Stock code：6277

ATEN INTERNATIONAL CO., LTD.

2022 Annual Report

Notice to readers

This English-version annual report is a translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Publication: May 5, 2023
Market Observation Post System website：http://mops.twse.com.tw/
Company Website：http://www.aten.com.tw/

1. **Spokesperson and Deputy Spokesperson**

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3. **Common Share Transfer Agent and Registrar**

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4. **Auditors**

   Auditors：Po-Shu Huang / Chung-Shun Wu
   Accounting Firm：KPMG
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5. **Overseas Securities Exchange：None**

6. **Company Website**

   ATEN’s Website：http://www.aten.com

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I. Report to Shareholders

Dear Shareholders,

Companies across the globe were affected by several factors such as the shortage of materials, delays in transportation, and the Russo-Ukrainian conflict in 2022. These factors have increased the difficulties of corporate operations in the first half of the year but ATEN demonstrated corporate resilience and overcame these difficulties in the second half of the year to deliver impressive results. The Company benefited from the strong growth of high-end remote management products, racks, and power distribution unit products and attained an annual consolidated revenue of NT$5.403 billion, which was a record high and a 5% increase from the same period in the previous year. The consolidated gross margin was 58.5%; net operating profit for the period was NT$851 million; net income after tax for the period was NT$733 million; and earnings per share after tax was NT$6.11. As inflation and economic decline loomed over 2023, uncertainties in business operations remain high. The Company will continue to uphold stable and robust business operations and increase production capacity flexibility on the strong basis of years of development. We will invest more R&D resources in audio processing, information security, intelligence, and digitalization to create high-value products, increase competitiveness, and strengthen profitability to achieve continuous growth amid difficulties.

In terms of products and R&D, the manufacturing industry's shift to automated factories, sensor technologies, and artificial intelligence has powered cloud edge-computing solutions and increased opportunities for remote and off-site operations. ATEN will focus on the development of high-performance KVM-as-RCM (remote control & monitoring) management solutions and use secure KVM over IP deployment, flexible user settings, information security management, and priority restriction mechanisms to attain centralized control, maintain safe operations, and increase production capacity and production line efficiency. ATEN has integrated its product line resources in response to shifts in market trends toward low-contact hybrid settings. They include KVM switches, professional audio/video products, USB peripheral products, and the launch of comprehensive hybrid smart office solutions with high-definition screen resolution, intuitive boundless switching, USB peripheral sharing, dual-display output, and Video DynaSync™ features which help customers operate their devices smoothly and enhance the efficiency of multi-tasking between computers and different devices. ATEN’s hybrid conference room solution includes the conference room booking system, integrated BYOD and all-in-one professional audio/video

presentation switches, and ATEN Control System Gen. It is also equipped with the professional audio system (amplifier and ceiling loudspeaker) which satisfy the needs for collaboration and cooperation in the conference room and make office life easier. In terms of green energy and rack products, ATEN has launched the brand-new three-phase power distribution unit (PDU), which supports IT equipment with high power and high energy consumption. It enhances energy conservation and capacity and satisfies the demand for high-density racks in data centers. ATEN focuses on customized quiet racks with functional and aesthetic designs to target small-setting markets such as offices and auditoriums. In response to the rapid growth of business opportunities in the audio market, ATEN has launched a brand-new AI Chinese speech synthesis service called ATEN AI Voice. It provides AI-based text to speech (TTS) services and uses independently developed AI algorithms and acoustic technologies to create clear, natural, and smooth AI speech synthesis and effectively mitigate rigid robotic accents. ATEN AI Voice can also help companies and brands save immense recording costs. With instantaneous speech synthesis, companies no longer need to spend a fortune on finding voice actors and renting a recording studio. They only need to type text to produce the optimal AI-generated human voices. In addition, to ensure information security of cloud services, ATEN AI Voice offers competitive advantages in the form of instantaneous speech synthesis on hardware, instead of focusing on cloud services like mainstream competitors. This feature prevents possible leaks of companies' speech synthesis data and protects customers' information security.

In terms of the sales strategy, when COMPUTEX reverted to in-person exhibitions last year, ATEN also actively participated in the exhibition and showcased a series of hybrid smart office solutions of the future. The main applications include Podcast AI digital sound mixing studio, hybrid online and offline conference room, smart manufacturing and future control room, office applications, flexible work hours, and AI speech synthesis, which can quickly satisfy customer demand and respond to market changes. The Company attended the SEMICON Taiwan 2022 international semiconductor exhibition in September and showcased the latest smart manufacturing solutions for machinery, including the information security management mechanisms, priority access controls, and tri-color signal communication. In addition to showcasing ATEN's signal control and transmission of related technologies, we also focused on user demand as the basis of development. We completed the digital transformation in the existing plant environment of high-tech plant users and created real benefits for the management and onsite OP personnel. The product awards received by ATEN in the

past year included Computex 2022 Best Choice Award, Good Design Award 2022, 2022 Innovative Product Awards, 2022 Best of Show InfoComm, and Taiwan Excellence Award. ATEN was also placed in the “Innovative R&D Category” of the first “New Taipei City Enterprise Classic Award” in 2022, and it fully demonstrated the Company’s outstanding capacity for product R&D and innovation.

In the current era of rapid evolution of information technology and of the Internet, besides continuing to grow its core business and develop innovative new products and technologies, ATEN is also constantly monitoring political and economic developments, both domestic and international. Through its involvement in industry associations, attendance at trade fairs and exhibitions, and participation in conferences and seminars, ATEN is able to stay up-to-date with the latest industry news and keep pace with market trends. This in turn makes it possible for ATEN to respond appropriately to changes in the legal and regulatory environment and in the overall business environment, while also taking concrete steps to combat intellectual property piracy so as to protect ATEN’s rights in relation to the sale of its patented products.

ATEN received the “National No.1 Award” in the 19th National Brand Yushan Award Outstanding Enterprise Category last year and was the only company in the computer and peripheral device category to win the award. It was a testament to the Company’s sustainable brand vision, outstanding product quality, global brand development, and excellent innovation and R&D technologies, and recognition of ATEN’s success in the global market and creation of an international brand. In terms of sustainable development, ATEN placed fifth in the Medium-sized Enterprises section of CommonWealth magazine's Corporate Citizenship Award, marking the 14th time that ATEN has won this award, which represents valued external recognition of ATEN's ESG efforts. In terms of social participation, ATEN has for many years now emphasized social participation and charitable activities. We established the ATEN Volunteer Club to encourage ATEN employees to get involved in activities that embody concern for society, and ATEN was honored in the 15th National Cultural Benefactor Awards organized by Taiwan's Ministry of Culture. In terms of its corporate commitment, ATEN is committed to providing a high level of care and creating a friendly workplace environment for employees. The Company received the award for Best Companies to Work for in Asia 2022 and WeCare Most Caring Companies Award 2022, and was rated as an excellent company for “family friendliness and work balance” by New Taipei City Government. In the future, ATEN will maintain its commitment to the principles of

sustainable corporate development and of realizing a mutually beneficial relationship with stakeholders. While developing its core business areas to achieve outstanding operational performance, ATEN will also continue to implement CSR measures. In response to the challenges of climate change, ATEN sets its target for attaining net zero emissions by 2050 and plans to reduce carbon emissions at the Taiwan headquarters and Xizhi production site by 50% by 2030, so as to bring about the ongoing extension of this “virtuous cycle,” and to help build a better future.

Chairman and President: Sun-Chung Chen

II. Company Profile

2.1 Date of Incorporation: July 6th, 1979

2.2 Key Milestone in the Company History:

1979

- Initial establishment and registration of the Company as HOZN Automation Co., Ltd. with total paid-in capital NT$2,000,000.

1982

- Introduced the first product – a central control series for home appliances to monitor and operate security sensors, lighting and power switches remotely.

1984

- Introduced DATA Switch BOX products.

1986

- Introduced first MP/MS series Auto Switch and Converter Series.

1987

- Introduced INDATA industrial Computer Series.

1988

- HOZN Automation Co., Ltd renamed as ATEN International Co., LTD.
- Started manufacturing of power supplies for computers.

1991

- Introduced ATEN Brand Products.
- Introduced ATEN ASIC CHIP.

1992

- Launched world's smallest printer buffer.
- Launched the first ATEN product AS251P.
- Launched AS-248 product series, printer switch - controlled via LAN.

1995

- Implemented Free Flow to increase the product capacity.

1996

- Obtained the ISO-9002 quality certification.
- Established U.S. subsidiary "ATEN TECHNOLOGY INC."

1999

- Registered as a public company.
- Invested in Topmost International Co., Ltd, a British Cayman Islands entity.
- Invested in Expand International Co., Ltd, a Niue entity, through subsidiary Topmost International Co., Ltd.
- Construction of factory in Shenzhen.

2000

- CS182/124/1016 received "Taiwan Excellence" award from the Ministry of Economic Affairs.

- Launched world’s first USB KVM Switch at Comdex Fall exhibition in USA.
- Moved the Company's headquarters to 3rd floor, No. 125 Section 2, Datung Road, Sijhih City, Taipei, R.O.C.
- Developed the first 4-port USB 2.0 hub, and received the world’s first USB 2.0 hub certification. USB Association uses ATEN's creation as USB testing standard.
- Established Belgium subsidiary ”ATEN INFOTECH N.V.”.

2001

- CS428/9138 Matrix KVM Switch received "Taiwan Excellence" award from Ministry of Economic Affairs.
- Established Ching-Tang Education Foundation.
- Construction of new factory in Sijhih was completed and factory commenced operations.

2002

- ACS1714 and ACS1808 received "Taiwan Excellence" award from the Ministry of Economic Affairs.
- Obtained the ISO-9001 quality certification.
- GreTai Securities Market approved the registration of the Company's shares under the classification of "Emerging Stock".

2003

- Listed in the Taiwan Stock Exchange.
- CEO Mr. Kevin Chen was recognized through the 2003 "Golden Merchant Award" given by the Ministry of Economic Affairs.

2004

- ATEN received “Industrial Technology Advancement” award from the Ministry of Economic Affairs.
- The Company was conferred the 2nd "Golden Root Award" by the Taiwan Industrial Technology Association.
- Established Japan subsidiary “ATEN JAPAN CO., LTD.”.

2005

- KM0432 received "Taiwan Excellence" award from the Ministry of Economic Affairs.
- Acquired “Wellsyn Technology Inc.” and obtained the key IPMI technology, enabling ATEN to enter the embedded solutions market.
- Launched the first wireless KVM solution – KW1000.

2006

- KL1116, KM0832 and KA9233 received ”2006 Good Design Product Mark Award” (GD-Mark Award) from the Ministry of Economic Affairs.
- ATEN Named One of Asia's Best 200 under a Billion by Forbes.
- SMART magazine chose ATEN’s CEO for inclusion in its “Three CEOs who will be Making Waves Over the Next Three Years.”
- KL1116, KN2116 and CS1774 received "Taiwan Excellence" award from the Ministry of Economic

Affairs.

- Implemented ROHS production process.
- Awarded ISO-14001 certification.
- Established ATEN Europe Ltd.
- Established U.K. subsidiary “ATEN UK Ltd.”
- Established New Jersey - U.S. subsidiary “ATEN New Jersey Inc.”
- Established ATEN US Holdings Inc.

2007

- ATEN received “2007 Taiwan's Excellence in Corporate Social Responsibility” award from Common Wealth magazine.
- Established Korea subsidiary “ATEN ADVANCE CO.,LTD.”, later renamed “ATEN KOREA CO., LTD.” in 2009.
- KH98, KL9108/9116, CS52 Series and CS62DU & CS62D received "Taiwan Excellence" award from the Ministry of Economic Affairs.
- ATEN Opened New R&D Headquarters, Expanded its R&D Team Scale.
- The KVM Switches CS62D/CS62DU and CS52 Series received ”2007 Good Design Product Mark Award” (GD-Mark Award) from the Ministry of Economics.
- Launched world’s first KVM Switch with IPMI-enabled function – KH98.
- The product KVM Switch KL9116 was given the "iF China Award".
- Launched world’s first DVI cable KVM Switch with audio - CS62DU/CS62D.
- Launched world's first 19-inch CAT5 Dual Rail Integrated LCD KVM Switch - KL1508 / KL1516.
- Established Foremost International Co., Ltd.
- Established Beijing - China subsidiary “ATEN China Co., Ltd.”

2008

- KE8220, CL5708/5716 and CS1782/1784 received "Taiwan Excellence" award from the Ministry of Economic Affairs.
- Launched the first USB KVM Switch for Notebooks – CS661.
- Promote enterprise core value – Integrity, Caring, Ambition and Novelty.
- Established manufacturing factory in China “ATEN Foremost Co., Ltd”.

2009

- HDMI KVMP CS1792/CS1794 received ”2009 Good Design Product Mark Award” (GD-Mark Award) from the Ministry of Economic Affairs.
- Cat 5 video/audio splitter VS1504/1508 received "Taiwan Excellence" award from the Ministry of Economic Affairs.
- ATEN’s global patent portfolio grew to 668 patents and patent applications, of which 244 patents have already been granted. This puts ATEN in 86th place in the 2008 rankings of the Top 100 companies and research institutions in Taiwan with the largest number of patents, ahead of leading hi-tech enterprises such as TSMC and Lite-On.
- KN4140v won Computex 2009 “Best Choice Award” and Japan “Interop Tokyo Best Show Award”.

- ATEN Chairman Mr. Kevin Chen received an award from the King of Belgium in recognition of ATEN’s outstanding contribution to business development and the company’s technological achievements.
- ATEN received the “National Innovation and Creation Award” from the Ministry of Economic Affairs.
- Manager Today magazine ranked ATEN Chairman Kevin Chen as one of the 100 most outstanding managers in Taiwan.
- ATEN received the “2009 Taiwan's Excellence in Corporate Social Responsibility” award from Common Wealth magazine.
- ATEN built a new European Operations Center in Belgium as ATEN logistics center in Europe to expand business opportunities throughout the continent.

2010

- CE790, KM0932, PN7212/PN7320 and CS1792/CS1794 received "Taiwan Excellence" award from the Ministry of Economic Affairs.
- Announced the launch of VanCryst™ video products line to provide professional audio and video solutions to different industries.
- KL3116T received the “2010 Computex Taipei Design and Innovation Award.”
- ATEN received the “2010 Taiwan Superior Brands Award” from the Bureau of Foreign Trade, Ministry of Economic Affairs.
- Subsidiary in Korea moved to an office building in Geumcheon-gu, Seoul with the establishment of a customer service center to step up local support services and strengthen its vantage as a market leader.
- ATEN received the “2010 Taiwan's Excellence in Corporate Social Responsibility” award from Common Wealth magazine.
- Established Moscow office in Russia.

2011

- CM0264 received the "Taiwan Excellence" award from the Ministry of Economic Affairs.
- Japan subsidiary moved to a new building in Tokyo to integrate sales, marketing, technical support/ customer service, warehousing and logistics business services.
- VM0808T won Computex 2011 “Best Choice Award.”

2012

- Announced the launch of NRGence™, a brand new “green energy” line of eco PDUs (Power Distribution Units), eco Sensors, and energy boxes. With the core concept of "Energy Intelligence", a complete green data center solution designed to optimize energy efficiency.
- ATEN released the first "ATEN Corporate Social Responsibility Report" which honestly unveils ATEN's accomplishments with regards to the status and programs on Corporate Social Responsibility.
- ATEN received the “2012 Taiwan's Excellence in Corporate Social Responsibility” award from Common Wealth magazine.
- ATEN won the 2012 Taiwan National Invention and Creation Award with its patented "Industrial Operation Console" technology issued by the Ministry of Taiwan's Economic Affairs.

- ATEN collaborated with National Taiwan University of Science and Technology to develop the "iListen", a software helping hearing-impaired people, has won both the 2012 Red Dot Communication Design Award and the 2012 Samsung Apps Contest championship.

2013

- VM0808H and EC1000 received the "Taiwan Excellence" award from the Ministry of Economic Affairs.
- EC2004 energy box won Computex 2013 “Best Choice Award” gold medal.
- KL1516Ai Over IP LCD KVM won Computex 2013 “d&i Award.”
- ATEN released 2012 "ATEN Corporate Social Responsibility Report"
- ATEN received the “2013 Taiwan's Excellence in Corporate Social Responsibility” award from Common Wealth magazine, placing 3rd among top 50.

2014

- VE892 and CCVSR received the “Taiwan Excellence” award from the Ministry of Economic Affairs.
- ATEN released 2013 “ATEN Corporate Social Responsibility Report”
- ATEN received a rating of A++ (the highest level) in 2013 Information Disclosure and Transparency Ranking conducted by the Taiwan Stock Exchange (TWSE) and the Taipei Exchange (TPEx)
- Received *CommonWealth* magazine’s “Excellence in Corporate Social Responsibility” award (ranking 1st in the Medium-sized Enterprises section)
- Received a Gold Medal in New Taipei City Government’s “Awards for Best Companies to Work For”
- Received awards as one of the “Top 10 Outstanding Enterprises” and “Top 10 Enterprises for Innovation and R&D” in the 16th Golden Peak Awards
- Received the Corporate Award for Standardization in the 15th National Standardization Awards organized by the Bureau of Standards, Metrology & Inspection, Ministry of Economic Affairs

2015

- Established Australia and New Zealand subsidiary (ATEN ANZ PTY Ltd.) in Sydney, Australia
- KE6940 received “Taiwan Excellence” award from the Ministry of Economic Affairs
- Included in the “2014 Best Taiwan Global Brands” list compiled by Interbrand
- Honored in the 3rd Taiwan Mittelstand Awards organized by the Ministry of Economic Affairs
- Received an A++ rating (the highest level) in the 2014 Information Disclosure and Transparency Ranking compiled by the Taiwan Stock Exchange (TWSE) and the Taipei Exchange (TPEx)
- The ATEN Video Matrix Seamless Switch Series won the Communication Design Award at the Red Dot 2015 design awards
- Received *CommonWealth* magazine’s “Excellence in Corporate Social Responsibility” award (ranking 2nd in the Medium-sized Enterprises section)
- ATEN released 2014 “ATEN Corporate Social Responsibility Report”

2016

- KN8164V and VM6404H received the “Taiwan Excellence” award from the Ministry of Economic Affairs.
- ATEN released the 2015 “ATEN Corporate Social Responsibility Report.”
- The 2015 “ATEN Corporate Social Responsibility Report” was examined and certified by the British Standards Institution (BSI), an independent certification body; this marked the first time that the ATEN CSR Report had received BSI certification.
- ATEN received CommonWealth magazine’s “Excellence in Corporate Social Responsibility” award (ranking 4th in the Medium-sized Enterprises section)
- Established Turkey subsidiary (ATEN INFO COMMUNICAION LIMITED LIABILITY COMPANY)

2017

- CS782DP and VK2100 received the “Taiwan Excellence” award from the Ministry of Economic Affairs.
- Released the 2016 ATEN Corporate Social Responsibility Report.
- CS1924 and VM3200 received the Best Choice Award at Computex 2017.
- CV211 and VM3200 both received Best of Show Award at Interop Japan 2017.
- Received the Corporate Citizenship Award from CommonWealth magazine (placing second in the Medium-sized Enterprises category)
- KE8952 received Best of Show Award at IBC 2017 in the Netherlands.
- ATEN was ranked among the 35 most valuable Taiwanese brands in the Interbrand 2017 Taiwan Top Global Brands.
- Established Poland subsidiary (ATEN POLAND SP. Z O.O.) and new representative offices in India.

2018

- CS1924, CV211, US7220 and VM3200 received the "Taiwan Excellence" award from the Ministry of Economic Affairs.
- VE8950 received Germany's Red Dot Design Award
- VE8950 received the Best Choice Award at Computex 2018.
- Released the 2017 ATEN Corporate Social Responsibility Report.
- Received the Corporate Citizenship Award from CommonWealth magazine (placing first in the Medium-sized Enterprises category)
- Received “Fitness-oriented Enterprise” certification from the Sports Administration, Ministry of Education
- ATEN was ranked among the 35 most valuable Taiwanese brands in the Interbrand 2018 Taiwan Top Global Brands.

2019

- CL3800 and VE8950 product series received the “Taiwan Excellence” award from the Ministry of Economic Affairs
- UH3234 received the Netherlands’ Hardware.Info Excellent Choice Award

- Established Romania subsidiary (ATEN ROMANIA S.R.L.)
- UC9020 received the Best Choice Award at Computex 2019.
- CM1284 and CS724KM both received Japan's Interop Best of Show Award 2019
- Released the 2018 ATEN Corporate Social Responsibility Report.
- Received the Corporate Citizenship Award from CommonWealth magazine (placing third in the Medium-sized Enterprises category)
- Awarded Best Companies to Work For award by HR Asia
- UC9020 received Good Design Award of Japan
- ATEN was ranked among the 35 most valuable Taiwanese brands in the Interbrand 2019 Taiwan Top Global Brands.

2020

- UC9020 received the 2020 Future Best of Show Award from leading international media outlet Sound & Video Contractor
- US3342 received the 2020 Best of Show Award Grand Prize at the Interop exhibition in Japan
- RCM101A received the Best of Show Award at the 2020 Interop exhibition in Japan
- Published the 2019 ATEN Corporate Social Responsibility Report
- Established a new subsidiary in India: ATEN ADVANCE PRIVATE LIMITED (formerly ATEN's representative office in India)
- Received the Corporate Citizenship Award from CommonWealth magazine (placing fourth in the Medium-sized Enterprises category)
- ATEN was ranked among the 35 most valuable Taiwanese brands in the Interbrand 2020 Taiwan Top Global Brands.

2021

- ATEN Thailand Plant officially begins mass production
- Establishment of the Mexican subsidiary: ATEN LATAM MEXICO S.A DE C.V.
- Published the 2020 ATEN Corporate Social Responsibility Report
- Won the Best Taiwan Global Brands Award presented by Interbrand
- Received the 2021 Exercise Enterprise certification from the Sports Administration, Ministry of Education
- Won the 2021 Excellence in Corporate Social Responsibility Award presented by CommonWealth Magazine
- Won the 2021 Best Companies to Work for in Asia Award presented by HR Asia
- UC8000 was recognized by the world-famous design award: Good Design Award
- UC9040 won the NAB 2021 Best in Market Award
- KE6940AiT, VK2200, and VM3250 won the "Taiwan Excellence" Award
- UC3022 received the 2021 Best Choice Award at Computex Cyberworld
- Passed the ISO 45001 Occupational Health and Safety Management Systems Certification

2022

- Passed the ISO 14001 Environmental Management Systems Certification

- Won the Bronze prize in the 15th Annual Arts & Business Award presented by the Ministry of Culture
- Selected as a “TALENT, in Taiwan” of 2022 by CommonWealth Magazine
- UC8000 won the 2022 Innovative Product Awards presented by the world-renowned Sound & Video Contractor
- VE1843, VK2200, and VP3520 named finalists for the 2022 Inavation Awards
- UC8000 won the “2022 Best of Show InfoComm” award presented by AV Technology in the US
- UC8000 received the 2022 Best Choice Award at Computex
- Received the 2021 New Taipei City Golden Volunteer Award for Volunteers and Volunteer Groups
- Won the “2022 Best Companies to Work for in Asia Award” and “2022 WeCare Most Caring Companies Award” presented by HR Asia
- Received the “New Taipei City Enterprise Classic Award - Innovative R&D Category” organized by the Economic Development Department of New Taipei City Government
- Won the 2022 Excellence in Corporate Social Responsibility Award (Top 5 in Medium-sized Enterprises) presented by CommonWealth Magazine
- Published the 2021 ATEN Sustainability Report
- Rated as an Excellent Company for “Family Friendliness and Work Balance” by New Taipei City Government
- ATEN control system was recognized by the world-famous design award: 2022 Good Design Award
- Received the “2022 National Brand YuShan Award - Top Prize in Outstanding Enterprise Award” presented by the R.O.C. National Enterprise Competitiveness Development Association
- Won the 2022 Best Taiwan Global Brands Award presented by Interbrand
- VK430, UC8000, and KX9970 named finalists for the 2023 Inavation Awards
- Establishment of the Indonesia subsidiary: PT ATEN TECHNOLOGY INDONESIA

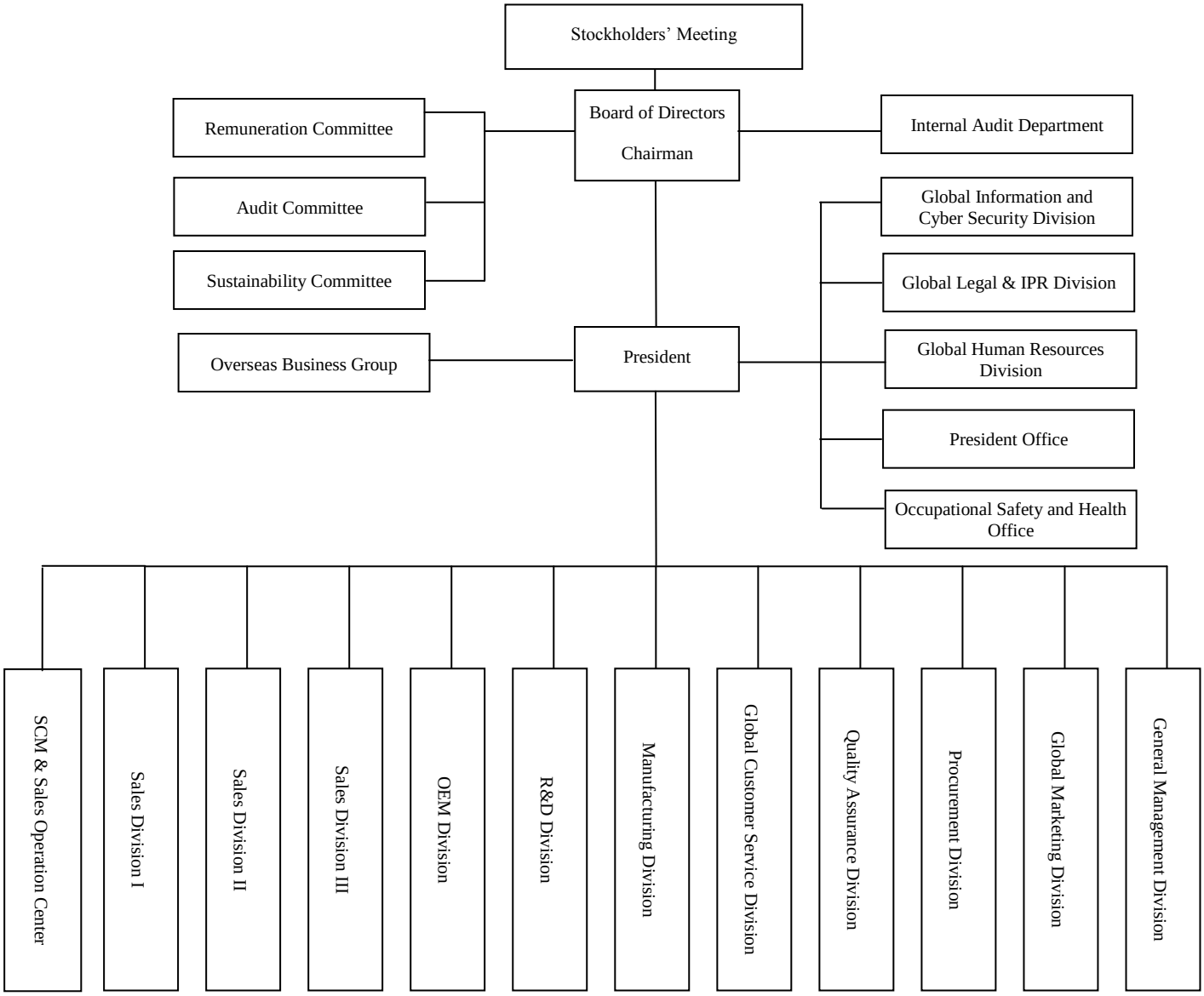
2023

- Selected as a “TALENT, in Taiwan” of 2023 by CommonWealth Magazine
- 3-phase eco PDU and KVM OmniBus Gateway series products won Red Dot Award 2023
- ATEN Management Platform won iF Design Award 2023

III. Corporate Governance Report

3.1 Company Organization

3.1.1 Organization Chart



3.1.2 Responsibilities of Individual Divisions and Departments

Unit	Responsibilities
President Office	Business plan implementation and integration; overall business strategy planning for ATEN and its subsidiaries; establishment and implementation of internal control systems.
Global Legal & IPR Division	Contract review and management, IP and litigation strategy and other legal matters.
Global Information and Cyber Security Division	• Planning, development, and maintenance of information management system(ERP、BI、PLM、BPM...). • Planning, deployment, and maintenance of information infrastructure and office software and hardware equipment. • Formulation of information security policy, implementation of management process, and audit and maintenance of ISO 27001. • Risk management of information environment and regulation compliance, management of information assets, supervision of abnormality, and management of information cyber security matters. • Assistance in revision and nullifying the internal control regulation; important document maintenance and management. • Authorization of information software and appraisal of information hardware procurement.
Global Human Resources Division	• Formulation of human resources strategy; personnel system establishment and promotion. • Recruitment, appointments and dismissals, learning and development, compensation and benefit, and the cultivation of HR-ER activities, etc. • Implementation and management of employee relationship operations (including labor-management consultative meetings, EAPs employee assistance project, etc.) • Compliance of labor law regulation, industry-wide human resources analysis and formulation of response strategies.
Internal Audit Department	Internal control systems and implementation of auditing operations for ATEN and its subsidiaries.
Occupational Safety and Health office	• Formulation of occupational injury prevention plans and emergency response plans, and provision of guidance to relevant departments with regard to plan implementation. • Employee health examination planning and employee health management. Occupational safety and health education and training. Environmental protection management. • Implementation of occupational health and safety education and training, supervision of occupational accident investigations, and processing of occupational accident statistics.
Overseas Business Group	Supervision of overseas subsidiaries; plan and implementation of overseas sales configuration.
Sales Division I	Market development for Pan-Asian markets.
Sales Division II	Market development for Eastern European, Russia, and Turkey markets.
Sales Division III	Market development for Central America, South America, and South Africa markets.

Unit	Responsibilities
OEM Division	OEM business development.
R&D Division	Hardware and software product design and development, industrial design, coordination of global R&D resources, upgrading of the R&D environment and R&D capability planning.
Manufacturing Division	Production and production process planning, continuing improvement, and strengthening of production technology capabilities.
Global Customer Service Division	Customer service, RMA maintenance, e-support platform, technique support, technique training and verification and solution consultation and execution.
Quality Assurance Division	Handling of quality assurance, quality system etc.
SCM & Sales Operation Center	Import/export, logistic, payments and receipts, and inventory management etc.
Procurement Division	• Purchasing of raw materials and components. • Identification of potential new suppliers, and supplier appraisal. • Purchasing monitoring and documentation management. • Payment of goods and bill checking for Expand factory.
Global Marketing Division	• Corporate image building, product marketing and brand development. • Brand and product strategy planning, market trends analysis and distribution channel strategy planning.
General Management Division	• General affairs, fixed asset purchasing, etc. • Cash flow management and financing planning, bank transactions, receipts and expenses, and short- and long-term investment management and consultation. • Compilation of managerial reports, compilation and analysis of financial statements, budget planning and analysis, tax and transfer pricing planning and implementation, and provision of advisory and planning support for accounting issues of subsidiaries. • Information disclosure, investor relations management, matters relating to board meetings and shareholders' meetings, and capital market operations. • Overall planning and implementing general affairs of overseas locations and subsidiaries.

3.2 Directors and Management Team

3.2.1 Directors

2023.4.17

Title	Nationality	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	R.O.C.	Sun-Chung Chen	Male 61~70	06/16, 2020	3	07/06, 1979	4,049,087	3.39%	4,049,087	3.39%	629,446	0.53%	0	0%	EMBA, Business Administration, National Taiwan University Electronic Engineer Department, Vanung University Factory Director, ATEN International R&D Manager, ATEN International	Note 1	Vice Chairman Senior Assistant Vice President	Shang-Jen Chen Sherry Tung	Sibling Spouse
Vice Chairman	R.O.C.	Shang-Jen Chen	Male 61~70	06/16, 2020	3	07/06, 1979 (Note)	6,789,342	5.68%	6,789,342	5.68%	2,390,970	2.00%	0	0%	Bachelor, Computer Science Department, National Chiao Tung University Director and President, ATECH Peripherals INC.	Note 2	Chairman and President Senior Assistant Vice President	Sun-Chung Chen Sherry Tung	Sibling Sibling in law
Director	R.O.C.	Yung-Da Lin	Male 41~50	06/16, 2020	3	06/17, 2014	0	0%	6,000	0.01%	0	0%	0	0%	EMBA, International Business Management, National Taiwan University Master, Electronic Engineering Department, National Taiwan University Bachelor, Electronic Engineering Department, National Taiwan University Product Director, Aver Media R&D Director, Aver media	Note 3	None	None	None
Director	R.O.C.	Kun-Yu Zhao	Male 61~70	06/16, 2020	3	06/16, 2020	1,440,561	1.21%	1,431,561	1.20%	20,000	0.02%	0	0%	Master, College of Public Health, National Taiwan University School of Medicine, National Yang-Ming University Deputy Director General, Health Promotion Administration, Ministry of Health and Welfare Director, Department of Public Health, Taoyuan County Family Physician	Note 4	None	None	None

Note : Vice Chairman, Shang-Jen Chen, resigned on September 27, 2007, and was elected as director again on June 13, 2008.

Title	Nationality	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Director	R.O.C.	Chen-Lin Kuo	Male 81~90	06/16, 2020	3	06/16, 2020	0	0%	0	0%	0	0%	0	0%	Master, Business Management Department, New Mexico Highlands University Bachelor, Business Department, National Taiwan University Specialist, Tax Reform Committee, Executive Yuan Deputy Director, Design Team, Fiscal Information Agency, Ministry of Finance Adjunct Associate Professor, Management Sciences Department, Tamkang University	None	None	None	None
Director	R.O.C.	Shiu-Ta Liao	Male 71~80	06/16, 2020	3	06/16, 2020	1,807,897	1.51%	1,807,897	1.51%	2,216,879	1.86%	0	0%	Bachelor, Business Administration Department, Feng Chia University	Note 5	None	None	None
Director	R.O.C.	Se-Se Chen	Female 71~80	06/16, 2020	3	06/16, 2020	1,261,416	1.06%	1,261,416	1.06%	0	0%	0	0%	Kai Ping Senior High School	None	None	None	None
Independent Director	R.O.C.	Wei-Jen Chu	Male 71~80	06/16, 2020	3	06/14, 2005	0	0%	0	0%	0	0%	0	0%	Master, Accounting Department, National Chengchi University PhD, Management of Jinan University in Guangzhou Commissioner, CPA Professional Liability of Auditing Examination Committee, National Federation of CPA Associations of the R.O.C. Chief Commissioner, Professional Education Committee, National Federation of CPA Associations of the R.O.C. Chief Commissioner, Think Tank Committee, National Federation of CPA Associations of the R.O.C. Executive Director, National Federation of CPA Association of the R.O.C. Senior Partner of Candor Taiwan CPAs Executive Director, Taipei CPA Association Executive Supervisor, Taipei CPA Association Commissioner, Discipline Committee, Taiwan Provincial CPA Association Adjunct Instructor, Fu Jen Catholic University Adjunct Instructor, Chinese Culture University	Note 6	None	None	None

Title	National ity	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Independent Director	R.O.C.	Chung-Jen Chen	Male 51~60	06/16, 2020	3	06/17, 2013	0	0%	0	0%	0	0%	0	0%	PhD, Rensselaer Polytechnic Institute Associate Dean, Office of Research and Development, National Taiwan University Deputy Director, Department of Professional Education & Continuing Studies, National Taiwan University Associate Professor, Business Administration Department, National Taiwan University Associate Professor, Business Administration Department, National Cheng Kung University Assistant Professor, Business Administration Department, National Cheng Kung University Vice Engineer, CTCI	Note 7	None	None	None
Independent Director	R.O.C.	Chun-Chung Chen	Male 51~60	06/16, 2020	3	06/15, 2017	0	0%	0	0%	0	0%	0	0%	Ph.D., University of Texas at Dallas Associate Professor, International Business Department, National Taiwan University Associate Professor, International Business Department, Yuan Ze University Assistant Professor, International Business Department , National Chi Nan University	Note 8	None	None	None

Note 1: Simultaneously act as the Chairman and President of the following companies: ATEN TECHNOLOGY, INC., ATEN NEW JERSEY INC., I/O MASTER INC., IOGEAR INC., ATEN CANADA TECHNOLOGIES INC.

Chairman and Secretary of FOREMOST INTERNATIONAL CO., LTD.

Simultaneously act as the Chairman of the following companies: Xiufeng Elementary School Education Foundation, ATEN US HOLDING INC., ATEN EUROPE LTD., ATEN UK LTD., ATEN INFOTECH N.V., ATEN JAPAN CO., LTD., ATEN KOREA CO., LTD., ATEN ANZ PTY. LTD., ATEN Poland Sp. z o.o., TOPMOST INTERNATIONAL CO., LTD., EXPAND INTERNATIONAL CO., LTD., ATEN COMPUTER PRODUCTS CO., LTD., ATEN CHINA CO., LTD, ATECH PERIPHERALS INC., HONG YUAN CO., LTD. HONG ZHENG CO., LTD., ATEN ROMANIA S.R.L., ATEN ADVANCE PRIVATE LIMITED, ATEN LATAM MEXICO S.A DE C.V. PT ATEN TECHNOLOGY INDONESIA

Simultaneously act as the Director of the following companies: VISIONTOP CO., LTD., RCM FULLY AUTOMATION CO., LTD.

Representative of ATEN INFO COMMUNICATION LLC.

Note 2: Chairman and President of VISIONTOP CO., LTD., Director of ATECH PERIPHERALS INC., Chairman of the Ching-Tang Education Foundation

Note 3: Senior Vice President of ATEN INTERNATIONAL CO., LTD.

Chairman of RCM FULLY AUTOMATION CO., LTD.

Simultaneously act as the Director of the following companies: ATEN CHINA CO., LTD., ATEN TECHNOLOGY, INC., ATEN NEW JERSEY INC., ATEN ANZ PTY. LTD., ATECH PERIPHERALS INC., HONG YUAN CO., LTD. HONG ZHENG CO., LTD., ATEN KOREA CO., LTD, ATEN JAPAN CO., LTD, PT ATEN TECHNOLOGY INDONESIA

Simultaneously act as Director and Secretary of ATEN UK LTD and ATEN LATAM MEXICO S.A DE C.V.

Secretary of ATEN EUROPE LTD

Note 4: Physician, Chu Kuang Clinic

Note 5: Consultant of Tatung Chinaware

Note 6: Partner of Candor Taiwan CPAs, Independent Director of International Games System Co., Ltd.

Note 7: Professor of Business Administration Department at National Taiwan University, Director of Center for Technology Policy and Industry Development at National Taiwan University, Independent Director of USUN TECHNOLOGY CO,. LTD., Independent Director of Solteam Incorporation

Note 8: Associate Professor of International Business Department at National Taiwan University

Major shareholders of the institutional shareholders：Not Applicable

Major shareholders of the Company’s major institutional shareholders：Not Applicable

3.2.2 Professional qualifications of directors and independence of independence directors

Criteria / Name	Professional Qualifications and Experiences	Independence Analysis	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chairman Sun-Chung Chen	Education： EMBA, Business Administration, National Taiwan University Electronic Engineer Department, Vanung University Experience：Factory Director, ATEN International R&D Manager, ATEN International Not a person to whom any conditions defined in Article 30 of the Company Act apply.	N/A	0
Vice Chairman Shang-Jen Chen	Education：Bachelor, Computer Science Department, National Chiao Tung University Experience：Director and President, ATECH Peripherals INC. Not a person to whom any conditions defined in Article 30 of the Company Act apply.		0
Director Yung-Da Lin	Education： EMBA, International Business Management, National Taiwan University Master, Electronic Engineering Department, National Taiwan University Bachelor, Electronic Engineering Department, National Taiwan University Experience：Product Director, Aver Media R&D Director, Aver media Not a person to whom any conditions defined in Article 30 of the Company Act apply.		0
Director Kun-Yu Zhao	Education：Masters, College of Public Health, National Taiwan University School of Medicine, National Yang-Ming University Experience：Deputy Director General, Health Promotion Administration, Ministry of Health and Welfare Director, Department of Public Health, Taoyuan County Family Physician Not a person to whom any conditions defined in Article 30 of the Company Act apply.		0
Director Chen-Lin Kuo	Education： Master, Business Management Department, New Mexico Highlands University Bachelor, Business Department, National Taiwan University Experience：Specialist, Tax Reform Committee, Executive Yuan Deputy Director, Design Team, Fiscal Information Agency, Ministry of Finance Adjunct Associate Professor, Management Sciences Department, Tamkang University Not a person to whom any conditions defined in Article 30 of the Company Act apply.		0
Director Shiu-Ta Liao	Education： Bachelor, Business Administration Department, Feng Chia University Experience：Supervisor, ATEN International Not a person to whom any conditions defined in Article 30 of the Company Act apply.		0

Director Se-Se Chen	Education：Kai Ping Senior High School Experience：Supervisor, ATEN International Not a person to whom any conditions defined in Article 30 of the Company Act apply.		0
Independent Director Wei-Jen Chu	Education：Master, Accounting Department, National Chengchi University PhD, Management of Jinan University in Guangzhou Experience：Commissioner, CPA Professional Liability of Auditing Examination Committee, National Federation of CPA Associations of the R.O.C. Chief Commissioner, Professional Education Committee, National Federation of CPA Associations of the R.O.C. Chief Commissioner, Think Tank Committee, National Federation of CPA Associations of the R.O.C. Executive Director, National Federation of CPA Association of the R.O.C. Senior Partner of Candor Taiwan CPAs Executive Director, Taipei CPA Association Executive Supervisor, Taipei CPA Association Commissioner, Discipline Committee, Taiwan Provincial CPA Association Adjunct Instructor, Fu Jen Catholic University Adjunct Instructor, Chinese Culture University Not a person to whom any conditions defined in Article 30 of the Company Act apply.	The independent directors of the Company are all in compliance with the provisions of article 3, paragraph 1, subparagraphs 1 to 9 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	1
Independent Director Chung-Jen Chen	Education：PhD, Rensselaer Polytechnic Institute Experience：Associate Dean, Office of Research and Development, National Taiwan University Deputy Director, Department of Professional Education & Continuing Studies, National Taiwan University Associate Professor, Business Administration Department, National Taiwan University Associate Professor, Business Administration Department, National Cheng Kung University Assistant Professor, Business Administration Department, National Cheng Kung University Vice Engineer, CTCI Not a person to whom any conditions defined in Article 30 of the Company Act apply.		2
Independent Director Chun-Chung Chen	Education：Ph.D., University of Texas at Dallas Experience：Associate Professor, International Business Department, National Taiwan University Associate Professor, International Business Department, Yuan Ze University Assistant Professor, International Business Department , National Chi Nan University Not a person to whom any conditions defined in Article 30 of the Company Act apply.		0

3.2.3 Board Diversity Policy and Implementation Status

Article 20 of ATEN's Corporate Governance Principles specifies a diversity policy in relation to the members of the Board of Directors, stipulating that the Board should include members with different professional backgrounds, of different genders, and with different work experience, etc. All Board members are required to have a specialist background in different areas, such as finance, accounting, industry-specific expertise, etc. ATEN's Board of Directors consists of ten directors. There are three independent directors, accounting for 30% of all directors. For further information please refer to below table and section 3.2.1director. Among all directors, Chairman , Sun-Chung Chen, and Vice Chairman, Shang-Jen Chen, are relative within the second degree of kinship, other directors are not spouse, relative within the second degree of kinship. In order to reinforce the corporate governance the number of independent directors will be increased from three members to four members.

