>9,877</u>	<u>(35,125)</u>	<u>653,465</u>
Reportable segment assets (Note)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
	2023			
	Computer peripheral equipment	Others	Adjustments or elimination	Total
Revenue:				
Revenue from external customers	\$ 5,034,633	121,609	-	5,156,242
Inter-segment revenues	<u>2,996,471</u>	<u>-</u>	<u>(2,996,471)</u>	<u>-</u>
Total revenue	<u>\$ 8,031,104</u>	<u>121,609</u>	<u>(2,996,471)</u>	<u>5,156,242</u>
Reportable segment profit or loss	<u>\$ 775,847</u>	<u>6,944</u>	<u>(29,672)</u>	<u>753,119</u>
Reportable segment assets (Note)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note: As the information on segment assets was not provided to the chief operating decision marker, the information segment assets is not disclosed.

The material reconciling items of the above reportable segment are as below:

In 2024 and 2023, inter-segment revenues of \$3,346,711 thousand and \$2,996,471 thousand respectively, should be eliminated from total revenue. Share of associate profit under equity method amounting to \$35,125 thousand and \$29,672 thousand, respectively, should be eliminated.

(Continued)

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(c) Information about the products and services

Revenue from the external customers of the Group was as follows:

<u>Products and services</u>	<u>2024</u>	<u>2023</u>
IT infrastructure management solutions	\$ 3,150,668	3,264,231
Video products	824,430	896,438
Other	1,018,076	995,573
Total	<u>\$ 4,993,174</u>	<u>5,156,242</u>

(d) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

<u>Geographic information</u>	<u>2024</u>	<u>2023</u>
Revenue from external customers:		
United States	\$ 1,002,149	1,126,539
Japan	719,297	812,865
Taiwan	764,553	613,539
South Korea	388,197	402,335
China	347,507	342,608
Other countries	1,771,471	1,858,356
Total	<u>\$ 4,993,174</u>	<u>5,156,242</u>

<u>Geographical information</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Non-current assets:		
Taiwan	\$ 2,358,469	2,263,781
Other countries	706,637	776,084
Total	<u>\$ 3,065,106</u>	<u>3,039,865</u>

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets and other assets, not including financial instruments and deferred income tax assets.

(e) Information about major customers

	<u>2024</u>	<u>2023</u>
From computer peripheral products - Client A	<u>\$ 443,065</u>	<u>673,312</u>