Director Name	Gender	Age	Board Diversity				
			Industry Knowledge	Industry Experience	Operational Management	Accounting	Business and Finance
Sun-Chung Chen	Male	61-70	V	V	V		
Shang-Jen Chen	Male	61-70	V	V	V		
Yung-Da Lin	Male	41-50	V	V	V		
Se-Se Chen	Female	71-80	V		V		
Shiu-Ta Liao	Male	71-80	V		V		
Kun-Yu Zhao	Male	61-70	V		V		
Chen-Lin Kuo	Male	81-90	V		V	V	
Wei-Jen Chu	Male	71-80	V		V	V	
Chung-Jen Chen	Male	51-60	V		V		V
Chun-Chung Chen	Male	51-60	V		V		V

3.2.4 Management Team

2023.4.17

Title	Nationality	Name	Gender	Date Elected	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
President	R.O.C.	Sun-Chung Chen	Male	09/15, 1982	4,049,087	3.39%	629,446	0.53%	0	0%	EMBA, Business Administration, National Taiwan University Electronic Engineer Department, Vanung University Factory Director, ATEN International R&D Manager, ATEN International	Note 1	Senior Assistant Vice President Vice Chairman	Sherry Tung Shang-Jen Chen	Spouse Sibling
Sr. Vice President, President Office	R.O.C.	Yung-Da Lin (Concurrently)	Male	10/01, 2018	6,000	0.01%	0	0%	0	0%	EMBA, International Business Management, National Taiwan University Master, Electronic Engineering Department, National Taiwan University Bachelor, Electronic Engineering Department, National Taiwan University Product Director, Aver Media R&D Director, Aver media	Note 2	None	None	None
Sr. Vice President, Research & Development Division		Yung-Da Lin													
Sr. Vice President, Global Marketing Division		Yung-Da Lin (Concurrently)													
Vice President, Manufacturing Division	R.O.C.	Vince Lin	Male	09/14, 2022	0	0%	0	0%	0	0%	Master, Engineering Management Department, National Cheng Kung University Bachelor, Engineering Management Department, National Cheng Kung University President, Audio Business, Meiloon Executive Assistant to President, Hua Nan Plant, Merry Assistant Vice President, Apple Business NPI, Simplo Senior Director, Product and Supply Chain, Optoma Sales Manager, Network Business, Hon Hai	Note 3	None	None	None
Sr. Assistant Vice President, Global Human Resources Division	R.O.C.	Elizabeth Anlen Wang	Female	03/01, 2016	154,524	0.13%	0	0%	0	0%	Master, Institute of Industrial Engineering, National Taiwan University PMLBA, National Taiwan University EMBA, Business Administration, National Taiwan University HR Director/ Manager, ATEN International Aske HR D. Manager/ TI-US / NBC-US National Youth Commission, Executive Yuan, overseas talent with a master's degree or higher: Practical training course for human resources management	None	None	None	None

Title	Nationality	Name	Gender	Date Elected	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Sr. Assistant Vice President, Sales Division 2	R.O.C.	Lanie Chen	Male	07/01, 2019	0	0%	0	0%	0	0%	Bachelor, Computer Science Department, National Chiao Tung University President, Interactive Sensing LTD. President, Russia and CIS Region, Advantech Sales Manager, Europe/America/Africa/India Market, Advantech Sales Manager, East China and South China Market, Advantech	Note 4	None	None	None
Sr. Assistant Vice President, Research & Development Division	R.O.C.	Sean Huang	Male	10/01, 2019	10,330	0.01%	0	0%	0	0%	EMBA, National Cheng Chi University Master, Computer Science and Information Engineering, National Chung Cheng University Project Manager, Sampo Ya Kai Information Assistant Manager, Wellsyn Senior Manager, R&D Center-1, ATEN International	None	None	None	None
Sr. Assistant Vice President, Procurement Division	R.O.C.	Sherry Tung	Female	03/01, 2022	629,446	0.53%	4,049,087	3.39%	0	0%	Electronic Engineer Department, Vanung University Manager, Procurement Division, ATEN International	Note 5	President Vice Chairman	Sun-Chung Chen Shang-Jen Chen	Spouse Sibling in law
Sr. Assistant Vice President, General Management Division	R.O.C.	Wayne Tyan	Male	01/30, 2023	0	0%	0	0%	0	0%	MBA , Caldwell University Bachelor, Accounting Department, National Chung Hsing University Executive Vice President, President Office, Formerica OptoElectronics President, Ferroxcube Electronic Materials, Yageo Group Vice President of Finance and Accounting Administration and Spokesperson, Chilisin Electronics Company, Yageo Group Financial Manager, HQ/Shipping/Management Division, Evergroup Group	Note 6	None	None	None
Assistant Vice President, Overseas Business Group	R.O.C.	Jack Chen	Male	03/01, 2010	0	0%	0	0%	0	0%	Bachelor, Business Management Department, Chinese Culture University Managing Director, ATEN Infotech N.V. Sales Supervisor, Kou Feng Industrial British Subsidiary	Note 7	None	None	None
Assistant Vice President, Sales Division 1	R.O.C.	Mike Chiang	Male	05/16, 2018	9,000	0.01%	0	0%	0	0%	EMBA, National Cheng Chi University Bachelor, International Business Department, Tamkang University Director, Platform Application Development Division, Aopen President, Asia Pacific and Middle East Region, Aopen Director, Asia Pacific Sales Department, Acer Supervisor, Electronic Sales Section, Sampo	Note 8	None	None	None

Title	Nationality	Name	Gender	Date Elected	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Assistant Vice President, Global Customer Service Division	R.O.C.	Max Huang	Male	04/07, 2021	7,700	0.01%	0	0%	0	0%	Masters, Statistics Department, National Cheng Kung University Bachelor, Mathematics Department, National Central University Senior Manager, Global Customer Service Department, ASUS Purchasing, Zinwell Corporation	None	None	None	None
Assistant Vice President, Pro AV Product Center	R.O.C.	Frank Chang	Male	06/01, 2014	5,000	0%	21,000	0.02%	0	0%	MBA, The City University of New York Bachelor, Electrical Engineering Department, National Tsing Hua University Senior Product Manager, MAGNETOX (TAIWAN) INC. Product Manager, Acer/Wistron Engineer, HP (Taiwan) Engineer, Twinhead International Corp.	None	None	None	None
Assistant Vice President, System Application Design Center	R.O.C.	Thomas Chang	Male	09/21, 2015	0	0%	5,000	0%	0	0%	EMBA, Information Management, National Taiwan University Bachelor, Statistics Department, Tamkang University Chief Technology Officer, RD Center, AREC Inc Director, Network Television Business Center, AverMedia	Note 9	None	None	None
Assistant Vice President, Marketing & Promotion Center	R.O.C.	Bowei Lai	Male	11/14, 2016	0	0%	0	0%	0	0%	MBA, Leeds University Bachelor, Mass Communication Department, Fu Jen Catholic University Director, Electrical Marketing, Posiflex Senior Manager, Marketing Department, PChome & Skype Manager, Technology Development Department, NewSoft Technology Corporation	None	None	None	None
Assistant Vice President, Quality Assurance & Logistics Division	R.O.C.	Michael Tseng	Male	03/21, 2017	0	0%	0	0%	0	0%	Master, Business Management Department, Fu Jen Catholic University Bachelor, Electrical Engineering Department, National Taiwan University Director, PQM, Asus Office director of the general manager’s office at Starpro in Thailand, part of the Ting Hsin International Group Senior Manager, QA, AmTRAN Manager, OA, BenQ	None	None	None	None
Assistant Vice President, OEM Division	R.O.C.	George Lee	Male	05/27, 2019	0	0%	0	0%	0	0%	Master, Computer Information Systems , Southern Hampshire University(New Hampshire College) Bachelor, Computer Information Systems , Southern Hampshire University(New Hampshire College) Civil Engineering Department, Minghsin University of Science and Technology Sales Manager, Askey Computer Corp. Manager, Marine Harvest Manager, CED/ODM/BD, Aver Media	None	None	None	None

Title	Nationality	Name	Gender	Date Elected	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Assistant Vice President, Global Legal & IPR Division	R.O.C.	Hank Kwuo	Male	10/01, 2019	0	0%	0	0%	0	0%	Master of Law, Boston University Bachelor, Law Department, Chinese Culture University Textile Engineering Department, Van Nung Institute of Industry Assistant Vice President, Legal Division, Foxlink Senior Manager, Legal Department, LITE-ON Technology Director, Corporate Affairs Unit, Microsoft Taiwan CEO, Movie and Recording Copyright Protection Foundation	None	None	None	None
Assistant Vice President, Internal Audit Department	R.O.C.	Candy Liao	Female	06/01, 2020	2,629,097	2.20%	0	0%	0	0%	Department of Electrical Engineering, National Taipei Institute of Technology Assistant Manager, Manager, and Senior Manager, Internal Audit Office, ATEN International	Note 10	None	None	None
Assistant Vice President, Global Information and Cyber Security Division	R.O.C.	Gary Lee	Male	03/24, 2021	0	0%	7,853	0.01%	0	0%	Masters, Institute of Computer Science and Information Engineering, National Chung Cheng University Bachelor, Department of Computer Science, National Chiao Tung University Senior Manager, IT Department, LITE-ON Technology Manager, Corporation Business Division, Microsoft Taiwan Project Manager, Technology Research Institute, Institute for Information Industry	None	None	None	None

Note 1: Simultaneously act as the Chairman and President of the following companies: ATEN TECHNOLOGY, INC., ATEN NEW JERSEY INC., I/O MASTER INC., IOGEAR INC., ATEN CANADA TECHNOLOGIES INC.

Chairman and Secretary of FOREMOST INTERNATIONAL CO., LTD.

Simultaneously act as the Chairman of the following companies: Xiufeng Elementary School Education Foundation, ATEN US HOLDING INC., ATEN EUROPE LTD., ATEN UK LTD., ATEN INFOTECH N.V., ATEN JAPAN CO., LTD., ATEN KOREA CO., LTD., ATEN ANZ PTY. LTD., ATEN Poland Sp. z o.o., TOPMOST INTERNATIONAL CO., LTD., EXPAND INTERNATIONAL CO., LTD., ATEN COMPUTER PRODUCTS CO., LTD., ATEN CHINA CO., LTD, ATECH PERIPHERALS INC., HONG YUAN CO., LTD. HONG ZHENG CO., LTD., ATEN ROMANIA S.R.L., ATEN ADVANCE PRIVATE LIMITED, ATEN LATAM MEXICO S.A DE C.V. PT ATEN TECHNOLOGY INDONESIA

Simultaneously act as the Director of the following companies: VISIONTOP CO., LTD., RCM FULLY AUTOMATION CO., LTD.

Representative of ATEN INFO COMMUNICATION LLC.

Note 2: Chairman of RCM FULLY AUTOMATION CO., LTD.

Simultaneously act as the Director of the following companies: ATEN CHINA CO., LTD., ATEN TECHNOLOGY, INC., ATEN NEW JERSEY INC., ATEN ANZ PTY. LTD., ATECH PERIPHERALS INC., HONG YUAN CO., LTD. HONG ZHENG CO., LTD., ATEN KOREA CO., LTD, ATEN JAPAN CO., LTD, PT ATEN TECHNOLOGY INDONESIA

Simultaneously act as Director and Secretary of ATEN UK LTD and ATEN LATAM MEXICO S.A DE C.V.

Secretary of ATEN EUROPE LTD

Note 3: President of ATEN COMPUTER PRODUCTS CO.

Executive Director and President of EXPAND ELECTRONICS CO., LTD

Note 4: Director of ATEN ROMANIA S.R.L.

Note 5: Chairman of Xiufeng High School Education Foundation and LEADCOM TECHNOLOGY CO., LTD.

Director of VISIONTOP CO., LTD. and The Ching-Tang Education Foundation

Note 6: Simultaneously act as the Director and CFO of the following companies: ATEN TECHNOLOGY, INC.

Simultaneously act as the Director of the following companies: ATEN JAPAN CO., LTD., ATEN UK LTD., ATEN New Jersey Inc., ATEN KOREA CO., LTD., ATEN CHINA CO., LTD., HONG YUAN CO., LTD., HONG ZHENG CO., LTD., ATEN LATAM MEXICO S.A DE C.V.

Simultaneously act as the Supervisor of the following companies: EXPAND ELECTRONICS CO., LTD, RCM FULLY AUTOMATION CO., LTD., PT ATEN TECHNOLOGY INDONESIA

Note 7: Secretary and Managing Director of ATEN INFOTECH N.V.

Note 8: Director of ATEN Advance Private Limited

Note 9: Executive Director of ATEN FOREMOST CO., LTD.

Note 10: Simultaneously act as the Supervisor of the following companies: ATEN KOREA CO., LTD., ATEN JAPAN CO., LTD., ATEN CHINA CO., LTD, ATECH PERIPHERALS INC., HONG YUAN CO., LTD. HONG ZHENG CO., LTD., VISIONTOP CO., LTD., ATEN FOREMOST CO., LTD.

Director of The Ching-Tang Education Foundation

3.2.5 Remuneration of Directors, President, and Vice Presidents

A. Remuneration of Directors

2022.12.31; Unit: NTD thousand

Title	Name	Remuneration				Amount and Ratio of Total Remuneration (A+B+C+D) to Net Income (%)	Relevant Remuneration Received by Directors Who are Also Employees				Amount and Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)	Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary or from Parent Company
		Base Compensation (A)	Severance Pay (B)	Directors Compensation(C)	Allowances (D)		Salary, Bonuses, and Allowances (E)	Severance Pay (F)	Employee Compensation (G)			
		The company/All companies in the consolidated financial statements	The company/All companies in the consolidated financial statements	The company/All companies in the consolidated financial statements	The company/All companies in the consolidated financial statements	The company/All companies in the consolidated financial statements	The company/All companies in the consolidated financial statements	The company/All companies in the consolidated financial statements	The company/All companies in the consolidated financial statements	The company/All companies in the consolidated financial statements	The company/All companies in the consolidated financial statements	
									Cash	Stock		
Chairman	Sun-Chung Chen	0/0	0/0	9,583/ 9,583	4,200/ 4,200	13,783；1.89% / 13,783；1.89%	14,289/ 14,289	137/ 137	12,739/ 12,739	0/0	40,948；5.61% / 40,948；5.61%	0
Vice Chairman	Shang-Jen Chen											
Director	Yung-Da Lin											
Director	Chen-Lin Kuo											
Director	Shiu-Ta Liao											
Director	Se-Se Chen											
Director	Kun-Yu Zhao											
Independent Director	Wei-Jen Chu	0/0	0/0	2,396/ 2,396	1,800/ 1,800	4,196；0.58% / 4,196；0.58%	0/0	0/0	0/0	0/0	4,196；0.58% / 4,196；0.58%	0
Independent Director	Chung-Jen Chen											
Independent Director	Chun-Chung Chen											

1. Please elaborate on the payment policy, system, standard, and structure of remuneration for Independent Directors, and the correlation between factors such as the responsibility and risk assumed, and time invested in thereby, and the amount paid thereto.
   For each year, the Company's net income before tax before deducting remuneration to employees and directors and after making up for aggregated losses should be applied to pay remuneration to employees for an amount of 10-16% of the balance, and to directors for an amount not more than 2% of the balance. Remuneration is approved by remuneration committee and board of directors. The policy is subject to the participation and contribution of directors to the company operation, and industry payment standards are also taken into consideration.
2. In addition to the information disclosed in the table above, the remuneration received by the Directors for services offered to all companies in the financial report of the most recent year (such as acting as consultants for employees who are not subordinates thereto): None

Range of Remuneration

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Under NT$ 1,000,000	-	-	-	-
NT$1,000,000~ NT$1,999,999	Yung-Da Lin, Chen-Lin Kuo, Shiu-Ta Liao, Se-Se Chen, Kun-Yu Zhao, Wei-Jen Chu, Chung-Jen Chen, Chun-Chung Chen	Yung-Da Lin, Chen-Lin Kuo, Shiu-Ta Liao, Se-Se Chen, Kun-Yu Zhao, Wei-Jen Chu, Chung-Jen Chen, Chun-Chung Chen	Chen-Lin Kuo, Shiu-Ta Liao, Se-Se Chen, Kun-Yu Zhao, Wei-Jen Chu, Chung-Jen Chen, Chun-Chung Chen	Chen-Lin Kuo, Shiu-Ta Liao, Se-Se Chen, Kun-Yu Zhao, Wei-Jen Chu, Chung-Jen Chen, Chun-Chung Chen
NT$2,000,000 ~ NT$3,499,999	Shang-Jen Chen	Shang-Jen Chen	-	-
NT$3,500,000 ~ NT$4,999,999	Sun-Chung Chen	Sun-Chung Chen	Shang-Jen Chen	Shang-Jen Chen
NT$5,000,000 ~ NT$9,999,999	-	-	Yung-Da Lin	Yung-Da Lin
NT$10,000,000~ NT$14,999,999	-	-	-	-
NT$15,000,000 ~ NT$29,999,999	-	-	Sun-Chung Chen	Sun-Chung Chen
Total	10	10	10	10

B. Remuneration of the President and Vice Presidents

2022.12.31; Unit: NTD thousand

Title	Name	Salary(A)	Severance Pay (B)	Bonuses and Allowances (C)	Employee Compensation (D)		Amount and Ratio of total compensation (A+B+C+D) to net income (%)	Compensation Paid to the President and Vice Presidents from an Invested Company Other than the Company's Subsidiary
		The company/All companies in the consolidated financial statements	The company/All companies in the consolidated financial statements	The company/All companies in the consolidated financial statements	The company/All companies in the consolidated financial statements		The company/All companies in the consolidated financial statements	
					Cash	Stock		
President	Sun-Chung Chen	11,179/ 11,179	69/ 69	4,585/ 4,585	13,633/ 13,633	0/0	29,466；4.04% / 29,466；4.04%	0
Senior Vice President	Yung-Da Lin							
Vice President	Vince Lin							
Vice President	Tim Chiang(Note)							

Note : Vice president, Tim Chiang , resigned in September 2022.

Range of Remuneration

Range of Remuneration	Name of the President and Vice Presidents	
	Total of (A+B+C+D)	
	The company	Companies in the consolidated financial statements
Under NT$ 1,000,000	Vince Lin	Vince Lin
NT$1,000,000 ~ NT$1,999,999	Tim Chiang	Tim Chiang
NT$2,000,000 ~ NT$3,499,999	-	-
NT$3,500,000 ~ NT$4,999,999	-	-
NT$5,000,000 ~ NT$9,999,999	Yung-Da Lin	Yung-Da Lin
NT$10,000,000~ NT$14,999,999	-	-
NT$15,000,000 ~ NT$29,999,999	Sun-Chung Chen	Sun-Chung Chen
Total	3	3

C. Employee Compensation Paid to Managers

2022.12.31；Unit: NTD thousand

	Title	Name	Stock Compensation Amount	Cash Compensation Amount	Total	Ratio of Total Amount to Net Income (%)
Manager	President	Sun-Chung Chen	0	34,581	34,581	4.74%
	Senior Vice President	Yung-Da Lin				
	Vice President	Vince Lin				
	Senior Assistant Vice President	Elizabeth Anlen Wang				
	Senior Assistant Vice President	Lanie Chen				
	Senior Assistant Vice President	Sean Huang				
	Senior Assistant Vice President	Sherry Tung				
	Assistant Vice President	Jack Chen				
	Assistant Vice President	Frank Chang				
	Assistant Vice President	Thomas Chang				
	Assistant Vice President	Bowei Lai				
	Assistant Vice President	Michael Tseng				
	Assistant Vice President	Mike Chiang				
	Assistant Vice President	George Lee				
	Assistant Vice President	Hank Kwuo				
	Assistant Vice President	Candy Liao				
	Assistant Vice President	Gary Lee				
	Assistant Vice President	Max Huang				

3.2.6 Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, president, and vice president, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

A. The ratio of total remuneration paid by the Company in the parent company during the past 2 fiscal years to directors, president, and vice president:

	Ratio of remuneration to net income (%)			
	2022		2021	
	Parent company	All consolidated subsidiaries	Parent company	All consolidated subsidiaries
Directors	2.46%	2.46%	2.75%	2.75%
President and Vice president	4.04%	4.04%	4.49%	4.49%

Note: 2022 profit proposal which will be paid in 2023 is proposed and approved by the BOD. The ratio of remuneration to net income is estimated.

B. The policies, standards, and portfolios of the payment of remuneration for the Directors, the procedures for determining remuneration, and the correlation with business performance.

a. The remuneration that the company pays to directors includes travel allowance and remuneration for directors in the form of earnings distribution. Payment of travel allowance is based on the normal standard in the industry. Payment of remuneration for directors in the form of earnings distribution is based on Article 24 of the company's Articles of Incorporation, which stipulates that: "Each year, the Company's net income before tax before deducting remuneration to employees and directors and after making up for aggregated losses should be applied to pay remuneration to employees for an amount of 10-16% of the balance, and to directors for an amount not more than 2% of the balance." The amount of payment is proposed by the Remuneration Committee and approved by the Board of Directors. The Company uses "Director Remuneration Calculation and Payment Guideline" and "Rules for Board of Directors Performance Assessments" as the basis of evaluation. Evaluation criteria include level of participation in company operations, grasp of the Company goal and project mission, the value of contribution, understanding of director responsibilities, director's training and continuous education, attendance of board of directors meeting, and industry payment standards are also taken into consideration.

b. Managers：

i. Managers' remuneration standard is based on the Company's human resource development strategy and manager remuneration policy.

ii. The structure of remuneration include fixed salary, 3 holiday bonus, performance bonus, employee bonus, the annual changes to the salaries, and managers' related welfare.

iii. The amount of fixed salary is based on managers' duty(education degree, work experience, profession, rank and responsibilities, and special certification).

iv. The amount of variable compensation is linked to the formula set by the performance appraisal guideline, which is paid in accordance with group performance appraisal,

individual performance appraisal, annual goal achievement status, and contribution to the company's overall operation.

v. The Company participates in the annual survey of compensation and welfare market in the industry overseas and domestically. The Company takes the survey and industry standard into consideration to designate the principle and regulation for the company's annual remuneration (fixed salary / variable compensation), which must be approved by the Remuneration Committee and then submitted to the Board of Directors for approval.

c. Remuneration for directors and senior managers must be approved by the Remuneration Committee and then submitted to the Board of Directors for approval, so future operational risk has already been reduced to a minimum in this regard.

3.3 Implementation of Corporate Governance

3.3.1 Operation of Board of Directors

In 2022, the Board of Directors had held 5 meetings (A), the attendance of which is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B/A】	Remarks
Chairman	Sun-Chung Chen	5	0	100	
Vice Chairman	Shang-Jen Chen	5	0	100	
Director	Yung-Da Lin	5	0	100	
Director	Shiu-Ta Liao	4	0	80	
Director	Se-Se Chen	5	0	100	
Director	Chen-Lin Kuo	5	0	100	
Director	Kun-Yu Zhao	5	0	100	
Independent Director	Wei-Jen Chu	5	0	100	
Independent Director	Chung-Jen Chen	5	0	100	
Independent Director	Chun-Chung Chen	5	0	100	

Other mentionable items:

1. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:

(1) Matters referred to in Article 14-3 of the Securities and Exchange Act.

Meeting date and Session	Agenda and Later procedure	Matters referred to in Article 14-3 of the Securities and Exchange Act	Independent directors have object or other opinions

2022.1.25 1st time of Year 2022	1. Approved to revise the internal control system.	✓	None
	Opinions of independent directors：NA. The Company's means of processing the opinions of independent directors：NA. Resolution result：Approved by all attending directors.		
2022.3.8 2nd time of Year 2022	1. Approved 2021 internal control system statement. 2. Approved the distribution of 2021 directors' remuneration. 3. Approved to revise the internal control system. 4. Amendments to Procedures of Acquisition or Disposal of Assets.	✓	None
	Opinions of independent directors：NA. The Company's means of processing the opinions of independent directors：NA. Resolution result：Approved by all attending directors.		
2022.8.4 4th time of Year 2022	1. Approved to revise the internal control system.	✓	None
	Opinions of independent directors：NA. The Company's means of processing the opinions of independent directors：NA. Resolution result：Approved by all attending directors.		
2022.11.3 5th time of Year 2022	1. Approved to revise 2022 annual audit plans. 2. Approved 2023 annual audit plans. 3. Approved to revise the internal control system.	✓	None
	Opinions of independent directors：NA. The Company's means of processing the opinions of independent directors：NA. Resolution result：Approved by all attending directors.		

(2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors: None.

2. Directors' implementation on the avoidance of interest-related motions:

(1) On January 25, 2022, the board of directors passed proposals for a year-end bonus for managers, a performance bonus for the second half of the year, a performance appraisal, and salary adjustments for the year. Directors with a conflict of interest recused themselves, and the chair passed the proposals by consulting the rest of the attending directors.

(2) On August 4, 2022, the board of directors passed proposals for employee compensation and a performance bonus for the first half of the year. Directors with a conflict of interest recused themselves, and the chair passed the proposals by consulting the rest of the attending directors.

3. Implementation Status of Board Evaluations:

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Once a year	2022/1/1-2022/12/31	The Board of Directors, individual directors, and functional committees(Audit Committee and Remuneration Committee)	1. Internal self-evaluation by the Board of Directors 2. Self-assessment by directors	(1) Board performance evaluation: A. Level of participation in company operations B. The quality of Board decisions C. Board composition and structure D. Appointment of directors and their continued development E. Internal control. (2) Individual director performance evaluation: A. Grasp of company targets and missions B. Understanding of the director's role and responsibilities C. Level of participation in company operations D. Internal relationship management and communication E. Director's specialty and continued development F. Internal control. (3) Functional committee performance evaluation: A. Participation in company operations B. Understanding of the responsibilities of functional committees C. Improvement of the decision-making quality of functional committees D. Composition of functional committees, and member selection E. Internal control.

The company’s Board of Directors passed the Rules for Board of Directors Performance Assessments on May 5, 2021, stipulating that the Board of Directors should evaluate the

performance of the board of directors at least once every year. The Company's board performance evaluation shall be conducted by an external independent professional institution or a panel of external experts and scholars at least once every three years. The internal evaluation shall be conducted at the end of each year, and the performance evaluation of the current year shall be carried out in accordance with these Rules. The company completed the performance evaluation of the board of directors in January 2023, and reported the results to the Board of Directors on March 14, 2023.

(1) Internal performance evaluation of the board of directors：

The 2022 performance evaluations of the board of directors were conducted via questionnaire. With ten directors completing the self-evaluation in writing separately, the final evaluation results are as follows:

Board performance evaluation: The board performance evaluation items consist of 5 elements and 45 assessment items. The evaluation results ranged from Most Excellent (5) to Excellent (4), indicating that the BOD takes responsibilities of supervising corporation strategy, major operation, and risk management, and implement internal control system. The overall operation is smooth and complies with the management requirements of the company, which effectively enhances the competency of the Board of Directors.

Individual director performance evaluation: individual director performance evaluation items consist of 6 elements and 23 assessment items. The evaluation results ranged from Most Excellent (5) to Excellent (4), indicating that directors gave the positive comments on the efficiency and effect of all items application.

(2) External performance evaluation of the board of directors：

At the end of 2022, ATEN commissioned the Taiwan Corporate Governance Association (TCGA), to conduct an external assessment on the performance of the Board of Directors for the period between September 1, 2021 and August 31, 2022. TCGA dispatched two experts to assess the performance of the Board through a questionnaire and on-site inspections covering 20 indicators in 8 aspects including Board composition, leadership, authorization, oversight, communication, self-discipline, as well as internal control and risk management. The TCGA and assigned experts satisfy the criteria for independence and have no business dealings with ATEN. The assessment report was issued on November 9, 2022. The observations and recommendations made by TCGA as well as ATEN’s implementation of improvements are outlined below:

General observations:

A. Under the leadership of your chairperson, your Company has established a sound corporate culture that takes its corporate social responsibility seriously and laid the foundations for corporate sustainability. Board meetings have a relaxed atmosphere and there is close interaction as well as effective communication between Board members and between directors and the management team.

B. Your Company fully respects the opinions of independent directors and make good use of their expertise. The independent directors are also willing to perform their duty. They actively participate in important company matters such as key strategies, product positioning and risk control during Board meetings and the functional committees, and make a positive contribution.

C. The chief governance officer of your Company actively assisted the directors with the performance of their duties. In addition to updating directors on the Company’s

current organization and overseas locations, new directors were also provided with a detailed introduction to manufacturing and product information. Information is volunteered to directors if they need a better understanding of certain topics during meetings.

D. Your Company's chief auditor is familiar with company operations and the auditing department is fully staffed. The auditing plan and its implementation include clearly defined levels of risk. Internal audits are characterized by thorough preparation as well as exceeding the mandatory compliance requirements in spirit and practice, and should therefore be applauded.

E. Your Company values employee contributions to the company. Good benefits and long-term retention created a positive feedback cycle for your Company's recruitment needs. Particularly high importance was assigned by your Company to the cultivation of talent and succession planning. The cultivation of successors has become an important KPI for managers at all levels. Your practice of encouraging internal start-ups also provide opportunities for the cultivation of executive talent.

Recommendations:

A. The diversity and independence of the Board of Directors is now increasingly emphasized in international corporate governance trends. Your Company should consider increasing the diversity of the next Board of Directors even more as the Company continues to develop.

B. Your Company has accumulated many years of practical experience in risk management. Each department also has appropriate risk assessment and response measures in place with overall oversight provided by the President's Office. We do recommend establishing a dedicated risk management organization under the Board of Directors or at the management level. Such an organization should engage with the Board of Directors to help your Company respond to a volatile industry and business environment.

C. Your Company's internal auditing operations are sound and your corporate culture takes internal audits seriously. As the Company has already established the Audit Committee, we recommend taking the opinion of Audit Committee members into account during evaluations of the chief auditor to further strengthen link between internal audits and the Audit Committee.

Implementation status of improvements:

A. To strengthen corporate governance, the Board of Directors is expected to increase the number of independent directors from 3 to 4. Women currently account for 10% (1 place) of the Board membership and the number of female directorships will be increased to 2.

B. A Sustainability Committee was established in 2022 to assist the Board with risk management operations and the formulation of risk management policy. The Sustainability Committee also briefs the Board on the implementation of risk management every year.

C. All members of the Company's Audit Committee are also members of the Compensation Committee. The evaluation the chief auditor as well as the assessment/determination of compensation is already incorporated into the agenda of the Compensation Committee. The Board takes the opinions of the Compensation Committee members into account when deciding on the evaluation results and compensation.

4. Measures taken to strengthen the functionality of the board:

(1) ATEN evaluates the level of independence and competency of the company auditor on an annual basis. The evaluation items of independence include: Confirming that the auditor does not have any relationship of financial interest or business relationship with the Company that might affect his or her independence; confirming that the auditor has not, within the last two years, served as a director or managerial officer of the Company or in any position that would enable him or her to exercise significant influence over auditing matters; confirming that the auditor has not held a managerial position relating to Company decision-making; confirming that the auditor has not been employed by the Company in another role on a regular basis and in receipt of a fixed salary; confirming that the auditor has not been pressured by the Company's management to make inappropriate decisions in regard to auditing policy or make inappropriate disclosure; confirming that the auditor has no borrower or lender relationship with any of the Company's affiliates; confirming that the auditor has not provided auditing services to the Company for more than seven consecutive years; confirming that the auditor and the auditing team have submitted an auditor's independence certificate. The Company periodically evaluates the competency of the CPA using the Audit Quality Indicators (AQI). The 13 indicator items of the AQI all showed that the CPA's audit experience, engage quality control review (ECQR) experience and hours of training were all above the industry average.

The auditor's independent and competency appraisal report for FY2022 was approved by the Board of Directors on March 14, 2023.

(2) Set up Audit Committee in 2020 in order to reinforce the implementation of board of directors.

(3) Formulate Board of Directors performance appraisal rules.

(4) Establish a tip-off mailbox for reporting misbehavior.

(5) Enhance information disclosure transparency and timely disclosure: The Company announces important news material information in both Chinese and English at the same time and voluntarily prepares English versions of the shareholders' meeting notice, the meeting agenda, meeting minutes, and the annual report, and uploads relevant information to the Market Observation Post System to further protect the interests of foreign investors.

(6) ATEN has purchased liability insurance on behalf of its directors to strengthen operation and protect directors.

3.3.2 Operation of Audit Committee or Supervisors

A. Operation of Audit Committee

Annual Operation Summary

Audit financial report: The Board of Directors has prepared the Company's 2021 and the second quarter of 2022 Business Report, Financial Statements, and Earnings Distribution Proposal. ATEN International Financial Statements have been audited and certified by KPMG and an audit and review report relating to the Financial Statements have been issued respectively. The Business Report, Financial Statements and Earnings Distribution Proposal have been reviewed and determined to be correct and accurate by the Audit Committee

members of ATEN International.

Assessment of the effectiveness of the internal control system: The Audit Committee assesses the effectiveness of the Company's internal control system policies and procedures, and reviews the Company's internal audit department, certified public accountants, and the management's periodic reports.

A total of 5(A) Audit Committee meetings were held in 2022. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B/A】	Remarks
Independent Director(Convener)	Wei-Jen Chu	5	0	100	
Independent Director	Chung-Jen Chen	5	0	100	
Independent Director	Chun-Chung Chen	5	0	100	

Other mentionable items:

1. If any of the following circumstances occur, the dates of Audit Committee meetings, sessions, contents of motion, objection or expression of reservation by independent directors about resolutions, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:
   (1) Matters referred to in Article 14-5 of the Securities and Exchange Act.

Audit Committee Meeting date and Session	Agenda and Later procedure	Matters referred to in Article 14-5 of the Securities and Exchange Act
2022.1.19 1st time of Year 2022	1. Approved to revise the internal control system. 2. Approved internal audit operations report.	✓
	Objection or expression of reservation by independent directors about resolutions：NA Audit committee resolution result: Approved by all attending members. The Company's means of processing the opinions of the audit committee：Approved by all attending directors on BOD.	
2022.3.3 2nd time of Year 2022	1. Approved 2021 Business Report and Financial Statements. 2. Approved 2021 internal control system statement. 3. Approved to revise the internal control system. 4. Amendments to Procedures of Acquisition or Disposal of Assets. 5. Approved internal audit operations report.	✓
	Objection or expression of reservation by independent directors about resolutions：NA Audit committee resolution result: Approved by all attending members. The Company's means of processing the opinions of the audit committee：Approved by all attending directors on BOD.	
2022.4.29	1. Approved internal audit operations report.	

3rd time of Year 2022	Objection or expression of reservation by independent directors about resolutions：NA Audit committee resolution result: Approved by all attending members. The Company's means of processing the opinions of the audit committee：Approved by all attending directors on BOD.
2022.8.1 4th time of Year 2022	1. Approved to revise the internal control system. 2. Approved internal audit operations report.
	Objection or expression of reservation by independent directors about resolutions：NA Audit committee resolution result: Approved by all attending members. The Company's means of processing the opinions of the audit committee：Approved by all attending directors on BOD.
2022.10.31 5th time of Year 2022	1. Approved to revise 2022 annual audit plans. 2. Approved 2023 annual audit plans. 3. Approved to revise the internal control system. 4. Approved internal audit operations report.
	Objection or expression of reservation by independent directors about resolutions：NA Audit committee resolution result: Approved by all attending members. The Company's means of processing the opinions of the audit committee：Approved by all attending directors on BOD.

(2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors：None.

2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None

3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.)

(1) There are channels for direct communication between the company's independent directors, the company's chief internal auditor and the external auditor, and the overall state of communication is very good. On the basis of the annual audit plan and actual implementation status, the chief internal auditor reports to the Audit Committee at its quarterly meetings, and engages in interaction with the independent directors. The chief internal auditor also engages in necessary communication with the independent directors in the form of periodic written reports. The external auditor attends meetings of the Audit Committee, and engages in communication and interaction with the independent directors at least once a year in regard to issues relating to the financial statements, financial matters, tax matters, and internal controls. The important content of the communication and interaction that the independent directors engage in with the company's financial managers, accounting managers, chief internal auditor and external auditor during meetings of the Audit Committee is recorded in the minutes of the Audit Committee meetings.

(2) Communications between the independent directors and CPAs

Date	Meeting	Communication Matters	Result
2022.03.03	Audit Committee	The external auditor reports to the independent directors regarding 2021 financial statements of the parent company and consolidated group.	Approved
2022.04.29	Audit Committee	The external auditor reports to the independent directors regarding 2022 Q1 financial statements of the consolidated group.	Approved
2022.08.01	Audit Committee	The external auditor reports to the independent directors regarding 2022 Q2 financial statements of the consolidated group.	Approved
2022.10.31	Audit Committee	The external auditor reports to the independent directors regarding 2022 Q3 financial statements of the consolidated group.	Approved

(3) Communications between the independent directors and the Company's chief internal auditor

Date	Meeting	Communication Matters	Result
2022.01.19	Audit Committee	Internal audit report	Approved
2022.03.03	Audit Committee	1. Approved 2021 internal control system statement. 2. Internal audit report	Approved
2022.04.29	Audit Committee	Internal audit report	Approved
2022.08.01	Audit Committee	Internal audit report	Approved
2022.10.31	Audit Committee	1. Approved to revise 2022 annual audit plan. 2. Approved 2023 annual audit plan. 3. Internal audit report	Approved

4. Audit Committee performance evaluation：

The company’s Board of Directors passed the Rules for Board of Directors Performance Assessments on May 5, 2021, stipulating that the Board of Directors should evaluate the performance of functional committees at least once every year. The internal evaluation shall be conducted at the end of each year, and the performance evaluation of the current year shall be carried out in accordance with these Rules. The company completed the performance evaluation of the Audit Committee in January 2023, and reported the results to the Board of Directors on March 14, 2023.

The 2022 performance evaluations of the Audit Committee were conducted via questionnaire. With three independent directors completing the self-evaluation in writing separately, the final evaluation results are as follows:

The “Audit Committee Performance Self-Assessment Questionnaire” consisting of 5 elements and 22 assessment items, as self-assessed by 3 members.

A. Participation in company operations(4 items)：Positive comments given by all members.

B. Understanding of the responsibilities of audit committee(5 items) ：Positive comments given by all members.

C. Improvement of the decision-making quality of audit committee(7 items) ：Positive comments given by all members.

D. Composition of audit committee and member selection(3 items) ：Positive comments given by all members.

E. Internal control(3 items)：Positive comments given by all members.

The entire assessment results show that all of the 3 members gave the positive comments on all of the elements.

The evaluation results ranged from Most Excellent (5) to Excellent (4), indicating that the overall operation of the Audit Committee is smooth and complies with the management requirements of the company, which effectively enhances the competency of the Board of Directors.

B. Operation of Supervisors' Attendance of the Board Meetings：None

3.3.3 Operation of Remuneration Committee

A. Remuneration Committee members 2022/12/31

Title	Criteria / Name	Professional Qualification and Experience	Professional Qualification	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
Independent Director (The Convener)	Wei-Jen Chu	For further information please refer to section 3.2.1 directors and 3.2.2 Professional qualifications of directors.	The independent directors of the Company are all in compliance with the provisions of article 6, paragraph 1, subparagraphs 1 to 9 of " Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange ".	1
Others	Chen-En Ko	Emeritus Professor, Accounting Department, National Taiwan University		4
Others	Yen-Jung Lee	Professor, Accounting Department, National Taiwan University		0
Independent Director	Chung-Jen Chen	For further information please refer to section 3.2.1 directors and 3.2.2 Professional qualifications of directors.		2
Independent Director	Chun-Chung Chen	For further information please refer to section 3.2.1 directors and 3.2.2 Professional qualifications of directors.		0

B. The operation of Remuneration Committee

There are 5 members in the Remuneration Committee. The committee term begins from 2020/07/10 to 2023/06/15. A total of 2 (A) Remuneration Committee meetings were held in the previous period. The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%)【B/A】	Remarks
Convener	Wei-Jen Chu	2	0	100	
Committee Member	Chen-En Ko	2	0	100	
Committee Member	Yen-Jung Lee	2	0	100	
Committee Member	Chung-Jen Chen	2	0	100	
Committee Member	Chun-Chung Chen	2	0	100	

Other mentionable items:

1. The meetings, sessions, contents of motion, and resolutions of the Remuneration Committee and the Company's response to the Remuneration Committee's opinion should be specified:

Meeting date and Session	Agenda and Later procedure	Resolution Result	The handling of the Company's opinion
2022.01.19 1st time of Year 2022	1. Approved the proposed ratio for the distribution of remuneration for directors of 2022. 2. Approved the proposed ratio for the distribution of remuneration for employees of 2022. 3. Approved the amendments to "Regulation of Remuneration Management." 4. Approved the amendments to "Regulations Governing Management of Employee Leave Requests and Overtime." 5. Approved the proposed performance bonus for managers for the second half of 2021. 6. Approved 2021 year-end bonus paid to managers. 7. Approved the 2021 performance appraisal result for managers and the proposed changes to the salaries of managers for 2022.	Approved by all committee members.	Proposed to BOD and approved by all attendant directors
2022.08.01 2nd time of Year 2022	1. Approved the amendments to "Rules Governing the Calculation and Distribution of Remunerations for Directors." 2. Approved the amendments to "Regulation of Remuneration Management."	Approved by all committee members.	Proposed to BOD and approved by all attendant directors

	3. Approved the amendments to "Regulations Governing Management of Employee Leave Requests and Overtime." 4. Approved the amendments to "Aten International Co., Ltd. Remuneration Committee Charter." 5. Approved the proposed performance bonus for managers for the first half of 2022. 6. Approved employee compensation paid to managers in 2021.		

2. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.
3. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.
4. Scope of duties:
   (1) Periodically reviewing this Charter and making recommendations for amendments.
   (2) Establishing and periodically reviewing the performance assessment standards, the policies, systems, standards, and structure for the compensation of the directors and managerial officers of this Corporation.
   (3) Periodically assessing the degree to which performance goals for the directors and managerial officers of this Corporation have been achieved and setting the contents and amounts of their individual compensation.
5. Remuneration Committee performance evaluation：

   The company's Board of Directors passed the Rules for Board of Directors Performance Assessments on May 5, 2021, stipulating that the Board of Directors should evaluate the performance of functional committees at least once every year. The internal evaluation shall be conducted at the end of each year, and the performance evaluation of the current year shall be carried out in accordance with these Rules. The company completed the performance evaluation of the Remuneration Committee in January 2023, and reported the results to the Board of Directors on March 14, 2023.

   The 2022 performance evaluations of the Remuneration Committee were conducted via questionnaire. With five members completing the self-evaluation in writing separately, the final evaluation results are as follows:

   The "Remuneration Committee Performance Self-Assessment Questionnaire" consisting of 5 elements and 20 assessment items, as self-assessed by 5 members.

   A. Participation in company operations(4 items)：Positive comments given by all members.

B. Understanding of the responsibilities of remuneration committee(3 items) ：Positive comments given by all members.

C. Improvement of the decision-making quality of remuneration committee(7 items) ：Positive comments given by all members.

D. Composition of remuneration committee and member selection(3 items) ：Positive comments given by all members.

E. Internal control(3 items)：Positive comments given by all members.

The entire assessment results show that all of the 5 members gave the positive comments on all of the elements.

The evaluation results ranged from Most Excellent (5) to Excellent (4), indicating that the overall operation of the Remuneration Committee is smooth and complies with the management requirements of the company, which effectively enhances the competency of the Board of Directors.

3.3.4 Operation of Sustainability Committee

A. Operation of Sustainability Committee

The ATEN Corporate Social Responsibility Management Committee was renamed in 2022 to become the “Sustainability Committee.” The Sustainability Committee is made up of director and independent directors, and is responsible for the development of sustainability polices and initiatives. A Sustainability Implementation Team was established under the Sustainability Committee to meet monthly to discuss, study and implement tasks passed by the Committee including net zero, environmental protection action, green energy and greenhouse gases inventory, stakeholder communication, social engagement, volunteer activities and other topics. Annual reports are made to the Sustainability Committee and Board of Directors.

A total of 1(A) Sustainability Committee meetings were held in 2022. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B/A】	Remarks
Director(Convener)	Yung-Da Lin	1	0	100	
Independent Director	Wei-Jen Chu	1	0	100	
Independent Director	Chung-Jen Chen	1	0	100	
Independent Director	Chun-Chung Chen	1	0	100	

B. Scope of duties:

(1). Draft of sustainability policy.

(2). Formulation of sustainability plan.

(3). Review, follow, and revision of sustainability execution and report to BOD regularly.

(4). Supervision of communication and issues that stakeholders including shareholders, customers, suppliers, employees, government, community, and media are concerned.

(5). Matters that BOD assigns the committee to implement.

3.3.5 Corporate Governance Implementation Any Departure of such Implementation from the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the Reason for any such Departure

Item	Implementation Status			Any Departure of such Implementation from the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such departure
	YES	NO	Summary	
(1). Has the Company formulated and disclosed corporate governance principles in accordance with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies?	■		The Company has formulated Corporate Governance Principles in accordance with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and has disclosed these Corporate Governance Principles for the benefit of related parties on the Market Observation Post System (MOPS) and on the Company's official website: https://www.aten.com.tw/.	No significant departure.
(2). Shareholder structure and shareholders' rights A. Has the Company formulated internal operating procedures for handling shareholder suggestions, complaints, disputes and lawsuits, and are such matters handled in accordance	■		The Company has established a spokesperson system and an investor relations department, which is responsible for handling shareholders' queries and suggestions; the Company's website also has an investor relations contact window which can be used by shareholders to submit queries or search for relevant information.	No significant departure.

Item	Implementation Status			Any Departure of such Implementation from the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such departure
	YES	NO	Summary	
with these internal operating procedures?				
B. Maintenance of the list of major shareholders who exercise effective control over the Company, including details of who has final ownership over these major shareholders.	■		Handled by the Company's shareholder affairs personnel. In accordance with the requirements of Article 25 of the Securities and Exchange Act, the Company reports to the Market Observation Post System (MOPS) on a monthly basis any changes in the number of shares held by the Company's directors, supervisors, managerial officers and shareholders holding more than ten percent of the total shares of the Company.	No significant departure.
C. Establishment by the Company of risk control methods and firewalls with respect to affiliates.	■		The Company has drawn up Operational Procedures for Affiliates and Affiliate Transactions, Procedures for the Management of Subsidiaries, along with other relevant procedures and regulations, and has implemented them properly, thereby ensuring effective risk control and firewall function operation with respect to affiliates.	No significant departure.
D. Has the Company formulated internal rules that prohibit Company personnel from using market information that is not yet in the public domain for the purpose of buying or selling securities?	■		The Company has formulated Operational Procedures for the Management of Important Internal Information and the Prevention of Insider Trading, and prohibits Company personnel from using market information that is not yet in the public domain for the purpose of buying or selling securities; the rules in question have been disclosed for the benefit of related parties on the Company's official website: https://www.aten.com.tw/	No significant departure.

Item	Implementation Status			Any Departure of such Implementation from the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such departure
	YES	NO	Summary	
(3) Organization and responsibilities of the Board of Directors A. Has the Board of Directors formulated a diversity policy and concrete management goal regarding its composition, and is this diversity policy being implemented?	■		Article 20 of ATEN's Corporate Governance Principles specifies a diversity policy in relation to the members of the Board of Directors, stipulating that the Board should include members with different professional backgrounds, of different genders, and with different work experience, etc. All Board members are required to have a specialist background in different areas, such as finance, accounting, industry-specific expertise, etc. ATEN's Board of Directors consists of ten directors. There are three independent directors, accounting for 30% of all directors. Female directors account for 10% of all directors; there is one director in the 41 – 50 age range, two directors in the 51 – 60 age range, three directors in the 61 – 70 age range, three directors in the 71 – 80 age range, and one director in the 81 – 90 age range. Directors with industry-specific expertise and business management expertise include Chairman Sun-Chung Chen (Kevin Chen), Vice Chairman Shang-Jen Chen, Director Yung-Da Lin, Director Chen-Lin Kuo, Director Se-Se Chen, Director Shiu-Ta Liao, Director Kun-Yu Zhao. Independent Director Wei-Jen Chu is a Partner and Honorary Director at Candor Taiwan CPAs, with a strong specialist background in accounting. Independent Director Chung-Jen Chen is the Professor at the College of Management, National Taiwan University, as well as holding the positions of Director of the Center for Technology Policy and Industry Development at National Taiwan University, while Independent Director Chun-Chung Chen is Associate Professor at the Graduate Institute of	No significant departure.

Item	Implementation Status			Any Departure of such Implementation from the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such departure
	YES	NO	Summary	
			International Business at National Taiwan University. Both of them have a strong specialist background in business and finance. In order to reinforce the corporate governance the number of independent directors will be increased from three members to four members. For further information please refer to 3.2.3 board diversity policy and implementation status.	
B. In addition to the compensation committee and audit committee that are required by law, has the Company voluntarily established any other type of functional committee?	■		In April 2012, ATEN's Corporate Social Responsibility (CSR) Policy Statement and Institution and Management System were approved by the Board of Directors, with the Corporate Social Responsibility Management Committee being designated as the highest CSR management body within the company; the ATEN Corporate Social Responsibility Management Committee was renamed in 2022 to become the "Sustainability Committee." The Sustainability Committee is made up of directors and independent directors, and is responsible for the development of sustainability polices and initiatives. Every year, project implementation results and future forecasts and plans are submitted to the CSR Management Committee for review, with the CSR Management Committee in turn reporting to the Board of Directors.	No significant departure.
C. Has the Company formulated Board of Directors performance appraisal rules and appraisal methods, and is performance appraisal implemented on a regular basis every year? Has the	■		The company's Board of Directors passed the Rules for Board of Directors Performance Assessments on May 5, 2021, stipulating that the Board of Directors should evaluate the performance of the board of directors at least once every year. The internal evaluation shall be conducted at the end of each year, and the performance evaluation of the current year shall be carried out in accordance with these Rules. The company completed the performance evaluation of the board of directors in January 2023, and reported the results to the Board of Directors on	No significant departure.

Item	Implementation Status			Any Departure of such Implementation from the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such departure
	YES	NO	Summary	
Company submitted the results of performance assessments to the board of directors and used them as reference in determining compensation for individual directors, their nomination and additional office term?			March 14, 2023. The items subject to evaluation for the members of the board (either self-evaluation or peer-review) include: (1) Board performance evaluation: At least includes level of participation in company operations, the quality of Board decisions, Board composition and structure, appointment of directors and their continued development, and internal controls. (2) Individual director performance evaluation: At least includes grasp of company targets and missions, understanding of the director's role and responsibilities, level of participation in company operations, internal relationship management and communication, director's specialty and continued development, and internal controls. (3) Functional committee performance evaluation: Participation in company operations, understanding of the responsibilities of functional committees, improvement of the decision-making quality of functional committees, composition of functional committees, and member selection and internal control. The 2022 performance evaluations of the board of directors were conducted via questionnaire. With ten directors completing the self-evaluation in writing separately, the final evaluation results are as follows: Board performance evaluation: The board performance evaluation items consist of 5 elements and 45 assessment items. The evaluation results ranged from Most Excellent (5) to Excellent (4), indicating that the BOD takes responsibilities of supervising corporation strategy, major operation, and risk management, and implement internal control system. The overall operation is smooth and complies with the management requirements of the company, which effectively	

Item	Implementation Status			Any Departure of such Implementation from the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such departure
	YES	NO	Summary	
			enhances the competency of the Board of Directors. Individual director performance evaluation: individual director performance evaluation items consist of 6 elements and 23 assessment items. The evaluation results ranged from Most Excellent (5) to Excellent (4), indicating that directors gave the positive comments on the efficiency and effect of all items application. The results of the performance evaluation shall be submitted to the board of directors for reference in considering the salary and compensation for each individual director and nomination for continued service as a director.	
D. Regular appraisal of the independence of the Company auditor.	■		ATEN evaluates the level of independence and competency of the company auditor on an annual basis. The evaluation items include: Confirming that the auditor does not have any relationship of financial interest or business relationship with the Company that might affect his or her independence; confirming that the auditor has not, within the last two years, served as a director, supervisor or managerial officer of the Company or in any position that would enable him or her to exercise significant influence over auditing matters; confirming that the auditor has not held a managerial position relating to Company decision-making; confirming that the auditor has not been employed by the Company in another role on a regular basis and in receipt of a fixed salary; confirming that the auditor has not been pressured by the Company's management to make inappropriate decisions in regard to auditing policy or make inappropriate disclosure; confirming that the auditor has no borrower or lender relationship with any of the Company's affiliates; confirming that the auditor has not provided auditing services to the Company for more than	No significant departure.

Item	Implementation Status			Any Departure of such Implementation from the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such departure
	YES	NO	Summary	
			seven consecutive years; confirming that the auditor and the auditing team have submitted an auditor's independence certificate. The Company periodically evaluates the competency of the CPA using the Audit Quality Indicators (AQI). The 13 indicator items of the AQI all showed that the CPA's audit experience, engage quality control review (ECQR) experience and hours of training were all above the industry average. The auditor's independent and competency appraisal report for FY2022 was approved by the Board of Directors on March 14, 2023.	
(4). Has the TWSE/TPEx listed company been equipped with competent and appropriate numbers of corporate governance personnel, and designated a CGO responsible for corporate governance-related affairs (including but not limited to providing directors and supervisors with the information required for business execution, assisting directors and supervisors with legal compliance, handling matters related to board meetings and shareholders meetings in accordance	■		On March 14, 2023, the company's Board of Directors approved the appointment of Senior Assistant Vice President Wayne Tyan, the company's chief financial officer, as corporate governance manager, to be responsible for matters relating to corporate governance. The main responsibilities of corporate governance personnel are to protect shareholders' interests and treat shareholders fairly, provide directors the information needed to carry out their duties, provide assistance to ensure compliance with laws and regulations, handle matters related to audit committee's meetings, board of directors' meetings and shareholders' meetings in accordance with the law (5 board of directors' meetings, 5 audit committee meetings, and 1 annual general meeting have been held in 2022), handle company registrations and amendments to such registrations, prepare the minutes for the board of directors' meetings and shareholders' meetings, arrange trainings for directors and supervisors (2 courses were arranged in 2022), hold investor conferences (2 online conferences were held in 2022) and participate in investment forums on an ad hoc basis(4 conference was invited to attend in 2022), at which financial information is	No significant departure.

Item	Implementation Status			Any Departure of such Implementation from the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such departure
	YES	NO	Summary	
with the law, and producing meeting minutes for board of directors meetings and shareholders meetings)?			distributed and investors can receive non-financial information, and which establishes a diverse communication channel with investors, etc. Details of the development and training activities undertaken by ATEN's corporate governance manager in FY2022 are shown in the appended table.	
(5). Has the Company established channels for communication with stakeholders, and has the Company established a dedicated section for stakeholders on its corporate website, and does the Company respond appropriately to stakeholders' concerns regarding the Company's CSR activities?	■		The Company has established channels for communication with stakeholders via its corporate website, providing customers, consumers, investors, suppliers and other stakeholders with methods for communicating with the Company, so as to be able to gain a better understanding of stakeholders' expectations and needs; the Company also provides appropriate response mechanisms for handling issues of concern to stakeholders. The company's website: https://www.aten.com/tw/zh/aten-info/csr/page-stakeholders/	No significant departure.
(6). Has the Company appointed a dedicated shareholder affairs agent to handle shareholder affairs?	■		The Company has appointed CTBC transfer agency division to handle shareholder affairs on the Company's behalf.	No significant departure.
(7). Information Disclosure A. Establishment of a Company website, and disclosure of financial and corporate	■		The Company already discloses relevant information on its website in Chinese and English version and appointed dedicated personnel to be responsible for updating website information.	No significant departure.

Item	Implementation Status			Any Departure of such Implementation from the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such departure
	YES	NO	Summary	
governance information.				
B. Other methods of disclosure adopted by the Company.	■		The Company has appointed dedicated personnel to be responsible for the collection and disclosure of relevant information, and has established a spokesperson system. The information disclosed at investor presentations is also disclosed on the Company website: https://www.aten.com/global/en/aten-info/investor-relations/investor-event/	No significant departure.
C. Does the Company announce and report the annual financial report as early as possible within two months after the end of the fiscal year, and announce and report the first, second and third quarter financial reports and the operating status of each month as early as possible before the required deadlines?	■		The Company has already announced its interim financial reports and information on the revenue for each month. For details on the operation status of each month, the revenue announcement calendar has been disclosed in the financial information section of the investor relations section on the company's website: https://www.aten.com/global/en/aten-info/investor-relations/financial-information/	No significant departure.
(8). Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g.,	■		A. Employees' rights: ATEN implements protection of employees' rights in accordance with the provisions of the *Labor Standards Law* and ATEN's own internal regulations. B. Concern for employees: ATEN is committed to providing its employees with a safe, healthy working environment. Besides providing employees with annual health examinations, ATEN	No significant departure.

Item	Implementation Status			Any Departure of such Implementation from the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such departure
	YES	NO	Summary	
including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?			has also established a Medical Office, with a full-time Occupational Health Nurse, and has retained the services of a doctor to provide consulting services. ATEN organizes health promotion activities and education and training activities on a regular basis, implements health management, and arranges various types of health consulting services, including special clinics. C. Investor relations: Besides making public announcements of the company's important operational and financial information on the Market Observation Post System (MOPS) as required by law, ATEN has also established an Investor Relations Contact Window to handle matters relating to disclosure and investor relations, etc., thereby enhancing overall transparency. The ATEN corporate website also includes an Investor Relations section where information relating to corporate governance, company finances and operations is posted for the reference of investors. D. Supplier relations and stakeholder relations: Supplier relations and stakeholder relations are handled in accordance with the relevant regulations. Purchasing agreements are signed with suppliers, to safeguard the legal rights of both parties. The Company undertakes supplier assessment, and implements occasional supplier audits, as well as arranging supplier meetings to help build consensus regarding collaboration between the Company and its suppliers. In accordance with customers' requirements and with international regulations, the Company requires that suppliers do not use or manufacture materials that contain restricted,	

Item	Implementation Status			Any Departure of such Implementation from the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such departure
	YES	NO	Summary	
			environmentally-harmful substances, and strives to realize “green” production, in line with the principles of environmental protection. E. Development and training for directors: Besides encouraging directors to undergo training programs provided by relevant organizations, ATEN also proactively arranges lectures, held after the conclusion of board meetings, at which specially invited experts discuss relating issues. Directors’ record of attendance at board meetings is made public on MOPS, as are the development and training activities undertaken by directors. Details of the development and training activities undertaken by ATEN’s directors in FY2022 are shown in the appended table. F. Risk management policy and risk measurement criteria implementation status: ATEN has formulated a risk management policy and risk assessment criteria, and has drawn up relevant systems and control mechanisms with respect to the major types of operational risk, including financial and accounting controls, and risk evaluation and control measures for sales operations, production operations, computerized data management etc., with the aim of strengthening overall risk control capability. G. Customer feedback strategy implementation status: The company proactively collects customer feedback, and analyzes and studies customer needs, so as to be able to upgrade service quality and offer appropriate solutions. The company’s efforts in this area include the annual implementation of a global customer satisfaction survey, the weekly implementation of an after-sales service satisfaction survey, and the integration of customer satisfaction into the	

Item	Implementation Status			Any Departure of such Implementation from the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such departure
	YES	NO	Summary	
			company's adoption of ISO-compliant operation, so as to strengthen management, enhance efficiency, and ensure effective quality control, while also establishing appropriate auditing and follow-up mechanisms. The company has also established channels for bi-directional, diversified customer communication. These include the eService online service platform, the ATEN Partner Portal, the ATEN Support Center, the insertion of a feedback form in product packaging, and the inclusion of a customer feedback section in each of our regional websites, etc. In this way, we are able to ensure that customers' needs are met within the shortest possible timeframe. H. Purchasing of insurance for directors : ATEN has purchased liability insurance on behalf of its directors.	

(9). Please outline the improvements that the Company has made in regard to the most recent Corporate Governance Evaluation Results published by the Taiwan Stock Exchange Corporate Governance Center, along with details of the priority items and measures to implement in regard to areas where improvements have not yet been made.

In the FY2022 Corporate Governance Evaluation Results, ATEN ranked in the top 6% - 20% band of TSE-listed companies, as well as the top 5% band of TSE- or TPEx-listed companies with a market value between TWD 5 to 10 billion. Recent improvements implemented include: The Company set up Sustainability Development Committee and has established the regulation of Self-Evaluation or Peer Evaluation of the Board of Directors. The board performance evaluation shall be conducted and reported to BOD regularly every year. The Company shall determinate an individual director's remuneration and nomination for reelection based on the evaluation results of his or her performance., the establishment of a tip-off mailbox for reporting misbehavior by independent directors directors(supervisor@aten.com). The company has established channels for communication between employees, shareholders and other stakeholders and the independent directors, to enable the independent directors to promptly identify possible issues at the company. Areas that the company will be working to strengthen in the future include: Adding an additional independent director to the existing three independent directors.

Appended Table : Continuing Education /Training of Directors and Corporate Governance Manager in 2022

Title	Name	Date	Host	Training Title	Duration	Training hours of Current year
Chairman	Sun-Chung Chen	May 5	Taiwan Corporate Governance Association	Net Zero, Carbon Neutrality, and Corporate Compliance	3	6
		Nov. 3	Taiwan Securities & Futures Institute	How Directors can Ensure Proper Corporate Risk Management and Crisis Response by their Company	3	
Vice Chairman	Shang-Jen Chen	May 5	Taiwan Corporate Governance Association	Net Zero, Carbon Neutrality, and Corporate Compliance	3	6
		Nov. 3	Taiwan Securities & Futures Institute	How Directors can Ensure Proper Corporate Risk Management and Crisis Response by their Company	3	
Director	Yung-Da Lin	May 5	Taiwan Corporate Governance Association	Net Zero, Carbon Neutrality, and Corporate Compliance	3	9
		Oct. 26	Taiwan Securities & Futures Institute	2022 "Insider Trading Compliance Seminar"	3	
		Nov. 3	Taiwan Securities & Futures Institute	How Directors can Ensure Proper Corporate Risk Management and Crisis Response by their Company	3	
Director	Chen-Lin Kuo	May 5	Taiwan Corporate Governance Association	Net Zero, Carbon Neutrality, and Corporate Compliance	3	6
		Nov. 3	Taiwan Securities & Futures Institute	How Directors can Ensure Proper Corporate Risk Management and Crisis Response by their Company	3	
Director	Shiu-Ta Liao	May 5	Taiwan Corporate Governance Association	Net Zero, Carbon Neutrality, and Corporate Compliance	3	6
		Nov. 3	Taiwan Securities & Futures Institute	How Directors can Ensure Proper Corporate Risk Management and Crisis Response by their Company	3	

Title	Name	Date	Host	Training Title	Duration	Training hours of Current year
Director	Se-Se Chen	May 5	Taiwan Corporate Governance Association	Net Zero, Carbon Neutrality, and Corporate Compliance	3	6
		Nov. 3	Taiwan Securities & Futures Institute	How Directors can Ensure Proper Corporate Risk Management and Crisis Response by their Company	3	
Director	Kun-Yu Zhao	May 5	Taiwan Corporate Governance Association	Net Zero, Carbon Neutrality, and Corporate Compliance	3	6
		Nov. 3	Taiwan Securities & Futures Institute	How Directors can Ensure Proper Corporate Risk Management and Crisis Response by their Company	3	
Independent Director	Wei-Jen Chu	May 5	Taiwan Corporate Governance Association	Net Zero, Carbon Neutrality, and Corporate Compliance	3	6
		Nov. 3	Taiwan Securities & Futures Institute	How Directors can Ensure Proper Corporate Risk Management and Crisis Response by their Company	3	
Independent Director	Chung-Jen Chen	May 5	Taiwan Corporate Governance Association	Net Zero, Carbon Neutrality, and Corporate Compliance	3	12
		Aug. 8	Taiwan Corporate Governance Association	Competitiveness vs. Survivability - ESG Trends and Strategies	3	
		Nov. 3	Taiwan Securities & Futures Institute	How Directors can Ensure Proper Corporate Risk Management and Crisis Response by their Company	3	
		Nov. 8	Taiwan Corporate Governance Association	A Macro Perspective on Corporate Sustainable Development at the Global Level - From the Vision for 2050 to Taking Action in 2021	3	
Independent Director	Chun-Chung Chen	Mar. 22	Taiwan Corporate Governance Association	Green Industry Trends - Low-Carbon Investment Prospects and their Corresponding Business Strategies	3	27

Title	Name	Date	Host	Training Title	Duration	Training hours of Current year
		May 5	Taiwan Corporate Governance Association	Net Zero, Carbon Neutrality, and Corporate Compliance	3	
		May 13	Taiwan Corporate Governance Association	Prevention of Insider Trading	3	
		Oct. 19	Taiwan Corporate Governance Association	The 18th Annual (2022) Corporate Governance Summit-Implementing Corporate Sustainability Governance through Enhancement of Director Functions	2	
		Nov. 3	Taiwan Securities & Futures Institute	How Directors can Ensure Proper Corporate Risk Management and Crisis Response by their Company	3	
		Nov. 14	Taiwan Stock Exchange	2022 Cathay Sustainable Finance and Climate Change Summit	6	
Corporate Governance Manager	Jian-Nan Chen	May 5	Taiwan Corporate Governance Association	Net Zero, Carbon Neutrality, and Corporate Compliance	3	12
		Aug. 23	Taiwan Securities & Futures Institute	Ethical Corporate Management Best Practice Principles	3	
		Aug. 25	Taiwan Securities & Futures Institute	Introduction to Insider Short-term Trading and Case Studies	3	
		Nov. 3	Taiwan Securities & Futures Institute	How Directors can Ensure Proper Corporate Risk Management and Crisis Response by their Company	3	

3.3.6 Fulfillment of CSR and Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"

Evaluation Item	Implementation Status			Deviations from " Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
1. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	■		ATEN's Corporate Social Responsibility (CSR) Policy Statement and Institution and Management System were approved by the Board of Directors in 2012; the ATEN Corporate Social Responsibility Management Committee was renamed in 2022 to become the "Sustainability Committee." The Sustainability Committee is made up of directors and independent directors, and is responsible for the development of sustainability polices and initiatives. A Sustainability Implementation Team was established under the Sustainability Committee to meet monthly to discuss, study and implement tasks passed by the Committee including net zero, environmental protection action, green energy and greenhouse gases inventory, stakeholder communication, social engagement, volunteer activities and other topics. Annual reports are made to the Sustainability Committee and Board of Directors. In terms of sustainability and risk management activities during 2022, the annual risk management report was presented to the Sustainability Committee on October 31, 2022, and to the Board of Directors on November 3, 2022. The report explained the current implementation and progress on risk management including the types of risks facing the Company, risk management highlights, and risk assessments. Appropriate response measures have been adopted by all competent units for each type of risk. The risk management procedures and outcomes have also been documented; the sustainability and risk management policy and procedures as well as the Sustainability Committee Charter have also been approved. The Board of Directors listened to the report from the Sustainability Implementation Team then expressed its support for the current implementation and future direction of sustainability. The Board also proposed future targets, strategies, and various recommendations on topics such as net zero, environmental protection action, green energy and GHG inventory, stakeholder communication, social engagement, and volunteer activities.	None
2. Does the company establish exclusively (or concurrently) dedicated first-line managers	■		I. The information disclosed by the company covers the sustainable development results of major	None

Evaluation Item	Implementation Status			Deviations from " Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?			operations centers between January 2022 and December 2022. The Headquarters and the production facilities in Xizhi correspond to the boundaries for risk assessment. II. The Sustainability Committee examined the operations of each department based on the materiality principles in sustainability reporting, and took the degree of stakeholder concern into account when evaluating material topics. Management policies for the recognition, supervision and control of risk as well as action plans were devised to mitigate the impact of related risks. The relevant risk management actions are as follows: 1. In terms of environment: (1) The risk management procedures for climate change are based on the Task Force on Climate-Related Financial Disclosures (TCFD) framework. Via cross-departmental discussion on climate change issues, five sets of opportunities and risks are identified. (2) Completing the ISO 14064-1 inspection on the inventory and reporting of greenhouse gas emissions and the approval of a third-party corporation review. Measures of carbon reduction were taken based on the inventory results to effectively reduce carbon emissions. 2. In terms of society: (1) Passed the ISO 45001 Occupational Health and Safety Management Systems Certification to ensure workplace safety for our colleagues. (2) Work safety education and trainings are held every year to raise awareness of emergency response and personal safety management measures among employees. (3) The company complies with government regulations and the RoHS Directive of the European Union, and does not use hazardous substances in its products. (4) To ensure the quality of customer services, customer service hotlines and websites were	

Evaluation Item	Implementation Status			Deviations from " Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			established to strengthen the relationship with customers. 3. In terms of corporate governance: (1) The company independently develops products and applies for patents to ensure the company's interests. (2) Continuing education of the latest legal policies and systems are planned and arranged for directors annually. (3) Different communication channels, including website, email, and telephone, have been provided for communicating with stakeholders. (4) Annual health exams are organized for employees and expert consultations provided through Employee Assistance Programs (EAPs) to help employees solve problems at or outside of work.	
3. Environmental issues (1) Does the company establish proper environmental management systems based on the characteristics of their industries?	■		Head office, Taiwan Xizhi factory, and China factories have established an environmental management system based on the ISO 14001 standard. The company complies with all relevant laws and regulations, and implements pollution prevention measures. It has created a first-class working environment, and works to safeguard employees' physical and mental wellbeing. The company strives to fulfill its social responsibilities and its environmental protection obligations. Furthermore, the Head Office and the Taiwan Xizhi Factory have been conducting greenhouse gas emission inventories in accordance with ISO 14064-1 and have passed the reviews of a third-party organization every year since 2016. The effectiveness of emission reduction measures has been tracked and disclosed in the sustainability report and the company's website ever since. https://www.aten.com/tw/zh/aten-info/csr/reports/	None
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low	■		The company proactively promotes energy saving measures, introduces solar energy equipment, and establishes manufacturing process control mechanisms to reduce the energy loss during the manufacturing	None

Evaluation Item	Implementation Status			Deviations from " Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
impact on the environment?			process in addition to the promotion of efficiency enhancement solutions. To ensure that manufacturing processes and products both meet the standards of RoHS, REACH, and the environmental requirements of customers, the company constantly focuses on the updates of these international regulations and requests the compliance of its supply chain partners to co-reduce the impact of products on the environment, including the recycling of materials, the utilization of renewable energy to manufacture products, and the reduction of pollution during the manufacturing processes. The environmental management system of the company has been promoting the "Green Product Design" environmental management solution every year since 2017, to research, develop, and design products based on four aspects, including an easy-to-disassemble design, the choice of materials, energy consumption, and the level of impact to the environment. This is our commitment to environmental protection.	
(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	■		The Board of Directors is the top guidance unit for risk management. Current and potential risks from climate change to the Company have already been incorporated into the scope of the Company's risk management. The Task Force on Climate-related Financial Disclosures (TCFD) framework has also been used as a reference during the identification of climate-related risks and opportunities. For more information, please refer to: https://www.aten.com/tw/zh/aten-info/investor-relations/corporate-governance/risk-management/ The company continues to monitor climate change trends and to consider appropriate response measures. In accordance with ISO 14064-1, the company implements a greenhouse gas inventory on an annual basis, and has received certification for this based on auditing by a third-party certified organization. The company	None

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “ Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>continues to monitor greenhouse gas emissions and work towards the goal of reducing them.</td><td></td></tr>
<tr><td>(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?</td><td>■</td><td></td><td>1. Greenhouse gas management:
The company is committed to reducing its energy consumption and greenhouse gas emissions. For this reason, it has established internal inventory mechanisms in accordance with ISO 14064-1, and has proactively conducted voluntary greenhouse gas emission inventories, continually established energy conservation plans, and enhanced the utilization of energy to achieve carbon dioxide reductions and lessen their overall impact to the environment.
The company and the Taiwan Xizhi Factory have completed the annual ISO 14064-1 category 1 and 2 inventories mechanism (the third-party certifications will be implemented in May, 2023). The greenhouse gas emissions (unit: tons CO2e) in the past years are as follows:
<table><tr><th>Year</th><th>Category 1</th><th>Category 2</th></tr><tr><td>2021</td><td>226.1300</td><td>2458.7589</td></tr><tr><td>2022</td><td>60.7812</td><td>2560.6439</td></tr></table>
Total greenhouse gas emissions of categories 1 and 2 in 2022 amounted to 2,621.43 tons CO2e, mainly attributed to the electricity emissions of category 2, which accounted for 97.68% of the total emissions, followed by the fuel emissions of category 1 used for manufacturing processes and public systems, which accounting for 2.32% of the total emissions.

2.Water resource management:
Although the manufacturing processes of the company do not need water, seeing how climate change and</td><td>None</td></tr>
</table>

<table>
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<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>global warming have caused water resource deficiencies, the company has focused on water resource conservation and environmental protection issues, and started saving water in every day processes, making the best use of the water resources available. The total amount of water used by the company in the past two years (unit: kL) is as follows:

<table><tr><th>Year</th><th>Total Water Consumption</th><th>Total Water Consumption (kL)/ Revenue of Parent Company (Unit: NT million)</th></tr><tr><td>2021</td><td>19878.43</td><td>5.91</td></tr><tr><td>2022</td><td>17947.06</td><td>4.77</td></tr></table>
The specific method of the company on water conservation is replacing water faucets with “water saving label” faucets and post the “save water” slogan next to the faucets as a reminder to our colleagues. In the spirit of increasing income and reducing expenditure, the company has promoted the concept of water conservation among colleagues and reduced the consumption of water resources.

3. Waste recycling:
Waste recycling management is the company's first priority for green production. The company produces no hazardous industrial waste, and recycles tin dross and cardboard boxes through professional and certified contractors, who turn them into various renewable products for other industries. The statistics (unit: kg) of the company’s waste in the past two years are as follows:

<table><tr><th>Year</th><th>Tin Dross</th><th>Cardboard Boxes</th></tr></table></td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from " Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td>2021</td><td>925.5</td><td>42380</td></tr>
<tr><td>2022</td><td>1209</td><td>51010</td></tr>
</table>

The company has shown a longstanding commitment to the reduction of waste. Not only has it provided employees with produced waste management education, but has also put signs and slogans of trash assortment in factories to promote trash assortment.

Every year, the company compiles statistics on its greenhouse gas emissions, water consumption, electricity usage, and total weight of waste generated, and uses these statistics as a basis for formulating management mechanisms and for ongoing improvement. All relevant information is disclosed in the company's annual CSR Report.</td><td></td></tr>
<tr><td>4. Social issues
(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</td><td>■</td><td></td><td>ATEN International Co., LTD. ("ATEN") complies with local laws and regulations in all countries and regions where we operate, and upholds the human rights of all workers. We identify and support the spirit and principle disclosed in international human rights standards such as The International Bill of Human Rights, The International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and Ten Principles of The United Nations Global Compact. We also align our actions with the Responsible Business Alliance Code of Conduct. To undertake our corporate social responsibility, we treat each worker with dignity and respect, and forbid any violation of human rights. View ATEN Human Rights Policy(https://assets.aten.com/webpage/shared/CSR/human-rights-policy/human-rights-policy_EN.pdf)
● Provide a safe and healthy work environment.
● Any form of discrimination based on geographical, racial, ethnic or background, language, social</td><td>None</td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from " Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			class, ancestry, religion, physical disability, gender, sexual orientation, pregnancy, marital status. union membership, appearance, age, political orientation or other distinguishing characteristics is prohibited. Everyone has the right to be treated equally without any discrimination and different treatment. ● Ensure fair salary and treatment, and never provide employees with wages and insurance below the minimum required by local applicable laws. ● We abide by local laws for minimum age labor and forbid child labor in any circumstance. ● Prohibit forced labor, and all employment is voluntary. ● Provide a communication friendly environment and implement an open-style management system. ● Assist employee to reach physical/mental healthiness and work-life balance. ● Establish a comprehensive Personal Information Protection Management Policy to protect privacy and rights of our employees and customers. ● Regularly review and assess relevant practices to improve our implementation.	
(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	■		The company participates in a professional industry-wide compensation survey on an annual basis and provides generous salary and variable bonuses to ensure that salaries and benefits remain competitive in terms of the market for human resources. The bonuses that the company provides include: Year-end bonus, Mid-Autumn Festival and Dragon Boat Festival bonuses, performance-based bonuses and sales bonuses (with the amount of bonus awarded being calculated based on the work performance of the individual employee and the company's operational performance in that year), profit sharing for employees(with the amount of bonus awarded being calculated based on the work performance of the individual employee and the company's operational performance in that year), bonuses for patents, bonuses for long-standing employees, recruitment recommendation bonuses, etc. The company provides generous salaries and benefits, including leave that is superior to the industry average and to statutory requirements, enabling employees to achieve an appropriate work-life balance. The types of leave available include: maternity/paternity leave	None

<table>
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<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>which is superior to the industry average and to statutory requirements, pregnancy checkup leave (available for both male and female employees), paid birthday leave, paid volunteering leave, flexible leave based on position held, compensatory leave for participation in company activities, etc. The welfare system and protections that the company provides ensure that every employee is able to appreciate the company’s generous welfare provision and its heartfelt concern for employees. The welfare system includes Labor Insurance and National Health Insurance coverage, as well as pension fund allocations, group insurance, group insurance for parents and other family members (optional), travel insurance for employees posted overseas or traveling on business overseas, accident insurance, overseas emergency rescue service, childbirth allowances (NT$120,000 per child), education subsidies: Employee dependents aged between 3 to 6 receive NT$10,000 in education subsidies each year (NT$5,000 in the first and second semesters, respectively), presentation of birthday gifts in person by the Chairman on employees’ birthdays, allowances for domestic and overseas holiday travel, gifts of money to mark traditional festivals, birthdays, marriages and funerals, etc.
The Company’s male and female employee information.
<table>
<tr><th colspan="7">HQ Employee</th></tr>
<tr><th rowspan="2">Gender</th><th colspan="2">Direct employees</th><th colspan="2">Indirect employees</th><th colspan="2">Total</th></tr>
<tr><th>Number</th><th>Ratio</th><th>Number</th><th>Ratio</th><th>Number</th><th>Ratio</th></tr>
<tr><td>Female</td><td>120</td><td>16.39%</td><td>223</td><td>30.46%</td><td>343</td><td>46.86%</td></tr>
<tr><td>Male</td><td>13</td><td>1.78%</td><td>376</td><td>51.37%</td><td>389</td><td>53.14%</td></tr>
<tr><td>Total</td><td>133</td><td>18.17%</td><td>599</td><td>81.83%</td><td>732</td><td>100.00%</td></tr>
</table>
<table>
<tr><th>HQ Senior Management Team</th></tr>
</table>
</td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “ Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><th rowspan="2">Gender</th><th colspan="2">Number</th><th rowspan="2">Total</th><th rowspan="2">Ratio</th></tr>
<tr><th>Sr. Assistant Vice President</th><th>Vice President</th></tr>
<tr><td>Female</td><td>3</td><td>0</td><td>3</td><td>15.79%</td></tr>
<tr><td>Male</td><td>13</td><td>3</td><td>16</td><td>84.21%</td></tr>
<tr><td>Total</td><td>16</td><td>3</td><td>19</td><td>100.00%</td></tr>
</table>
</td><td></td></tr>
<tr><td>(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?</td><td>■</td><td></td><td>To guard against occupational accidents and protect employees’ health and safety, the company carries out the following activities on a regular basis pursuant to the requirements of the Occupational Safety and Health Act and other relevant legislation:
1. Occupational safety and health education and training: Education and training courses for new hires, current employees and special workers as well as related health promotion seminars/activities are organized in accordance with occupational safety and health education and training rules.
2. Working environment assessment: Assessments are arranged in accordance with the Labor Working environment Monitor and Inspection Rules. Two working environment assessments are conducted every year to track actual employee exposure. Corrective action is carried out based on the findings to ensure employee safety and health.
3. Regular health inspections for employees: The company’s provision in this area is superior that required by law, with annual health check-ups, and health management performed by occupational nurses.
4. The company has an occupational safety office. The occupational safety personnel ensure adherence to relevant regulations pursuant to the Occupational Safety and Health Act. Regarding occupational nursing staff, the company employs one full-time nurse and one doctor employed on a contracted, part-time basis to make factory visits. The occupational nursing staff hold regular health promotion</td><td>None</td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from " Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			activities, implement health management, and hold clinics to provide health advice. 5. The company's Head Office and factories all have security personnel on-site, and the company has also installed CCTV and access management systems to facilitate effective access control and ensure the personal safety of all company employees. 6. In accordance with the provisions of the Fire Services Act, besides implementing regular fire prevention equipment safety inspections and reporting, the company also collaborates with the local fire department on the holding of regular evacuation drills and fire safety education and training. 7. The company has formulated an occupational safety and health management system. It was awarded ISO 45001 certification in 2019, and was re-certified in 2022. The certification is valid from January 7, 2023 to January 7, 2026. 8. A total of 9 cases of occupational injury affecting 9 people occurred during 2022. This amounted to approximately 1% of all employees. An incident investigation was carried out into each case of occupational injury to identify the root cause. Essential engineering and administrative improvements were carried out, or the necessary personal protection/hygiene equipment provided. Mandatory health and safety education, training and information sessions were strengthened as well to reduce further accidents.	
(4) Does the company provide its employees with career development and training sessions?	■		In line with current trends in development strategy, organizational design strategy and strategic education and training development, the company has established an education and training road-map based around three core elements (annual thematic training, continued development, and new employee cultivation) and three broad occupational function categories (managerial functions, specialist functions, and core functions), as well as self-directed growth activities. For more details about training and cultivation plans, see the Employee-Management Relations section in Chapter 5 (Overview of Operations).	None

Evaluation Item	Implementation Status			Deviations from " Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
(5)Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	■		The company complies with the Personal Data Protection Act (PDPA) of 2015 and with the Implementation Rules for the PDPA of 2016. The company has established a Personal Data Management Promotion Team headed by the Chairman, and strives to ensure that all employees fulfill the company's obligations in terms of safeguarding customers' data and privacy protection, by means such as the formulating and dissemination of personal data management rules, comprehensive form and record management, ongoing awareness-raising, and having employees sign pledges to fulfill their obligations in relation to data security, etc. In line with the company's existing globalization strategy, the company's customer service network extends to include all of the company's overseas business locations, and a Global Customer Service Division has been established at the company's headquarters to integrate all customer service resources, ensure that customer service is timely and professional, and build a sustainable relationship with customers. The company has also established channels for bi-directional, diversified customer communication, including: eService (http://eservice.aten.com), the company's unified online service platform, integrates a range of customer services, including eSupport, GRMA, Partner Portal, FAQ, Troubleshooting, Hot key list, and rapid product repair/replacement, etc., providing customers all over the world with more convenient, timely, comprehensive after-sales service without time-zone problems. eService makes it possible to respond to customers' needs and provide them with support within the shortest possible time-frame. The ATEN brand is marketed all over the world, and the company's management team strives to ensure compliance with all applicable laws and regulations in each country that the company operates in. The company also pays close attention to relevant government policies and laws relating to market development in each region that the company operates in, including anti-trust laws (unfair competition laws), financial reporting process and internal controls, insider trading restrictions, intellectual property rights and the safeguarding of confidential information, etc. The company strictly prohibits unlawful competitive behavior	None

Evaluation Item	Implementation Status			Deviations from " Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			and unfair trading practices, and strives to encourage fair, law-abiding market development strategies and behavior, both at the company itself and at its international subsidiaries around the world. While working to develop global markets, the company also works to instill the company's business philosophy, which emphasizes freedom and fair competition, in each region.	
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	■		1. The company evaluates new suppliers in accordance with the Supplier Assessment Rules and takes social engagement, gender equality, employee welfare and policies, and satisfaction surveys into consideration for the evaluation of corporate social responsibility. In terms of environmental protection, the company also takes work environment, waste management, personnel safety, greenhouse gas management, and RoHS hazardous substance management into consideration for the environmental protection and health evaluation to audit the actual actions taken by suppliers. In 2022, the company evaluated a total of 21 new suppliers. The company also complies with the provisions of international environmental legislation and customers' requirements, working together with suppliers to implement the ongoing promotion of "green" production and enhance "green" competitiveness. 2. The company treats its suppliers as partners and continuously enhances their awareness in sustainable development, inviting manufacturers to respond to policies of global sustainability together to gradually achieve sustainable development. The company regularly or irregularly conducts on-site audits and visits to assist suppliers in the implementation of corporate sustainable operations, enhances suppliers' awareness on sustainable development, and shares its core values and business philosophy to help suppliers integrate these concepts into their corporate cultures and grow together with the company.	None
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company,	■		Starting with the company's 2015 Corporate Social Responsibility (CSR) Report, every year the CSR Report's materiality, responsiveness and inclusiveness is reviewed by an independent and impartial third-party organization in accordance with the AA1000AS Assurance Standard, and the body in question	None

Evaluation Item	Implementation Status			Deviations from " Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?			issues an independent assurance opinion. The ATEN Sustainability Report was prepared in accordance with the GRI Standards and verified by the British Standards Institution (BSI) in accordance with AA1000AS v3 Type 1 Moderate Level of Assurance and GRI Standards: Core Option. The Independent Assurance Opinion Statement can be found in the Appendix of the Sustainability Report.	

6. Describe the difference, if any, between actual practice and sustainable development principles, if the company has implemented such principles based on Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies:

With the aim of realizing corporate social responsibility and promoting economic, environmental, and social sustainable development, in November 2016, the company's Board of Directors approved the company's new Corporate Social Responsibility Code of Practice, which was later amended into the Sustainable Development Code of Practice by the Board of Directors in March 2022, under the suggestions of the competent authority. This Code has been incorporated into the company's management and operations, with no deviations from the Code up until the present time.

7. Other useful information for explaining the status of sustainable development practices:

(1). By integrating multi-faceted capabilities, including the ATEN Sustainability Committee, the ATEN Volunteer Club, and the Ching-Tang Education Foundation, the company is able to demonstrate concern, assistance, and support for various issues, and use its capabilities as a business enterprise to promote sustainable development. In 2022, the ATEN Volunteer Club organized 21 volunteering activities, with a total of 1,408 instances of employee and external stakeholder participation, focusing on areas such as support for senior citizens, helping members of disadvantaged groups, safeguarding the environment in the local community, etc.

(2). ATEN supports local education through the "Ching-Tang Education Foundation." Scholarships and emergency aid are provided to students from disadvantaged families or experiencing hardship at 15 elementary, junior high, and senior high schools in Xizih. Book vouchers and award certificated are also presented to students for academic excellence. Total donations amounted to NT$1,486,800 in 2022.

(3). The Aurora Percussion Group was founded by members with a range of handicaps such as the visually impaired, hearing impaired, mentally handicapped, and autism. ATEN has long provided the group with the most tangible form of support by sponsoring the rental cost of their practice venue. The Aurora Group was able to use this as their anchor and expand to provide more disadvantaged handicapped people with an opportunity to find their own niche in percussion music, and show their families as well as the outside world how they have been reborn. Total donations amounted to NT$336,000 in 2022.

Evaluation Item	Implementation Status			Deviations from " Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
(4). ATEN actively participates in local environmental protection activities in Xizih. In 2022, volunteers and instructors from The Society of Wilderness worked together to dredge the Dream Lake habitat, maintain the sedimentation pond, and build hiking trails by hand. By protecting the Lesser Bream (*Metzia formosae*), a protected fish species, and the Golden Bladderwort (*Utricularia aurea*), a carnivorous plant that catches mosquito larvae, ATEN continued to make a contribution to the protection of nature.				

3.3.7 Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"

Evaluation Item	Implementation Status [1]			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1.Establishment of ethical corporate management policies and programs (1)Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	■		The company has formulated Corporate Governance Best Practice Principles and Procedures for Ethical Management and Guidelines for Conduct, which are disclosed on the company's website. The policies and practices that the company uses to maintain business integrity and the commitment by the Board of Directors and the managerial officers to actively implement these policies are stipulated in the documents referred to above.	None

Evaluation Item	Implementation Status [1]			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(2)Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	■		To realize the establishment of a corporate culture that emphasizes business integrity and to drive healthy corporate development, the Board of Directors approved the formulation of the Corporate Governance Best Practice Principles and Procedures for Ethical Management and Guidelines for Conduct, which clearly stipulate measures for preventing unethical conduct, the related operational procedures, and the penalties for violations, etc.	None
(3)Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the	■		The company's Corporate Governance Best Practice Principles and Procedures for Ethical Management and Guidelines for Conduct also clearly stipulate that the company's Directors, managers and employees are prohibited from giving or receiving bribes, and are prohibited from making illegal political contributions, etc. There were no violations of these stipulations in FY 2022.	None

Evaluation Item	Implementation Status [1]			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
company enforce the programs above effectively and perform regular reviews and amendments?				
2.Fulfill operations integrity policy (1)Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	■		Before engaging in business transactions with agents, suppliers, customers or other business transaction partners, the company evaluates whether the business transaction partner in question has any record of illegality, or any record of unethical conduct.	None
(2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	■		In accordance with the provisions of the Procedures for Ethical Management and Guidelines for Conduct, the President Office has been given responsibility for the performance of ethical management related promotion and implementation. The President Office actively promotes ethical management, and reports annually on implementation status to the Board of Directors. The President Office has already reported to the Board of Directors on ethical management promotion and implementation on November 3, 2022 when reporting on Sustainable related work in FY 2022. The company has formulated Corporate Governance Best Practice Principles and Procedures for Ethical Management and Guidelines for Conduct, which include, for example, the following stipulation: When a Director submits a proposal to the Board of Directors, if there is any potential conflict of interest in relation to the Director or a corporate body which that Director represents, then the Director in question may not participate in discussion of or voting on that proposal, and must recuse themselves when voting takes	None

Evaluation Item	Implementation Status [1]			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			place.	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	■		The company has formulated Corporate Governance Best Practice Principles and Procedures for Ethical Management and Guidelines for Conduct, which include, for example, the following stipulation: When a Director submits a proposal to the Board of Directors, if there is any potential conflict of interest in relation to the Director or a corporate body which that Director represents, then the Director in question may not participate in discussion of or voting on that proposal, and must recuse themselves when voting takes place.	None
(4) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?	■		The company has established accounting and internal control systems. Internal auditing personnel perform regular audits, and compile audit reports which are submitted to the Board of Directors.	None

Evaluation Item	Implementation Status [1]			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(5)Does the company regularly hold internal and external educational trainings on operational integrity?	■		Integrity is one of the company's core values. Integrity-related lectures and training courses are held every year, and integrity is a required subject in the training provided for new employees, in order to ensure that all employees understand and adhere to principles of ethical behavior. In addition, internal or external training is arranged every year for the staff of key units - including internal auditing, finance and accounting, and the investor relations and capital markets department, as well as Directors and Supervisors - so that they can clearly appreciate the company's commitment to ethical management and the consequences of unethical conduct.	None
3.Operation of the integrity channel (1)Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	■		In accordance with the provisions of the Corporate Governance Best Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct, the company lists several e-mail addresses on the company's website that can be used by different types of stakeholders for reporting violations. These include: These include the Reporting E-mail Address (supervisor@aten.com), which constitutes a channel for communication between employees, shareholders and other stakeholders and the company's Independent Directors, to enable the Independent Directors to promptly identify possible issues at the company. All e-mails sent to this address are received and properly handled by the company's three Independent Directors. Furthermore, in order to provide a channel for other types of stakeholders to communicate with the company, the company has also established the atencorp@aten.com e-mail address, which the President Office uses to receive the views expressed regarding the company by various types of stakeholder. The company has also commissioned various independent external organizations such as an Employee Assistance Program (EAP) to provide additional channels for communication with the company for employees and their family members.	None

Evaluation Item	Implementation Status [1]			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			Matters reported via these channels are handled in accordance with the relevant procedures by the President Office and the Global Human Resources Division.	
(2) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?	■		The company's Procedures for Ethical Management and Guidelines for Conduct stipulates standard operating procedures for investigating reported cases and related confidentiality.	None
(3)Does the company provide proper whistleblower protection?	■		The company's Procedures for Ethical Management and Guidelines for Conduct stipulates that personnel handling reported cases must provide a written declaration that they will maintain confidentiality with respect to the identity of the reporting person and the content of the report. The company also undertakes to protect persons who have submitted reports from suffering any improper treatment as a result.	None
4.Strengthening information disclosure (1)Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	■		In order for the company to build a corporate culture based around ethical management, and to achieve sound, healthy development, the company's Board of Directors has approved the Corporate Governance Best Practice Principles, which are disclosed in the Investor Relations section of the company's website at https://www.aten.com/tw/zh/aten-info/investor-relations/corporate-governance/company-rules/.	None

Evaluation Item	Implementation Status [1]			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
6. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation. The Company has formulated Corporate Governance Best Practice Principles, which prohibit unethical conduct, the taking or receiving of bribes, the provision of unlawful political contributions, and the giving or receiving of inappropriate gifts, entertainment or other inappropriate benefits, etc. The relevant policies have been posted on the company's website and on the Market Observation Post System (MOPS) for the reference of stakeholders. No discrepancies have been found.				
7. Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies). Integrity is the first of the company's four core corporate values. The company strives to act with integrity in relation to all stakeholders, and to implement transparent corporate governance. The company has formulated Corporate Governance Best Practice Principles and a Code of Ethical Conduct, which Directors and employees are required to observe. Besides working to maximize benefits for both the company and its investors, the company has also consistently maintained a corporate philosophy that emphasizes giving back to society. The company has for many years now been actively involved in environmental protection and in realizing sustainable development for the local community, and has sought to establish itself as a model for good corporate citizenship that makes a positive contribution to society.				

3.3.8 Disclose the inquiry methods if the company has established a Corporate Governance Code of Conduct and other relevant regulations.

About the regulations that set up by the Company, please refer to the Company's official website:

https://www.aten.com/tw/zh/aten-info/investor-relations/corporate-governance/company-rules/

3.3.9 Other important information which is sufficient to understand corporate governance operation status must also be disclosed

In order to enhance corporate governance and facilitate compliance with amendments to the law, we have completed the formulation and amendments to the "Corporate Governance Best Practice Principles", "Rules for Board of Directors Performance Assessments", "Rules Governing the Election of Directors", "Sustainable Development Best Practice Principles", "Ethical Corporate Management Best Practice Principles", and "Procedures for Ethical Management and Guidelines for Conduct". This Company also formulated the "Code of Ethical Conduct" to govern the ethics of the stakeholders of the Company. In addition, in order to establish a strong mechanism for the handling and disclosure of material inside information,

this Company formulated the “Procedures for Handling Material Inside Information” and management procedures for the prevention of insider trading. The above rules have been announced on the Company’s website and the internal website of the Company for reference by investors and employees.

3.3.10 Statement of Declaration of Internal Control

Date: March 14, 2023

Based on the findings of a self-assessment, ATEN INTERNATIONAL CO., LTD. (ATEN) states the following with regard to its internal control system during the year 2022:

1. ATEN's board of directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and ATEN takes immediate remedial actions in response to any identified deficiencies.
3. ATEN evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each criteria further contains several items. For more information on the abovementioned items, please refer to the Regulations.
4. ATEN has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of such evaluation, ATEN believes it can reasonably assure that the design and implementation of its internal control system as of December 31, 2022 (including supervision and management of subsidiaries), including the effectiveness and efficiency in operation, reliability, timeliness and transparency in financial reporting, and compliance with relevant regulatory requirements, have reasonably and efficiently achieved the aforementioned objectives.
6. This statement is an integral part of ATEN’s annual report for the year 2022 and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement was passed by the Board of Directors Meeting of the Company held on March 14, 2023, with none of the 9 attending Directors expressed dissenting opinions, and the remainder all affirming the content of this Statement.

ATEN INTERNATIONAL CO., LTD.

Chairman: Sun-Chung Chen

President: Sun-Chung Chen

3.3.11 For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the company or its internal personnel, any sanctions imposed by the company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements.

None

3.3.12 Major Resolutions of Shareholders' Meeting and Board Meetings

a. Major Resolutions of Board Meetings

Meeting date and Session	Major Resolution
2022.1.25 1st time of Year 2022	1. Approved the bank credit for HQ and subsidiaries. 2. Approved 2022 business plan. 3. Approved the amendment to "Internal Control System." 4. Approved the proposed ratio for the distribution of remuneration for directors and the distribution of remuneration for employees of 2022. 5. Approved the amendments to "Regulation of Remuneration Management" and "Regulations Governing Management of Employee Leave Requests and Overtime." 6. Approved 2021 year-end bonus paid to managers in January, 2022. 7. Approved the proposed performance bonus for managers for the second half of 2021 to be distributed in 2022. 8. Approved the 2021 performance appraisal result for managers and the proposed changes to the salaries of managers for 2022.
2022.3.8 2nd time for Year 2022	1. Reported the communication between the accountant and the corporate governance units. 2. Reported 2021 board performance evaluation. 3. Report for the investment and launch of Mexico subsidiary. 4. Approved 2021 Business Report and Financial Statements. 5. Approved the Fiscal 2021 Earnings Distribution Proposal. 6. Approved assessments regarding the independence of the certifying accountant for this Company. 7. Approved 2021 Statement of Declaration of Internal Control. 8. Approved the amendments to "Procedures of Acquisition or Disposal of Assets," "Articles of Incorporation," and "Sustainable Development Best Practice Principles." 9. Approved the amendment to "Internal Control System." 10. Approved the bank credit for subsidiaries. 11. Approved the distribution of 2021 compensation for directors and employees. 12. Resolved to hold 2022 annual general shareholders' meeting. 13. Approved the matters related to the acceptance of agenda item proposals by the shareholders for the 2022 annual general meeting.

Meeting date and Session	Major Resolution
2022.5.5 3rd time of Year 2022	1. Reported 2022 Q1 consolidated financial statements. 2. GHG inventory report. 3. Approved the bank credit for HQ and subsidiaries. 4. Approved the amendments to CSR "Policy Statement" and "Institution and Management System." 5. Approved the earning distribution proposal for 2021 Q1.
2022.8.4 4th time of Year 2022	1. Reported liability insurance on behalf of its directors and significant staffs. 2. Approved the bank credit for subsidiaries. 3. Approved 2022 Q2 business report and consolidated financial statements. 4. Approved the earning distribution proposal for 2022 Q2. 5. Approved the amendment to "Internal Control System." 6. Approved the amendment to "Corporate Governance Best-Practice Principles," "Rules Governing the Calculation and Distribution of Remunerations for Directors," "Regulation of Remuneration Management," "Regulations Governing Management of Employee Leave Requests and Overtime" and "Aten International Co., Ltd. Remuneration Committee Charter." 7. Approved the proposed performance bonus for managers for the first half of 2022. 8. Approved 2021 employee compensation paid to managers in 2022.
2022.11.3 5th time of Year 2022	1. Reported 2022 Q3 consolidated financial statements. 2. Reported the plan of intellectual property management. 3. Reported the risk management of information security. 4. Sustainable development work report. 5. Approved the bank credit for subsidiaries. 6. Approved to revise 2022 annual audit plan. 7. Approved 2023 annual audit plan. 8. Approved the amendment to "Internal Control System." 9. Approved the earning distribution proposal for 2022 Q3. 10. Approved the "Policies and Procedures of Sustainable Development and Risk Management" and "Sustainability Committee Charter."

Meeting date and Session	Major Resolution
2023.1.17 1st time of Year 2023	1. Report for the establishment of Indonesia subsidiary. 2. Approved the bank credit for HQ and subsidiaries. 3. Approved 2023 business plan. 4. Approved the proposed ratio for the distribution of remuneration for directors and the distribution of remuneration for employees of 2023. 5. Approved the amendments to "Regulation of Remuneration Management" "Working Regulation," and "Regulation of Domestic and Overseas Business Trip." 6. Approved 2022 year-end bonus paid to managers in January, 2023. 7. Approved the proposed performance bonus for managers for the second half of 2022 to be distributed in 2023. 8. Approved the 2022 performance appraisal result for managers and the proposed changes to the salaries of managers for 2023.
2023.3.14 2nd time for Year 2023	1. Reported 2022 board performance evaluation. 2. Reported the communication between the accountant and the corporate governance units. 3. 2023 Q1 GHG inventory report. 4. Approved the appointment of financial officer, accounting officer, and corporate governance officer. 5. Approved 2022 Business Report and Financial Statements. 6. Approved assessments regarding the independence and competency of the certifying accountant for this Company. 7. Approved the General principles of the company's pre-approved non-assurance service policy. 8. Approved the Fiscal 2022 Earnings Distribution Proposal. 9. Approved 2022 Statement of Declaration of Internal Control. 10. Approved to authorize a member of the board of directors to sign the internal audit report on behalf of the chairman. 11. Approved the bank credit for subsidiaries. 12. Approved the amendments to "Rules of Procedure for Shareholders Meetings." 13. Approved the distribution of 2022 compensation for directors and employees. 14. Resolved to hold 2023 annual general shareholders' meeting. 15. Resolved to elect all directors in 2023 annual general shareholders' meeting. 16. Approved the matters related to the acceptance of agenda item proposals by the shareholders for the 2023 annual general meeting. 17. Approved the roster of the nominated directors and independent directors. 18. Approved to release the Prohibition on Directors from Participation in Competitive Business.

b. Important Resolutions of the 2022 Shareholders' General Meeting

(1) Recognize 2021 business report and financial statement.

Resolution: Approved by the 2022 shareholders' meeting.

(2) Recognize the Fiscal 2021 Earnings Distribution Proposal.

Resolution: Approved to distribute cash dividends amounting to NT$621,250,063 (NT$5.2 per share) to shareholders. The base date of distribution of the second quarter was November 15, 2021, with a cash dividend of NT$274,783,682 (NT$2.3 per share); the dividend distribution date was December 3, 2021. The base date of distribution of the fourth quarter was August 6, 2022, with a cash dividend of NT$346,466,381 (NT$2.9 per share), and the dividend distribution date was August 26, 2022.

(3) Amendment to "Articles of Incorporation."

Plan implementation status: Passed resolution, implemented in accordance with the amended "Articles of Incorporation" and disclosed on the company website after the amendment of "Articles of Incorporation".

(4) Amendment to "Procedures of Acquisition or Disposal of Assets."

Plan implementation status: Passed resolution, implemented in accordance with the amended "Procedures of Acquisition or Disposal of Assets" and disclosed on the company website after the amendment of "Procedures of Acquisition or Disposal of Assets".

3.3.13 Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof.

None.

3.3.14 A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairman, general manager, principal accounting officer, principal financial officer, chief internal auditor, corporate governance personnel, and principal research and development officer.

Title	Name	On-board Date	Resign Date	Reason
Accounting officer Financial officer Corporate governance officer	Jian-Nan Chen (Alex Chen)	May 15, 2017	Jan. 18, 2023	Personal Reason

3.4 Information Regarding the Certified Company's Audit Fee

Unit: NT$ thousands

Accounting Firm	Name of CPA		Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Remarks
KPMG	Po-Shu Huang	Chung-Shun Wu	2022.01.01~ 2022.12.31	3,590	930 (Remarks)	4,520	Tax Audit and Review annual report

3.4.1 When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.

3.4.2 When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefore shall be disclosed: None.

3.5 Replacement of CPA：None

3.6 Where the company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed: None

3.7 Changes in shares held, transferred, and pledged by directors, supervisors, managers, and major shareholders holding over 10% of outstanding shares in the most recent year and up to the publication of the annual report:

3.7.1 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

Unit: Shares

Title	Name	2022		As of Apr. 17, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman / President	Sun-Chung Chen	-	-	-	-
Vice Chairman	Shang-Jen Chen	-	-	-	-
Director / Sr. Vice President	Yung-Da Lin	3,000	-	-	-
Director	Kun-Yu Chao	-	-	-	-
Director	Shiu-Ta Liao	-	-	-	-
Director	Se-Se Chen	-	-	-	-
Director	Chen-Lin Kuo	-	-	-	-

Title	Name	2022		As of Apr. 17, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Independent Director	Wei-Jen Chu	-	-	-	-
Independent Director	Chung-Jen Chen	-	-	-	-
Independent Director	Chun-Chung Chen	-	-	-	-
Vice President	Vince Lin				
Sr. Assistant Vice President	Elizabeth Anlen Wang	-	-	-	-
Sr. Assistant Vice President	Lanie Chen	-	-	-	-
Sr. Assistant Vice President	Sean Huang	-	-	-	-
Sr. Assistant Vice President	Sherry Tung	-	-	-	-
Sr. Assistant Vice President	Wayne Tyan	-	-	-	-
Assistant Vice President	Candy Liao	-	-	-	-
Assistant Vice President	Jack Chen	-	-	-	-
Assistant Vice President	Frank Chang	-	-	-	-
Assistant Vice President	Thomas Chang	-	-	-	-
Assistant Vice President	Bowei Lai	-	-	-	-
Assistant Vice President	Michael Tseng	-	-	-	-
Assistant Vice President	Mike Chiang	-	-	-	-
Assistant Vice President	George Lee	-	-	-	-
Assistant Vice President	Hank Kwuo	-	-	-	-
Assistant Vice President	Gary Lee	-	-	-	-
Assistant Vice President	Max Huang	-	-	-	-

3.7.2 Shares Trading with Related Parties: None.

3.7.3 Shares Pledge with Related Parties: None.

3.8 Relationship among the Top Ten Shareholders.

As of Apr. 17, 2023

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Shang-Jen Chen	6,789,342	5.68%	2,390,970	2.00%	0	0%	Li-Yue Pan Jin-Tang Chen Ren Liao Sun-Chung Chen	Spouse Father Mother Brother	-
Jin-Tang Chen	6,449,352	5.40%	4,131,796	3.46%	0	0%	Ren Liao Shang-Jen Chen Sun-Chung Chen	Spouse Son Son	-

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
							Li-Yue Pan	Daughter in Law	
Capital Securities Nominee Limited	4,361,277	3.65%	0	0%	0	0%	None	None	-
Ren Liao	4,131,796	3.46%	6,449,352	5.40%	0	0%	Jin-Tang Chen Sun-Chung Chen Shang-Jen Chen Li-Yue Pan	Spouse Son Son Daughter in Law	-
Sun-Chung Chen	4,049,087	3.39%	629,446	0.53%	0	0%	Jin-Tang Chen Ren Liao Shang-Jen Chen Li-Yue Pan	Father Mother Brother Sister in Law	-
Yuan-Qiao Co., Ltd.	4,000,000	3.35%	0	0%	0	0%	None	None	-
Representative: Qing-Qing Lin	0	0%	0	0%	0	0%	None	None	-
Huei-Jyuan Liao	3,326,331	2.78%	0	0%	0	0%	-	-	-
Yu-Li Liao (Candy Liao)	2,629,097	2.20%	0	0%	0	0%	None	None	-
Li-Yue Pan	2,390,970	2.00%	6,789,342	5.68%	0	0%	Shang-Jen Chen Jin-Tang Chen Ren Liao Sun-Chung Chen	Spouse Father in Law Mother in Law Brother in Law	-
Mei-Xing Lin	2,216,879	1.86%	0	0%	0	0%	None	None	-

Note 1: The top ten shareholders shall be listed in full; corporate shareholder shall list its name and the names of its proxy separately.

Note 2: The calculation of the shareholding percentage refers to the percentage of shares held in his/her/its own name, or under the name of his/her/its spouse, children under twenty (20) years of age, or others.

Note 3: The relationship between above-listed juristic person shareholders and natural person shareholders shall be disclosed pursuant to the regulations governing the preparation of financial reports of the issuer.

3.9 The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managers, and any companies controlled either directly or indirectly by the company.

As of Mar. 31, 2023; Unit: Shares/%

Affiliated Enterprises Note 1	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
ATEN COMPUTER PRODUCTS CO., LTD.	4,599,998	99.999%	2	0.001%	4,600,000	100%
VISIONTOP CO., LTD.	6,472,066	59.58%	2,203,392	20.28%	8,675,458	79.87%

Affiliated Enterprises Note 1	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
ATECH PERIPHERALS INC.	10,000,000	100%	0	0%	10,000,000	100%
TOPMOST INTERNATIONAL CO., LTD.	700,000	100%	0	0%	700,000	100%
ATEN TECHNOLOGY, INC.	0	0%	8,672,084.37	99.11%	8,672,084.37	99.11%
ATEN INFOTECH N.V.	58,343	99.998%	1	0.002%	58,344	100%
ATEN JAPAN CO., LTD.	1,600	100%	0	0%	1,600	100%
ATEN US HOLDINGS INC.	9,380,000	100%	0	0%	9,380,000	100%
FOREMOST INTERNATIONAL CO. LTD.	2,180,628	100%	0	0%	2,180,628	100%
EXPAND INTERNATIONAL CO., LTD.	0	0%	689,965	100%	689,965	100%
ATEN EUROPE LTD.	0	0%	1,069,000	100%	1,069,000	100%
ATEN NEW JERSEY INC.	0	0%	800,000	100%	800,000	100%
ATEN UK LTD.	0	0%	650,000	100%	650,000	100%
ATEN KOREA CO., LTD.	0	0%	102,000	85%	102,000	85%
ATEN CHINA CO., LTD	Note 2	30%	Note 2	70%	Note 2	100%
ATEN FOREMOST CO., LTD	—	—	Note 2	100%	Note 2	100%
I/O MASTER INC.	0	0%	700,000	100%	700,000	100%
ATEN CANADA TECHNOLOGIES INC.	0	0%	300	100%	300	100%
IOGEAR INC.	0	0%	10	100%	10	100%

Affiliated Enterprises Note 1	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
EXPAND ELECTRONICS CO., LTD	—	—	Note 2	100%	Note 2	100%
HONG ZHENG CO., LTD.	1,600,000	100%	0	0%	1,600,000	100%
HONG YUAN CO., LTD.	1,600,000	100%	0	0%	1,600,000	100%
ATEN ANZ PTY. LTD.	3,500,000	100%	0	0%	3,500,000	100%
RCM FULLY AUTOMATION CO., LTD.	780,000	26%	2,220,000	74%	3,000,000	100%
ATEN INFO COMMUNICATION LLC.	1,000	100%	0	0%	1,000	100%
ATEN POLAND SP. Z O.O.	20,000	100%	0	0%	20,000	100%
ATEN ROMANIA S.R.L.	80,000	100%	0	0%	80,000	100%
ATEN ADVANCE PRIVATE LIMITED	2,199,999	99.999%	1	0.001%	2,200,000	100%
ATEN LATAM MEXICO S.A DE C.V.	5,148,000	99%	52,000	1%	5,200,000	100%
PT ATEN TECHNOLOGY INDONESIA	2,497.5	99.9%	2.5	0.1%	2,500	100%

Note 1: The Company's long-term investment under equity method.

Note 2: ATEN CHINA CO., LTD, ATEN FOREMOST CO., LTD, and EXPAND ELECTRONICS CO., LTD are limited liability Companies which do not issue stocks.

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

A. Issued Shares

As of Apr. 17, 2023

Month/ Year	Par Value (NT$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT$)	Shares	Amount (NT$)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
1979.06	10	200,000	2,000,000	200,000	2,000,000	Capitalization by cash	-	
1982.04	10	400,000	4,000,000	400,000	4,000,000	Capitalization by cash	-	
1983.01	10	800,000	8,000,000	800,000	8,000,000	Capitalization by cash	-	
1984.06	10	1,500,000	15,000,000	1,500,000	15,000,000	Capitalization by cash	-	
1987.09	10	3,000,000	30,000,000	3,000,000	30,000,000	Capitalization by cash	-	
1988.10	10	4,000,000	40,000,000	4,000,000	40,000,000	Capitalization by cash	-	
1990.05	13	10,000,000	100,000,000	10,000,000	100,000,000	Capitalization by cash	-	
1990.08	13	15,097,360	150,973,600	15,097,360	150,973,600	Capitalization by cash	-	
1996.08	15	19,871,700	198,717,000	19,871,700	198,717,000	Capitalization by cash 10,000,000 Capitalization by earning 37,743,400	-	
1999.09	10	25,833,210	258,332,100	25,833,210	258,332,100	Capitalization by earning 59,615,100	-	
2000.09	10	40,000,000	400,000,000	33,889,173	338,891,730	Capitalization by earning 77,499,630 Capitalization by employee stock bonus 3,060,000	-	Note 1
2001.08	10	40,000,000	400,000,000	39,423,549	394,235,490	Capitalization by earning 50,833,760 Capitalization by employee stock bonus 4,510,000	-	Note 2
2002.08	65	120,000,000	1,200,000,000	62,272,571	622,725,710	Capitalization by cash 39,884,250 Capitalization by earning 177,405,970 Capitalization by employee stock bonus 11,200,000	-	Note 3
2003.07	10	120,000,000	1,200,000,000	73,113,457	731,134,570	Capitalization by earning 93,408,860 Capitalization by employee stock bonus 15,000,000	-	Note 4
2004.07	10	120,000,000	1,200,000,000	81,974,803	819,748,030	Capitalization by earning 73,113,460 Capitalization by employee stock bonus 15,500,000	-	Note 5
2005.07	10	120,000,000	1,200,000,000	87,497,694	874,976,940	Capitalization by earning 40,228,910 Capitalization by employee stock bonus 15,000,000	-	Note 6
2005.09	10	120,000,000	1,200,000,000	88,021,194	880,211,940	Exercise of employee stock options 5,235,000	-	
2005.12	10	120,000,000	1,200,000,000	88,074,694	880,746,940	Exercise of employee stock options 535,000	-	
2006.03	10	120,000,000	1,200,000,000	88,097,194	880,971,940	Exercise of employee stock options 225,000	-	

Month/ Year	Par Value (NT$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT$)	Shares	Amount (NT$)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2006.06	10	120,000,000	1,200,000,000	88,102,194	881,021,940	Exercise of employee stock options 50,000	-	
2006.07	10	120,000,000	1,200,000,000	96,229,806	962,298,060	Capitalization by earning 51,948,120 Capitalization by employee stock bonus 29,328,000	-	Note 7
2006.09	10	120,000,000	1,200,000,000	96,420,556	964,205,560	Exercise of employee stock options 1,907,500	-	
2007.01	10	120,000,000	1,200,000,000	96,490,306	964,903,060	Exercise of employee stock options 697,500	-	
2007.04	10	120,000,000	1,200,000,000	96,521,056	965,210,560	Exercise of employee stock options 307,500	-	
2007.04	10	120,000,000	1,200,000,000	96,526,056	965,260,560	Exercise of employee stock options 50,000	-	
2007.07	10	120,000,000	1,200,000,000	96,586,056	965,860,560	Exercise of employee stock options 600,000	-	
2007.09	10	120,000,000	1,200,000,000	104,856,859	1,048,568,590	Capitalization by earning 48,263,030 Capitalization by employee stock bonus 31,000,000 Exercise of employee stock options 3,445,000	-	Note 8
2008.02	10	120,000,000	1,200,000,000	104,935,609	1,049,356,090	Exercise of employee stock options 787,500	-	
2008.05	10	120,000,000	1,200,000,000	104,991,359	1,049,913,590	Exercise of employee stock options 557,500	-	
2008.07	10	150,000,000	1,500,000,000	105,013,609	1,050,136,090	Exercise of employee stock options 222,500	-	
2008.08	10	150,000,000	1,500,000,000	112,291,190	1,122,911,900	Capitalization by earning 52,775,810 Capitalization by employee stock bonus 20,000,000	-	Note 9
2008.10	10	150,000,000	1,500,000,000	112,320,940	1,123,209,400	Exercise of employee stock options 297,500	-	
2009.01	10	150,000,000	1,500,000,000	110,320,940	1,103,209,400	Cancellation of treasury stock 20,000,000	-	
2009.08	10	150,000,000	1,500,000,000	119,471,166	1,194,711,660	Capitalization by earning 77,224,660 Capitalization by employee stock bonus 52,969,930	-	Note 10

Note 1: Tai. Chai. Chen. I. Tzi. No. 47783 Letter dated June 5, 2000

Note 2: Tai. Chai. Chen. I. Tzi. No. 131089 Letter dated May 21, 2001

Note 3: Tai. Chai. Chen. I. Tzi. No. 0910131615 Letter dated June 11, 2002

Note 4: Tai. Chai. Chen. I. Tzi. No. 0920121869 Letter dated May 19, 2003

Note 5: Tai. Chai. Chen. I. Tzi. No. 0930118821 Letter dated May 11, 2004

Note 6: FSC. S. I. Tzi No. 0940125412 Letter dated June 24, 2005

Note 7: FSC. S. I. Tzi No. 0950127657 Letter dated June 30, 2006

Note 8: FSC. S. I. Tzi No. 0960034407 Letter dated July 5, 2007

Note 9: FSC. S. I. Tzi No. 0970033039 Letter dated July 2, 2008

Note 10: FSC. S. Far. Tzi No. 0980033254 Letter dated July 3, 2009

B. Type of Stock

As of Apr. 17, 2023; Unit: Share

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common Stock	119,471,166	30,528,834	150,000,000	-

C. Shelf Registration Related Information: Not applicable.

4.1.2 Status of Shareholders

As of Apr. 17, 2023

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Foreign Institutions & Natural Persons	Domestic Natural Persons	Total
Number of Shareholders	0	5	56	125	10,932	11,118
Shareholding (shares)	0	1,901,000	8,079,824	13,681,396	95,808,946	119,471,166
Percentage	0.00%	1.59%	6.76%	11.45%	80.20%	100.00%

4.1.3 Shareholding Distribution Status

As of Apr. 17, 2023

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1-999	2,084	364,537	0.31%
1,000-5,000	7,158	14,350,958	12.01%
5,001-10,000	974	7,514,626	6.29%
10,001-15,000	297	3,746,419	3.14%
15,001-20,000	181	3,284,322	2.75%
20,001-30,000	148	3,735,526	3.13%
30,001-40,000	67	2,379,319	1.99%
40,001-50,000	48	2,190,365	1.83%
50,001-100,000	78	5,416,848	4.53%
100,001-200,000	22	3,156,837	2.64%
200,001-400,000	18	5,210,890	4.36%
400,001-600,000	12	5,953,031	4.98%
600,001-800,000	8	5,779,683	4.84%
800,001-1,000,000	3	2,678,742	2.24%
1,000,001 or over	20	53,709,063	44.96%
Total	11,118	119,471,166	100.00%

4.1.4 List of Major Shareholders

As of Apr. 17, 2023

Shareholder's Name	Shareholding	
	Shares	Percentage
Shang-Jen Chen	6,789,342	5.68%
Jin-Tang Chen	6,449,352	5.40%
Capital Securities Nominee Limited	4,361,277	3.65%
Ren Liao	4,131,796	3.46%
Sun-Chung Chen	4,049,087	3.39%
Yuan-Qiao Co., Ltd.	4,000,000	3.35%
Huei-Jyuan Liao	3,326,331	2.78%
Yu-Li Liao	2,629,097	2.20%
Li-Yue Pan	2,390,970	2.00%
Mei-Xing Lin	2,216,879	1.86%

4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT$

Item			2023Q1	2022	2021
Market Price per Share (Note1)	Highest		85.40	82.70	93.10
	Lowest		77.20	74.30	80.10
	Average		80.89	78.61	84.38
Net Worth per Share (Note 2)	Before Distribution		38.65	40.38	39.19
	After Distribution		—	—	—
Earnings per Share	Weighted Average Shares (thousand shares)		119,471	119,471	119,471
	Earnings Per Share (Note 3)		1.59	6.11	5.33
Dividend Per Share	Cash Dividend		—	5.70	5.20
	Stock dividend without compensation	From retain earnings	0	0	0
		From capital surplus	0	0	0
	Accrued undistributed dividend (Note 4)		0	0	0
Return on Investment	Price / Earnings Ratio (Note5)		—	12.87	15.83
	Price / Dividend Ratio (Note 6)		—	13.79	16.23
	Cash Dividend Yield Rate (Note 7)		—	7.25%	6.16%

Note 1：List the highest and lowest price of the common stocks in that year, and the average market price for that year is calculated based on the transaction values and transaction amounts.

Note 2：Use the number of circulated shares at the end of the year as the base, then the dividend distributed determined in the meeting of board of directors or the coming year’s stockholders’ meeting.

Note 3：If there is any retroactive adjustment from the stock dividend without compensation, then it should list earning per share on before and after adjustment.

Note 4：If the equity investment has constraint that limits the undistributed dividend for that year and it is cumulated until to later profitable year. Then it should disclose the cumulative undistributed dividend up to that year.

Note 5：P/E＝current year average share price at closing／earnings per share.

Note 6：P/C＝current year average share price at closing／cash dividend per share.

Note 7：C/P＝ cash dividend per share／current year average share price.

4.1.6 Dividend Policy and Implementation Status

A. Dividend Policy

Article 25 of "the Articles of Incorporation":

The Company will consider the business environment and stage of growth for the Company, respond to future financing needs and long-term financial planning and satisfy shareholders' needs for cash flow and distribution. The Company will distribute 30% of the distributable surplus as dividends for shareholders, among which, the Company shall distribute no less than 10% of its current dividends in cash. These ratios may be raised in the future where earnings and available capital are higher.

B. Dividend distributions proposed at the most recent shareholders' meeting

On August 4, 2022 and March 14, 2023, the Board of Directors approved the distribution of a cash dividend of NTD 2.4 per share in the second quarter of FY 2022 and a cash dividend of NTD 3.3 per share in the fourth quarter of FY 2022, giving a total cash dividend distribution of NTD 5.7 per share in FY 2022. In the case where the Company subsequently makes a stock repurchase, affecting the number of outstanding shares, thus changing the stock dividend ratio for shareholders, it is proposed that the board of directors be fully authorized to handle relevant matters. However, such a distribution proposal has yet to be approved by the shareholders' meeting.

C. If a material change in dividend policy is expected, provide an explanation: None.

4.1.7 Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: None.

4.1.8 Compensation of Employees, Directors and Supervisors

A. Information Relating to Compensation of Employees, Directors and Supervisors in the Articles of Incorporation

Article 24 of "the Articles of Incorporation":

For this year, the Company's net income before tax before deducting remuneration to employees and directors and after making up for aggregated losses should be applied to pay remuneration to employees for an amount of 10-16% of the balance, and to directors for an amount not more than 2% of the balance.

Employees' remuneration and directors' remuneration may be distributed in the form of cash or stocks, subject to a resolution adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. Those receiving employee remuneration in stocks or cash include employees of subordinate companies meeting certain criteria.

The Company's annual earnings at the end of the fiscal year shall be first subject to taxation, reimbursement of previous losses, followed by a 10% provision for statutory earnings reserve and special reserve by law or reversal. The board of directors shall draft distribution proposals for any remainder and submit such proposals for approval at the shareholders' meeting.

The dividends and bonus which shall be distributed by the company, all or part of the statutory earnings reserve and capital surplus, when distributed in cash, shall be done by a resolution adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

B. The basis for estimating the amount of employee and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: None.

C. Distribution of Compensation of Employees and Directors for 2022 Approved in the Board of Directors Meeting

(1) Recommended Distribution of Compensation of Employees and Directors:

The estimated amount for employee compensation and directors' compensation is NTD 149,727,207 and

NTD 11,978,177, respectively, which is all distributed in cash. There is no discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized.

(2) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation: None.

D. The actual distribution of employee and director compensation for the previous fiscal year:

(1) Compensation for employee: The actual distribution compensation amount for employee for the previous fiscal year 2021 is NTD 129,874,405, which is identical with the amount that BOD approved.

(2) Compensation for director: The actual distribution compensation amount for director and supervisor for the previous fiscal year 2021 is NTD 11,544,392, which is identical with the amount that BOD approved.

4.1.9 Buyback of Treasury Stock: None.

4.2 Bonds: None.

4.3 Preferred Shares: None.

4.4 Global Depository Receipts: None.

4.5 Employee Stock Options: None.

4.6 New Restricted Employee Shares: None.

4.7 Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.

4.8 Financing Plans and Implementation: None.

V. Operational Highlights

5.1 Business Activities

5.1.1 Scope of Business

A. Main Activities

a. Designing, manufacturing and selling of IT infrastructure access management solution products.

b. Designing, manufacturing and selling of professional A/V products.

c. Designing, manufacturing and selling of intelligence energy management solution products.

d. Designing, manufacturing and selling of various types of resource sharing devices.

e. Designing, manufacturing and selling of interface converters, extenders and splitters.

B. Major Product Lines and Contributions to Total Consolidated Sales

Unit: NT$ thousands

Year / Item	2022		2021	
	Amount	Ratio (%)	Amount	Ratio (%)
IT Infrastructure Access Management Solution Products	3,363,043	62.24%	3,164,373	61.28%
Video Products	813,829	15.06%	848,283	16.43%
Other Products	1,226,295	22.70%	1,151,035	22.29%
Total	5,403,167	100.00%	5,163,691	100.00%

C. Products and Services Provided by the Company

Since its establishment in 1979, ATEN has dedicated itself to the development of different types of connector, controller and management devices, in line with our vision of “Simply Better Connections” and our goal of creating value for industry and for society as a whole. Thanks to many years of hard work, ATEN is now able to provide a comprehensive range of “total solutions” that encompass IT Infrastructure Access Management Solutions, Professional Audio & Video Product Solutions, and Green Energy Solutions.

In the IT Infrastructure Access Management Solutions segment, ATEN provides comprehensive solutions that help customers to manage PCs, servers, networking equipment, data storage devices, power splitters and other IT equipment more efficiently. Besides our core KVM switch (for simultaneous control of multiple computers from a single or multiple sets of keyboard, video monitor and mouse) product line, ATEN also offers LCD KVM switches, multi-port matrix switch products and video extenders. ATEN is thus able to provide total solutions for the remote, centralized management of large control rooms and data centers. ATEN’s IP based KVM, Over-IP PDU and IP based serial signal management devices are integrated using centralized management software with freeze screen management function; ATEN’s solutions are both powerful and easy to use.

Since 2008, ATEN has been developing the professional audio/video systems product line. The VanCryst product range includes video switches, video splitters, video extenders and video converters that support a variety of different interfaces. For large-scale medium- and high-end audio and video applications, the

VanCryst range offers multi-port matrix switches and long-range extenders. With superb image quality enhancement function and easy-to-use remote management software, ATEN's VanCryst products constitute a simple, innovative solution.

In addition, over the past few years ATEN has been working actively to secure participation in international certification and technology alliances, so as to ensure that ATEN products provide a high level of compatibility with other world-leading brands, thereby helping ATEN itself to confirm its position as a leading player in the global professional audio/video solutions market. Having rolled out a series of high-end, modularized matrix solutions and control systems, ATEN has become one of only a handful of Taiwanese companies to establish itself within the high-end professional audio/video solutions segment, competing on an equal footing with leading international corporations.

In 2012, ATEN launched the "green energy" product line, with "Energy Intelligence" as its core vision. NRGence comprises a series of environmentally-friendly control room solutions that help to optimize energy usage.

Other ATEN product lines include USB hubs, USB extenders, and many different types of interface converters, extenders, splitters, switches, etc. ATEN products support the latest interfaces, including USB Type-C and Thunderbolt 3, etc., meeting users' needs for high-speed data transmission.

In 2019, the UC9020 StreamLIVE™ HD multipurpose live streaming machine was officially launched. This product is a simple multipurpose live streaming solution mainly targeting professional live streaming, commercial promotions, video conferences, small-scale exhibitions, lectures and academic conferences. Apart from receiving the COMPUTEX 2019 Best Choice Award, it went on to receive the Good Design Award of Japan, which is considered a world-class design award, thus symbolizing ATEN International's first successful move into the live streaming equipment business.

D. New Products and Services Currently Being Developed

Development of a range of high-performance KVM matrix system products for use in the management and integration of KVM equipment for control room applications.	(1) Integration of Non IP-Based KVM extender and matrix management software. (2) Flexible extension and control for independent non IP-Based network computer access, using Cat 5e/6 or fiber optics cable. (3) Provision of high-resolution imaging, ensuring vivid colors and sharp images even with "dense" static images. (4) Provides personnel in the control room with superior keyboard and mouse feedback as well as high-quality video with almost zero latency during remote operation. (5) Unique rapid switching technology that is exclusive to ATEN, allowing immediate switching between different resolutions to support video surveillance and other surveillance applications. (6) Provision of powerful user authorization functions and interconnected device centralized management functions for enterprises and government agencies that need high levels of security, along with the provision of

	long-distance transmission solutions for encrypted data.
The latest generation of KVM supports multi-computer management over digital channels. Applications include centralized remote management of data center servers, remote access from the control room, as well as remote management of high-tech production lines.	(1) Dual 10G upstream bandwidth with support for up to 32 channels and redundancy. (2) WinClient AP allows remote users to switch to any authorized server for operation and control. When panel array mode is active, up to 32 servers can be displayed in real-time on the screen for ease of monitoring. (3) WebClient was developed with HTML5 webpage technology so no plug-ins or software need to be installed in advance, ensuring a high level of browser compatibility. (4) High security - Proprietary OS, Client AP, TLS 1.3, FIPS140-2 level 1 encryption module. (5) Superior keyboard and mouse feedback as well as high-quality video with almost zero latency makes remote operation feel identical to local operation of the server. (6) Digital all-channel access with no restrictions of user channel access. (7) Truly digital transmission with a maximum range of 100m (from server to KVM all-channel multi-computer switch).
Development of a range of Secure KM switch products that conform to the Protection Profile for Peripheral Sharing Device (PP PSD) international standard for KM devices.	(1) Awarded NIAP PP 4.0 international certification. (2) The physical circuit isolation and one-way data transmission design ensure complete separation of signals when using linked physical devices with different levels of security. (3) The proactive peripheral device filtering function ensures that operators cannot use data storage devices to steal data, or use abnormal signals to disrupt device operation. (4) First-class intrusion prevention and tamper protection design ensures that, even if a Secure KM suffers malicious damage, data transmission to and from peripheral devices and other connected devices can be effectively interrupted and isolated. (5) Managers can use the Secure KM's built-in overwrite-prevention data recording function to examine important incidents and operational data.
Technical integration and application of consumer electronics on desktops and peripheral products for gaming consoles.	(1) Development of USB 3.0/3.1 products. (2) Development of USB and Bluetooth products. (3) Development of computer/mobile phone/game controller switch products. (4) Coordinated development of DisplayPort/Thunderbolt/Type C products. (5) Research and development into the integration of applications for video and audio capturing on computers and phones, live streaming, and audio mixer.
Integration and applications of Audio/ Video connector	(1) Development of True 4K ultra high-definition, long-range broadcasting transmission products.

management products.	(2) Development of True 4K fiber-optic interface products. (3) Development of True 4K standard, medium-sized and large modular array products. (4) Development of True 4K TV wall processor products. (5) Development of True 4K Over IP online video management products. (6) Development of 4K / True 4K / HDBaseT products, including standard and wall plate equipped transmitter products. (7) True 4K high-definition image rotation and overlay. (8) Optimization of operating and management software, including Web GUI enhancement and apps. (9) Developments of a True 4K seamless multi-function presentation matrix switch system. (10) Development of power amplifier and Dante products.
Smart Control System.	(1) Development of centralized control boxes. (2) Development of user interface software for control applications. (3) Development of design integration software tools. (4) Development of distributed control extension box products. (5) Development of software modules for environmental control applications. (6) Ongoing establishment of a device control database. (7) Development of wall plate equipped streamlined controller products. (8) Development of a platform for centralized global management of Audio/Video devices. (9) Development of Room Booking System(RBS).
PE series electric power and green energy integration and applications.	(1) Development of new-generation intelligence PDU and “green energy” sensors. (2) Undertaking R&D work relating to the efficient use of energy. (3) Undertaking R&D work relating to “green data center” overall cooling, ventilation, electric power and energy efficiency.
EC series electric power and green energy integration and applications.	Development of data center environment monitoring and measurement tools for improving energy conservation.
AI Speech Synthesis Service	The Text-to-Speech (TTS) service of ATEN AI Voice uses neural technology to deliver realistic, localized synthesized speech with human warmth. Enhance customer experience through high-quality audio tailor-made for your brand. Customers can train their own vocal brand for improved efficiency and lower costs.
AI Training Service	Make the most effective use of investments in AI equipment and talent. For small and medium enterprises without their own equipment and expertise, ATEN can provide tailored AI applications and training on AI technology

	matched to the customer application. Particular emphasis on factory automation and enterprise audio-video recognition applications.

5.1.2 An Overview of the Industry

A. The Current Status and Future Development of the Industry

As regards the current state of the IT infrastructure management industry, with the steady increase in computer and Internet usage, IT infrastructure has tended to become larger and more complex, leading to the emergence of an entire industry dedicated to meeting IT infrastructure management needs. From the point of view of the end user, the number of alternative products available is limited, so market demand has continued to grow steadily. The key factors affecting market growth can be summarized as follows:

a. Convenience: KVM products make it easy and convenient for IT managers to implement centralized control of multiple PCs and servers. KVM products facilitate the sharing of resources, help to save space, are easy to operate and reduce management costs, making for improved work efficiency.

b. A global market: With business enterprises continuing to expand their global networks and establish new sites overseas, KVM products can be used to resolve issues affecting servers and related equipment on a real-time basis.

c. Continuing investment in IT hardware: Companies all over the world continue to deploy new IT hardware; KVM products facilitate efficient management of corporate IT infrastructure.

d. The growth in the server market and the integration of server platforms: KVM products can be used to manage large numbers of servers. With the continued growth of the server market and the trend for companies to multiple entry-level servers instead of one powerful but very expensive sever, KVM products provide a way for firms to connect these multiple cost-effective servers, and facilitate more efficient server management.

e. Economic growth in Asia and in other emerging markets: The strong economic growth in Asia and in emerging markets in other parts of the world has led to a steady increase in demand for data management solutions both in the private sector and in government. KVM products can help both government agencies and business enterprises to implement efficient data management; as a result, demand for KVM products has been growing rapidly in Asia and in emerging economies elsewhere.

f. Demand deriving from the growth of the Internet: The emergence of the Internet has made it possible for IT personnel to manage servers remotely from any location. At the same time, falling product prices have made medium-sized enterprises more willing to purchase over-IP KVM products, which in turn has created higher profit margins for KVM product vendors.

g. Low-price personal computers: The prices of personal computers have been dropping fast following the Moore’s law. Nowadays it is common for a person to own more than one computer, which indirectly boosts the demands for SOHO KVM switch. The A/V interface also shifts gradually from VGA analog interface to DVI/HDMI digital interface. Recently the A/V interface even tends to upgrade to DisplayPort and Type C.

h. Emergence of cloud computing: Cloud computing provides a brand new computational framework and

enables users to enjoy convenient services anytime and anywhere. The emergence of cloud computing service is a major trend in recent years along with maturing software, hardware and transmission technology. The cloud computing infrastructure is essentially a large data center, which will have high demands for remote control products.

i. The Growing Importance of Information Security: With the dramatic growth of the Internet, exchanging information has become steadily more convenient. However, from the point of view of IT managers, protecting data security has become much more challenging. The restricted connectivity characteristic of KVM switch products means that adopting KVM devices can substantially enhance information security, preventing unnecessary online connections and reducing the risk of data leaks.

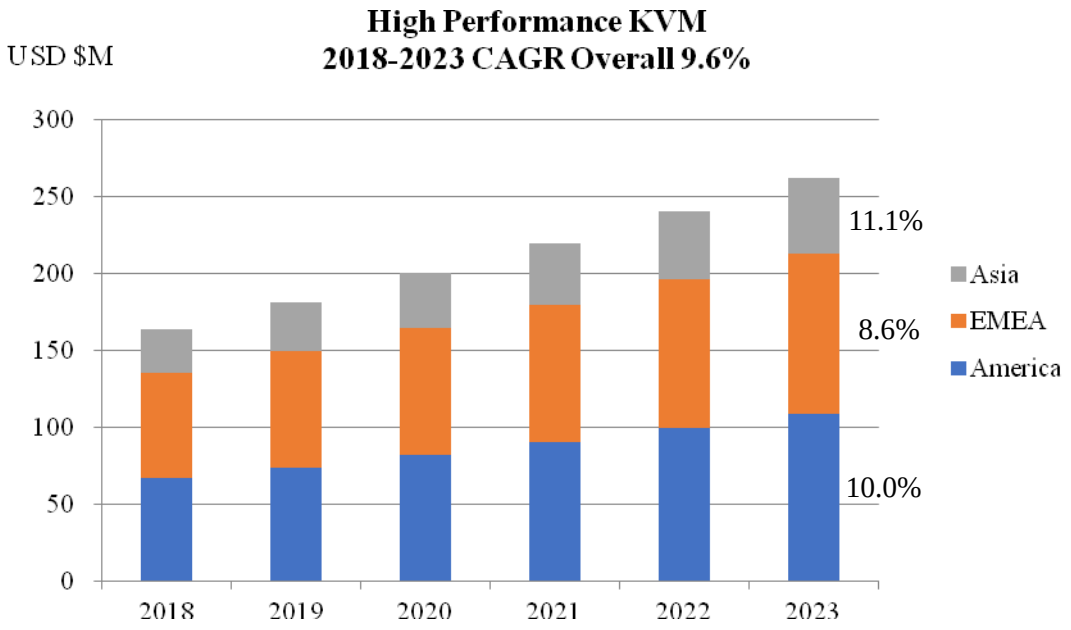
j. Demand for isolation of Intranets from the Internet: Due to information security considerations, government agencies need both Intranet servers and external Internet servers, to ensure the required separation between physical devices; this has stimulated the emergence of market demand for new applications in the Secure KVM market.

k. Emergence of Industry 4.0 and the Internet of Things (IoT): The “Industry 4.0” concept was first introduced in Germany in 2012, and has since become a major new trend in the advanced nations. The idea behind Industry 4.0 is to achieve seamless integration of IT technology, communications, operating systems and manufacturing facilities, so as to stimulate the development of industrial automation and “smart” decision-making, thereby providing a safe, efficient, fast, highly-automated manufacturing environment that meets production and sales requirements. The growth of Industry 4.0 will create a whole new wave of demand for IT architecture management solutions.

l. The widespread adoption of large-sized, high-resolution displays has stimulated growth in demand for High Performance KVM Switches: In the past, broadcasting and media firms - particularly in North America and Western Europe - have been the main customers for High Performance KVM Switches. Recently, however, there has been new growth in demand in the transportation sector, for example control room applications for airports and underground railway stations, and there has also been a shift away from analog switches towards Digital High Performance KVM Switches. This has stimulated rapid growth in demand in the High Performance KVM Switch market throughout the world.

m. Remote working and teaching demands: Under the impact of climate change, globalization, unpredictable nature disasters are increasing day by day (such as wild fires, typhoons, epidemics, etc.). Adopting remote technology that is both convenient and safe have become a task and trend faced by governments and industries in various countries. Remote working and teaching technology can satisfy such demands anytime and anywhere, and it is also safe and cost-efficient.

Worldwide High performance KVM switches 2018-2023 Revenue Forecast



Source: 2019 KVM switches and serial consoles report, IHS Market

The professional Audio/Video equipment market is a new market that ATEN has been avidly developing since 2008. The major growth trends are as follows:

a. The growth of professional AV applications: Demand for professional audiovisual equipment for different applications and environments has been rising across a wide range of industries and sectors. Examples include public information systems for public transport operators, display systems for financial institutions, video-conferencing systems for all kinds of business enterprises, display systems for exhibition venues, medical imaging and public information systems for hospitals and clinics, display systems for sporting events, monitoring and information management systems for industrial environments, teaching systems for academic institutions, special systems for research institutes, and home movie theater systems. The adoption of professional audiovisual equipment can lead to dramatic improvements in efficiency; this trend has created significant new business opportunities for manufacturers of video products, such as ATEN.

b. The growth of digital advertising: With the growth of the Internet, digital signage has come to play an increasingly important role in the advertising industry. This trend has created new opportunities for video products.

c. Digitization of A/V contents and interface: The digitization of A/V contents and interface greatly enhances the quality of images and sound, and at the same time, increases user demands. As a result, A/V equipment suppliers are under pressure to replace the recoding, processing, storage, transmission and playing components every year, which however opens an excellent window of opportunity for new players to enter the market.

d. The dramatic improvement in video and audio quality: Digitalization has been followed by a steady improvement in the quality of both audio and video. Video image resolution has evolved from SDTV

to HDTV, Full HD, 3D, and now 4Kx2K、True 4K & 4K HDR, while audio quality has seen a progression from 2.1 systems to 5.1 and now to 7.1. The rapid pace of change has created significant business opportunities, in terms of demand for upgrading of existing audio/video equipment. It is worth mentioning that Japan has already adopted 8K ultra-HD resolution to broadcast the 2021 Tokyo Olympics, and upgraded the equipment of relevant industries at the same time. The HDMI Forum has formally announced the new HDMI 2.1 specification, which supports 8K UHD; this is currently a major driver of market growth.

e. The global video wall market has continued to post double-digit annual growth rates. The Asia Pacific is the biggest regional market, and is the region forecasted to have the highest growth in the future. TV walls are not only being used in control centers anymore; they can also be seen at airports, broadcasting centers, and exhibitions in shopping centers, among other everyday life venues. Demand for video wall applications will constitute an important driver of growth for ATEN's professional audio/video product line in the future.

f. Mobile devices are coming into increasingly widespread use, and their functionality has become more powerful and more wide-ranging; the ability to use mobile devices such as iPads, iPhones or Android Phones to control or operate complex professional audiovisual systems has become a major new driver of growth in the Audio/Video market. Besides substantially reducing overall cost, it can also provide a whole new user experience, with the potential to create new, expanded markets.

g. According to the 2019 Lifesize Report, 78% of the enterprises conduct team meetings in the form of video conferences. Futuresource Consulting (2018) also pointed out that enterprises are looking for new ways to create attractive and flexible physical and virtual working spaces to enhance interactions and collaborations between departments, as well as productivity and creativity. The technical importance of IT systems, interactive displays, video conferences, bring your own device (BYOD) presentation solutions, professional sound and control systems are becoming more prominent. Traditional conference venues and classrooms also need updating and renovation, which would demand brand-new types of presentation switches.

h. Traditional professional video and audio systems are restricted by their transmission technology and are often unable to connect with one another. They become independent systems, which creates difficulties in terms of maintenance and management. After the introduction of IT transmission and management technology, a unified remote management platform becomes more feasible. For large enterprises or organizations, such solutions are becoming essential standards. For traditional professional video and audio equipment suppliers, the integration of video, audio and IT is a tough challenge but also presents new opportunities.

i. COVID-19 posed an unprecedented challenge to the professional audio-visual market with the tremendous impact on industries related to entertainment, tourism, travel and retail greatly reducing the demand for professional AV products. Once the pandemic situation began to improve and global travel restrictions began to be lifted, signs of a recovery in demand began to emerge in the second half of 2022 bringing with new market opportunities. Businesses and schools adapting to local and remote requirements began developing composite learning and meeting spaces that require even more

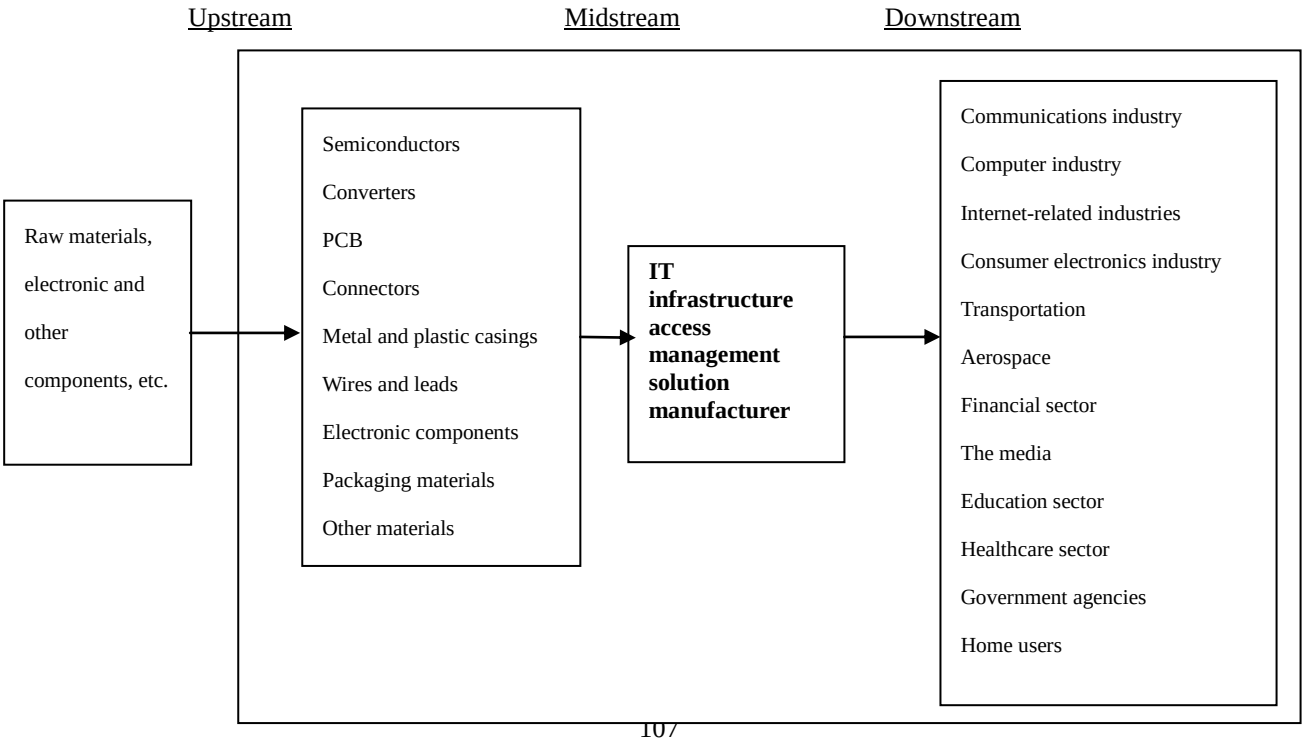
professional AV products.

j. Standardization of professional video and audio products: Back in the analog days, each leading manufacturer had its own technology that others were unable to replicate, which secured their competition advantages. Following the digitization and IT-ization trends, barriers have gradually been broken. Standard specifications such as HDBaseT & Dante have gradually won the approval of the overall industry; in fact, many customers or tenders directly demand for these specifications. For traditional professional video and audio manufacturers, standardization is a great challenge as the differences among manufacturers have largely decreased; however, it is a great opportunity for new manufacturers as they get to quickly catch up with advanced manufacturers.

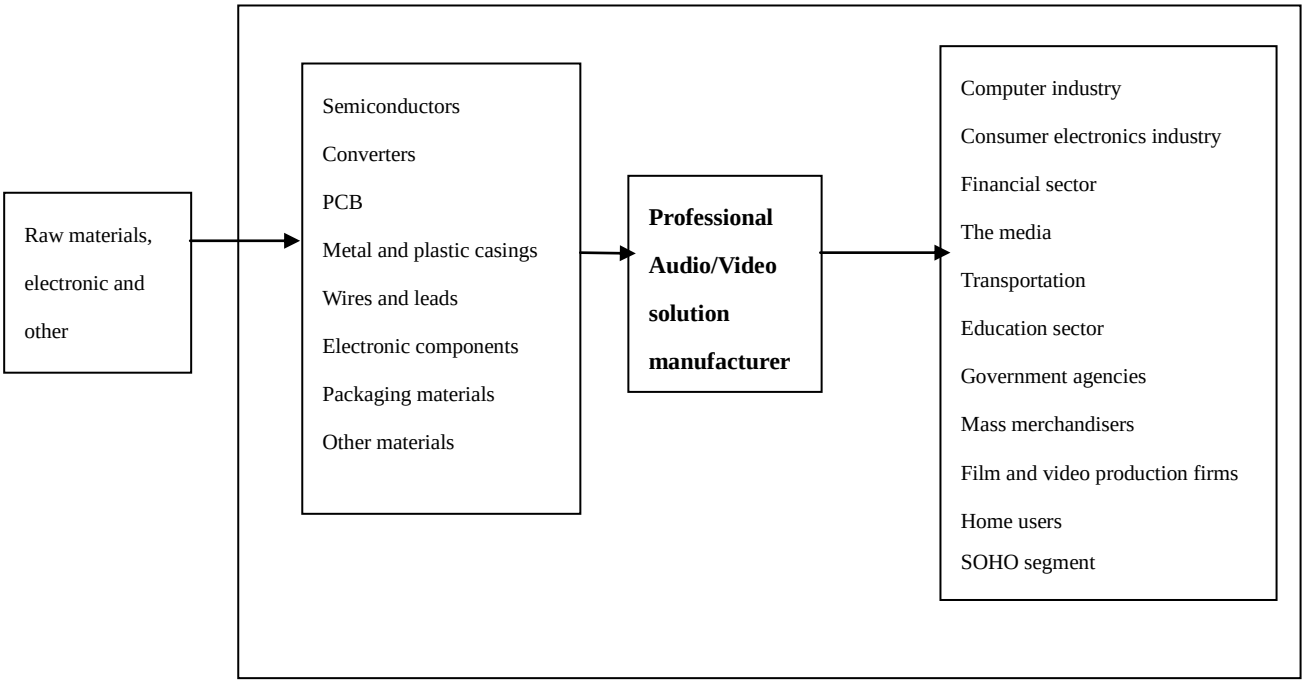
B. The Links between the Up-, Mid- and Downstream Segments of the Industry Supply Chain

ATEN is engaged in the development, manufacturing and sale of It infrastructure access management solution products, professional audio/video products, green energy products and related products. Within the IT hardware industry as a whole, ATEN is located in the midstream segment. The upstream segment comprises suppliers of raw materials and components, including semiconductors, converters, connectors, PCB, metal and plastic casings, packaging materials etc. With its positioning in the midstream segment, ATEN provides KVM switches, video splitters and converters, USB hubs, and cross-platform converters and extenders to meet the different needs of customers in various different fields. The downstream segment includes the communications industry, the computer industry, Internet-related industries, consumer electronics, transportation, aerospace, the financial sector, the media, education, healthcare, government administration, military applications, and home users. The relationship between the up-, mid- and downstream segments are shown in the figures below.

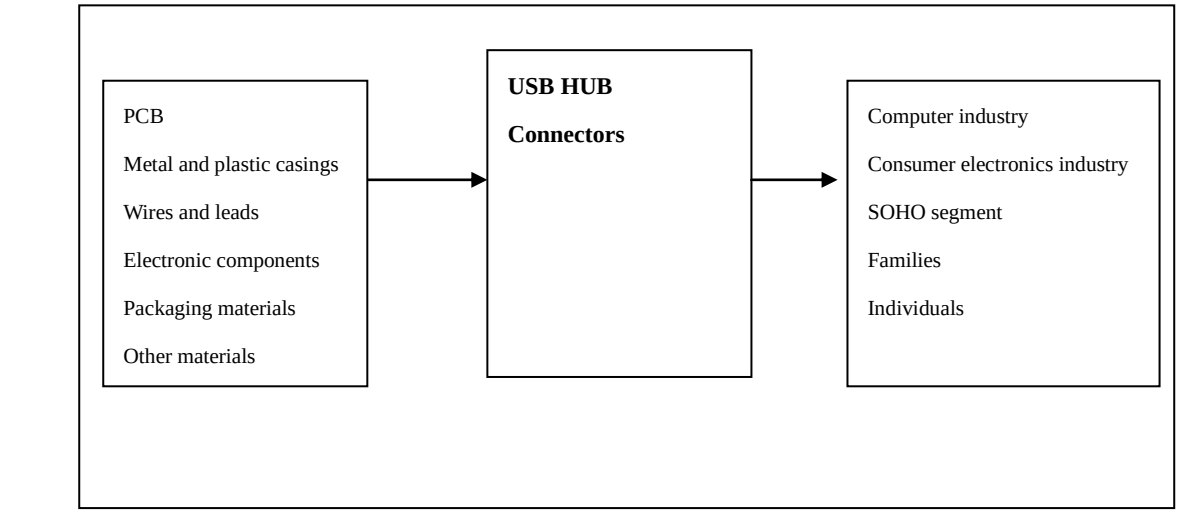
The Links in the IT Infrastructure Access Management Solution Manufacturing Industry



The Links in the Professional Audio/Video Manufacturing Industry



The Links in the USB Hub and Connector Manufacturing Industries



C. The Development Trend of Products

a. High-end products as the main source of earnings

High-end products enjoy higher profit margins because higher technical factors in this segment. In the future, ATEN's high-end product lines will constitute the most important source of profits for the

company.

b. Developing ATEN's professional audiovisual product line

Here we leveraged our many years of video conferencing expertise to develop professional AV solutions and expanded our target market to other applications beyond data centers and server rooms. The market has become another key source of profits outside of the premium product line after many years of careful development. We will continue to invest in the development of even more products and channels as there is still strong growth potential in the professional AV market.

c. Marketing focus

Whether in the high-end, mid-range or entry-level segments, manufacturers will be allocating more marketing resources to strengthen the distribution of their products. Whereas in the past product specifications and functions were the main focus of competition, in the future companies will be focusing more on intensive marketing, promotion and technical support.

d. Developing a wider range of distribution channels

For a variety of reasons – including changes in consumer purchasing behavior, the growth of the Internet, the expansion of the target market, etc. – the competition of distribution has grown steadily more intense. At the same time, a wider range of distribution channels has emerged. Besides continuing to use our existing network of distributors, in the future ATEN will also be focusing on in-depth development of the system integrator segment, and will be striving to provide timely, efficient pre-sales and after-sales service.

e. Integrating networking and communications into product development strategy

With the rapid pace of change in information technology and networking, Internet and communications technology will be closely integrated into future product development strategies. ATEN will be working actively to keep pace with new trends in this area, and to achieve efficient integration of information security technology, etc.

f. ATEN will be working actively to grow its market share in the entry-level and mid-range product segments, while continue to develop the core technologies that underlie the company's development of high-end products. We will continue to make our products' user interfaces more user-friendly, and to strengthen product compatibility and stability, which will contribute to improved profitability.

g. Developing emerging markets

In the IT infrastructure access management solution industry, the rapidly growing emerging markets have a vital role to play in every manufacturer's global expansion plans. Currently, the fastest growth is being seen in the Asian and European markets. In the future, both long-established manufacturers and new entrants will need to focus heavily on developing the emerging markets, concentrating resources on these markets to grow market share.

h. Stepping up the promotion of smart power distribution units

In high-end applications, such as large data center, smart power distribution unit is also an important subsystem component in addition to the remote KVM management system, particularly under the current trend of energy saving and carbon reduction. ATEN's capability to provide those two important subsystems will be its competitive edge in the future.

i. Expanding into the industrial controller and production automation application segments

IT infrastructure access management solution products on the market are comprehensive in conventional IT applications, be it in the arena of SOHO, SMB, enterprise or data center. But they also have enormous potential in more specialized fields, such as industrial control and production automation. The capability to provide complete product line and custom-made service will be a huge advantage for launching into those new fields of application.

j. New demand in today's mobile era

In the period since the global financial crisis of 2008, innovation efforts in the information and communications technology (ICT) sector have mainly been concentrated in the mobile segment. Mobile applications have already evolved from simple communications tools into the business sphere and now into personal entertainment. New products and services are appearing all the time, creating new business opportunities; the biggest single challenge facing the IT sector today is to keep pace with this major trend towards mobility. As a leading provider of multi-computer management solutions, ATEN has allocated considerable resources towards exploiting this important trend.

k. Using ATEN's unique sales model to develop new business opportunities

Responding to the emergence of new types of market demand, ATEN has stepped up the integration of the three main product categories in which the company enjoys significant competitive advantages (KVM, professional audio/video solutions, and green energy solutions) to introduce unique AV meets IT cross-product-line integrated solutions that can meet all of a customer's needs in one solution. These solutions can be tailored to meet the usage scenario needs of different industries, with an ability to create large-scale, diversified, hybrid solutions that reflects ATEN's solid, flexible solution integration capabilities.

l. Opening Showrooms all over the worlds that provide an opportunity to experience the outstanding integration capabilities of ATEN products.

ATEN has been leading the way in the industry trend towards "AV meets IT." Besides launching integrated solutions, in 2017 ATEN's subsidiaries and partners began opening new Showrooms all over the world, to give potential customers the opportunity to experience the application environment of ATEN products for themselves. ATEN has already opened Showrooms in 30 countries, and will continue to add new locations in the future, so as to extend the company's sales footprint.

m. Media and live streaming platforms are expanding quickly, and therefore the business opportunities for equipment suppliers are endless:

ATEN International taps into the market of content creation with its multipurpose live streaming device and video capturing device to satisfy the various content creation and live streaming demands of individual streamers, professional streamers, promotion for companies, small-scale exhibitions, lectures, academic conferences, etc, thus leading to new business opportunities.

D. The Competition for the Products

Compared to other computer product industry, the competitive situation for IT infrastructure access management solution market is rather stable. ATEN's main competitors in the KVM switch market include

VERTIV, Raritan and Belkin. The leading vendors, which possess extensive high-end KVM switch product technology, have tended to focus on the enterprise and networking segments of the market, while the smaller firms product mainly mid-range and entry-level products. Intense competition and the continued expansion of the leading vendors have created a situation where the top three vendors hold combined global market share of almost 50%. The remainder is divided between a multitude of smaller vendors. The most important change of KVM competitors is that Avocent became a wholly-owned subsidiary of Emerson Electric Corporation in 2009, the department of Emerson Network Power became own new brand called VERTIV in 2016, and Raritan was merged by Legrand in mid-2015.

The Professional Audio/Video industry is somewhat conservative; most of ATEN's competitors in this market segment have adopted a very low-key approach. There are a handful of larger European and American companies, such as Extron, Crestron and Kramer, which have decades of experience in the Professional Audio/Video industry, and which have a comprehensive product line. These companies enjoy a high reputation in the system integrator (SI) and value-added retailer (VAR) channels, and are able to charge high prices for their products; they have established a solid leading position within the industry. One point worth noting is that in 2016 Harman, the parent company of leading manufacturer AMX, was acquired by Samsung; it remains to be seen how this will affect the sector's development.

The Professional Audio/Video industry is characterized by a high concentration level, with a handful of first-tier manufacturers dominating the lion's share of the market; overall, competition is not particularly intense. Individual manufacturers emphasize different aspects in their products, so there is a significant degree of differentiation between the various manufacturers' products. This differentiation reduces the potential for competing on price, and as a result, there is relatively little price competition between the first-tier manufacturers.

Besides the first-tier manufacturers, there are also many medium-sized and smaller firms in the Professional Audio/Video industry, many of which are strong in a particular region or a particular industry segment niche. As these medium-sized and small manufacturers generally have relatively low technology and service capabilities, and often lack marketing experience, they are forced to rely on selling their products via distributors (as opposed to supplying SIs and VARs directly). The degree of differentiation between the medium-sized and smaller firms is significantly less pronounced, and price competition is consequently more intense.

5.1.3 A Review of the Company's Technology and its Research and Development Work:

A. Research & Development expense:

Unit: NT$ thousands

Year	2023Q1	2022	2021
R & D expense	136,117	512,511	493,622
R & D expense/Net Revenue(%)	9.8%	9.5%	9.6%

B. Technology and Products Successfully Developed during the most Recent Fiscal Year.

ATEN has always attached great emphasis to research and development, allocating a sizable budget to

R&D each year. A dedicated R&D division has overall responsibility for R&D operations, working actively to develop new products for the company and help it to strengthen and diversify its product line. ATEN's core technologies – including Over-IP server management and digital audio/video signal management – have been successfully integrated into all of the company's product lines. Some of the key achievements in R&D include:

a. Integration and applications of IT Infrastructure Management solutions for Data Center.
b. Integration and applications of air traffic and control center.
c. Development of Prosumer KVM Series products.
d. Integration and applications of live stream products, computer peripheral products and video game peripheral products.
e. Integration and applications of Audio& Video signal extending, switch, streaming, format conversion, compression, and recognition.
f. Integration and applications of multifunction presentation switch products: business presentation/distance conference/interactive learning environment.
g. Industrial Control and Data Communication series product integration and applications.
h. Smart control system.
i. Development, integration and application of Intelligence Power Distribution Units (eco PDU) and Green Energy management software.
j. Solution of automation product line.
k. Development of core software, firmware, hardware, and intellectual property core.
l. Development of Secure KVM and NIAP certification.

5.1.4 Long- and Short-term Business Development Plans

A. Short-term plans:

a. Marketing

(a). In the enterprise-class segment, ATEN will continue to provide reliable, streamlined, high-performance solutions that offer high value for money, developing an expanded range of applications for many different industry environments, and building on the competitiveness that ATEN already enjoys in its four main product lines and dig out vertically-integrated markets in an in-depth manner. In the consumer product segment, ATEN will be focusing on understanding users' needs, strengthening user feedback and the user experience, achieving product differentiation, and incorporating unique innovation into new products to enhance value-added, while at the same time working to raise the barriers to replication and imitation of ATEN's products by rival firms, and striving to build brand value.

(b). In the Professional Audio/Video product solutions market, product specifications are constantly evolving. ATEN will be working to meet demand for switching between different interfaces and for interoperability, providing intuitive, user-friendly graphical user interfaces (GUIs), and making the simplification of complex controller operating systems a core

element in product design. In the IT infrastructure management segment, ATEN will continue to develop and launch new products that have higher resolution, higher efficiency and higher port density, while also optimizing the user experience. At the same time, ATEN will also be allocating resources to the development of integrated solution products to ensure its continued competitiveness.

(c). Green energy management solutions focus on the development of power application products for server rooms and data centers. The new 3-Phase PDU product enhances power efficiency and safety for users. The integrated energy-saving relay improves data center energy efficiency and reduces CO2 emissions. For medium and large customers with special requirements, flexible customization services are offered by ATEN as well.

(d). ATEN will be working actively to establish localized marketing teams that can achieve greater proximity to the market and closely monitor customers' needs. ATEN will carefully evaluate the potential for establishing new service locations in countries with a large economy and strong growth potential, so as be able to develop direct communication links with these markets; ATEN will be working to develop a more comprehensive globalized network and reduce the systematic risk of single country, supported by the effective integration of regional logistics hubs, in order to strengthen overall service provision capability.

(e). ATEN will optimize its marketing organization, integrate marketing communication efficiency, improve market communication, and enhance the online and offline marketing contents of technologies, products, and solutions to increase brand value and differentiation, expanding its influence.

(f). New showrooms will be established through collaboration with ATEN's subsidiaries and distributors, and ATEN will be stepping up its implementation of regional conferences and training programs, so as to enhance the competitive advantage that ATEN products enjoy, raise the level of brand recognition, and boost sales of high-end products. In addition, faced with the "New Normal" resulting from post COVID era, ATEN will be making even greater efforts to build a distribution channel experience that seamlessly integrates the virtual and the physical. Remote experience initiatives will make it possible for people to experience ATEN's high-end products and solutions regardless of where they are located.

(g). ATEN will use successful marketing cases to increase its brand awareness, design application cases and video marketing, and build a pre-sale consultant team as well as a database of successful cases. A field guide of successful cases from the vertically integrated market or similar applications in the industry will also be compiled to improve the professional competency of Solution Selling.

(h). In response to the new normal after the global COVID-19 pandemic, CRM and marketing automation platform are now integrated for the creation and management of marketing campaigns. Automated online and offline integration of digital market is also being strengthened. In addition to the continued expansion of existing online stores, social media

management will continue to be strengthened through how-to videos, product introduction views, solution videos and influencer review videos to further strengthen consumer and partner understanding of product applications and our brand.

(i). ATEN will be using Solutions Day and webinars on specific themes to strengthen product training provision for business partners, and will be using application scenario-based solution presentations to attract potential customers.

(j). ATEN will be strengthening its brand identity, utilizing a brand color convergence plan and corporate identification system planning to realize ongoing standardization, organization and systematization of the company's corporate management strategy, marketing strategy and visual design, so that ATEN can enjoy a uniform identity in global markets.

(k). ATEN will be strengthening its share of voice (SOV) through strategic PR campaigns with regional and inter-regional news releases, distribution of devices for testing, and release of feature articles targeting specific industries through the marketing team, the PR team, and our agents in various regions, thereby aiming to increase the popularity of our brand and our products.

(l). ATEN will be integrating ATL and BTL market resources, taking consumer needs as the starting point, and establishing an Omni-channel experience with consistent brand communication, to provide consumers with a seamless experience across different channels.

(m). ATEN will be conducting analysis to identify key industries that have significant growth potential in the "New Normal," and will implement industry-specific solutions with new, digitalized case studies of successful applications, to more efficiently reach new customers and marketing and sales leads in the new era of rapidly accelerating digitalization.

(n). ATEN will conduct an in-depth benchmark analysis on its competition status in the industry and the market to better grasp market trends and the marketing strategies of its competitors, and adjust its marketing strategy accordingly.

(o). ATEN will build instant comment/feedback channels for its customers, so as to adjust the interaction and cooperation with customers at any time, improve customer service satisfaction, and increase the success rate of project opportunities.

(p). ATEN will strengthen social media marketing to establish the ATEN brand in social media. In addition to the periodic sharing of product-related information, emphasis will also be placed on promoting our brand philosophy, ATEN's sustainability goals and progress, and corporate developments in order to build on our core philosophy and connect with our customers and investors on an emotional level.

b. Production strategy

(a). ATEN will respond to the magnitude of market changes by establishing a production capacity alert and mobile adjustment mechanism. Use effective integration of production and marketing to respond to dynamic changes in the market and supply chain in a timely manner in order to ensure the satisfaction of end customers and as well as the realization of the Company's business plan.

(b). ATEN will establish a mechanism for multi-skilled workers to strengthen the resilience of production operations. Multi-skilling in junior personnel and mid-level managers will be cultivated while also expanding critical skills and scientific management ability.

(c). ATEN will upgrade our management ability for intelligent manufacturing, increase the flexibility of our production capacity and production lines, boost our low-volume, high-mix production capability, reduce the unit cost of production for products, and increase our corporate competitiveness.

(d). ATEN will establish a concurrent engineering system, introduce a manufacturing-oriented new product development process and embrace Total Quality Management (TQM).

(e). ATEN will focus on the streamlining of production operations and minimization of shop floor manpower, introduce manufacturing information execution management system and shop floor signboard management, and use a transparent, real-time information streaming through the Shop Floor Information System (SFIS) to accomplish our quality and efficiency management goals.

(f). A new Thailand plant will be commissioned in addition to the two existing production sites in Taiwan and China. Flexible dispatching of production capability will provide ATEN with the flexibility and ability for globalized supply of products.

c. New product R&D strategy:

(a). Stepping up development and integration of Pro-AV products: True 4K & 8K technique development.

(b). Development of presentation switch products: multi-in-one presentation matrix switch and new presentation products with live stream function.

(c). Strengthening both the depth and breadth of ATEN's over-IP product development activities: 4K Over-IP.

(d). Developing new, modular, multi-platform, many-to-many, multi-port high-end products.

(e). Make headway into industrial control applications based on existing core technology.

(f). Large-size video management software to provide users with reliable management tool; Developing new management software for large-sized Audio/Video equipment, to provide equipment managers with reliable management tools; developing video central management platform.

(g). Development of new generation smart PDU and sensors.

(h). Continuing to optimize product user interfaces on the basis of consumers' views and user experience.

(i). Develop new star products in line with market demands.

(j). Room Booking System (RBS).

(k). Developing industrial speakers to meet the acoustical layout of large audiovisual environments.

(l). The Text-to-Speech (TTS) service of ATEN AI Voice uses neural technology.

d. Management strategy:

(a). Achieving the right balance between R&D, marketing, manufacturing and administration.

(b). Comprehensive employee welfare planning to care for ATEN employees and their dependents; this will also help to attract outstanding human talent to join the company.

(c). Reinforcement of globalized IT systems to integrate group resources and enhance overall operational efficiency.

(d). Implementing ongoing process improvement to enhance global collaboration and managerial efficiency.

(e). Emphasizing effective implementation of the internal control system, giving due weight to both the pursuit of earnings growth and the prevention of improper activity.

(f). ATEN will ensure a sound financial structure, strive to realize growth in both sales revenue and profits, and generate the maximum possible benefits for shareholders.

(g). ATEN will focus on developing key industry and vertical market applications, and provide customers with diverse solutions to maximize product value.

(h). ATEN will perfect the operational functions of its existing oversea sales points and implement matrix management, taking both operational risks and cost control into account during the process of developing local markets.

(i). ATEN will work to strengthen and diversify its marketing channels, using digital channels and social media to realize customer proximity, and implementing Customer to Business (C2B) with customer needs as the core element in the company's sales strategy.

(j). ATEN will construct a PSI Ecosystem of high quality to provide comprehensive solution training and sales planning, leading to a win-win situation for both ATEN and its partners.

(k). ATEN will upgrade its production efficiency, logistics configuration, and cash flow recovery capabilities; in addition, the company will maintain the flexibility to adjust to the changes brought by the pandemic, supply chain shortages, and geopolitical conflicts.

B. Long-term plans:

a. Marketing

(a). ATEN will be paying close attention to market development trends and focusing on product innovation, working actively to develop robust, specialized technology in line with ATEN's positioning as a specialist provider of total solutions. In the future, ATEN will continue to strengthen the combination of product customization capabilities supporting small volume production of a wide variety of different products with highly flexible manufacturing capabilities, so as to enhance both the depth and breadth of the industry segments and applications that ATEN caters to, thereby enabling ATEN to provide customers with optimal solutions characterized by enhanced value.

(b). ATEN will use marketing automation and MarTech data analysis to engage in lead nurturing through personalized design and marketing. Data from the CRM system will be leveraged to boost customer satisfaction and loyalty in order to build a long-term partnership with customers through better quality of service.

(c). ATEN will be expanding its ODM/OEM business, striving to keep its finger on the pulse of

the market, and helping to guide the development and adoption of innovative new technologies.

(d). In brand operations, ATEN will optimize the distribution system and develop more system integrators to reinforce distribution co-marketing in order to instantly grasp the needs of terminal customers, to expand sales for own brands, and to perfect the marketing models.

(e). To meet the diverse needs of different customer segments, ATEN will be making effective use of digital marketing and the integration of global e-commerce service resources, providing e-tailer partners with rich content for product promotion on online platforms, and strengthening targeted marketing and advertising campaigns tailored to specific market segments to enhance ATEN's overall marketing performance; ATEN will also be working to boost brand recognition in individual regional markets and establish convenient transaction channels, as well as effective platforms for communication with consumers, in order to realize synergy from the integration of physical and virtual channels.

(f). ATEN will be developing comprehensive localized product marketing, distribution channel management, logistical services and sales promotion capabilities at all ATEN business locations throughout the world, so as to maximize ATEN’s brand value.

(g). ATEN will be striving constantly for excellence in service quality, providing timely advanced replacement services for specific models, which can effectively reduce the amount of time and money lost as a result of equipment breakdown.

(h). ATEN will be using product line education and online e-learning content to train internal sales personnel, and will be strengthening pre-sales skills, and utilizing comprehensive pre-sales, sales and post-sales services to enhance the quality of service that customers receive.

(i). ATEN will be creating a unified partner portal that integrates the three key functions of the downloads center, B2B online services and the support center, so as to further speed up the bi-directional flow of information.

(j). ATEN will be using a Customer to Business (C2B) marketing approach, implementing customer surveys to develop a better understanding of customers’ latent needs and areas of dissatisfaction, and strategically strengthening the company's product and service capabilities and its front-line service capability

(k). Google will introduce a new version of Google Analytics 4 as the replacement for Universal Analytics in 2023. ATEN will combine marketing technology with the new version of Google Analytics 4 to obtain insights into customer preferences, gain a better understanding of customer profiles and needs, and provide customized marketing and sales services, so as to enhance both customer value and corporate value, and enhance brand loyalty and sales opportunities, ATEN will improve personalized sales services and marketing communication efficiency through long-term big data analysis.

(l). ATEN will be utilizing its new, optimized corporate identification system, as well as brand-related promotional activities, to realize ongoing enhancement of brand awareness

and brand trust, so as to get more customers adopting and recommending ATEN products.

(m). Google is now planning to stop the use third-party cookies in Chrome in 2024. The marketing focus of all brand vendors in the future will be the obtaining of first-party data. ATEN can obtain valid first-party data by setting up a website for collecting the names of potential customers and e-mail verification. This will not only greatly reduce the cost of customer acquisition but also identify actual customer requirements for precision marketing.

(n). ATEN had previously launched a multi-channel AI synthesizer for podcasts. “AI Voice” is a new AI Chinese speech synthesis service that will incorporate global trends in AI applications, effectively attract the target customer base, and expand the AI market through a marketing strategy that utilizes both digital marketing and physical displays.

(o). Brand promotion will also emphasize the industry position of the ATEN brand. We will continue to focus on the market smart manufacturing and IoT solutions by supplying smart solutions for smart manufacturing, AI, and smart automation that have applications in IoT, cloud computing, high-tech manufacturing, and AI speech synthesis. This will establish ATEN as a leader in the aforementioned industries and markets.

(p). Corporate ESG strategy is now considered to be the key to maintaining corporate competitiveness. ATEN will also implement ESG through a sustainable brand vision and continue to demonstrate our high level of international competitiveness and brand visibility in blue sea niche markets. In terms of an environmentally sustainable energy policy, ATEN is committed to realizing the target of Net Zero by 2050. We are partnering with other large enterprises in Taiwan to keep pace with global developments in sustainability and realize the values of sustainability together; ATEN is also continuing to develop innovative technologies to lower energy consumption. Our continued push towards being green, energy conservation, environmental friendliness, and promoting the welfare of all humanity will help us realize our corporate brand vision of building better connections between people.

b. Production policy

(a). Production and operational philosophy that puts quality first: Strengthen the TQM quality assurance system and increase customer satisfaction with quality.

(b). Continuous improvement: Actively invest in process improvements, automated product testing, production efficiency and shorter production times in order to lower costs and boost competitiveness.

(c). Upgrade the resilience and flexibility of production capacity: Implement multi-skilling and long-term cultivation of talent pool: Organize regular education, training and learning of multiple skills to shorten the learning curve for mass production of new products.

(d). Establish globalized production capability: Engage in dynamic and flexible allocation production capacity at production sites in Taiwan, China and Thailand to both lower production costs and diversify operating risks.

(e). Strengthen safe production protection mechanism and occupational safety training: Safety protection in the production environment will be strengthened along with occupational

safety training employees to look after the physical and mental well-being of employees and fulfill our corporate responsibility.

c. New product R&D strategy:

(a). Ongoing development of core video technologies.

(b). Development and deployment of embedded software.

(c). Development of multimedia multi-display TV wall controllers and next-generation low-compression codec IP.

(d). An ongoing drive to develop new, higher-end products.

(e). Adoption of User-centered Design to help ensure the best possible customer experience.

(f). Applying for patents (for ATEN's independently developed technologies) both in Taiwan and overseas, to protect intellectual property rights.

(g). Research and development of AI technique products.

d. Management strategy:

(a). Striving to develop short-, medium- and long-term core RD capabilities, while also integrating key technologies for cross-sectoral products, accelerating development of new products and new technologies, and optimizing integrated solutions that utilize ATEN products, so as to provide users with a better experience, and enhance value-added and brand loyalty.

(b). Continue with the expansion of overseas operating locations, cultivate regional markets and provide localized services, adopt a global strategy to reduce systemic risks from a single nation and increase market competitiveness.

(c). Utilize innovative information technology to establish e-enabled management and enhance overall organizational performance. Big data management is also used to quickly provide decision-makers with the information they need to stay abreast with current developments and make optimal decisions.

(d). Utilizing continuous improvement of internal management processes and of production efficiency to achieve an enhancement of overall organizational efficiency and reduction of costs and expenses, committing to maintaining core advantage, thereby enhancing ATEN's earnings performance and creating maximum value for society, customers, employees and shareholders.

(e). Strengthening corporate governance to fulfill ATEN's responsibilities to stakeholders, and continuing to strengthen ATEN's CSR efforts, so that we can "give back" to society.

(f). Not being complacent about ATEN's status as an industry leader in both technology and products, and continuing to tap into new industries and markets with new applications to stimulate overall operational growth, in line with the product application needs of individual industries.

5.2 Market and Sales Overview

5.2.1 Market Analysis

A. Shipment Destinations for Products

unit:%

Shipment Destinations	2022	2021
America	25	24
Asia	41	40
Europe	18	21
Other regions	2	2
Domestic sales	14	13

B. Market Share

According to data presented in a survey of the global KVM market, ATEN is a market leader in the networked KVM switch market for data center applications, and has developed many innovative new products for the High Performance KVM switch and Secure KVM switch markets, which are forecast to have high growth in the future. There is thus considerable scope for a further increase in ATEN's overall market share.

C. The Outlook for Market Supply and Demand and Growth

Judging from the current state of the global IT infrastructure access management solution market, data center central management solution still constitute the KVM market mainstream, and represent the main driver of growth. In the past, North America was by far the largest market for data center central management solution. However, with the rapid pace of development of the Internet and the advances that have been achieved in technology, there has recently been significant growth in demand for KVM switches in Asia and Europe, particularly from government agencies and financial institutions. With the consumer and enterprise-class KVM markets more or less saturated, demand for replacement of existing KVM switches is derived mainly from the upgrading of interface specifications. There has been a gradual shift away from analog VGA interface towards HDMI or DisplayPort interface, which can provide users with better, more stable image quality.

Traditionally, the main source of demand for KVM switch vendors has been for the use of KVM switches in data centers and informational centers, where they are used in server connection and management solutions. This market segment will continue to grow steadily over the next few years, but the growth will be relatively slow. Given the expected trends in terms of technology development and markets, there are two areas where stronger growth is likely to be seen. Due to the integration of Pro AV and Infrastructure access management solution products and the widespread of large-sized, high-resolution displays, high performance KVM brings strong demand in the application such as broadcasting TV industry and transportation control room. Also, European and America government and defense agencies request the demand of secure KVM with international certification because of the information security and privacy protection. For these two potential sales momentums, ATEN has already allocated considerable resources towards technology and product development, and will be

rolling out a series of related products and solutions.

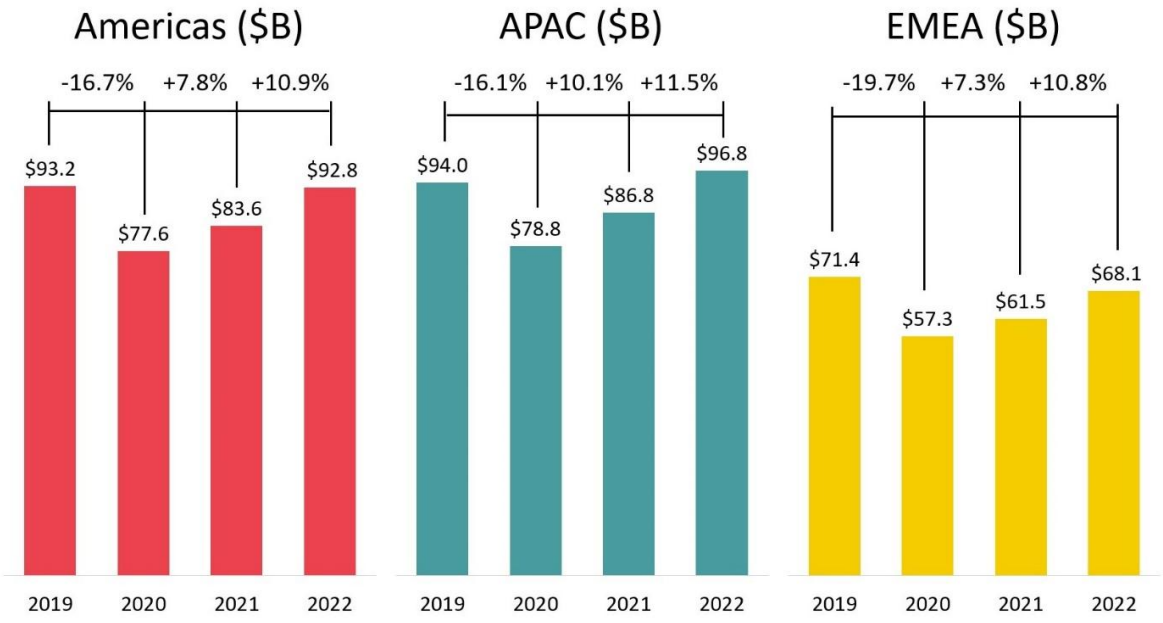
Data from the marketing research firm AVIXA indicated that the global professional AV market is huge and very broad in the scope of products and applications. If we look at the relative weightings of each region (Table 1), pan-Asia is the No.1 region by market share in professional AV, The America placed second while Europe, Africa, and Middle-East were in third place. In terms of the professional AV customer types, corporate users were the largest segment followed by exhibition or performance venues, media and entertainment, and education.

The professional AV market has a broad range of product categories (Table 3), including: Audio, image capture, projectors, displays, control & collaboration, signal infrastructure, environment equipment, content management and services. ATEN's professional AV products are currently concentrated in two main categories, Infrastructure and Control & Collaboration. We are now planning to progressively expand into the Audio field.

According to Avixa's 2021 IOTA Report, the overall output value of the professional audiovisual industry peaked in 2019 and drastically decreased by 17% in 2020 due to the impact of the COVID-19 pandemic. In 2021, the overall output value slightly increased 8%, and it is estimated that the compound annual growth rate for 2022 to 2026 will reach 7.2%, returning to a normal growth trend.

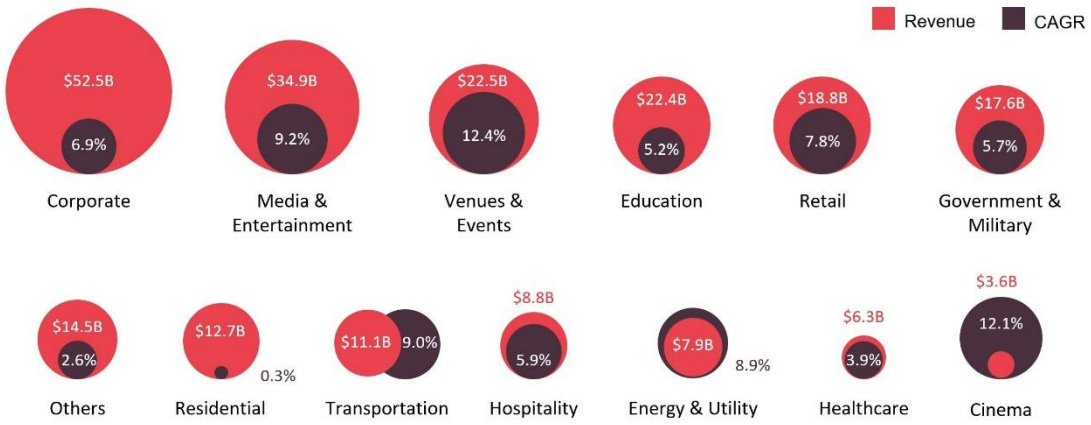
In terms of regions, the Indo-Pacific was the first region affected by COVID-19, yet it will have one of the highest growth rates in the future, followed by North America and Europe. Looking at different industries, entertainment, tourism, travel, and retail industries have been tremendously impacted by the COVID-19 pandemic, yet these industries will also recover early and have higher growth rates. On the other hand, corporate, government, education, and healthcare sectors will have modest growth rates.

Table 1: Global Pro-A/V Market Category by Region



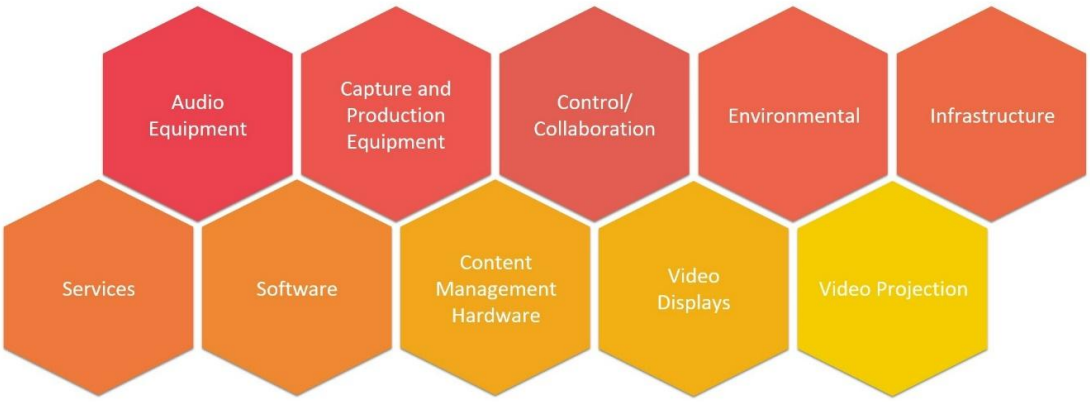
Source: AVIXA report 2021

Table 2: Global Pro-A/V Market Category by Industry



Source: AVIXA report 2021

Table 3:Global Pro-A/V Market Category by Product and Service



Source: AVIXA report 2021

D. The Company's Competitive Niche

a. An outstanding R&D team whose constant innovation and technological breakthroughs enable ATEN to enjoy the advantage of being the market leader.

b. The ability to offer total solutions for remote management, backed up by a comprehensive high-end, mid-range and entry-level product line, along with the ability to implement customized production of a wide range of different products in small volumes, enabling ATEN to meet the needs of different customers and different market segments.

c. A global marketing and sales strategy supported by expert international marketing talent and comprehensive, localized distribution networks, along with mechanisms to facilitate

rapid response to changes in the market.

d. Manage our self-owned brand, the quality, reliability, excellent user experience and the standard of the overall service have widely received good reviews from the market.

e. Actively optimize existing production capacity, lower production costs, and strengthen yield control. No effort is spared on improvement of quality and cost structure as well.

f. A global patent strategy, with aggressive action against piracy to safeguard the company's intellectual property rights.

g. Using "AV meets IT" integrated solutions to meet the needs of the global IT management and Professional Audio/Video markets.

E. Positive and Negative Factors for the Future Development, and the Company's Response to Such Factors.

a. Positive factors:

(a). Our extensive selection of KVM product lines has established positive word-of-mouth for the ATEN brand in the global market.

(b). ATEN has won numerous major awards, has established a strong international brand, and strengthens the brand identification.

(c). ATEN has been refining its sales and localized service strategies for individual regions, establishing a solid foundation for achieving further revenue growth in the future.

(d). Focusing on niche market and steadily expanding diversified product application scope, with a gradual expansion from IT infrastructure access management solution towards Pro-A/V, intelligent PDU product solution, USB peripheral products, and rack products, creating the foundation needed to drive revenue and earnings growth in the future.

(e). First-class, highly-experienced R&D and production technology teams.

(f). High-end core technology capabilities that include IC design, hardware, monitoring software/firmware, video networked communications, etc., and applying for patent to protect intellectual property.

(g). A business philosophy based on integrity and practical, down-to-earth management.

(h). Ongoing ESG sustainable initiatives that are helping to strengthen the company's public image.

(i). Harmonious collaborative relationships with partner companies and outstanding customer quality.

(j). Ongoing cultivation and recruitment of outstanding human talent.

(k). Sound financial underpinnings.

(l). Bringing new production facilities on-line, and introducing automated equipment, to increase flexibility in production capacity scheduling.

b. Negative factors:

(a). Economic growth in various regions differs and geopolitical risks exist

(b). Fluctuations in the exchange rates of various currencies have profound impacts on sales

and profits.

(c). The emergence of new competitors.

(d). Consumers' lack of product knowledge.

(e). Piracy and intellectual property violations.

(f). Covid-19 pandemic factor.

(g). IC components shortage.

(h). Russia and Ukraine conflict

c. Measures that can be adopted to address the negative factors:

(a). ATEN's globalized market development strategy will ensure that ATEN will not be unduly affected by fluctuations in any given market or single country, thereby reducing systematic risk. At the same time, developing products for a wider range of industries and applications will help to spread systemic risk relating to the business cycle in individual industries, and will facilitate the optimization of production and sales management, thereby reducing the generation of idle inventory.

(b). ATEN's finance and strategy departments will undertake ongoing monitoring of exchange rate fluctuations for the main currencies in which ATEN receives payment, and will evaluate how market prices can be expected to move, thereby making it possible to adjust product prices as needed; in addition, ATEN will make effective use of financial tools to hedge against the risk of foreign exchange loss.

(c). In response to the continuing increase in the number of competitor firms in the medium- and low-end segment of the KVM market, ATEN will be leveraging its first-class product development and R&D capabilities to achieve a higher level of differentiation and customized service and enhance product quality and customer experience, thereby avoiding being dragged into vicious price competition. Providing efficient maintenance and repair service, and superior customer service in general, will also help ATEN to differentiate itself from price-slashing competitors. In addition, an enhanced ability to provide solutions and create added value can prevent price competition.

(d). By establishing showrooms in major cities throughout the world, and by utilizing marketing and sales promotion methods that include the use of case studies of successful adoption of ATEN products in particular industries, ATEN can make it easier for potential customers – including system integrators, ordinary business enterprises, government agencies and individual consumers – to gain a greater understanding of company products and application environment, while spreading awareness of the benefits that ATEN devices offer in terms of being energy-saving, environmentally-friendly, space-saving, and enhancing overall performance.

(e). Strengthen inspections for counterfeit products and prevent infringements, in order to actively protect the sales rights of patented products.

(f). Countries are opening up their borders and relaxing their measures for disease prevention. Cross-regional customer visits and sales events are now gradually returning to normal.

During this time, ATEN used remote communication and online marketing channels to overcome the obstacles to direct communication with customers. The company is also using more diversified sales methods to develop new sales channels that are different from the single channels of the past.

(g). Supply chain shortages are now gradually easing. ATEN is continuing to use agile iterative design, providing customers with alternative products or solutions, and optimization of production capacity and logistics at global production sites to keep the impact of shortages to a minimum.

(h). The Russian invasion of Ukraine has directly impacted the sales of ATEN in Russia and Eastern Europe. Facing short to mid-term uncertainties, ATEN has not only reinforced delivery control in the region to ensure the collection of customer payments, but also complied with the latest consensus and requirements of Taiwan, Russia, and international countries to secure the maximum profit of the company.

5.2.2 Major products' important applications and their manufacturing process

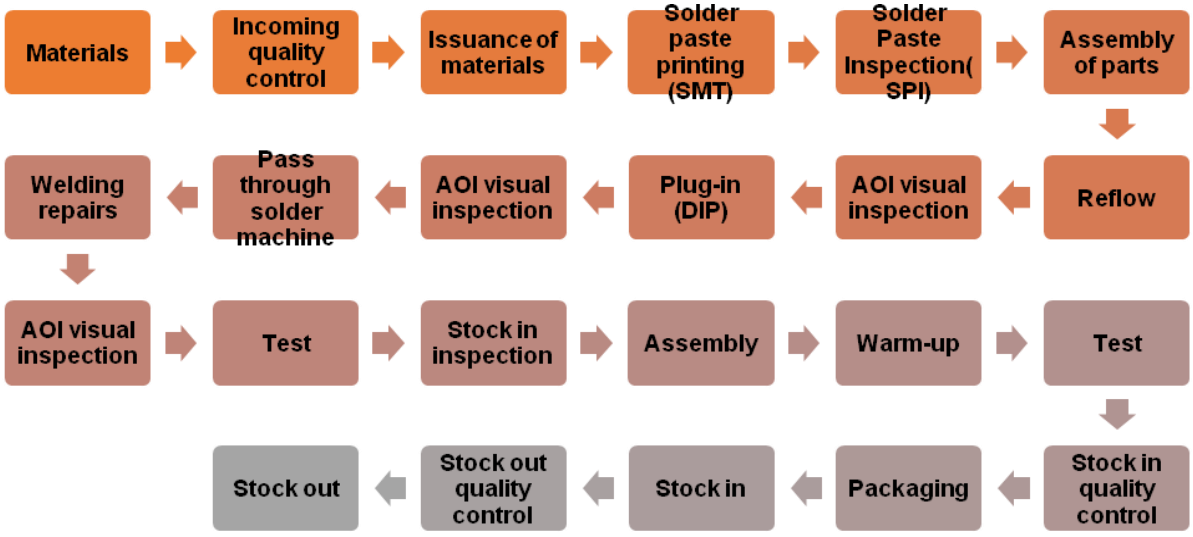
A. Major products' important applications

(a). KVM switch: Use a set of terminal equipment to control multiple computers, multiple terminals controlled by one computer, and signal extension and conversion functions for terminal equipment.

(b). Professional video and audio products: Include video switches, splitters, extenders, matrix switches and converters: Used to display multiple high resolution images on one high resolution display, or transmit the image from one or multiple displays to the corresponding application solutions in multiple locations.

(c). USB SERIES: Can be used with any equipment that has universal serial bus (USB) functionality, to connect more equipment that have USB interfaces.

B. Manufacturing Process:



5.2.3 State of the major materials suppliers

Material Item	Supplier	Supply Status
IC	KORYO	Normal
LCD Panel	ACMEPOINT	Normal
Metal Case	HORNG CHERNG	Normal

5.2.4 Suppliers and Customers that Have Accounted for 10% or More of ATEN's Total Purchasing or Total Sales during Either of the Last Two Years

A. Suppliers that have accounted for 10% or more of ATEN's total consolidated purchasing during either of the last two years:

Unit: NT$ thousands

2023Q1			2022			2021		
Name	Amount	Percentage of total annual purchasing (%)	Name	Amount	Percentage of total annual purchasing (%)	Name	Amount	Percentage of total annual purchasing (%)
			NA			NA		
Total Purchasing	350,868	-	Total Purchasing	1,873,703	-	Total Purchasing	1,576,062	-

The Company's consolidated suppliers(excluding ATEN manufacturing subsidiaries) scattered around the world. There is no single supplier that has accounted for 10% or more of ATEN's total consolidated purchasing during either of the last two year.

B. Customers that have accounted for 10% or more of ATEN's total consolidated sales during either of the last two years:

Unit: NT$ thousands

2023Q1			2022			2021		
Name	Amount	Percentage of total annual sales (%)	Name	Amount	Percentage of total annual sales (%)	Name	Amount	Percentage of total annual sales (%)
NA								
Total Net Sales	1,385,134	-	Total Net Sales	5,403,167	-	Total Net Sales	5,163,691	-

The Company's consolidated customers(excluding ATEN subsidiaries) scattered around

the world. There is no single customer that has accounted for 10% or more of ATEN's total consolidated customer during either of the last two year.

5.2.5 Production Volume and Production Value for the Last Two Years

Units: pieces / NT$ thousands

Year / Product Line	2022			2021		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
IT Infrastructure Access Management Solution Products	931,010	853,457	1,194,141	1,124,753	1,004,553	1,020,532
Video Products	339,883	319,797	293,127	340,376	333,467	241,000
Other	1,050,682	965,850	169,964	1,026,220	872,478	144,474
Total	2,321,575	2,319,104	1,657,232	2,491,349	2,210,498	1,406,006

5.2.6 Sales Volume and Value for the Last Two Years

Units: pieces / NT$ thousands

Year / Product Line	2022				2021			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
IT Infrastructure Access Management Solution Products	46,156	276,204	682,983	3,086,839	45,043	230,207	782,810	2,934,166
Video Products	19,309	69,923	228,625	743,906	20,232	69,257	282,452	779,026
Other	145,203	422,103	1,189,313	804,192	99,583	352,013	1,284,108	799,021
Total	210,668	768,230	2,100,921	4,634,937	164,858	651,478	2,349,370	4,512,213

5.3 Employees

The number of ATEN Group employees, their average years of service, average age and education levels

Year		As of March 31, 2023	2022	2021
Numbers of employees	Managerial and sales personnel	879	885	912
	R&D personnel	282	281	276
	Production line workers	505	496	300
	Total	1666	1622	1488
Average age		39.44	38.66	39.29
Average length of service		7.02	6.66	6.97
Education	Ph.D.	0.3%	0.3%	0.3%

Year		As of March 31, 2023	2022	2021
	Masters	16.6%	16.6%	18.9%
	Bachelor's Degree	48.9%	48.9%	48.2%
	Senior High School	17.3%	17.0%	14.7%
	Below Senior High School	16.9%	17.2%	17.9%

Note: The number of overseas and local product line workers accounted for 30.31% of total group employee.

5.4 Disbursements for Environmental Protection:

5.4.1 Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken:

The Company produces products such as KVM switches, professional audio/video products, and USB series products. The Company is focused on product design, development, processing, quality control, etc. The processes do not generate environmental pollution, thus there are no pollution-related environmental issues. As of the printing date of the annual report, in 2022 there were no incidents where the company incurred losses from or paid compensation for pollution incidents.

5.5 Labor Relations:

5.5.1 List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests:

A. Employee benefit plan:

Labor insurance, health insurance and regular health inspections

3 holiday bonus and performance bonus

Employee Welfare Committee

Bonus system stipulated in the Articles of Incorporation

Employee trips

Employee meals

Employee breastfeeding room and first aid

Maternity subsidy: NT$120,000 for one child

Education subsidies: Employee dependents aged between 3 to 6 receive NT$10,000 in education subsidies each year (NT$5,000 in the first and second semesters, respectively)

Paid birthday leave

Volunteer leaves

B. Employee training:

One of the key factors in ATEN's success has been an employee development strategy that emphasizes continuous learning. The company's Education and Training Regulations stipulate that: Every year, an education and training plan will be submitted, based on the company's strategy and annual goals, and a specified percentage of the company's sales revenue in the previous fiscal year will be allocated as the education and training budget for that year. Taking into account the company's expectations and individual employees' functions and career development needs, the company will provide employees with learning opportunities and resources in a planned, systematic manner. In line with current trends in organizational design strategy and in strategic education and training development, the company has established an education and training road-map based around three core elements (annual thematic training, continued development, and new employee cultivation) and three broad occupational function categories (managerial functions, specialist functions, and core functions), as well as self-directed growth activities. Besides retaining the original grade-based and function-based educating and training system and new employee cultivation plan, this road-map also incorporates an annual key areas training plan that is linked to strategic performance, and leading indicator based vocational training. In addition, in order to ensure the sustainable development of the company, ATEN has introduced the Bullpen Project: MA/MT. Students who are in their final year at graduate school in science and engineering related subjects at leading Taiwanese or international universities are invited to participate in the project, in which they undergo several months of intensive training, and are then assigned to appropriate units based on their performance in written and oral examinations. Recently, ATEN also established an Operational Training Center, to undertake systematic cultivation of managerial talent, both in Taiwan and overseas. In the last three years, ATEN also introduced e-learning through the learning & development platform and invested in talent training; in addition to cooperating with industry, government and academic circles to introduce online seminars on technology development trends, ATEN also invested in the development of in-house e-learning/e-training courses. The total hours of e-learning subjects and training courses were also the highest in four years.

Education and training results in FY2022 were as shown in the table below:

Course Categories	The Number of Courses	The Number of Training employee	Training Hours	Expense (Unit: NTD)
Managerial Function	6	217	396	1,535,416
Specialist function	317	4113	6578.49	
Core Function	23	2201	2577.5	
Self-Directed Growth	5	433	848	
New Employee Cultivation	9	484	1344.75	
Online Course	185	3515	4549.57	
Total	545	10963	16294.31	

Note：The average number of instances of training per person was approximately 15, and the average hours of training per person were around 22.38 hours.

(In 2022, the impact of the COVID-19 pandemic and the government's imposition of level-3 alerts meant most physical courses were suspended or postponed due to epidemic prevention considerations. e-Learning was introduced for some of the corporate training instead. Instead of a decline in overall training costs, education and training budget was increased by 31% compared to 2021. ATEN also invested in the development of in-house e-learning/e-training courses. The total hours of e-learning subjects and training courses were also the highest in four years.)

C. Retirement systems:

The Company established a retirement system and Business Entity Supervisory Committee of Labor Retirement Reserve in accordance with the Labor Standards Act, and in accordance with the Labor Standards Act, for the older system, 2% of the total monthly salary is reserved as a labor pension; furthermore, in accordance with Article 56 of the Labor Standards Act, the difference is allocated and deposited into designated accounts with the Bank of Taiwan. For the new labor retirement system, from July 1, 2005, in accordance with the provisions of the Labor Pension Act, 6% of the total wages insured will be reserved for the labor pension.

D. Labor-management agreements:

The Company will regularly convene labor-management meetings to maintain the channels of communication between labor and management.

5.5.2 List any losses suffered by the company in the most recent 2 fiscal years and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken:

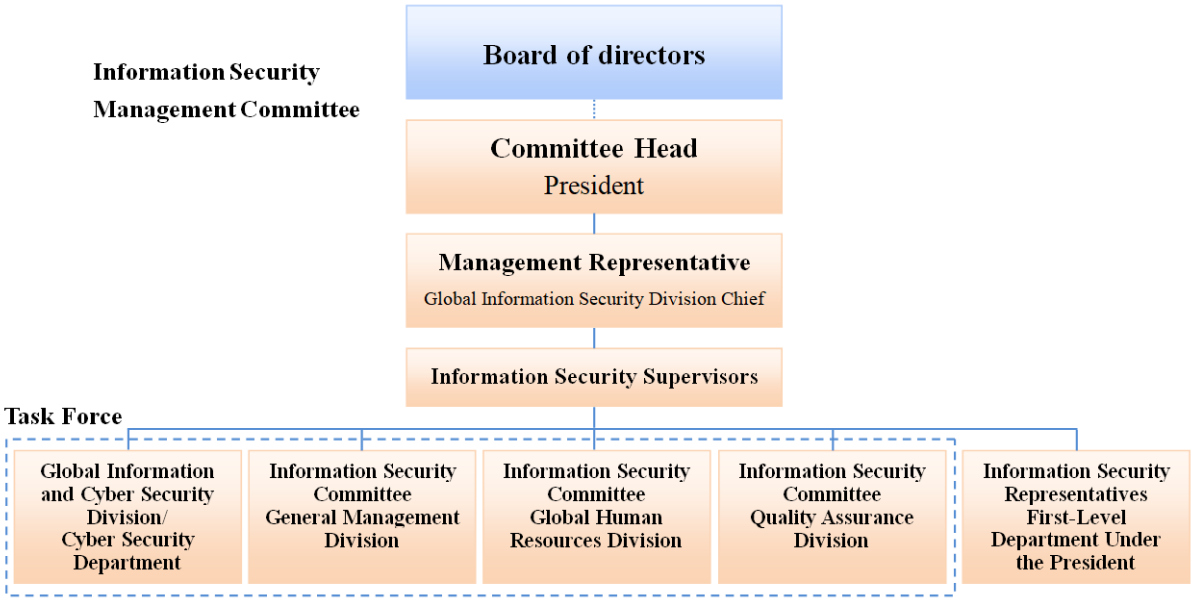
The relationships between labor and management had always been harmonious. In recent years, no losses have been incurred from disputes between labor and management. ATEN won the "Best Companies to Work for in Asia" award for the third time and also won the organizer's "We Care" judges' award in the same year. ATEN had previously the New Taipei City award for "Best Companies to Work For." In 2022, the company was once again certified as one of the Top 100 enterprises in Taiwan using the "TALENT, on Taiwan - Six Indicators" as the Taiwanese Talent and Sustainability Indicators (corporate meaning and value, diversity and tolerance, organizational communication, rewards and benefits, physical and mental health, and talent growth) by the CommonWealth Magazine. In September 2022, ATEN was also recognized by the New Taipei City Government as an Excellent Company for "Family Friendliness and Work Balance."

5.6 Cyber Security Management

5.6.1 Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management:

1. The cyber security risk management framework

- The interdepartmental Information Security Management Committee of the company assigns the President as the Committee Head, who assigns the Global Information Security Division Chief as the management representative for the planning and promotion of information security policies and management regulations. The Chief of Global Information Security Division reports to the Committee Head and manages information security supervisors to coordinate with the General Management Division, the Global Human Resources Division, the Quality Assurance Division, and the Cyber Security Department to form a task force that is responsible for the establishment and implementation of management regulations. Each first-level department under the President assigns an information security representative to participate in the discussions to establish management regulations. The representatives relay the comments of their respective departments and assist in the promotion of regulations upon approval. With these measures, the effectiveness of information security management of the company is secured.
- The Information Security Management Committee is responsible for the establishment as well as the periodic reviews and corrections of information security management policies and management regulations.
- The Information Security Management Committee convenes review meetings regularly to ensure the smooth operation of management mechanisms and reports to the Board of Directors every year.
- The Global Information Security Division encompasses the Information Security Department and Chief Information Security Officer. It oversees all information security-related policies, their implementation, as well as the planning and deployment of a defensive framework for information security.



2. The cyber security policies

“Risk management through legal and regulatory compliance, reinforcing risk protection and response measures, archiving and backing up sensitive documents: everyone is responsible for information security”

- To ensure the confidentiality, integrity, and availability of the company’s information as well as the regulation compliance of the management systems and procedures.
- ATEN reinforces its information protection capability and strengthens its core information communication system from four major aspects: organization, personnel, procedure, and technology to ensure continuous operations.
- ATEN regularly responds to the internal and external changes of information security and reviews the effectiveness of its risk management measures and information security incident response handling procedures.
- ATEN implements the protection of sensitive information and the backup/recovery of data to avoid information assets being misused, tampered, and damaged by human negligence, intentional conduct, or natural disasters, which in turn affects the normal operation of its business and results in the loss of company rights and competitiveness.
- ATEN properly protects the information and privacy of its customers regardless of the region or country they are located at, and whether or not relevant legislation exists in these regions.
- Colleagues should properly participate in the education and trainings held by the company to increase their information security awareness and personal protection capabilities.

To further enhance information security management, a sound Information Security Management System (ISMS) was put into place. ATEN obtained ISO 27001 certification in 2022 and the certificate is valid from October 2, 2022, to October 2, 2025. By establishing this information security management system and implementing the PDCA (Plan Do Check Action), ATEN will continue to enhance its daily management of information security and its abnormal incident response capability to protect its information assets and ensure its competitiveness.

3. Concrete management programs

(1). Information security awareness education and training

Regularly implementing education and trainings on information security, and recording online education and training courses to increase colleagues’ knowledge in information security and help them make the right choices.

(2). Information system security management

A. Installing anti-virus software on the company’s servers, personal computers, and laptops, and automatically updating virus codes and regularly reviewing their update status.

B. Delivering patches for security vulnerabilities to the company's servers, personal computers, and laptops in a timely manner to ensure the completion of security patches.

C. Installing information security models in the email system, including trash mail filtering, malicious email detection, and email backup for auditing to increase overall email information security.

D. Conducting data backup for application systems and databases every day that complies with the 3/2/1 data backup principle (3 copies of backup, 2 types of storage media, 1 copy of off-site storage) in addition to implementing system data recovery drills every year and monitoring the results of daily backup to ensure data storage security.

E. In terms of the company's flash drive information control, an asset management system is used to restrict employees. Employees are not allowed to use personal storage devices and are only allowed to use company assets and registered flash drives to ensure the security of classified information of the company.

F. Each department removes their administrator rights, uses legal software authorized by the company, and complies with relevant regulations. Any unauthorized software that is irrelevant to the business cannot be installed to ensure the regulation compliance of company software authorization and reduce the risks of viruses and spyware due to the use of illegal software.

G. Carefully assessing the possible security risks beforehand and signing the appropriate information security confidentiality agreements with manufacturers when outsourcing information system businesses.

(3). Network security management

A. The external service application system of the company utilizes fire walls to isolate itself from the Internet and limit the access end to block malicious connections. Abnormal connection reports are also reviewed regularly.

B. The external network of the company has seven layers of fire walls that filter all packets and traffic and block all traffic that poses threats to the security of the network. Anomaly reports are also reviewed and analyzed regularly.

C. Installing network behavior control equipment to the external network and ban employees from connecting to external services that are not related to work such as cloud storage spaces, emails, social networks, instant messengers, and streaming media.

D. Controlling private wireless networks and 4G signals in the internal office areas of the company to avoid company data from leaking out via personal wireless devices and blocking illegal external wireless devices.

E. Controlling employees' personal computers, and detecting and blocking computer devices that are not authorized by the company to avoid personal equipment connecting to the company network and stealing confidential data of the company.

F. Building internal fire walls and successfully protecting important information of the

company's departments, preventing external hacker attacks and controlling application program access.

G. Managing the behavior of sharing data with external sources via company laptops to avoid employees from carrying out laptops and leaking important classified information of the company.

(4). System access control

A. For new hires, personnel adjustments, and employment terminations, applications must be filed on the system to notify the Global Information and Cyber Security Division to add new users, adjust or delete the access rights of employees.

B. Accounts and passwords must be set for information systems, and the setting of user passwords should comply to the required length and complexity of the security principles. Users should also change their system passwords regularly.

C. Based on their work demands, users log in to the internal application system and apply for IT services, the relevant supervisors review the applications, and the Global Information and Cyber Security Division sets the system access rights for users.

D. In terms of the establishment and maintenance of systems for manufacturers, the scope of system access rights should be drawn out, and the granting of long-term system accounts and passwords should be prohibited. The access rights of short-term or temporary system accounts and passwords for manufacturers based on the actual operational needs should be immediately terminated after use. Users should log in to the system to apply for these short-term or temporary accounts and passwords.

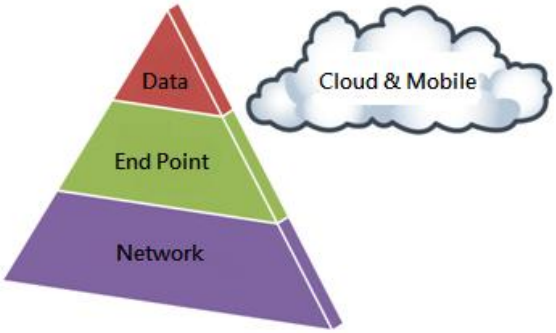
(5). Information security sustainable operations and management

A. The Information Security Management Committee has been established to formulate and promote information security policies and management regulations, discuss information security issues and countermeasures, and require employee compliance to maintain the company's information security. Routine operation and maintenance of information security is the responsibility of the Information Security Department.

B. ISO 27001:2013 certification was obtained in 2022. Comprehensive rules and enforcement of management procedures will further strengthen information security management systems in order to ensure the safety of Company and customer information assets.

C. In the event of information security incidents, contingency protocols should be followed and the relevant department supervisors and personnel of the information security department should be informed to conduct appropriate handling and fast recovery operations.

D. The Global Information and Cyber Security Division regularly assesses the possibilities of information security risks leading to damages, and joins the appropriate information security insurance if necessary to reduce the risks and losses generated by information security incidents.



Information Security Protection Framework

4. Investments in resources for cyber security management

The company has built a defensive information security protective mechanism to avoid the suspension of business due to information security issues, ensuring the continuous operation of its operations and effectively supporting its operational performance.

From the perspective of defense levels of information security, defense levels can be divided into network, endpoint, data, and cloud. Information security-related resources invested in the strengthening of each level include:

- The establishment of the first and second fire walls, blocking of wireless access points, blocking of connections from non-ATEN computers, reinforcement of encryption certificates, and establishment of network quality monitor signboards, introduction of MFA two-factor authentication, establishment of a WFH connection structure that complies with information security regulations, and establishment of network anomaly detection and response (NDR) mechanism.
- Implementing software patches and the management of monitor boards at servers and user ends, controlling the data sharing among endpoints to stop viruses from spreading, and establishing failover cluster structures for important system services to ensure the availability of services.
- Establishment of endpoint detection and response (EDR) mechanism to effective monitor abnormal behavior at end points, determine whether it is a hacker attack and respond in a timely manner for risk prevention.
- Implementing 3/2/1 backup operations and establishing monitor boards. Implementing disaster recovery drills and establishing monitor boards. Managing USB data export and sent emails. Planning for the introduction of sensitive information protection platforms.
- Initiation of cloud-based WAF
- Personal data is now encrypted and access restrictions tightened during processing and storage.

In addition to strengthening the information security management system in accordance with the ISO 27001 management procedure:

1. Annual vulnerability scans are scheduled ad corrective action taken on high-risk items identified during

the scan. The quality of information security protection is being continuously strengthened through further upgrades.

2. Social engineering drills are scheduled to boost employee information security awareness and protect personal computers against phishing e-mail attacks. Employees are tested on their information security alertness and provided with appropriate information security education.

To keep up to date on the latest information security developments, ATEN has also obtained access to the resources and experiences of information security alliances in the public and private sectors:

1. ATEN is already a corporate member of TWCERT/CC (https://www.twcert.org.tw/).
2. The Chief Information Security Officer has become a member of the Taiwan Chief Information Security Officer (https://ciso.tca.org.tw/) and external threat intelligence provided by information security vendors are also taken into account. Risk assessment is carried out based on the contents of the intelligence and response strategies developed. Information security personnel check and track the outcomes for each piece of intelligence in order to strengthen our protection against external information security threats. ATEN has established an online course for "General Education and Training in Information Security" that is now designated as a mandatory course for all employees. All employees completed the training in 2022.

5.6.2 List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts there from, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None major significant cyber security incidents.

5.7 Important Contracts: None.

VI. Financial Information

6.1 Condensed Balance Sheets for the Past 5 Fiscal Years

6.1.1 Condensed Consolidated Balance Sheet

Unit: NT$ thousands

Item		2023Q1	2022	2021	2020	2019	2018
Current assets		4,266,762	4,298,503	4,204,302	4,765,316	4,052,847	4,638,222
Property, plant and equipment		2,570,606	2,583,668	2,586,485	2,210,053	2,000,424	1,994,459
Intangible Assets		6,108	6,949	10,314	13,680	2,756	2,756
Other assets		499,847	461,334	491,728	503,266	599,938	409,627
Total assets		7,343,323	7,350,454	7,292,829	7,492,315	6,655,965	7,045,064
Current liabilities	Before distribution	2,270,798	2,077,142	2,051,859	2,109,612	1,897,008	2,074,856
	After distribution		Note 2	2,690,976	2,749,145	2,834,838	3,038,303
Non-Current liabilities		394,447	388,130	497,173	531,762	428,812	383,789
Total liabilities	Before distribution	2,665,245	2,465,272	2,549,032	2,641,374	2,325,820	2,458,645
	After distribution		Note 2	3,188,149	3,280,907	3,263,650	3,422,092
Total Equity attributable to shareholders of the parent company	Before distribution	4,618,092	4,824,828	4,682,270	4,787,234	4,246,888	4,496,883
	After distribution		Note 2	4,049,073	4,154,037	3,315,013	3,541,114
Common Stock		1,194,711	1,194,711	1,194,711	1,194,711	1,194,711	1,194,711
Capital Surplus		316,963	316,963	316,963	316,963	345,634	343,149
Retained Earnings	Before distribution	3,298,934	3,502,661	3,399,506	3,399,776	2,833,688	3,066,318
	After distribution		Note 2	2,766,309	2,766,579	1,901,813	2,110,549
Other equity		(192,516)	(189,507)	(228,910)	(124,216)	(127,145)	(107,295)
Treasury stock		-	-	-	-	-	-
Non-controlling interests	Before distribution	59,986	60,354	61,527	63,707	83,257	89,536
	After distribution		Note 2	55,607	57,371	77,302	81,858
Total equity	Before distribution	4,678,078	4,885,182	4,743,797	4,850,941	4,330,145	4,586,419
	After distribution		Note 2	4,104,680	4,211,408	3,392,315	3,622,972

Notes: 1.Data for 2018 – 2022 has all been audited by a certified public accountant.

2. Pending for BOD resolution.

6.1.2 Condensed Balance Sheet - Parent Company only

Unit: NT$ thousands

Item		2022	2021	2020	2019	2018
Current assets		2,684,761	2,650,727	3,209,275	3,046,607	2,364,224
Property, plant and equipment		1,970,294	1,992,647	1,683,422	1,606,811	1,589,054
Intangible assets		-	-	-	-	-
Other assets		1,664,376	1,617,740	1,487,081	1,083,664	2,164,131
Total assets		6,319,431	6,261,114	6,379,778	5,737,082	6,117,409
Current liabilities	Before distribution	1,203,929	1,260,901	1,318,280	1,272,815	1,351,246
	After distribution	Note 2	1,894,098	1,951,477	2,204,690	2,307,015
Non-Current liabilities		290,674	317,943	274,264	217,379	269,280
Total liabilities	Before distribution	1,494,603	1,578,844	1,592,544	1,490,194	1,620,526
	After distribution	Note 2	2,212,041	2,225,741	2,422,069	2,576,295
Common Stock		1,194,711	1,194,711	1,194,711	1,194,711	1,194,711
Capital Surplus		316,963	316,963	316,963	345,634	343,149
Retained Earnings	Before distribution	3,502,661	3,399,506	3,399,776	2,833,688	3,066,318
	After distribution	Note 2	2,766,309	2,766,579	1,901,813	2,110,549
Other equity		(189,507)	(228,910)	(124,216)	(127,145)	(107,295)
Total equity	Before distribution	4,824,828	4,682,270	4,787,234	4,246,888	4,496,883
	After distribution	Note 2	4,049,073	4,154,037	3,315,013	3,541,114

Notes: 1.Data for 2018 – 2022 has all been audited by a certified public accountant.

2. Pending for BOD resolution.

6.2 Condensed Income Statements for the Past 5 Fiscal Years

6.2.1 Condensed Consolidated Income Statement

Unit: NT$ thousands

Item	2023Q1	2022	2021	2020	2019	2018
Net Sales	1,385,134	5,403,167	5,163,691	4,823,613	5,032,719	5,173,010
Gross profit	839,225	3,163,364	3,008,491	2,839,280	3,038,461	3,043,680
Operating profit	260,478	850,702	805,373	608,350	776,334	830,114
Non-operating income and expenses	(7,204)	40,545	62,818	1,084,968	121,410	1,026,856
Net income before tax	253,274	891,247	868,191	1,693,318	897,744	1,856,970
Income from Continuing Operations	190,971	732,891	644,298	1,501,978	726,620	1,587,751
Income (Loss) from Discontinued Operations	-	-	-	-	-	-
Net income	190,971	732,891	644,298	1,501,978	726,620	1,587,751
Other comprehensive income (loss), net of tax	(3,820)	47,611	(111,909)	4,565	(21,932)	3,471
Total comprehensive income	187,151	780,502	532,389	1,506,543	704,688	1,591,222
Net income attributable to shareholders of the parent company	190,528	729,500	637,313	1,499,268	723,133	1,576,132
Net income attributable to non-controlling interests	443	3,391	6,985	2,710	3,487	11,619
Total comprehensive income attributable to shareholders of the parent company	187,519	775,755	528,233	1,504,231	703,289	1,580,030
Total comprehensive income attributable to non-controlling interests	(368)	4,747	4,156	2,312	1,399	11,192
EPS (NT$)	1.59	6.11	5.33	12.55	6.05	13.19

Notes: 1.The data for 2018 – 2022 has all been audited by a certified public accountant.

6.2.2 Condensed Income Statement - Parent Company only

Unit: NT$ thousands

Item	2022	2021	2020	2019	2018
Net Sales	3,764,197	3,366,103	3,277,611	3,478,432	3,589,610
Gross profit	1,999,494	1,790,273	1,723,959	1,918,158	1,908,890
Operating profit	667,766	681,879	521,075	726,469	636,753
Non-operating income and expenses	168,710	138,735	1,091,360	154,950	1,094,311
Net income before tax	836,476	820,614	1,612,435	881,419	1,731,064
Income from Continuing Operations	729,500	637,313	1,499,268	723,133	1,576,132
Income (Loss) from Discontinued Operations	-	-	-	-	-
Net income	729,500	637,313	1,499,268	723,133	1,576,132
Other comprehensive income (loss), net of tax	46,255	(109,080)	4,963	(19,844)	3,898
Total comprehensive income	775,755	528,233	1,504,231	703,289	1,580,030
EPS (NT$)	6.11	5.33	12.55	6.05	13.19

Notes: 1.The data for 2018 – 2022 has all been audited by a certified public accountant.

6.3 The Name of the Certified Public Accountant and the Auditor's Opinion

Year	Name of CPA Firm	Name of CPAs	Auditor’s opinions
2022	KPMG	Po-Shu Huang / Chung-Shun Wu	Unqualified opinion
2021	KPMG	Po-Shu Huang / Chung-Shun Wu	Unqualified opinion
2020	KPMG	Po-Shu Huang / Chung-Shun Wu	Unqualified opinion
2019	KPMG	Po-Shu Huang / Yong-Sheng Wang	Unqualified opinion
2018	KPMG	Lin Wu / Yong-Sheng Wang	Unqualified opinion

6.4 Financial Analyses for the Past 5 Fiscal Years

6.4.1 Consolidated Financial Ratios for the last 5 years

Item		2023Q1	2022	2021	2020	2019	2018
Financial structure	Debt ratio (%)	36	34	35	35	35	35
	Ratio of Long-term fund to Property, plant and equipment asset (%)	197	204	203	244	238	249
Liquidity Ratios	Current ratio (%)	188	207	205	226	214	224
	Quick ratio (%)	120	130	150	173	157	169
	Times interest earned (times)	35	42	50	81	31	102
Operating ratios	Receivables turnover (turns)	7.19	6.71	6.30	6.91	7.41	7.18
	Receivables turnover days	51	54	58	53	49	51
	Inventory turnover (turns)	1.48	1.78	2.12	1.99	1.95	2.27
	Payables turnover (turns)	5.21	4.96	5.47	5.41	4.66	4.51
	Inventory turnover days	247	205	172	183	187	161
	Property, plant and equipment asset turnover (turns)	2.16	2.09	2.15	2.29	2.52	2.57
	Total assets turnover (turns)	0.76	0.74	0.70	0.68	0.73	0.80
Profitability ratios	Return on assets (%)	10.72	10.25	8.91	21.47	10.96	24.66
	Return on equity (%)	15.98	15.22	13.43	32.72	16.30	38.23
	Pre-tax Income to Paid-in Capital Ratio (%)	84.80	74.60	72.67	141.73	75.14	155.43
	Profit ratio (%)	13.79	13.56	12.48	31.14	14.44	30.69
	Earnings per share (NT$)	1.59	6.11	5.33	12.55	6.05	13.19
Cash flow	Cash flow ratio (%)	-8	20	107	16	37	7
	Cash flow adequacy ratio (%)	74	67	80	51	65	76
	Cash flow reinvestment ratio (%)	-2.89	-3.49	25.75	-9.76	-4.67	-9.25
Leverage	Degree of operating leverage	1.19	2.45	2.47	2.91	2.51	2.44
	Degree of financial leverage	1	1	1	1	1	1
	Please explain the reasons of changes in financial ratio for the past two years (No needs for analysis if change of financial ratio is less than 20%) 1. Cash flow: Cash inflow from operating activities increased in 2021 due to the purchase of land, the establishment of plants, the conversion to fixed deposits, and the redemption of money market funds, resulting in the greater difference in cash flow ratio and cash flow reinvestment ratio for 2022.						

6.4.2 Financial Ratios for the last 5 years - Parent Company only

Item		2022	2021	2020	2019	2018
Financial structure	Debt ratio (%)	24	25	25	26	26
	Ratio of Long-term fund to Property, plant and equipment asset (%)	260	251	301	278	300
Liquidity Ratios	Current ratio (%)	223	210	243	239	175
	Quick ratio (%)	158	167	208	200	140
	Times interest earned (times)	612	338	374	193	345
Operating ratios	Receivables turnover (turns)	5.18	4.99	4.62	4.78	5.93
	Receivables turnover days	70	73	79	76	62
	Inventory turnover (turns)	2.84	3.37	3.44	3.39	4.20
	Payables turnover (turns)	5.18	5.58	5.82	5.36	5.94
	Inventory turnover days	129	108	106	108	87
	Property, plant and equipment asset turnover (turns)	1.90	1.83	1.99	2.18	2.25
	Total assets turnover (turns)	0.60	0.53	0.54	0.59	0.64
Profitability ratios	Return on assets (%)	11.61	10.11	24.80	12.26	28.10
	Return on equity (%)	15.35	13.46	33.19	16.54	38.85
	Pre-tax Income to Paid-in Capital Ratio (%)	70.01	68.69	134.96	73.78	144.89
	Profit ratio (%)	19.38	18.93	45.74	20.79	43.91
	Earnings per share (NT$)	6.11	5.33	12.55	6.05	13.19
Cash flow	Cash flow ratio (%)	24	157	28	98	37
	Cash flow adequacy ratio (%)	91	109	81	95	91
	Cash flow reinvestment ratio (%)	-6.14	24.93	-10.50	6.15	-3.11
Leverage	Degree of operating leverage	2.45	2.14	2.60	2.09	2.39
	Degree of financial leverage	1	1	1	1	1

Please explain the reasons of changes in financial ratio for the past two years (No needs for analysis if change of financial ratio is less than 20%)

1. Cash flow: Cash inflow from operating activities increased in 2021 due to the purchase of land, the establishment of plants, the conversion to fixed deposits, and the redemption of money market funds, resulting in the greater difference in cash flow ratio and cash flow reinvestment ratio for 2022.

6.5 Audit Committee's Report in the Most Recent Year

ATEN International Co., LTD.

The Audit Committee Review Report

The Board of Directors has prepared the Company's 2022 Business Report, Financial Statements, and Earnings Distribution Proposal. ATEN International Financial Statements have been audited and certified by Po-Shu Huang, CPA, and Chung-Shun Wu, CPA, of KPMG and an audit report relating to the Financial Statements has been issued. The Business Report, Financial Statements and Earnings Distribution Proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of ATEN International. According to Article 14-4 of Securities and Exchange Act and Article 219 of the Company act, we hereby submit this report.

The 2023 General Shareholders Meeting of ATEN International Co., LTD.

ATEN International Co., LTD.

Chairman of the Audit Committee：Wei-Jen Chu

March 14, 2023

6.6 Consolidated Financial Statement for the Most Recent Fiscal Year.

Refer to the attachment 1.

6.7 Financial Statements of the Parent Company for the Most Recent Fiscal Year.

Refer to the attachment 2.

6.8 If the Company or its affiliates have experienced financial difficulties in the most recent year and up to the publication of the annual report, the annual report shall explain how the difficulties affected the Company's financial situation: None.

VII. Review of Financial Conditions, Operating Results, and Risk Management

7.1 Analysis of Financial Status

Unit: NT$ thousands

Year / Item	2022	2021	Difference	
			Amount	%
Current Assets	4,298,503	4,204,302	94,201	2.24
Property, Plant and Equipment	2,583,668	2,586,485	(2,817)	(0.11)
Intangible Assets	6,949	10,314	(3,365)	(32.63)
Other Assets	461,334	491,728	(30,394)	(6.18)
Total Assets	7,350,454	7,292,829	57,625	0.79
Current Liabilities	2,077,142	2,051,859	25,283	1.23
Non Current Liabilities	388,130	497,173	(109,043)	(21.93)
Liabilities	2,465,272	2,549,032	(83,760)	(3.29)
Equity attributable to Shareholders of the Company	4,824,828	4,682,270	142,558	3.04
Common Stock	1,194,711	1,194,711	0	0.00
Capital Surplus	316,963	316,963	0	0.00
Retained Earnings	3,502,661	3,399,506	103,155	3.03
Other Equity Interest	(189,507)	(228,910)	39,403	(17.21)
Treasure Stock	0	0	0	0.00
Non-Controlling Interest	60,354	61,527	(1,173)	(1.91)
Total Equity	4,885,182	4,743,797	141,385	2.98

Analysis on changes:

1. The decrease in intangible assets compared to the previous year was mainly due to the amortization of patents, trademarks, and customer relationships in accordance with the standards bulletin.
2. The decrease of non-current liabilities compared to the previous year was mainly due to the tax liabilities transferred from non-current liabilities to current liabilities.

7.2 Analysis of Operation Results

Unit: NT$ thousands

Year / Item	2022	2021	Difference	
			Amount	%
Operating Revenue	5,403,167	5,163,691	239,476	4.64
Operating Costs	2,239,803	2,155,200	84,603	3.93
Gross Profit	3,163,364	3,008,491	154,873	5.15
Operating Expenses	2,312,662	2,203,118	109,544	4.97
Operating Profit	850,702	805,373	45,329	5.63
Non- Operating Income and Expenses	40,545	62,818	(22,273)	(35.46)
Net Income Before Tax	891,247	868,191	23,056	2.66

Item \ Year	2022	2021	Difference	
			Amount	%
Less: Income Tax Expense	158,356	223,893	(65,537)	(29.27)
Net Income After Tax	732,891	644,298	88,593	13.75

Analysis on changes:

1. The decrease in non-operating income from the previous year was mainly due to NT$63 million in COVID-19 subsidies for local enterprises from the US Government in 2021. This was a one-off subsidy and there were no related non-operating income in 2022, hence the decrease in non-operating income.
2. The decrease in income tax from the previous year was due to deferred income tax from non-realized gross profit on sales

7.3 Analysis of Cash Flow

7.3.1 Liquidity Analysis within the last 2 years

Unit: NT$ thousands

Item \ Year	2022	2021	YoY %
Cash flow ratio (%)	20	107	-81%
Cash flow adequacy ratio (%)	67	80	-15%
Cash flow reinvestment ratio (%)	-3.49	25.75	-114%

Analysis on change:

Cash inflow from operating activities increased in 2021 due to the purchase of land, the establishment of plants, the conversion to fixed deposits, and the redemption of money market funds, resulting in the greater difference in cash flow ratio and cash flow reinvestment ratio for 2022.

7.3.2 Cash Liquidity Analysis for Next Year

Unit: NT$ thousands

Cash Balance-Beginning	Estimated Annual Net Cash Flow from Operating Activities	Estimated Annual Cash Outflow	Cash Balance(Deficit)	Contingency plans for Insufficient cash	
				Investment Plan	Financial Plan
1,225,659	247,412	(512,279)	960,792	-	-

Analysis on changes:

Operating activities: In consideration of profitability and operating expenses, for the cash flow from operating activities, it is expected that an incoming cash flow of NT$247,412 thousand will be generated.

Investing activities: Including fixed asset Procurement.

Financing activities: Including paying cash dividend.

7.4 Major Capital Expenditure Items

7.4.1 The impact of material capital expenditure on financial business in the most recent year.

Unit: NT$ thousands

Project	Actual or intended financing	Actual or intended completion date	Total funds needed	Actual or intended use of funds		
				2023	2024	2025
Fixed Assets	Operating fund	2023	329,656	329,656	-	-

7.4.2 Expected benefits:

In recent years, the investments of the fixed assets of the company mainly include the expenses used for the building of offices in factories, molds, and research and development of the equipment, which effectively increase the company's research and development abilities and productivity technology, allowing a more comprehensive development of the Group.

7.5 Investment Policy in Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year:

ATEN has adopted a strategy of cautious reinvestment based on the pursuit of sustainable growth in our core business and long-term growth in our secondary business. We are continuing to roll-out sales locations and product showrooms in emerging markets as well as investing in the diversification of production sites to boost the Group's global revenues and diversify regional operating risks. We are also cultivating local customer services, focusing on the management of core vertical integration investment businesses, and aggressively expanding into a number of innovative fields such as intelligent manufacturing and AI voice economy. Strategic investment opportunities are carefully scrutinized to boost the Group's overall operating synergies and build up the Company's competitiveness through upgrades and transformation.

7.6 Analysis of Risk Management of the Most Recent Year and up to the Publication of the Annual Report

7.6.1 The effect upon the company's profit (loss) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future

A. The effect of interest rate fluctuations

Unit: NT$ thousands

Year Item	2022	2021
Interest Income	6,077	1,675
Interest Expense	21,532	17,744
Net Income	732,891	644,298
(Interest Income-Interest Expense) / Net Income	-2.11%	-2.49%

ATEN has consistently maintained a healthy financial structure, with dedicated personnel responsible for close interaction with ATEN's banks. The company makes effective use of a range of financial tools to reduce the risk associated with interest rate fluctuations. For the last two years, ATEN's net interest income amounted to less than 2.5% of the company's consolidated net income; the impact of interest rate fluctuations on the company has thus been very limited.

B. The effect of exchange rate fluctuations

1. ATEN's products are heavily oriented towards the export market, with exports accounting for 90% of total sales in 2021 and 2022. Prices for export sales are normally calculated in U.S. dollars, and as imported materials account for only a small share of total materials costs, ATEN does not benefit from the "natural hedging" effect. Exchange rate fluctuations can thus have a significant impact on the company's operations. The impact of exchange rate loss on the company's consolidated sales revenue and profits in 2021 and 2022 are outlined below:

Unit: NT thousands

Item	2022	2021
Gain on foreign Exchange, Net (1)	25,826	-8,700
Net Income before Tax (2)	891,247	868,191
Net Income (3)	5,403,167	5,163,691
(1)/(2)	2.90%	-1.00%
(1)/(3)	0.48%	-0.17%

2. The response measures to be taken

a. Careful recording the exchange rate at the time which receivables and payments are made into the account, and using forward contracts for hedging purposes. ATEN maintains close contacts with its banks, and collects information relating to exchange rate movements, enabling the company to keep its finger on the pulse of exchange rate movements, thereby avoiding, or at least minimizing, exchange rate risk.

b. In accordance with ATEN's Procedures for the Acquisition and Disposal of Assets, the company reviews its foreign exchange positions twice a month. ATEN is constantly monitoring market fluctuations, so as to be able to adjust its hedging strategy as necessary.

C. The effect of changes in the inflation rate

ATEN constantly monitors market price movements, and maintains close relations with both suppliers and customers. As a result, in 2021 and 2022, ATEN has not suffered any serious impact from inflation. .

7.6.2 The company's policy regarding high-risk investments, highly leveraged investments, loan to other parties, endorsement, guarantees, and derivatives transactions; the main reasons for the profit/losses generated thereby; and response measures to be taken in the future.

A. The Company did not engage in high-risk, high-leverage investment or make loans to others in 2022.

B. The great majority of the Company's business transactions are denominated in foreign currency. To hedge against exchange rate risk, the Company engaged in forward exchange transactions with banks with good credit ratings for hedging purpose so as to minimize our exchange rate exposure.

7.6.3 R&D work to be carried out in the future, and future expenditures expected for R&D work.

Unit: NT thousands

R&D Plans	Current Progress	Further Expenditure Required	Expected completion schedule
Development of a range of high-performance KVM matrix system products for use in the management and integration of	Ongoing	140,000	Q3, 2023

R&D Plans	Current Progress	Further Expenditure Required	Expected completion schedule
KVM equipment for control room applications.			
The latest generation of KVM supports multi-computer management over digital channels. Applications include centralized remote management of data center servers, remote access from the control room, as well as remote management of high-tech production lines.	Ongoing	55,000	Q3, 2023
Development of a range of Secure KM switch products that conform to the Protection Profile for Peripheral Sharing Device (PP PSD) international standard for KM devices.	Ongoing	32,000	Q3, 2023
Technical integration and application of consumer electronics on desktops and peripheral products for gaming consoles.	Ongoing	35,000	Q2, 2023
Integration and applications of Audio/ Video connector management products.	Ongoing	130,000	Q3, 2023
Smart Control System.	Ongoing	46,000	Q3, 2023
PE series electric power and green energy integration and applications.	Ongoing	45,000	Q4, 2023
EC series electric power and green energy integration and applications.	Ongoing	5,000	Q3, 2023
AI Speech Synthesis Service	Ongoing	30,000	Q2, 2023
AI Training Service	Ongoing	5,000	Q3, 2023

7.6.4 Effect on the company’s financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response.

With relevant departments doing their jobs competently and supporting one another, the company is highly adaptive to the development of domestic and foreign political and financial situations as well as the changes in the law. In response to the impacts of the Russo-Ukrainian War, effective response measures were immediately implemented by the Company to mitigate its impact in finance, HR, sales and other areas. In regard to the continuing problem of the COVID-19 pandemic, which has had a severe impact on the global economy and on the lives of ordinary people throughout the world, as soon as the disease began to spread, ATEN and its overseas sales and production divisions immediately implemented appropriate response measures in line with the policies adopted by local governments, so as to keep the impact on the company's operations to a minimum. As a result, none of the major domestic or international policy decisions and legal and regulatory changes of the past fiscal year had a significant material impact on ATEN’s finances or sales.

7.6.5 Effect on the company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response.

ATEN specializes in the development, manufacturing, and sale of network management and computer peripheral devices. We closely monitor and respond to the latest technological developments and market trends in our industry. The change in work format and industry requirements triggered by COVID-19, as well as the impact on production and sales for some product lines due to global IC component shortages for example saw ATEN adopt a proactive approach to come up with effective solutions in the shortest amount of time. ATEN also leveraged our own outstanding R&D capability and innovation strategy to bring new products to the market in response to trends in 5G, metaverse and global AI development. These should generate more sales in the future and maximize returns for shareholders.

7.6.6 Effect on the company's crisis management of changes in the company's corporation image, and measures to be taken in the future.

Professional management principles and corporate governance have always been maintained by ATEN since our founding. We have also leveraged our core operational capabilities to fulfill our corporate social responsibility. The core values of "Integrity, Caring, Ambition, and Novelty" guide the continued strengthening of our internal management and improvement of quality management by the management team and all employees while also enhancing customer trust in the Company.

ATEN has received recognition from various types of awards due to our emphasis and investment in corporate image, including: "Best Taiwan Global Brands," "Best Companies to Work for in Asia Award," "Taiwan Mittelstand Award," "Excellence in Corporate Social Responsibility Award" by CommonWealth magazine, "Corporate Governance Evaluation," "WeCare Most Caring Companies Award," "Taiwan Excellence Award," "National Brand YuShan Award," and "Exercise Enterprise Certification," etc. Corporate ESG (Environment, Society, and Corporate Governance) has also received a great deal of attention in recent years so ATEN is now actively taking part in related evaluations and its progressive implementation in support for domestic and overseas regulation. We are continuing to move forward towards the goal of co-existing and co-thriving with the global economy and society. As a result, in the past fiscal year and up until the time of publication of this report, no risks had emerged that had any significant impact on the company's corporate image.

7.6.7 Expected benefits and possible risk associated with any merger and acquisitions, and mitigation measures being or to be taken.

ATEN has not undertaken any merger or acquisition activity in 2021, or in 2022 (up until the present time).

7.6.8 Expected benefits and possible risk associated with any plant expansion and mitigation measures being or to be taken.

ATEN carefully plans production capacity expansion and the capital expenditure of individual plants, in line with industrial development and market needs. Productivity boosts are aimed at supporting future business expansion. All investment plans for plant expansion are carefully evaluated on risks in project funding, construction progress, and sales orders, and the appropriate responses are drawn up. Major capital expenditure items are submitted to the company's Board of Directors for approval to take anticipated

investment benefits and the possible risks fully into account.

7.6.9 Risk associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken.

ATEN's consolidated suppliers and customers (excluding ATEN subsidiaries) scatter around the world. No single supplier and customer accounted for 10% or more of total consolidated purchases and sales, respectively. There is therefore no serious risk due to excessive customer concentration.

7.6.10 Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken.

Not applicable.

7.6.11 Effects of, risks relating to and response to changes in control over the Company.

Not applicable.

7.6.12 Litigious and non-litigious matters. List major litigious or administrative disputes that:(1) involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the price of the company's securities.

(1) 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. The Supreme Court reversed the judgment of the 2007 lawsuit against the Company in March 2020 and remanded to the Intellectual Property Court. In October 2021 the Intellectual Property Court dismissed the 2020 lawsuit brought by HoeYa Technology Inc. which HoeYa Technology Inc. filed an appeal accordingly. Both of the lawsuits were under the court proceedings. The Company has retained attorneys to handle the cases, which were still in progress as of the reporting date.

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

7.6.13 Cyber security risks

In order to strengthen information security management, ATEN has adopted the most rigorous information

security requirements and established a set of information security protection systems to monitor and support the company's operations. However, the company still has to face the challenge of having its IT systems subjected to online attacks from external sources. Common threats include backdoor attack, ransomware, social engineering, phishing, distributed denial of service (DDoS) attacks, etc.

Viewed in terms of risk assessment, the use of illegal methods by external hackers to penetrate ATEN's internal networks and systems has the potential to disrupt the company's day-to-day operations. In the event of an online attack, important corporate data might be stolen or leaked from the company's systems, or might be tampered with, destroyed or lost, which could result in delays or stoppages in sales and service provision, could impact the new product R&D process, and might lead to temporary factory shutdowns, etc. If a malicious hacker attack occurred, ATEN's intellectual property or other confidential information might be examined; for example, this might include data belonging to customers or other stakeholders, or employees' personal data, etc.

To reduce the above-mentioned risks, ATEN continues to refine its corporate governance system from the perspective of information security, and continues to strengthen its defensive capabilities. ATEN has adopted the ISO 27001 information security management framework, with content that includes network safety, information operating procedures, physical and environmental security, access control, information asset management, password management, information security incident management, vulnerability assessment, data back-up, etc. The company has also formulated a business continuity plan, performs regular post-disaster recovery simulations and drills, and implements an annual review of safety policies and management procedures and system safety measures to ensure their suitability and effectiveness, thereby strengthening the overall information security capabilities of the ATEN Group as a whole.

In addition, with regard to personal data protection, in order to ensure compliance with the requirements of Taiwan's Personal Data Protection Act, the EU's General Data Protection Regulation (GDPR), the California Consumer Privacy Act (CCPA), and other international privacy legislation, ATEN has established a personal data protection unit, has established internal management procedures for the collection, processing and use of personal data, and implements safety management and systematization for the handling of electronic files that contain personal data, with the aim of reducing, to the maximum possible extent, the risks associated with the collection, processing and use of personal data.

7.6.14 Other important risks, and mitigation measures being or to be taken: None

7.7 Other Important Matters: None.

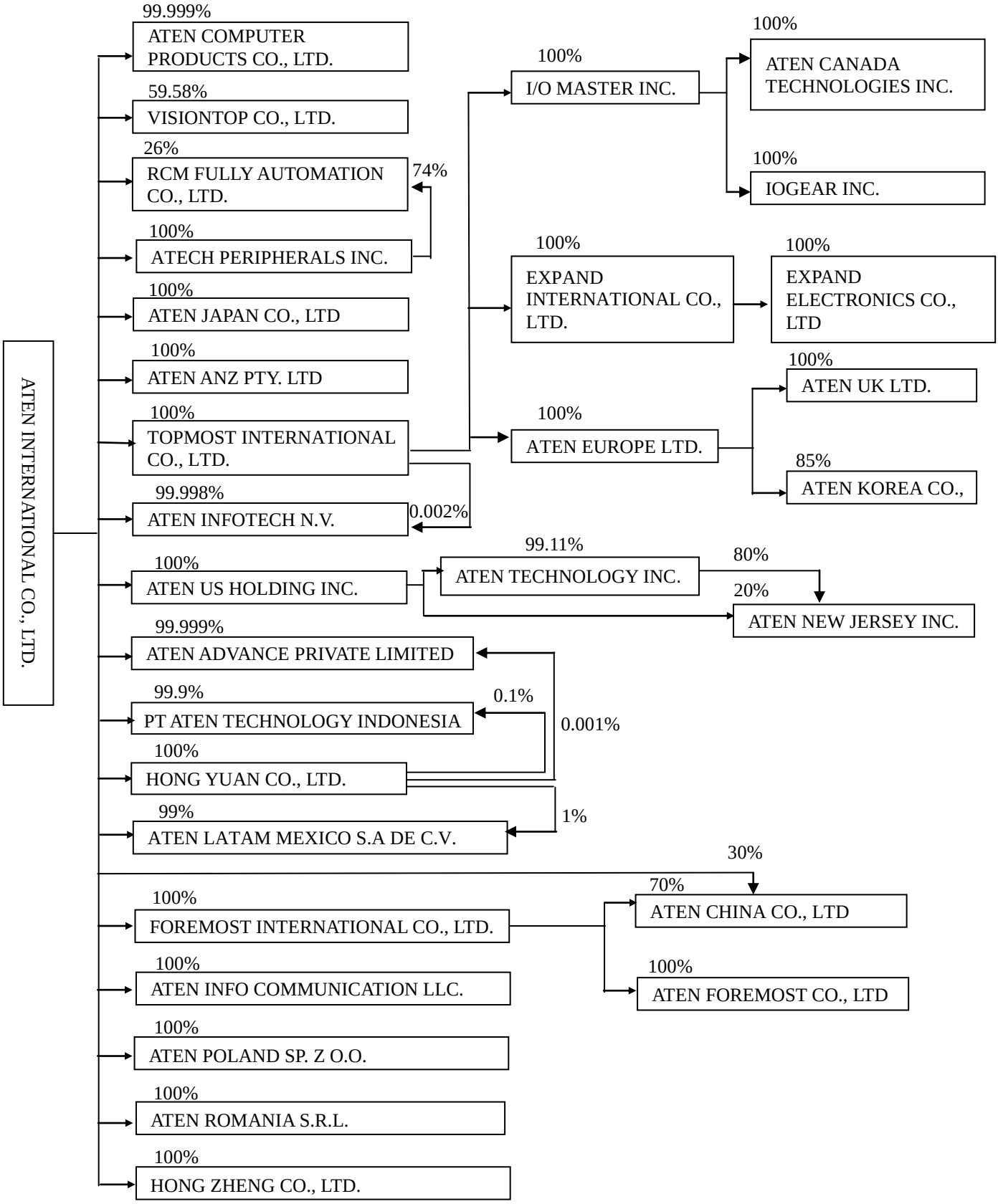
VIII. Special Disclosure

8.1 Summary of Affiliated Companies

8.1.1 Consolidated business report

A. Affiliated Enterprises

As of Mar. 31, 2023



B. Basic Information of Affiliated Enterprises

As of Mar. 31, 2023

Company Name	Date of Establishment	Address	Paid-in capital	Major businesses or products
ATEN COMPUTER PRODUCTS CO., LTD.	1990.10	No.369/31 Village 6th , Bowin Sub-district , Srilacha District , Chonburi Province , Thailand.	442,000,000 baht	Manufacturing and trading of electronic peripheral products
VISIONTOP CO., LTD.	1970.12	No.15, Ln. 30, Xinjiang N. Rd., Sijhih Dist., New Taipei City, Taiwan	NT$108,624,000	Special printing
ATECH PERIPHERALS INC.	1999.06	6F., No.133, Sec. 2, Datung Rd., Sijhih District., New Taipei City, Taiwan	NT$100,000,000	Trading of electronic peripheral products
TOPMOST INTERNATIONAL CO., LTD.	1999.07	Scotia Centre, 4th Floor, P.O. Box2804, George Town, Grand Cayman, Cayman Islands.	US$700,000	General investment
EXPAND INTERNATIONAL CO., LTD.	1999.07	Suite 11, Level 2 Niamall, Saleufi Samoa	US$689,965	General investment
ATEN TECHNOLOGY, INC.	1996.03	15365 Barranca Parkway, Irvine, CA 92618, U.S.A.	US$8,749,563	Trading of electronic peripheral products
ATEN INFOTECH N.V.	2000.11	Mijnwerkerslaan 34, 3550 Heusden-Zolder, BELGIUM	EUR$1,250,000	Trading of electronic peripheral products
ATEN JAPAN CO., LTD	2004.03	ATEN Bldg. 8-4, Minami-senjyu 3-chome, Arakawa-ku, Tokyo 116-0003 Japan	￥80,000,000	Trading of electronic peripheral products
ATEN EUROPE LTD.	2006.05	466 Malton Avenue Slough, Berkshire SL1 4QU, UK	GBP$1,069,000	General investment
ATEN UK LTD.	2006.05	466 Malton Avenue Slough, Berkshire SL1 4QU, UK	GBP$650,000	Trading of electronic peripheral products
ATEN US HOLDING INC.	2006.11	2711 CENTERVILLE ROAD SUITE400,WILMINGTON,DELAWARE 19808, USA	US$9,380,000	General investment
ATEN NEW JERSEY INC.	2006.08	15365 Barranca Parkway, Irvine, CA 92618, U.S.A.	US$800,000	Trading of electronic peripheral products
ATEN KOREA CO., LTD	2007.03	153-801 B-dong 303 ho, 60-5 Gabeul Grate Valley, Gasan-dong, Geumcheon-gu, Seoul, Korea	Won $1,200,000,000	Trading of electronic peripheral products

Company Name	Date of Establishment	Address	Paid-in capital	Major businesses or products
FOREMOST INTERNATIONAL CO., LTD.	2007.04	St James Court, Suite 308, St Denis Street, Port Louis, Republic of Mauritius	US$ 2,180,628	General investment
ATEN CHINA CO., LTD	2007.11	18/F, Tower A, Horizon International Tower, No. 6, Zhichun Road, Haidian District Beijing, China 100088	RMB $12,000,000	Trading of electronic peripheral products
ATEN FOREMOST CO., LTD	2008.01	No.5 Luotian Industrial Park, Songgang Street Baoan District Shenzhen China	HK$7,500,000	Manufacturing and trading of electronic peripheral products
I/O MASTER INC.	1999.03	OFFSHORE CHAMBERS, P.O. BOX217, APIA, SAMOA	US$ 700,000	General investment
ATEN CANADA TECHNOLOGIES INC.	1998.09	#101-11784 Hammersmith Way, Richmond, B.C. V7A 5E3 Canada	CAD$ 100	Research development
IOGEAR INC.	2001. 03	15365 Barranca Parkway, Irvine, CA 92618, U.S.A.	US$ 100	Trading of electronic peripheral products
EXPAND ELECTRONICS CO., LTD.	2011.11	Building 184, Yanluo Road, Luotian Community, Songgang Subdistrict, Bao'an District, Shenzhen	RMB$ 15,000,000	Manufacturing of electronic peripheral products
HONG ZHENG CO., LTD.	2011.7	6F., No.137, Sec. 2, Datung Rd., Sijhih District., New Taipei City 221, Taiwan	NT$ 16,000,000	General investment
HONG YUAN CO., LTD.	2011.7	6F., No.137, Sec. 2, Datung Rd., Sijhih District., New Taipei City 221, Taiwan	NT$ 16,000,000	General investment
ATEN ANZ PTY. LTD.	2015.5	Suite 2 level 1 394 Lane Cove Rd, Macquarie Park NSW 2113	AUD$ 3,500,000	Trading of electronic peripheral products
RCM FULLY AUTOMATION CO., LTD.	2016.4	2F., No. 143, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City 110, Taiwan	NT$ 30,000,000	Trading of electronic peripheral products
ATEN INFO COMMUNICATION LLC.	2016.10	Bestepe Mah. Yasam Cad.,Neorama Is Merkezi 13-A/ 76, Yenimahalle Ankara	TRY$ 3,000,000	Trading of electronic peripheral products
ATEN POLAND SP. Z O.O.	2017.10	Libra Business Center ul. Gottlieba Daimlera 2., Warsaw, Poland	PLN$ 1,000,000	Trading of electronic peripheral products
ATEN ROMANIA S.R.L	2019.4	Voluntari City, 10 Soseaua Bucuresti – Nord Street, Global City Business Park, Building O13, 6th floor, Ilfov County, Bucharest, Romania	RON$ 800,000	Trading of electronic peripheral products

Company Name	Date of Establishment	Address	Paid-in capital	Major businesses or products
ATEN ADVANCE PRIVATE LIMITED	2020.7	No 67-68, 2nd Floor Sudhev Complex S Karjyappa Road Basavanagudi Bangalore Ka 560004, India	INR$ 22,000,000	Trading of electronic peripheral products
ATEN LATAM MEXICO S.A DE C.V.	2021.12	Plaza Polanco, Calle Jaime Balmes No. 11, Torre B, 2F (201FA, 201FB), Colonia Polanco, Alcaldia Miguel Higalgo, CDMX, CP 11510	Peso 5,200,000	Trading of electronic peripheral products
PT ATEN TECHNOLOGY INDONESIA	2022.7	INTILAND TOWER, LANTAI 9 SUITE 5C, JALAN PANGLIMA SUDIRMAN NO. 101-103, Desa/Kelurahan Embong Kaliasin, Kec. Genteng, Kota Surabaya, Provinsi Jawa Timur,Indonesia	IDR 2,500,000,000	Trading of electronic peripheral products

C. Common Shareholders of the Company and Its Subsidiaries or Its Affiliates with Actual of Deemed Control: None.

D. The industries covered by the business operated by the affiliates overall.

Company Name	Scope of Business	Business Connection with other Affiliated Enterprises
ATEN COMPUTER PRODUCTS CO., LTD.	Trading and manufacturing of electronic equipment	Expand the Company's product line and the Company's customer.
VISIONTOP CO., LTD.	Specialized printing	Not related
ATECH PERIPHERALS INC.	Trading of electronic equipment	The Company's customer and invest RCM FULLY AUTOMATION CO., LTD.
TOPMOST INTERNATIONAL CO., LTD.	Investing	Invest EXPAND INTERNATIONAL CO., LTD. , I/O MASTER INC., ATEN EUROPE LTD., ATEN INFOTECH N.V.
EXPAND INTERNATIONAL CO., LTD.	Investing	Invest EXPAND ELECTRONICS CO., LTD.
ATEN TECHNOLOGY INC.	Trading of electronic equipment	The Company's customer and invest ATEN NEW JERSEY INC.
ATEN INFOTECH N.V.	Trading of electronic equipment	The Company's customer.
ATEN JAPAN CO., LTD.	Trading of electronic equipment	The Company's customer.
ATEN EUROPE LTD.	Investing	Invest ATEN UK LTD. and ATEN KOREA CO., LTD.
ATEN UK LTD.	Trading of electronic equipment	The Company's customer.
ATEN US HOLDINGS INC.	Investing	Invest ATEN TECHNOLOGY INC. and

Company Name	Scope of Business	Business Connection with other Affiliated Enterprises
		ATEN NEW JERSEY INC.
ATEN NEW JERSEY INC.	Trading of electronic equipment	The Company's customer.
ATEN KOREA CO., LTD.	Trading of electronic equipment	The Company's customer.
FOREMOST INTERNATIONAL CO., LTD.	Investing	Invest ATEN CHINA CO., LTD. and ATEN FOREMOST INTERNATIONAL CO., LTD.
ATEN CHINA CO., LTD.	Trading of electronic equipment	The Company's customer.
ATEN FOREMOST INTERNATIONAL CO., LTD.	Trading and manufacturing of electronic equipment	Expand the Company's product line and the Company's customer.
I/O MASTER INC.	Investing	Invest ATEN CANADA TECHNOLOGIES INC. and IOGEAR INC.
ATEN CANADA TECHNOLOGIES INC.	Research and development center	The Company's research and development center
IOGEAR INC.	Trading of electronic equipment	DBA (doing business as) Aten Technology Inc.
EXPAND ELECTRONICS CO., LTD.	Manufacturing of electronic equipment	Expand the Company's product line
HONG ZHENG CO., LTD.	Investing	Not related
HONG YUAN CO., LTD.	Investing	Invest ATEN ADVANCE PRIVATE LIMITED, ATEN LATAM MEXICO S.A DE C.V. , PT ATEN TECHNOLOGY INDONESIA
ATEN ANZ PTY. LTD.	Trading of electronic equipment	The Company's customer.
RCM FULLY AUTOMATION CO., LTD.	Trading of electronic equipment	Customer of ATECH PERIPHERALS INC.
ATEN INFO COMMUNICATION LLC.	Trading of electronic equipment	The Company's customer.
ATEN POLAND SP. Z O.O.	Trading of electronic equipment	The Company's customer.
ATEN ROMANIA S.R.L	Trading of electronic equipment	The Company's customer.
ATEN ADVANCE PRIVATE LIMITED	Trading of electronic equipment	The Company's customer.
ATEN LATAM MEXICO S.A DE C.V.	Trading of electronic equipment	The Company's customer.
PT ATEN TECHNOLOGY INDONESIA	Trading of electronic equipment	The Company's customer.

E. Directors, supervisors and presidents of affiliates and subsidiaries.

As of Mar. 31, 2023; Unit: share; %

Company Name	Title	Name or Representative	Shareholdings	
			Shares	Shareholdings %
ATEN COMPUTER PRODUCTS CO., LTD.	Chairman	Sun-Chung Chen (ATEN International Representative)	4,299,998	99.999%
	President	Vince Lin	0	0%
VISIONTOP CO., LTD.	Chairman/President	Shang-Jen Chen	1,719,592	15.83%
	Director	ATEN International	6,472,066	59.58%
		ATEN International Representative: Sun-Chung Chen	414,600	3.82%
	Director	ATEN International	6,472,066	59.58%
		ATEN International Representative: Sherry Tung	69,200	0.64%
	Supervisor	Candy Liao	58,000	0.53%
ATECH PERIPHERALS INC.	Chairman	Sun-Chung Chen (ATEN International Representative)	10,000,000	100%
	Director	Shang-Jen Chen (ATEN International Representative)		
	Director	Yung-Da Lin (ATEN International Representative)		
	Supervisor	Candy Liao (ATEN International Representative)		
TOPMOST INTERNATIONAL CO., LTD.	Chairman	Sun-Chung Chen (ATEN International Representative)	700,000	100%
EXPAND INTERNATIONAL CO., LTD.	Chairman	Sun-Chung Chen (TOPMOST INTERNATIONAL CO., LTD. Representative)	689,965	100%
ATEN TECHNOLOGY INC.	Chairman/President	Sun-Chung Chen (ATEN US HOLDINGS INC. Representative)	8,672,084.37	99.11%
	Director	Wayne Tyan/ Yung-Da Lin (ATEN US HOLDINGS INC. Representative)		
ATEN INFOTECH N.V.	Chairman	Sun-Chung Chen (ATEN International Representative)	58,343	99.998%
	President	Jack Chen (ATEN International Representative)		

Company Name	Title	Name or Representative	Shareholdings	
			Shares	Shareholdings %
ATEN JAPAN CO.,LTD	Chairman/Director	Sun-Chung Chen (ATEN International Representative)	1,600	100%
	President/ Director	Hans Deng(ATEN International Representative)		
	Director	Jovi Jhan/ Tomoyuki Tsuji / Wayne Tyan /Sean Ho/ Yung-Da Lin (ATEN International Representative)		
	Supervisor	Candy Liao(ATEN International Representative)		
ATEN US HOLDINGS INC.	Chairman	Sun-Chung Chen (ATEN International Representative)	9,380,000	100%
ATEN NEW JERSEY INC.	Chairman/President	Sun-Chung Chen (ATEN US HOLDINGS INC. Representative)	160,000	20%
	Director	Wayne Tyan / Yung-Da Lin (ATEN TECHNOLOGY INC. Representative)	640,000	80%
ATEN EUROPE LTD.	Chairman	Sun-Chung Chen (TOPMOST INTERNATIONAL CO., LTD. Representative)	1,069,000	100%
ATEN UK LTD.	Chairman	Sun-Chung Chen (ATEN EUROPE LTD. Representative)	650,000	100%
	Director	Wayne Tyan (ATEN EUROPE LTD. Representative)		
	Director	Yung-Da Lin (ATEN EUROPE LTD. Representative)		
FOREMOST INTERNATIONAL CO., LTD.	Chairman	Sun-Chung Chen (ATEN International Representative)	2,180,628	100%
ATEN KOREA CO., LTD.	Chairman	Sun-Chung Chen (ATEN EUROPE LTD. Representative)	102,000	85%
	President/Director	Harvy Kao (ATEN EUROPE LTD. Representative)		
	Director	Yung-Da Lin、Wayne Tyan (ATEN EUROPE LTD. Representative)		
	Supervisor	Candy Liao (ATEN EUROPE LTD. Representative)		

Company Name	Title	Name or Representative	Shareholdings	
			Shares	Shareholdings %
	Director	Hyung-Beom Kim	18,000	15%
ATEN CHINA CO., LTD	Chairman	Sun-Chung Chen (ATEN International Co., LTD. Representative)	-	30%
	Director	Yung-Da Lin (Foremost International Co., Ltd. Representative)	-	70%
	Director	Wayne Tyan (Foremost International Co.,Ltd. Representative)		
	Supervisor	Candy Liao (Foremost International Co., Ltd. Representative)		
ATEN FOREMOST CO., LTD	Executive Director /President	Thomas Chang (Foremost International Co., Ltd. Representative)	-	100%
	Supervisor	Candy Liao (Foremost International Co., Ltd. Representative)		
I/O MASTER INC.	Chairman/President	Sun-Chung Chen (TOPMOST INTERNATIONAL CO., LTD. Representative)	700,000	100%
ATEN CANADA TECHNOLOGIES INC.	Chairman/President	Sun-Chung Chen (I/O Master Inc. Representative)	300	100%
IOGEAR INC.	Chairman/President	Sun-Chung Chen (I/O Master Inc. Representative)	10	100%
EXPAND ELECTRONICS CO., LTD	Executive Director /President	Vince Lin (Expand International Co., Ltd. Representative)	-	100%
	Supervisor	Wayne Tyan (Expand International Co., Ltd. Representative)		
HONG ZHENG CO., LTD.	Chairman	Sun-Chung Chen (ATEN International Representative)	1,600,000	100%
	Director	Yung-Da Lin (ATEN International Representative)		
	Director	Wayne Tyan (ATEN International Representative)		

Company Name	Title	Name or Representative	Shareholdings	
			Shares	Shareholdings %
	Supervisor	Candy Liao (ATEN International Representative)		
HONG YUAN CO., LTD.	Chairman	Sun-Chung Chen (ATEN International Representative)	1,600,000	100%
	Director	Yung-Da Lin (ATEN International Representative)		
	Director	Wayne Tyan (ATEN International Representative)		
	Supervisor	Candy Liao (ATEN International Representative)		
ATEN ANZ PTY. LTD.	Chairman	Sun-Chung Chen(ATEN International Representative)	3,500,000	100%
	Director	Yung-Da Lin(ATEN International Representative)		
	Director	David Masters(ATEN International Representative)		
RCM FULLY AUTOMATION CO., LTD.	Chairman	Yung-Da Lin (ATEN International Representative)	780,000	26%
	Director	Sun-Chung Chen (ATEN International Representative)		
	Director	Johnny Wang (ATECH PERIPHERALS INC. Representative)	2,220,000	74%
	Supervisor	Wayne Tyan	0	0%
ATEN INFO COMMUNICATION LLC.	Legal Representative	Sun-Chung Chen (ATEN International Representative)	1,000	100%
ATEN POLAND SP. Z O.O.	Chairman	Sun-Chung Chen (ATEN International Representative)	20,000	100%
ATEN ROMANIA S.R.L	Chairman	Sun-Chung Chen (ATEN International Representative)	80,000	100%
	Director	Lanie Chen (ATEN International Representative)		
	Director	Bogdan Mihalcea (ATEN International Representative)		
ATEN ADVANCE PRIVATE LIMITED	Chairman	Sun-Chung Chen (ATEN International Representative)	2,199,999	99.999%

Company Name	Title	Name or Representative	Shareholdings	
			Shares	Shareholdings %
	Director	Mike Chiang (ATEN International Representative)		
	Director	Dhara Jay Sheth (ATEN International Representative)		
ATEN LATAM MEXICO S.A DE C.V.	Chairman	Sun-Chung Chen (ATEN International Representative)	5,148,000	99%
	Director	Yung-Da Lin(ATEN International Representative)		
	Director	Wayne Tyan (ATEN International Representative)		
PT ATEN TECHNOLOGY INDONESIA	Chairman	Sun-Chung Chen (ATEN International Representative)	2,497.5	99.9%
	Director	Yung-Da Lin(ATEN International Representative)		
	Director	HANDI PUTRANTO WILAMARTA (ATEN International Representative)		

F. Operational Performance of Affiliated Enterprises

As of Dec. 31, 2022; Unit: NT$ thousands

Company Name	Capital	Total Assets	Total Liabilities	Stockholders' Equity	Net Sales	Operating Income	Net Income	EPS (NT$)
ATEN COMPUTER PRODUCTS CO., LTD.	392,097	353,786	64,010	289,777	88,579	(35,419)	(33,397)	(7.77)
VISIONTOP CO., LTD.	108,624	169,456	64,926	104,530	103,988	(572)	117	0.01
ATECH PERIPHERALS INC.	100,000	386,068	202,314	183,755	764,460	56,177	47,915	4.79
TOPMOST INTERNATIONAL CO., LTD.	22,183	565,396	0	565,396	0	(261)	49,851	71.22
EXPAND INTERNATIONAL CO., LTD.	21,383	347,978	0	347,978	0	(28)	23,421	33.95
ATEN TECHNOLOGY, INC.	267,204	728,395	649,186	79,209	964,115	(15,991)	(24,397)	(2.81)
ATEN INFOTECH N.V.	54,197	316,257	223,561	92,696	543,120	17,092	11,373	194.93

Company Name	Capital	Total Assets	Total Liabilities	Stockholders' Equity	Net Sales	Operating Income	Net Income	EPS (NT$)
ATEN JAPAN CO., LTD.	25,105	432,210	272,382	159,829	588,963	81,941	54,258	33,911
ATEN EUROPE LTD.	67,279	203,493	5,313	198,180	0	(1,843)	24,680	23.09
ATEN UK LTD.	37,922	63,407	55,392	8,015	111,413	5,980	5,377	8.27
ATEN US HOLDING INC.	287,083	87,557	0	87,557	0	(337)	(23,834)	(2.54)
ATEN NEW JERSEY INC.	26,118	31,897	1,000	30,897	1	(176)	(3)	(0.00)
ATEN KOREA CO., LTD	34,811	256,557	141,313	115,244	442,222	29,020	23,883	199.03
FOREMOST INTERNATIONAL CO., LTD.	69,730	79,468	0	79,468	0	(93)	(436)	(0.20)
ATEN CHINA CO., LTD	56,924	208,755	150,944	57,811	428,883	(10,854)	(12,703)	Note 1
ATEN FOREMOST CO., LTD	29,315	88,873	50,199	38,674	236,254	9,840	9,262	Note 1
I/O MASTER INC.	9,782	43,199	8,270	34,929	0	(36)	2,963	4.23
ATEN CANADA TECHNOLOGIES INC.	3	59,897	16,800	43,097	100,537	3,978	2,999	9,997
EXPAND ELECTRONICS CO., LTD	67,184	334,072	186,254	147,818	749,396	19,800	21,941	Note 1
HONG ZHENG CO., LTD.	16,000	44,176	46	44,130	0	(6)	227	0.18
HONG YUAN CO., LTD.	16,000	48,201	46	48,155	0	(6)	250	0.16
IOGEAR INC.	3	3	0	3	0	0	0	0.00
ATEN ANZ PTY. LTD.	77,350	47,737	22,398	25,339	64,145	(9,673)	(9,752)	(4.93)
RCM FULLY AUTOMATION CO., LTD	30,000	56,227	27,753	18,475	128,748	10,938	9,999	3.33
ATEN INFO COMMUNICATION LLC.	19,406	2,841	748	2,093	7,773	(513)	(388)	(129.33)
ATEN POLAND SP. Z O. O.	8,295	28,976	22,230	6,746	62,500	(1,809)	(1,015)	(50.75)
ATEN ROMANIA S.R.L	5,839	11,657	2,915	8,742	11,097	1,066	1,115	13.94
ATEN ADVANCE PRIVATE LIMITED	9,030	9,207	324	8,883	6,926	483	364	0.17

Company Name	Capital	Total Assets	Total Liabilities	Stockholders' Equity	Net Sales	Operating Income	Net Income	EPS (NT$)
ATEN LATAM MEXICO S.A. DE C.V.	7,204	4,757	610	4,147	24	(3,799)	(3,814)	(0.73)
PT ATEN TECHNOLOGY INDONESIA	5,099	5,029	946	4,083	0	(1,174)	(917)	(366.8)

Note: Limited Company

8.1.2 Consolidated financial statement

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the combined financial statements of ATEN INTERNATIONAL CO., LTD. as of and for the year ended December 31, 2022 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 combined financial statements is included in the consolidated financial statements. Consequently, ATEN INTERNATIONAL CO., LTD. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: ATEN INTERNATIONAL CO., LTD.

Chairman: Sun-Chung Chen

Date: March 14, 2023

8.1.3 Consolidated business report: None.

8.2 Private Placement Securities in the Most Recent Years and up to the Publication of the Annual Report: None.

8.3 The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years: None.

8.4 Other Matters That Require Additional Description: None.

8.5 Situations Might Materially Affect Shareholders' Equity or the Price of the Company's Securities: None.

Attachment 1

Consolidated Financial Statements

Stock Code:6277

ATEN INTERNATIONAL CO., LTD.
AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

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

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

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

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Representation Letter

The entities that are required to be included in the combined financial statements of ATEN INTERNATIONAL CO., LTD. as of and for the year ended December 31, 2022 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 combined financial statements is included in the consolidated financial statements. Consequently, ATEN INTERNATIONAL CO., LTD. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: ATEN INTERNATIONAL CO., LTD.

Chairman: Sun-Chung Chen

Date: March 14, 2023

安侯建業聯合會計師事務所
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Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of ATEN INTERNATIONAL CO., LTD. and its subsidiaries, which comprise the consolidated balance sheet as of December 31, 2022 and 2021, and the consolidated statements 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 significant 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, 2022 and 2021, 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 Auditing and Attestation of Financial Statements by 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 Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

KPMG, a Taiwan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

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, 2022. 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(q) 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(f) 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, 2022 and 2021, 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 auditor's 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 Po-Shu Huang and Chung-shun Wu.

KPMG

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

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, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
11xx	**Current assets:**				
1100	Cash and cash equivalents (note 6(a))	$ 1,225,659	17	1,565,739	22
1110	Financial assets at fair value through profit or loss—current (note 6(b))	700,969	10	606,829	9
1120	Financial assets at fair value through other comprehensive income—current (note 6(c))	6,371	-	6,941	-
1140	Contract assets—current (note 6(q))	5,990	-	8,678	-
1150	Notes receivable, net (notes 6(d) and (q))	7,136	-	8,282	-
1170	Accounts receivable, net (notes 6(d) and (q))	733,627	10	862,120	12
1200	Other receivables (note 6(e))	20,842	-	17,150	-
130x	Inventories (note 6(f))	1,497,000	21	1,021,449	14
1410	Prepayments	86,797	1	92,720	1
1470	Other current assets	14,112	-	14,394	-
	Total current assets	4,298,503	59	4,204,302	58
15xx	**Non-current assets:**				
1517	Financial assets at fair value through other comprehensive income—non-current (note 6(c))	27,617	-	21,617	-
1600	Property, plant and equipment (notes 6(g), 7, 8 and 9)	2,583,668	35	2,586,485	35
1755	Right-of-use assets (note 6(h))	109,301	1	180,389	3
1780	Intangible assets (note 6(i))	6,949	-	10,314	-
1840	Deferred income tax assets (note 6(n))	179,858	3	152,944	2
1915	Prepayments for equipment	5,805	-	2,145	-
1920	Refundable deposits	31,005	-	26,816	-
1980	Other financial assets—non-current (notes 8 and 9)	105,587	2	105,546	2
1990	Other non-current assets	2,161	-	2,271	-
	Total non-current assets	3,051,951	41	3,088,527	42
	Total assets	**$ 7,350,454**	**100**	**7,292,829**	**100**

	Liabilities and Equity	December 31, 2022 Amount	%	December 31, 2021 Amount	%
21xx	**Current liabilities:**				
2100	Short-term borrowings (notes 6(j) and 8)	$ 622,189	9	541,731	7
2322	Current portion of long-term borrowings (notes 6(j) and 8)	5,236	-	5,012	-
2120	Financial liabilities at fair value through profit or loss—current (note 6(b))	10,869	-	696	-
2150	Notes payable	1,366	-	2,146	-
2170	Accounts payable	466,549	6	432,706	6
2219	Other payable (notes 6(m) and (r))	586,893	8	571,739	8
2230	Current tax liabilities	189,492	3	257,803	4
2250	Provisions—current (note 6(k))	27,052	-	25,680	-
2280	Current lease liabilities (note 6(l))	65,809	1	101,947	1
2399	Other current liabilities	101,687	1	112,399	2
	Total current liabilities	2,077,142	28	2,051,859	28
25xx	**Non-Current liabilities:**				
2540	Long-term borrowings (notes 6(j) and 8)	-	-	5,014	-
2560	Non-current tax liabilities	26,580	-	89,550	1
2570	Deferred income tax liabilities (note 6(n))	179,995	3	177,909	3
2580	Non-current lease liabilities (note 6(l))	47,483	1	84,894	1
2640	Net defined benefit liabilities—non current (note 6(m))	79,880	1	90,318	1
2645	Deposits received	905	-	730	-
2670	Other non-current liabilities	53,287	1	48,758	1
	Total non-current liabilities	388,130	6	497,173	7
2xxx	**Total liabilities**	2,465,272	34	2,549,032	35
	Equity attributable to shareholders of the company (note 6(o)):				
3110	Common stock	1,194,711	16	1,194,711	16
3200	Capital surplus:				
3210	Additional paid-in capital	316,913	4	316,913	4
3250	Donated assets received	50	-	50	-
		316,963	4	316,963	4
3300	Retained earnings:				
3310	Legal reserve	1,493,727	20	1,493,727	20
3320	Special reserve	228,910	3	189,465	3
3350	Unappropriated retained earnings	1,780,024	24	1,716,314	24
		3,502,661	47	3,399,506	47
3400	Other equity interest:				
3410	Financial statements translation differences for foreign operations	(171,173)	(2)	(211,146)	(3)
3420	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(18,334)	-	(17,764)	-
		(189,507)	(2)	(228,910)	(3)
	Total equity attributable to shareholders of the company	4,824,828	65	4,682,270	64
36xx	**Non-controlling interests**	60,354	1	61,527	1
3xxx	**Total equity**	4,885,182	66	4,743,797	65
2-3xxx	**Total liabilities and equity**	**$ 7,350,454**	**100**	**7,292,829**	**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, 2022 and 2021

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

		2022		2021	
		Amount	%	Amount	%
4000	**Operating revenue (note 6(q))**	$ 5,403,167	100	5,163,691	100
5000	**Operating costs (notes 6(f), (g), (h), (k), (l), (m) and (r))**	2,239,803	41	2,155,200	42
5900	**Gross profit**	3,163,364	59	3,008,491	58
6000	**Operating expenses (notes 6(d), (g), (h), (i), (l), (m), (r) and 7):**				
6100	Selling expenses	1,273,916	24	1,221,588	24
6200	Administrative expenses	527,265	10	487,707	9
6300	Research and development expenses	512,511	9	493,622	10
6450	Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	(1,030)	-	201	-
	Total operating expenses	2,312,662	43	2,203,118	43
6900	**Operating profit**	850,702	16	805,373	15
7000	**Non-operating income and expenses (notes 6(j), (l) and (s)):**				
7100	Interest income	6,077	-	1,675	-
7010	Other income	30,781	1	98,368	2
7020	Other gains and losses	25,219	-	(19,481)	-
7050	Finance costs	(21,532)	-	(17,744)	-
	Total non-operating income and expenses	40,545	1	62,818	2
7900	**Profit from continuing operations before tax**	891,247	17	868,191	17
7950	**Less: Income tax expenses (note 6(n))**	158,356	3	223,893	5
	Net income	732,891	14	644,298	12
8300	**Other comprehensive income (note 6(o)):**				
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	8,804	-	(5,557)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(570)	-	(1,338)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	1,704	-	(1,699)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	6,530	-	(5,196)	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	41,081	-	(106,713)	(2)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	41,081	-	(106,713)	(2)
8300	**Other comprehensive income**	47,611	-	(111,909)	(2)
8500	**Total comprehensive income**	**$ 780,502**	**14**	**532,389**	**10**
8600	**Net income attributable to:**				
8610	Shareholders of the parent	$ 729,500	14	637,313	12
8620	Non-controlling interests	3,391	-	6,985	-
		$ 732,891	**14**	**644,298**	**12**
8700	**Total comprehensive income attributable to:**				
8710	Shareholders of the parent	$ 775,755	14	528,233	10
8720	Non-controlling interests	4,747	-	4,156	-
		$ 780,502	**14**	**532,389**	**10**
	Basic earnings per share(in New Taiwan dollars) (note 6(p))				
9750	Basic earnings per share	**$ 6.11**		**5.33**	
9850	Diluted earnings per share	**$ 5.99**		**5.25**	

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, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
	Share capital		Retained earnings				Total other equity interest					
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Financial statements translation differences for foreign operations	Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income	Total	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2021	$ 1,194,711	316,963	1,465,181	145,188	1,789,407	3,399,776	(107,158)	(17,058)	(124,216)	4,787,234	63,707	4,850,941
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	28,546	-	(28,546)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	44,277	(44,277)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(633,197)	(633,197)	-	-	-	(633,197)	(6,336)	(639,533)
Net income	-	-	-	-	637,313	637,313	-	-	-	637,313	6,985	644,298
Other comprehensive income	-	-	-	-	(4,386)	(4,386)	(103,988)	(706)	(104,694)	(109,080)	(2,829)	(111,909)
Total comprehensive income	-	-	-	-	632,927	632,927	(103,988)	(706)	(104,694)	528,233	4,156	532,389
Balance at December 31, 2021	1,194,711	316,963	1,493,727	189,465	1,716,314	3,399,506	(211,146)	(17,764)	(228,910)	4,682,270	61,527	4,743,797
Appropriation and distribution of retained earnings:												
Special reserve appropriated	-	-	-	39,445	(39,445)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(633,197)	(633,197)	-	-	-	(633,197)	(5,920)	(639,117)
Net income	-	-	-	-	729,500	729,500	-	-	-	729,500	3,391	732,891
Other comprehensive income	-	-	-	-	6,852	6,852	39,973	(570)	39,403	46,255	1,356	47,611
Total comprehensive income	-	-	-	-	736,352	736,352	39,973	(570)	39,403	775,755	4,747	780,502
Balance at December 31, 2022	**$ 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**

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, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities:		
Net income before tax	$ 891,247	868,191
Adjustments:		
Adjustments to reconcile profit and loss		
Depreciation expense	214,544	210,521
Amortization expense	3,365	3,366
Impairment loss (reversal of impairment loss) determined in accordance with IFRS9	(1,030)	201
Interest expenses	21,532	17,744
Interest income	(6,077)	(1,675)
Dividend income	(592)	(532)
Losses on disposal of property, plant and equipment	357	1,249
Property, plant and equipment transferred to expenses	69	31
Long-term borrowings transferred to other income	-	(62,861)
Prepayments for equipment transferred to expenses	3,058	433
Losses (gains) on lease modification	(89)	2
Total adjustments to reconcile profit and loss	235,137	168,479
Changes in assets / liabilities relating to operating activities:		
Net changes in operating assets:		
Financial assets at fair value through profit or loss	(94,140)	1,326,334
Contract assets	2,688	(7,146)
Notes receivable	1,146	1,292
Accounts receivable	129,440	(104,069)
Other receivable	(3,692)	(15,244)
Inventories	(479,918)	(6,838)
Prepayments	5,923	(25,076)
Other current assets	658	18,253
Total changes in operating assets, net	(437,895)	1,187,506
Net changes in operating liabilities:		
Financial liabilities held for trading	10,173	(7,162)
Notes payable	(780)	273
Accounts payable	33,843	81,839
Other payable	15,154	(39,195)
Provisions	1,372	403
Other current liabilities	(10,712)	42,631
Net defined benefit liabilities	(1,634)	(8,969)
Other non-current liabilities	4,529	(643)
Total changes in operating liabilities, net	51,945	69,177
Total changes in operating assets / liabilities, net	(385,950)	1,256,683
Total adjustments	(150,813)	1,425,162
Cash provided by operating activities	740,434	2,293,353
Dividends received	592	532
Payment of income tax	(316,169)	(97,510)
Net cash provided by operating activities	424,857	2,196,375
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(6,000)	-
Acquisition of property, plant and equipment	(83,299)	(528,685)
Proceeds from disposal of property, plant and equipment	1,162	1,483
Decrease (increase) in refundable deposits	(4,189)	968
Decrease (increase) in other financial assets－non-current	(41)	965
Decrease (increase) in other non-current assets	110	(1,953)
Increase in prepayments for equipment	(7,289)	(4,552)
Interest received	6,077	1,675
Net cash used in investing activities	(93,469)	(530,099)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	79,623	(236,775)
Proceeds from long-term debt	-	31,178
Repayment of long-term borrowings	(5,016)	(15,165)
Increase (decrease) in deposits received	175	(385)
Payment of lease liabilities	(109,282)	(101,847)
Cash dividends paid	(639,117)	(639,533)
Interest paid	(21,532)	(17,744)
Net cash used in financing activities	(695,149)	(980,271)
Effect of exchange rate changes on cash and cash equivalents	23,681	(62,168)
Increase in cash and cash equivalents for the period	(340,080)	623,837
Cash and cash equivalents at beginning of period	1,565,739	941,902
Cash and cash equivalents at end of period	**$ 1,225,659**	**1,565,739**

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, 2022 and 2021

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

(1) Company history

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

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

These consolidated financial statements were approved by the Board of Directors and published on March 14, 2023.

(3) New standards, amendments and interpretations adopted:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

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

(Continued)

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

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	After reconsidering certain aspects of the 2020 amendments1, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability' s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

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

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

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

(4) Summary of significant accounting policies

The significant accounting policies presented in the consolidated financial statements are summarized as follows. The following accounting policies have been applied consistently throughout the presented periods in the financial statement.

(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.

(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.

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

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

Name of investor	Name of subsidiary	Scope of business	Percentage of ownership December 31, 2022	Percentage of ownership December 31, 2021	Description
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 RESEARCH INC. (ATEN RESEARCH)	Trading of computer peripheral products	- %	95.00 %	Note 1
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 %	
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 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 %	- %	
The Company and HONG YUAN	PT ATEN TECHNOLOGY INDONESIA (ATEN INDONESIA)	Trading of computer peripheral products	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 %	100.00 %	
FOREMOST	ATEN FOREMOST INTERNATIONAL CO., LTD. (ATEN FOREMOST)	Manufacturing and 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 December 31, 2022	Percentage of ownership December 31, 2021	Description
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	99.11 %	99.11 %	
ATEN US & ATEN TECHNOLOGY	ATEN NEW JERSEY INC. (ATEN NEW JERSEY)	Trading of computer peripheral products	99.29 %	99.29 %	
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: The subsidiary was dissolved in December, 2022.

(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.

(Continued)

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

An asset is classified 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 unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified 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) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(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.

   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.

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.

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.

(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.

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

(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.

(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.

(Continued)

(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.

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.

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.

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.

(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.

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.

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.

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) Government grants

The Group recognizes an unconditional government grant as other income or there is reasonable assurance that it will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(q) 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.

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.

(r) 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.

(s) 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

The preparation of the consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

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, 2022	December 31, 2021
Cash and cash equivalents	$ 4,029	60,774
Saving deposits and foreign currency deposits	829,630	941,853
Checking deposits	23,863	29,219
Time deposits	368,137	533,893
Cash and cash equivalents in the consolidated statement of cash flows	**$ 1,225,659**	**1,565,739**

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

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

	December 31, 2022	December 31, 2021
Mandatorily measured at fair value through profit or loss－current:		
Derivative instruments not used for hedging	$ 1,206	4,209
Non-derivative financial assets	699,763	602,620
Total	**$ 700,969**	**606,829**

	December 31, 2022	December 31, 2021
Financial liabilities held for trading－current:		
Derivative instruments not used for hedging	**$ 10,869**	**696**

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

As of December 31, 2022 and 2021, the Group has not provided any aforementioned financial assets as collateral.

(Continued)

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, 2022 and 2021 .

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

	December 31, 2022		
	Contract amount (thousand dollars)	Currency	Maturity dates
Forward exchange sold	USD 2,216 / NTD 68,888	USD/NTD	2023.01.04~2023.04.28
Forward exchange sold	GBP 75 / NTD 2,785	GBP/NTD	2023.02.15~2023.03.17
Forward exchange sold	USD 1,000 / CNY 6,968	USD/CNY	2023.01.09
Forward exchange sold	AUD 253 / NTD 5,288	AUD/NTD	2023.01.04~2023.03.06

	December 31, 2021		
	Contract amount (thousand dollars)	Currency	Maturity dates
Forward exchange sold	EUR 3,019 / NTD 96,537	EUR/NTD	2022.01.12~2022.03.25
Forward exchange sold	USD 11,046 / NTD 307,152	USD/NTD	2022.01.04~2022.03.25
Forward exchange sold	JPY 169,500 / NTD 41,344	JPY/NTD	2022.01.19~2022.02.18
Forward exchange sold	GBP 230 / NTD 8,733	GBP/NTD	2022.01.19~2022.02.18
Forward exchange sold	USD 1,500 / CNY 9,606	USD/CNY	2022.01.06~2022.02.23
Forward exchange sold	AUD 403 / NTD 8,310	AUD/NTD	2022.01.05~2022.01.28
Forward exchange purchased	USD 800 / KRW 947,202	USD/KRW	2022.02.24

Held-for-trading financial liabilities－Forward contract:

	December 31, 2022		
	Contract amount (thousand dollars)	Currency	Maturity dates
Forward exchange sold	EUR 4,333 / NTD 138,218	EUR/NTD	2023.01.06~2023.03.22
Forward exchange sold	USD 7,206 / NTD 219,443	USD/NTD	2023.01.19~2023.04.21
Forward exchange sold	JPY 605,000 / NTD 135,713	JPY/NTD	2023.01.18~2023.03.20
Forward exchange sold	GBP 240 / NTD 8,823	GBP/NTD	2023.01.18~2023.02.15
Forward exchange sold	AUD 462 / NTD 9,497	AUD/NTD	2023.01.04~2023.03.31
Forward exchange purchased	USD 940 / KRW 1,258,979	USD/KRW	2023.01.30~2023.02.23

	December 31, 2021		
	Contract amount (thousand dollars)	Currency	Maturity dates
Forward exchange sold	EUR 838 / NTD 26,236	EUR/NTD	2022.01.05~2022.03.23
Forward exchange sold	USD 2,000 / NTD 55,310	USD/NTD	2022.02.18~2022.04.01
Forward exchange sold	JPY 88,000 / NTD 21,129	JPY/NTD	2022.02.18
Forward exchange sold	GBP 301 / NTD 11,112	GBP/NTD	2022.02.18~2022.03.21
Forward exchange sold	USD 500 / CNY 3,196	USD/CNY	2022.02.14
Forward exchange sold	AUD 387 / NTD 7,676	AUD/NTD	2022.03.07~2022.04.06
Forward exchange purchased	USD 1,900 / KRW 2,265,147	USD/KRW	2022.01.27~2022.02.24

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

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

	December 31, 2022	December 31, 2021
Equity investments at fair value through other comprehensive income:		
Listed stocks (domestic)－current	$ 6,371	6,941
Unlisted stocks (domestic)－non-current	$ 27,617	21,617

(Continued)

(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) OptoMedia Technology Inc. held extraordinary general meeting on October 20, 2022 and announced the resolution of capital reduction to cover losses with the amount of $169,455 thousand. The reduction portion is 67.56% with the reference date set on October 31, 2022. The Company original investment is 500 thousand shares. After the capital reduction, the Company holds 162 thousand shares and the shareholding ratio remains unchanged.

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

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

(d) Notes and accounts receivable and other receivables

	December 31, 2022	December 31, 2021
Notes receivable	$ 7,136	8,282
Accounts receivable, net	733,912	863,457
Less: allowance for impairment	285	1,337
	$ 740,763	**870,402**

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, 2022. 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, 2022		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	$ 659,881	0%	-
0 to 30 days past due	79,167	0%	-
31 to 60 days past due	105	0%	-
61 to 90 days past due	14	0%	-
91 to 120 days past due	11	0%	-
121 to 180 days past due	399	0%	-
181 to 360 days past due	1,236	0%~10%	85
More than 360 days past due	235	100%	235
	$ 741,048		**320**

(Continued)

	December 31, 2021		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	$ 755,085	0%	-
0 to 30 days past due	101,480	0%	-
31 to 60 days past due	14,369	0%	-
61 to 90 days past due	20	0%	-
91 to 120 days past due	248	0%	-
121 to 180 days past due	92	0%	-
More than 360 days past due	445	100%	445
	$ 871,739		**445**

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

	2022	2021
Balance at January 1	$ 1,337	1,166
Impairment losses recognized (reversed)	(1,030)	201
Amounts written off	(105)	-
Foreign exchange gain (losses)	83	(30)
Balance at December 31	**$ 285**	**1,337**

As of December 31, 2022 and 2021, the bank has priority claim over the Group's accounts receivable amounting to $179,726 thousand and $162,006 thousand, respectively.

(e) Other receivables

	December 31, 2022	December 31, 2021
Other receivables	$ 20,842	18,150
Less: Loss allowance	-	1,000
	$ 20,842	**17,150**

As of December 31, 2022 and 2021, the Group had no other receivable that were past due but not impaired.

(f) Inventories

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

	December 31, 2022	December 31, 2021
Finished goods	$ 816,341	610,979
Work in process	179,797	98,204
Raw material	500,862	312,266
	$ 1,497,000	**1,021,449**

(Continued)

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:

	2022	2021
Losses on (reversal of) on decline in market value of inventory	$ (1,706)	21,834
Losses on physical inventory, net	365	668
Losses on scrapping of inventory	17,323	16,577
Total	**$ 15,982**	**39,079**

As of December 31, 2022 and 2021, the bank has priority claim over the Group's inventories amounting to $415,012 thousand and $250,728 thousand, respectively.

(g) 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, 2022	$ 1,623,196	7,217	1,021,467	311,781	417,541	9,182	3,390,384
Additions	-	2,500	15,435	13,532	36,362	15,470	83,299
Disposals	-	-	-	(36,613)	(24,640)	-	(61,253)
Reclassification	-	-	4,618	-	5,602	(9,183)	1,037
Effect of changes in exchange rates	1,127	(72)	19,921	2,634	9,910	376	33,896
Balance at December 31, 2022	**$ 1,624,323**	**9,645**	**1,061,441**	**291,334**	**444,775**	**15,845**	**3,447,363**
Balance at January 1, 2021	$ 1,332,061	7,534	825,014	235,888	383,924	157,171	2,941,592
Additions	305,448	-	111,089	56,817	51,162	9,186	533,702
Disposals	-	-	-	(8,586)	(11,234)	-	(19,820)
Reclassification	-	-	119,433	29,616	4,938	(146,473)	7,514
Effect of changes in exchange rates	(14,313)	(317)	(34,069)	(1,954)	(11,249)	(10,702)	(72,604)
Balance at December 31, 2021	**$ 1,623,196**	**7,217**	**1,021,467**	**311,781**	**417,541**	**9,182**	**3,390,384**
Depreciation:							
Balance at January 1, 2022	$ -	6,289	329,175	173,746	294,689	-	803,899
Depreciation	-	471	33,333	25,037	49,212	-	108,053
Disposal	-	-	-	(36,038)	(23,696)	-	(59,734)
Effect of changes in exchange rates	-	(39)	3,089	876	7,551	-	11,477
Balance at December 31, 2022	**$ -**	**6,721**	**365,597**	**163,621**	**327,756**	**-**	**863,695**
Balance at January 1, 2021	$ -	6,269	306,229	157,370	261,671	-	731,539
Depreciation	-	188	32,642	24,140	51,139	-	108,109
Disposal	-	-	-	(7,239)	(9,849)	-	(17,088)
Reclassification	-	-	-	-	(9)	-	(9)
Effect of changes in exchange rates	-	(168)	(9,696)	(525)	(8,263)	-	(18,652)
Balance at December 31, 2021	**$ -**	**6,289**	**329,175**	**173,746**	**294,689**	**-**	**803,899**
Carrying value:							
December 31, 2022	**$ 1,624,323**	**2,924**	**695,844**	**127,713**	**117,019**	**15,845**	**2,583,668**
December 31, 2021	**$ 1,623,196**	**928**	**692,292**	**138,035**	**122,852**	**9,182**	**2,586,485**
January 1, 2021	**$ 1,332,061**	**1,265**	**518,785**	**78,518**	**122,253**	**157,171**	**2,210,053**

(Continued)

Please refer to note 8 for the information of the pledged property, plant and equipment, as of December 31, 2022 and 2021.

As of December 31, 2022 and 2021, the bank has priority claim over the Group's property, plant and equipment amounting to $7,442 thousand and $9,622 thousand, respectively.

(h) Right-of-use assets

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

	Land and buildings	Transportation equipment	Other equipment	Total
Cost:				
Balance at January 1, 2022	$ 341,519	10,335	4,403	356,257
Additions	31,203	1,703	4,247	37,153
Write-off	(25,288)	(972)	(1,167)	(27,427)
Effect of changes in foreign exchange rates	13,589	216	414	14,219
Balance at December 31, 2022	**$ 361,023**	**11,282**	**7,897**	**380,202**
Balance at January 1, 2021	$ 259,326	9,466	2,744	271,536
Additions	118,815	1,816	1,892	122,523
Write-off	(24,639)	(302)	(175)	(25,116)
Effect of changes in exchange rates	(11,983)	(645)	(58)	(12,686)
Balance at December 31, 2021	**$ 341,519**	**10,335**	**4,403**	**356,257**
Accumulated depreciation:				
Balance at January 1, 2022	$ 168,062	5,173	2,633	175,868
Depreciation	102,400	2,725	1,366	106,491
Write-off	(18,583)	(972)	(1,054)	(20,609)
Effect of changes in exchange rates	8,795	129	227	9,151
Balance at December 31, 2022	**$ 260,674**	**7,055**	**3,172**	**270,901**
Balance at January 1, 2021	$ 99,041	2,852	1,471	103,364
Depreciation	98,442	2,671	1,299	102,412
Write-off	(24,639)	(161)	(102)	(24,902)
Effect of changes in exchange rates	(4,782)	(189)	(35)	(5,006)
Balance at December 31, 2021	**$ 168,062**	**5,173**	**2,633**	**175,868**
Carrying value:				
December 31, 2022	**$ 100,349**	**4,227**	**4,725**	**109,301**
December 31, 2021	**$ 173,457**	**5,162**	**1,770**	**180,389**
January 1, 2021	**$ 160,285**	**6,614**	**1,273**	**168,172**

(i) Intangible assets

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

	Goodwill	Patent	Trademark	Customer relationship	Total
Costs:					
Balance at January 1, 2022 (Balance at December 31, 2022)	**$ 105,814**	**2,384**	**4,857**	**5,926**	**118,981**
Balance at January 1, 2021 (Balance at December 31, 2021)	**$ 105,814**	**2,384**	**4,857**	**5,926**	**118,981**

(Continued)

	Goodwill	Patent	Trademark	Customer relationship	Total
Amortization:					
Balance at January 1, 2022	$ 103,058	935	2,699	1,975	108,667
Amortization	-	561	1,618	1,186	3,365
Balance at December 31, 2022	**$ 103,058**	**1,496**	**4,317**	**3,161**	**112,032**
Balance at January 1, 2021	$ 103,058	374	1,079	790	105,301
Amortization	-	561	1,620	1,185	3,366
Balance at December 31, 2021	**$ 103,058**	**935**	**2,699**	**1,975**	**108,667**
Carrying value:					
December 31, 2022	**$ 2,756**	**888**	**540**	**2,765**	**6,949**
December 31, 2021	**$ 2,756**	**1,449**	**2,158**	**3,951**	**10,314**
January 1, 2021	**$ 2,756**	**2,010**	**3,778**	**5,136**	**13,680**

(i) Amortization Fee

The amortization fee for the intangible assets in 2022 and 2021 are recorded under operating expense in the Consolidated Statements of Comprehensive Income.

(ii) Collateral

As of December 31, 2022 and 2021, none of the Group's intangible assets have been pledged as collateral.

(j) 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, 2022			
	Currency	Interest rate (%)	Maturity year	Amount
Letter of credit loans	USD	-	2023	$ 4,101
Secured loans	USD	5.70~6.26	2023	135,115
Secured loans	KRW	3.70~3.92	2023	73,351
Unsecured loans	USD	5.65~5.80	2023	171,965
Unsecured loans	EUR	3.102	2023	50,705
Unsecured loans	GBP	3.95	2023	23,524
Unsecured loans	JPY	1.7355	2023	46,460
Unsecured loans	CNY	2.0~4.98	2023	96,968
Unsecured loans	TWD	1.85	2023	20,000
Total				**$ 622,189**

	December 31, 2021			
	Currency	Interest rate (%)	Maturity year	Amount
Secured loans	USD	1.99~2.00	2022	$ 113,529
Secured loans	KRW	2.03~2.19	2022	46,259
Unsecured loans	USD	0.60~1.20	2022	137,698
Unsecured loans	EUR	0.90	2022	48,555
Unsecured loans	GBP	1.35	2022	20,519
Unsecured loans	JPY	1.7355	2022	30,063
Unsecured loans	CNY	2.9598~4.50	2022	89,108
Unsecured loans	TWD	1.00~1.22	2022	56,000
Total				**$ 541,731**

As of December 31, 2022, and 2021, the unused credit facilities of the Group's short-term borrowings amounted to $2,533,387 thousand and $1,807,468 thousand, respectively.

(ii) Long-term borrowings

	December 31, 2022			
	Currency	Interest rate (%)	Maturity year	Amount
Secured loans	EUR	1.976	2023	**$ 5,236**

	December 31, 2021			
	Currency	Interest rate (%)	Maturity year	Amount
Secured loans	EUR	1.976	2023	**$ 10,026**
Current				$ 5,012
Non-current				5,014
Total				**$ 10,026**

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

In 2021 and 2020, the Group applied for loans from the banks in USA amounting to USD $1,113 thousand and $1,131 thousand, respectively. The Group met the epidemic relief requirement of USA government so the loans were forgiven and transferred to other income amounted to $62,861 thousand in 2021.

(iii) Collateral of loans

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

(k) Provisions

	Warranties
Balance as of January 1, 2022	$ 25,680
Provisions made during the year	25,599
Provisions used during the year	(24,227)
Balance as of December 31, 2022	**$ 27,052**
Balance as of January 1, 2021	$ 25,277
Provisions made during the year	23,465
Provisions used during the year	(23,062)
Balance as of December 31, 2021	**$ 25,680**

In 2022 and 2021, 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.

(l) Lease liabilities

The Group's lease liabilities were as follow:

	December 31, 2022	December 31, 2021
Current	**$ 65,809**	**101,947**
Non-current	**$ 47,483**	**84,894**

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

The amounts recognized in profit or loss were as follows:

	2022	2021
Interest on lease liabilities	**$ 4,452**	**6,843**
Expenses relating to short-term leases	**$ 14,625**	**17,275**
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**$ 1,560**	**948**

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

	2022	2021
Total cash outflow for leases	**$ 129,919**	**126,913**

(m) 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, 2022	December 31, 2021
Present value of the defined benefit obligations	$ 188,751	205,758
Fair value of plan assets	(108,871)	(115,440)
The net defined benefit liability	**$ 79,880**	**90,318**

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.

The Group's Bank of Taiwan labor pension reserve account balance amounted to $108,871 thousand (including pension payables in transit of $792 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:

	2022	2021
Defined benefit obligation at 1 January	$ 205,758	198,275
Current service costs and interest	1,953	2,499
Remeasurements of the net defined benefit liability (asset)		
－Return on plan assets (excluding amounts included in net interest expense)	(415)	6,547
－Due to changes in financial assumption of actuarial (losses) gains	52	105
Refund of pension funds	(33)	-
Benefits paid by the plan	(18,564)	(1,668)
Defined benefit obligation at 31 December	**$ 188,751**	**205,758**

(Continued)

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:

		2022	2021
Fair value of plan assets, January 1	$	115,440	104,544
Interest revenue		596	874
Remeasurements of the net defined benefit liability			
－Return on plan assets (excluding amounts included in net interest expense)		8,441	1,095
Contributions made		2,991	10,595
Refund of pension funds		(33)	-
Benefits paid by the plan		(18,564)	(1,668)
Fair value of plan assets, December 31	**$**	**108,871**	**115,440**

4) Expenses recognized in profit or loss

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

		2022	2021
Current service cost	$	909	931
Net interest on the defined benefit liability		448	694
	$	**1,357**	**1,625**

		2022	2021
Operating costs	$	456	531
Selling expenses		239	280
Administration expenses		480	605
Research and development expenses		182	209
	$	**1,357**	**1,625**

5) Actuarial assumptions

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

	2022.12.31	2021.12.31
Discount rate	1.25%	0.50%~1.00%
Future salary increases rate	2.50%~3.00%	2.50%~3.00%

The Group expects to make contributions of $2,122 thousand to the defined benefit plans in the next year starting from the reporting date of 2022.

The weighted average duration of the defined benefit obligation is 9.6~10.5 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, 2022 and 2021, the present value of defined benefit obligation impact was as follow:

	The impact on defined benefit obligation	
	Increase	Decrease
December 31, 2022		
Discount rate (0.25%)	$ (2,149)	2,222
Future salary increase rate (1.00%)	9,237	(8,235)
December 31, 2021		
Discount rate (0.25%)	(3,020)	3,135
Future salary increase rate (1.00%)	13,128	(11,557)

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 2022 and 2021.

(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 $56,754 thousand and $53,336 thousand for 2022 and 2021, 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, 2022	December 31, 2021
Paid annual leave (recorded under other payable)	**$ 46,521**	**47,219**

(n) Income tax

(i) Income tax expenses

The amount of income tax for 2022 and 2021 were as follows:

		2022	2021
Current tax expense			
Current period	$	212,463	191,451
Adjustment for prior periods		(27,575)	9,431
		184,888	200,882
Deferred income tax expense			
Origination and reversal of temporary differences		(26,532)	23,011
Income tax expense from continuing operations	**$**	**158,356**	**223,893**

The amounts of income tax recognized in other comprehensive income for 2022 and 2021 were as follows:

		2022	2021
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of the defined benefit plans	$	(1,704)	1,067
Unrealized gains on equity instruments at fair value through other comprehensive income		-	632
	$	**(1,704)**	**1,699**

Reconciliation of income tax and profit before tax for 2022 and 2021 was as follows:

		2022	2021
Net income before tax	**$**	**891,247**	**868,191**
Income tax using the Company's domestic tax rate	$	178,249	173,638
Effect of tax rates differences in foreign jurisdiction		36,440	32,279
Adjustments according to tax law		(8,145)	3,202
Exempt of Securities Trading Income		(563)	(710)
Tax treaty rewards		(16,500)	(16,359)
Previous unrecognized tax losses		(986)	(1,570)
Underestimated (overestimated) of prior year's income tax		(27,575)	9,431
Underestimated of prior year's deferred income tax assets		-	(2,976)
5% surtax on undistributed earnings		-	34,700
Others		(2,564)	(7,742)
Total	**$**	**158,356**	**223,893**

(Continued)

ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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(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, 2022	December 31, 2021
Tax losses	$ -	6,254

Under the income tax rate, tax losses can be carried forward for ten years to offset taxable income after permitted by domestic tax authority. 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.

2) Recognized deferred income tax assets and liabilities

Changes in the amount of deferred income tax assets and liabilities for 2022 and 2021 were as follows:

Deferred income tax assets:

	Defined benefit plans	Unrealized profit from sales	Loss carryforward	Investment deduction	Others	Total
Balance at January 1, 2022	$ 14,961	68,069	4,817	-	65,097	152,944
Recognized in profit or loss	(299)	27,747	(1,294)	-	2,464	28,618
Recognized in other comprehensive income	(1,704)	-	-	-	-	(1,704)
Balance at December 31, 2022	**$ 12,958**	**95,816**	**3,523**	**-**	**67,561**	**179,858**
Balance at January 1, 2021	$ 15,646	80,880	3,952	11,513	58,895	170,886
Recognized in profit or loss	(1,752)	(12,811)	865	(11,513)	5,570	(19,641)
Recognized in other comprehensive income	1,067	-	-	-	632	1,699
Balance at December 31, 2021	**$ 14,961**	**68,069**	**4,817**	**-**	**65,097**	**152,944**

Deferred income tax liabilities:

	Foreign investment income accounted for using equity method	Others	Total
Balance at January 1, 2022	$ 125,146	52,763	177,909
Recognized in profit or loss	1,087	999	2,086
Balance at December 31, 2022	**$ 126,233**	**53,762**	**179,995**
Balance at January 1, 2021	$ 120,628	53,911	174,539
Recognized in profit or loss	4,518	(1,148)	3,370
Balance at December 31, 2021	**$ 125,146**	**52,763**	**177,909**

(iii) Examination and Approval

The tax returns of the Company have been assessed by the tax authorities for all years through 2020.

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ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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(o) Capital and other equity

(i) Common stock

As of December 31, 2022 and 2021, 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.

(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.

(Continued)

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 2022 earnings from July to December. These earnings were appropriated as follows:

	2022 July－December
Resolution Date of ATEN's Board of Directors	March 14, 2023
Cash dividends to shareholders	$ 394,255
Cash dividends per share (NTD)	$ 3.3

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

	2022 January－June
Resolution Date of ATEN's Board of Directors	August 4, 2022
Cash dividends to shareholders	$ 286,731
Cash dividends per share (NTD)	$ 2.4

The Group's Board of Directors resolved to appropriate the 2021 earnings from July to December and January to June. These earnings were appropriated as follows:

	2021 July－December	2021 January－June
Resolution Date of ATEN's Board of Directors	March 8, 2022	August 6, 2021
Cash dividends to shareholders	$ 346,466	274,784
Cash dividends per share (NTD)	$ 2.9	2.3

The Group's Board of Directors resolved to appropriate the 2020 earnings from July to December. These earnings were appropriated as follows:

	2020 July－December
Resolution Date of ATEN's Board of Directors	March 9, 2021
Cash dividends to shareholders	$ 358,413
Cash dividends per share (NTD)	$ 3.0

(Continued)

ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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(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, 2022	$ (211,146)	(17,764)	(6,933)	(235,843)
Foreign exchange differences arising from foreign operations	39,973	-	1,108	41,081
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(570)	-	(570)
Balance as of December 31, 2022	**$ (171,173)**	**(18,334)**	**(5,825)**	**(195,332)**
Balance as of January 1, 2021	$ (107,158)	(17,058)	(4,208)	(128,424)
Foreign exchange differences arising from foreign operations	(103,988)	-	(2,725)	(106,713)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(706)	-	(706)
Balance as of December 31, 2021	**$ (211,146)**	**(17,764)**	**(6,933)**	**(235,843)**

(p) Earnings per share

The calculation of the Group's basic earnings per share and diluted earnings per share for years ended December 31, 2022 and 2021 was as follows:

(i) Basic earnings per share

	2022	2021
Net income attributable to ordinary shareholders of the Company	**$ 729,500**	**637,313**
Weighted-average number of ordinary shares	**119,471**	**119,471**
Basic earnings per share (NTD)	**$ 6.11**	**5.33**

(ii) Diluted earnings per share

	2022	2021
Net income attributable to ordinary shareholders of the Company	**$ 729,500**	**637,313**
Weighted-average number of ordinary shares (basic)	119,471	119,471
Impact of potential common shares		
Effect of employee stock bonus	2,227	1,970
Weighted-average number of ordinary shares (diluted)	**121,698**	**121,441**
Diluted earnings per share (NTD)	**$ 5.99**	**5.25**

(Continued)

ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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(q) Revenue from contracts with customers

(i) Disaggregation of revenue

	2022		
	Computer peripheral products	Other	Total
Primary geographical markets:			
United States	$ 1,187,922	-	1,187,922
Taiwan	664,242	103,988	768,230
Japan	751,628	-	751,628
China	430,353	-	430,353
South Korea	456,382	-	456,382
Others	1,808,652	-	1,808,652
	$ 5,299,179	**103,988**	**5,403,167**
Major product lines:			
IT infrastructure management solutions	$ 3,363,043	-	3,363,043
Video products	813,829	-	813,829
Others	1,122,307	103,988	1,226,295
	$ 5,299,179	**103,988**	**5,403,167**

	2021		
	Computer peripheral products	Other	Total
Primary geographical markets:			
United States	$ 1,108,801	-	1,108,801
Taiwan	557,550	106,422	663,972
Japan	653,548	-	653,548
China	497,407	-	497,407
South Korea	462,122	-	462,122
Others	1,777,841	-	1,777,841
	$ 5,057,269	**106,422**	**5,163,691**
Major product lines:			
IT infrastructure management solutions	$ 3,164,373	-	3,164,373
Video products	848,283	-	848,283
Others	1,044,613	106,422	1,151,035
	$ 5,057,269	**106,422**	**5,163,691**

(Continued)

(ii) Contract balance

	December 31, 2022	December 31, 2021	January 1, 2021
Notes receivable	$ 7,136	8,282	9,574
Accounts receivable, net	733,912	863,457	759,388
Less: allowance for impairment	285	1,337	1,166
Total	**$ 740,763**	**870,402**	**767,796**
Contract assets	**$ 5,990**	**8,678**	**1,532**

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

(r) Remuneration to employees, directors and supervisors

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

For the years ended December 31, 2022 and 2021, the Company estimated its employee remuneration amounting to $149,728 thousand and $129,874 thousand, and directors' and supervisors' remuneration amounting to $11,978 thousands and $11,544 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 2022 and 2021. 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 2022 and 2021.

(s) Non-operating income and expenses

(i) Interest income

	2022	2021
Interest income from bank deposits	**$ 6,077**	**1,675**

(ii) Other income

	2022	2021
Dividend income	$ 592	532
Other income－Other		
Compensation income	991	6,600
Subsidy income	502	62,861
Business tax refund income	6,460	5,804
Other income	22,236	22,571
Total other income	**$ 30,781**	**98,368**

(iii) Other gains and losses

	2022	2021
Losses on disposal of property, plant and equipment	$ (357)	(1,249)
Gains (losses) on foreign exchange	57,823	(41,230)
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	(31,997)	32,530
Others gains and losses	(1)	1
Net other gains and losses	**$ 25,468**	**(9,948)**

(iv) Finance costs

	2022	2021
Interest expense	**$ 21,532**	**17,744**

(t) 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, 2022 and 2021, the maximum amount exposed to credit risk amounted to $2,858,813 thousand and $3,221,040 thousand, respectively.

2) Concentration of credit risk

The Group did not have significant transaction with any individual customer in 2022 and 2021.

(Continued)

(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, 2022							
Non-derivative financial liabilities							
Secured loans	$ 213,702	220,217	220,217	-	-	-	-
Unsecured loans	413,723	422,000	422,000	-	-	-	-
Notes and accounts payable	467,915	467,915	467,915	-	-	-	-
Other payables	586,893	586,893	586,893	-	-	-	-
Lease liabilities	113,292	114,959	67,623	34,794	10,880	1,431	231
Deposits received	905	905	905	-	-	-	-
Derivative financial liabilities							
Other forward contracts:							
Outflow	10,869	10,869	10,869	-	-	-	-
	$ 1,807,299	**1,823,758**	**1,776,422**	**34,794**	**10,880**	**1,431**	**231**
December 31, 2021							
Non-derivative financial liabilities							
Secured loans	$ 169,814	172,056	166,988	5,068	-	-	-
Unsecured loans	381,943	384,216	384,216	-	-	-	-
Notes and accounts payable	434,852	434,852	434,852	-	-	-	-
Other payables	571,739	571,739	571,739	-	-	-	-
Lease liabilities	186,841	192,816	106,064	51,268	26,119	9,337	28
Deposits received	730	730	730	-	-	-	-
Derivative financial liabilities							
Other forward contracts:							
Outflow	696	696	696	-	-	-	-
	$ 1,746,615	**1,757,105**	**1,665,285**	**56,336**	**26,119**	**9,337**	**28**

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

(Continued)

(iii) Exchange rate risk

1) Exposure to exchange rate risk

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

		Foreign currency	Exchange rate	NTD
December 31, 2022				
Financial assets:				
Monetary items:				
USD	$	23,541	30.7080	722,897
JPY		802,039	0.2323	186,314
EUR		5,362	32.7132	175,408
CNY		22,013	4.4076	97,024
Financial liabilities:				
Monetary items:				
USD	$	7,931	30.7080	243,545
CNY		21,896	4.4076	96,509
December 31, 2021				
Financial assets:				
Monetary items:				
USD	$	24,263	27.6900	671,850
JPY		264,539	0.2405	63,622
EUR		4,780	31.3257	149,750
CNY		23,672	4.3467	102,896
GBP		576	37.3067	21,507
Financial liabilities:				
Monetary items:				
USD	$	10,491	27.6900	290,505
CNY		23,685	4.3467	102,952

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.

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 GBP as of December 31, 2022 and 2021 would have increased or decreased the net profit by $8,416 thousand and $6,162 thousand, respectively. The analysis is performed on the same basis for both periods.

(Continued)

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 years 2022 and 2021, foreign exchange losses (including realized and unrealized portion) amounted to $57,823 thousand and $(41,230) 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 Group's net income will increase or decrease by $6,274 thousand and $5,518 thousand, respectively, for the years ended December 31, 2022, and 2021. This is mainly due from the Group's borrowing on variable rates.

(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 valuated 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, 2022				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	$ 1,206	-	1,206	-	1,206
Non derivative financial assets mandatorily measured at fair value through profit or loss	699,763	699,763	-	-	699,763
Subtotal	700,969	699,763	1,206	-	700,969
Financial assets at fair value through other comprehensive income					
Listed stocks (domestic)	6,371	6,371	-	-	6,371
Unlisted stocks (domestic and overseas)	27,617	-	-	27,617	27,617
Subtotal	33,988	6,371	-	27,617	33,988
Total	**$ 734,957**	**706,134**	**1,206**	**27,617**	**734,957**

(Continued)

	December 31, 2022				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	**$ (10,869)**	**-**	**(10,869)**	**-**	**(10,869)**

	December 31, 2021				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	$ 4,209	-	4,209	-	4,209
Non derivative financial assets mandatorily measured at fair value through profit or loss	602,620	602,620	-	-	602,620
Subtotal	606,829	602,620	4,209	-	606,829
Financial assets at fair value through other comprehensive income					
Listed stocks (domestic)	6,941	6,941	-	-	6,941
Unlisted stocks (domestic and overseas)	21,617	-	-	21,617	21,617
Subtotal	28,558	6,941	-	21,617	28,558
Total	**$ 635,387**	**609,561**	**4,209**	**21,617**	**635,387**
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	**$ (696)**	**-**	**(696)**	**-**	**(696)**

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.

(Continued)

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.

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, 2022	$ 21,617
Purchase	6,000
Balance at December 31, 2022	**$ 27,617**
Balance at January 1, 2021	$ 24,780
Recognized other comprehensive income	(3,163)
Balance at December 31, 2021	**$ 21,617**

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

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

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income equity investments without an active market	Comparative listed company	· Multipliers of price-Book ratios as of December 31, 2022 and 2021 were 0.93~1.68 and 1.17, respectively. · Multipliers of enterprise value as of December 31, 2021 was 2.28. · Market illiquidity discount rate as of December 31, 2022 and 2021 were both 20%.	The estimated fair value would increase (decrease) if · the multiplier were higher (higher) · the market illiquidity discount were higher (lower)

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:

	Input	Assumptions	Other comprehensive income	
			Favorable	Unfavorable
December 31, 2022				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	5%	$ 1,877	(1,877)
December 31, 2021				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	5%	1,291	(1,291)

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.

(u) 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.

(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 60% and 59% of the total amount of notes and accounts receivable as of December 31, 2022 and 2021, 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.

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 $2,533,387 thousand and $1,807,468 thousand, respectively, as of December 31, 2022 and 2021.

(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, 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, JPY, 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.

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.

(v) 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, 2022	December 31, 2021
Total liabilities	$ 2,465,272	2,549,032
Total assets	$ 7,350,454	7,292,829
Equity ratio	66 %	65 %

As of December 31, 2022, there were no changes in the Group's approach of capital management.

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Notes to the Consolidated Financial Statements

(w) 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, 2022 and 2021, were as follows:

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

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2022	Cash flows	Non-cash changes: Effect of change in exchange rates	Non-cash changes: Others	December 31, 2022
Short-term borrowings	$ 541,731	79,623	835	-	622,189
Long-term borrowings (including current portion)	$ 10,026	(5,016)	226	-	5,236
Lease liabilities	186,841	(113,734)	5,487	34,698	113,292
Deposits received	730	175	-	-	905
Total liabilities from financing activities	**$ 739,328**	**(38,952)**	**6,548**	**34,698**	**741,622**

	January 1, 2021	Cash flows	Non-cash changes: Effect of change in exchange rates	Non-cash changes: Others	December 31, 2021
Short-term borrowings	$ 781,779	(236,775)	(3,273)	-	541,731
Long-term borrowings (including current portion)	$ 59,499	16,013	(2,625)	(62,861)	10,026
Lease liabilities	174,264	(108,690)	(7,887)	129,154	186,841
Deposits received	1,115	(385)	-	-	730
Total liabilities from financing activities	**$ 1,016,657**	**(329,837)**	**(13,785)**	**66,293**	**739,328**

(7) Related-party transactions

(a) Key management personnel compensations

Key management personnel compensation comprised:

	2022	2021
Short-term employee benefits	**$ 71,090**	**71,914**

For the years ended December 31, 2022 and 2021, the Group provided three vehicles at a cost of $12,336 thousand and $12,044 thousand for key management personnel, respectively.

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ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2022	December 31, 2021
Cash and negotiable certificate of deposits (recorded under other financial assets－non current)	Guarantee for provisional attachment	$ 71,428	71,428
Time deposits (recorded under other financial assets－non current)	Guarantee for customs	4,159	4,118
Negotiable certificate of deposits (recorded under other financial assets－non current)	Guarantee for provisional seizure	30,000	30,000
Property, plant and equipment	Guarantee for long-term and short-term borrowings	177,254	177,492
		$ 282,841	**283,038**

(9) Commitments and contingencies

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

	December 31, 2022	December 31, 2021
Acquisition of Property, plant and equipment	**$ 22,246**	**30,566**

(b) As of December 31, 2022 and 2021, the Group had an unused line of credit for purchasing raw materials amounting to $4,101 thousand (USD133,552) and $10,324 thousand (USD371,100).

(c) As of December 31, 2022 and 2021, the outstanding bank drafts to secure credit facilities and financial instruments amounted to $3,056,296 thousand and $2,100,497 thousand, respectively.

(d) HoeYa Technology Inc. filed lawsuits against the Company for the damage of the product that is under previous provisional attachment requested by the Company in August 2007 and August 2020 respectively. The Supreme Court reversed the judgment of the 2007 lawsuit against the Company in March 2020 and remanded to the Intellectual Property Court. In October 2021 the Intellectual Property Court dismissed the 2020 lawsuit brought by HoeYa Technology Inc. which HoeYa Technology Inc. filed an appeal accordingly. Both of the lawsuits were under the court proceedings. The Company has retained attorneys to handle the cases, which were still in progress as of the reporting date.

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

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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: None.

(12) Other

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

By function / By nature	Years ended December 31 2022			Years ended December 31 2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	370,453	1,405,054	1,775,507	334,675	1,346,788	1,681,463
Labor and health insurance	33,654	124,365	158,019	30,984	124,851	155,835
Pension	9,074	49,037	58,111	8,476	46,485	54,961
Directors' remuneration	-	17,978	17,978	-	17,544	17,544
Others	23,325	48,693	72,018	22,606	50,206	72,812
Depreciation	80,448	134,096	214,544	78,247	132,274	210,521
Amortization	-	3,365	3,365	-	3,366	3,366

(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 civil lawsuit is still in the first trial at Taipei District Court.

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ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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(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:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties: None.

(iii) Securities held as of December 31, 2022 (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	2022				Maximum investment in 2022	Remarks
				Number of shares	Book value	Holding percentage	Market value		
	Mutual fund:								
The Company	JIHSUN Money Market Fund	-	Financial assets at fair value through profit or loss－current	3,392	51,122	-	51,122	265,171	
The Company	Union Money Market Fund		Financial assets at fair value through profit or loss－current	15,724	210,952	-	210,952	440,000	
The Company	Yuanta De-Li Money Market Fund		Financial assets at fair value through profit or loss－current	20,852	345,498	-	345,498	420,000	
HONG JHENG TECHNOLOGY CO., LTD	JIHSUN Money Market Fund	-	Financial assets at fair value through profit or loss－current	2,567	38,681	-	38,681	38,681	
HONG YUAN CO., LTD	JIHSUN Money Market Fund	-	Financial assets at fair value through profit or loss－current	2,838	42,767	-	42,767	42,767	
ATEN FOREMOST INTERNATIONAL CO., LTD.	SHANG TOU Money Market Fund	-	Financial assets at fair value through profit or loss－current	2,436	10,743	-	10,743	25,413	
	Stock:								
The Company	SHIN KONG FINANCIAL HOLDING CO., LTD.	-	Financial assets at fair value through other comprehensive income－current	165	1,449	-	1,449	1,449	
The Company	TAIWAN COOPERATIVE BANK	-	Financial assets at fair value through other comprehensive income－current	151	3,922	-	3,922	3,922	
The Company	CHINA DEVELOPMENT FINANCIAL HOLDINGS CO., LTD.	-	Financial assets at fair value through other comprehensive income－current	79	1,000	-	1,000	1,000	
The Company	ACROX CO., LTD.	-	Financial assets at fair value through other comprehensive income－non current	1,428	14,280	14	14,280	14,280	
The Company	OptoMedia Technology Inc.	-	Financial assets at fair value through other comprehensive income－non current	162	4,337	2	4,337	4,337	
The Company	Taiwan Wind Power Energy Inc.	-	Financial assets at fair value through other comprehensive income－non current	900	9,000	5	9,000	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

Note 1: The impairment loss was fully recognized.

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(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	First Bank Taiwan Money Market Fund	Financial assets at fair value through profit or loss－current	-	-	17,396	269,145	13,828	214,000	31,224	485,658	484,156	1,502	-	-
The Company	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss－current	-	-	-	-	25,381	420,000	4,529	75,046	75,000	46	20,852	345,498
The Company	Union Money Market Fund	Financial assets at fair value through profit or loss－current	-	-	-	-	32,885	440,000	17,161	230,388	230,000	388	15,724	210,952

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

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

Unit: thousand dollars

Name of Company	Counter-party	Relationship	Transaction details				The status and reason for deviation from arm's-length transaction		Account / note receivable (payable)		Remarks
			Purchase / Sale	Amount	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
The Company	EXPAND ELECTRONIC CO., LTD.	Invested by sub subsidiary	Purchase	748,923	43	30 days	No significant differences	Note 1	(46,514)	(13)	Note 2
EXPAND ELECTRONIC CO., LTD.	The Company	Invested by sub subsidiary	(Sales)	(748,923)	(100)	30 days	No significant differences	Note 1	46,514	100	Note 2
The Company	ATEN FOREMOST INTERNATIONAL CO., LTD.	Sub subsidiary	Purchase	151,232	9	30 days	No significant differences	Note 1	(18,907)	(5)	Note 2
ATEN FOREMOST INTERNATIONAL CO., LTD.	The Company	Sub subsidiary	(Sales)	(151,232)	(64)	30 days	No significant differences	Note 1	18,907	51	Note 2
The Company	ATEN INFOTECH N.V.	Subsidiary	(Sales)	(448,330)	(12)	90 days	No significant differences	No significant differences	91,143	12	Note 2
ATEN INFOTECH N.V.	The Company	Subsidiary	Purchase	448,330	100	90 days	No significant differences	No significant differences	(91,143)	(100)	Note 2
The Company	ATECH PERIPHERALS.	Subsidiary	(Sales)	(240,536)	(6)	30 days	No significant differences	No significant differences	17,254	2	Note 2
ATECH PERIPHERALS.	The Company	Subsidiary	Purchase	240,536	75	30 days	No significant differences	No significant differences	(17,254)	(30)	Note 2
The Company	ATEN KOREA CO., LTD.	Invested by sub subsidiary	(Sales)	(331,841)	(9)	60 days	No significant differences	No significant differences	48,002	6	Note 2
ATEN KOREA CO., LTD.	The Company	Invested by sub subsidiary	Purchase	331,841	100	60 days	No significant differences	No significant differences	(48,002)	(100)	Note 2
The Company	ATEN CHINA CO., LTD.	Sub subsidiary	(Sales)	(319,848)	(8)	45 days	No significant differences	No significant differences	74,620	10	Note 2
ATEN CHINA CO., LTD.	The Company	Sub subsidiary	Purchase	319,848	100	45 days	No significant differences	No significant differences	(74,620)	(99)	Note 2
The Company	ATEN TECHNOLOGY INC.	Sub subsidiary	(Sales)	(506,686)	(13)	125 days	No significant differences	No significant differences	241,710	31	Note 2
ATEN TECHNOLOGY INC.	The Company	Sub subsidiary	Purchase	506,686	64	125 days	No significant differences	No significant differences	(241,710)	(94)	Note 2
The Company	ATEN JAPAN CO., LTD.	Subsidiary	(Sales)	(384,732)	(10)	75 days	No significant differences	No significant differences	141,168	18	Note 2
ATEN JAPAN CO., LTD.	The Company	Subsidiary	Purchase	384,732	100	75 days	No significant differences	No significant differences	(141,168)	(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.

(Continued)

ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to 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 JAPAN CO., LTD.	Subsidiary	141,168	3.77	-		96,351 (As of March 14, 2023)	-
The Company	ATEN TECHNOLOGY INC.	Sub-subsidiary	241,710	3.03	-		98,489 (As of March 14, 2023)	-
EXPAND INTERNATIONAL CO., LTD.	The Company	The ultimate parent company	191,809	-	-	Depend on capital budgeting	- (As of March 14, 2023)	-

(ix) Trading in derivative instruments:

Please refer to 6(b) for further information.

(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	506,686	No significant differences	9 %
0	The Company	ATEN INFOTECH N.V.	1	Sales revenue	448,330	No significant differences	8 %
0	The Company	ATEN CHINA CO., LTD.	1	Sales revenue	319,848	No significant differences	6 %
0	The Company	ATEN JAPAN CO., LTD.	1	Sales revenue	384,732	No significant differences	7 %
0	The Company	ATEN KOREA CO., LTD.	1	Sales revenue	331,841	No significant differences	6 %
0	The Company	ATEN UK LTD.	1	Sales revenue	68,747	No significant differences	1 %
0	The Company	ATECH PERIPHERALS.	1	Sales revenue	240,536	No significant differences	4 %
0	The Company	ATEN ANZ PTY LTD.	1	Sales revenue	43,906	No significant differences	1 %
0	The Company	ATEN POLAND SP. Z O. O.	1	Sales revenue	43,803	No significant differences	1 %
0	The Company	ATEN TECHNOLOGY INC.	1	Accounts receivable	241,710	125 days	3 %
0	The Company	ATEN INFOTECH N.V.	1	Accounts receivable	91,143	90 days	1 %
0	The Company	ATEN CHINA CO., LTD.	1	Accounts receivable	74,620	45 days	1 %
0	The Company	ATEN JAPAN CO., LTD.	1	Accounts receivable	141,168	75 days	2 %
0	The Company	ATEN KOREA CO., LTD.	1	Accounts receivable	48,002	60 days	1 %
1	EXPAND INTERNATIONAL CO., LTD.	The Company	2	Accounts receivable	191,809	Payments are netted with the accounts receivable resulting from the Company purchasing on behalf of related parties.	3 %
2	ATEN FOREMOST INTERNATIONAL CO., LTD.	The Company	2	Sales revenue	151,232	Payments are netted with the accounts receivable resulting from the Company purchasing on behalf of related parties.	3 %
3	EXPAND ELECTORNIC CO., LTD.	The Company	2	Sales revenue	748,923	The Company is its only customer	14 %

(Continued)

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

No.	Name of company	Name of counter-party	Existing relationship with the counter-party	Transaction details			
				Account name	Amount	Trading terms	Percentage of the total consolidated revenue or total assets
3	EXPAND ELECTORNIC CO., LTD.	The Company	2	Accounts receivable	46,514	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	100,537	The Company is its only customer	2 %
5	ATECH PERIPHERALS.	The Company	2	Sales revenue	36,447	No significant differences	1 %
5	ATECH PERIPHERALS.	RCM FULLY AUTOMATION CO., LTD.	3	Sales revenue	59,836	No significant differences	1 %

Note 1: Company numbering is as follows:
(1) Parent company is 0.
(2) Subsidiary starts from 1.

Note 2: The number of the relationship with the transaction counterparty represents the following:
(1) 1 represents downstream transactions.
(2) 2 represents upstream transactions.
(3) 3 represents sidestream transactions.

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

(b) Information on investees:

The following is the information on investees for the year 2022 (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 2022	Net income of investee	Investment income (losses)	Remarks
				December 31, 2022	December 31, 2021	Shares	Ratio of shares	Book value				
The Company	TOPMOST INTERNATIONAL CO., LTD.	Cayman	Investing	22,183	22,183	700,000	100 %	529,949	22,183	49,851	49,851	note 1
The Company	ATEN JAPAN CO., LTD.	Japan	Trading of computer peripheral equipment	25,105	25,105	1,600	100 %	84,237	25,105	54,258	54,258	note 1
The Company	ATEN US HOLDINGS INC.	USA	Investing	287,083	287,083	9,380,000	100 %	(42,078)	287,083	(23,834)	(23,834)	note 1
The Company	FOREMOST INTERNATIONAL CO., LTD.	Mauritius	Investing	69,730	69,730	2,180,628	100 %	35,774	69,730	(436)	(436)	note 1
The Company	ATEN RESEARCH INC.	USA	Trading of computer peripheral equipment	-	15,494	-	- %	-	15,494	-	-	note 2
The Company	ATECH PERIPHERALS.	Taiwan	Manufacturing and trading of computer peripheral equipment	90,479	90,479	10,000,000	100 %	173,215	90,479	47,915	47,956	note 1
The Company	ATEN INFOTECH N.V.	Belgium	Trading of computer peripheral equipment	54,197	54,197	58,343	100 %	35,594	54,197	11,373	11,373	note 1
The Company	ATEN COMPUTER PRODUCTS CO., LTD.	Thailand	Manufacturing of computer peripheral equipment	392,097	392,097	4,300,000	100 %	289,043	392,097	(33,397)	(33,397)	note 1
The Company	VISIONTOP CO., LTD.	Taiwan	Specialized printing	86,483	86,483	6,472,066	60 %	64,625	86,483	117	70	note 1
The Company	HONG JHENG TECHNOLOGY CO., LTD.	Taiwan	Investing	31,778	31,778	1,600,000	100 %	44,130	31,778	227	227	note 1
The Company	HONG YUAN CO., LTD.	Taiwan	Investing	31,778	31,778	1,600,000	100 %	48,155	31,778	250	250	note 1
The Company	ATEN ANZ PTY LTD.	Australia	Trading of computer peripheral equipment	77,350	77,350	3,500,000	100 %	19,401	77,350	(9,752)	(9,752)	note 1
The Company	RCM FULLY AUTOMATION CO., LTD.	Taiwan	Trading of computer peripheral equipment	7,800	7,800	780,000	26 %	7,016	7,800	9,999	2,742	note 1
The Company	ATEN INFO COMMUNICATION LIMITED LIABILITY COMPANY	Turkey	Trading of computer peripheral equipment	19,406	17,683	3,000	100 %	2,093	19,406	(388)	(388)	note 1
The Company	ATEN POLAND SP. Z O. O.	Poland	Trading of computer peripheral equipment	8,295	8,295	20,000	100 %	5,197	8,295	(1,015)	(1,015)	note 1
The Company	ATEN ROMANIA S.R.L	Romania	Trading of computer peripheral equipment	5,839	5,839	80,000	100 %	8,742	5,839	1,115	1,115	note 1
The Company	ATEN ADVANCE PRIVATE LIMITED	India	Trading of computer peripheral equipment	9,030	9,030	2,200,000	100 %	8,883	9,030	364	364	note 1
The Company	ATEN LATAM MEXICO S.A. DE C.V.	Mexico	Trading of computer peripheral equipment	7,204	-	5,200,000	100 %	4,146	7,204	(3,814)	(3,814)	note 1

(Continued)

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

Name of investor	Name of investee	Location	Scope of business	Original cost		Ending balance			Maximum investment in 2022	Net income of investee	Investment income (losses)	Remarks
				December 31, 2022	December 31, 2021	Shares	Ratio of shares	Book value				
The Company	PT ATEN TECHNOLOGY INDONESIA	Indonesia	Trading of computer peripheral equipment	5,099	-	250,000,000	100 %	4,083	5,099	(917)	(917)	note 1
TOPMOST INTERNATIONAL CO., LTD.	ATEN EUROPE LTD.	UK	Investing	67,279	67,279	1,069,000	100 %	198,180	67,279	24,680	24,680	note 1
TOPMOST INTERNATIONAL CO., LTD.	I/O MASTER INC.	Samoa	Investing	9,782	9,782	700,000	100 %	34,929	9,782	2,963	2,963	note 1
ATEN US HOLDING INC.	ATEN NEW JERSEY INC.	USA	Trading of computer peripheral equipment	22,815	22,815	160,000	20 %	6,179	22,815	(3)	(1)	note 1
ATEN US HOLDING INC.	ATEN TECHNOLOGY INC.	USA	Trading of computer peripheral equipment	267,204	267,204	8,672,084	99 %	78,504	267,204	(24,397)	(24,180)	note 1
ATEN TECHNOLOGY INC.	ATEN NEW JERSEY INC.	USA	Trading of computer peripheral equipment	3,303	3,303	640,000	80 %	24,717	3,303	(3)	(2)	note 1
ATEN EUROPE LTD.	ATEN UK LTD.	UK	Trading of computer peripheral equipment	37,922	37,922	650,000	100 %	8,015	37,922	5,377	5,377	note 1
ATEN EUROPE LTD.	ATEN KOREA CO., LTD.	Korea	Trading of computer peripheral equipment	34,811	34,811	102,000	85 %	98,564	34,811	23,883	20,301	note 1
I/O MASTER INC.	ATEN CANADA TECHNOLOGIES INC.	Canada	Research and development	3	3	300	100 %	43,098	3	2,999	2,999	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 %	21,043	22,066	9,999	7,399	note 1

Note 1: Eliminated in the consolidated financial statements.

Note 2: The subsidiary was dissolved in December, 2022.

(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, 2022	Investment flow during current period		Cumulative investment (amount) from Taiwan as of December 31, 2022	Net income on investee	Direct / indirect investment holding percentage	Maximum investment in 2022	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	23,421	100 %	21,383	23,421	347,978	69,337
ATEN CHINA CO., LTD.	Trading of computer peripheral equipment	56,924	(3)	51,394	-	-	51,394	(12,703)	100 %	51,394	(12,703)	57,811	86,093
ATEN FOREMOST INTERNATIONAL CO., LTD.	Manufacturing and trading of computer peripheral equipment	29,315	(3)	29,315	-	-	29,315	9,262	100 %	29,315	9,262	38,674	-
EXPAND ELECTRONIC CO., LTD.	Manufacturing of computer peripheral products	67,184	(3)	34,706	-	-	34,706	21,941	100 %	34,706	21,941	147,818	-

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 NTD30.708.

(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	168,894	2,894,897 (Note 1)

Note 1: The limit on investment in mainland China is determined by sixty percent (60%) of the Company's net worth.

Note 2: The exchange rate is USD1 to NTD30.708.

(iii) Significant transactions:

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

(Continued)

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

(d) Major shareholders:

Unit: share

Shareholding Shareholder's Name	Shares	Percentage
Shang-Jen Chen	6,789,342	5.68 %
Ching-Tang Chen	6,449,352	5.39 %

(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.

(Continued)

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

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

	2022			
	Computer peripheral equipment	Others	Adjustments or elimination	Total
Revenue:				
Revenue from external customers	$ 5,299,179	103,988	-	5,403,167
Inter-segment revenues	3,689,829	-	(3,689,829)	-
Total revenue	**$ 8,989,008**	**103,988**	**(3,689,829)**	**5,403,167**
Reportable segment profit or loss	**$ 983,850**	**117**	**(92,720)**	**891,247**
Reportable segment assets (Note)	**$ -**	**-**	**-**	**-**

	2021			
	Computer peripheral equipment	Others	Adjustments or elimination	Total
Revenue:				
Revenue from external customers	$ 5,057,269	106,422	-	5,163,691
Inter-segment revenues	3,276,337	-	(3,276,337)	-
Total revenue	**$ 8,333,606**	**106,422**	**(3,276,337)**	**5,163,691**
Reportable segment profit or loss	**$ 968,161**	**967**	**(100,937)**	**868,191**
Reportable segment assets (Note)	**$ -**	**-**	**-**	**-**

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 2022 and 2021, inter-segment revenues of $3,689,829 thousand and $3,276,337 thousand respectively, should be eliminated from total revenue. Share of associate profit under equity method amounting to $92,720 thousand and $100,937 thousand, respectively, should be eliminated.

(Continued)

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

(c) Information about the products and services

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

Products and services		2022	2021
IT infrastructure management solutions	$	3,363,043	3,164,373
Video products		813,829	848,283
Other		1,226,295	1,151,035
Total	**$**	**5,403,167**	**5,163,691**

(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.

Geographic information		2022	2021
Revenue from external customers:			
United States	$	1,187,922	1,108,801
Taiwan		768,230	663,972
Japan		751,628	653,548
China		430,353	497,407
South Korea		456,382	462,122
Other countries		1,808,652	1,777,841
Total	**$**	**5,403,167**	**5,163,691**

Geographical information		December 31, 2022	December 31, 2021
Non-current assets:			
Taiwan	$	2,134,139	2,152,701
Other countries		604,750	655,719
Total	**$**	**2,738,889**	**2,808,420**

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

For the years 2022 and 2021, the Group had no major customer who constituted 10% or more of the net sales.

Attachment 2

Parent Company Only Financial Statements

Stock Code:6277

ATEN INTERNATIONAL CO., LTD.

Parent Company Only Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

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

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

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

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Independent Auditors' Report

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

Opinion

We have audited the parent company only financial statements of ATEN INTERNATIONAL CO., LTD. ("the Company"), which comprise the balance sheet as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. 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 parent company only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent company only 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(m) and 6(p) for disclosure related to revenue recognition.

KPMG, a Taiwan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Description of key audit matter:

Revenue is the key indicator used by investors and management while evaluating the Company's financial or operating performance. The accuracy of the timing and amount of revenue recognized has significant impact on the financial statements, for which assumptions and judgment of revenue recognition relying on subjective judgment of management. Hence, we consider it as a 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 contracts to determine whether the key judgments and assumptions of revenue recognition are is 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(g), 5, and 6(e) 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.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We 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 parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 Po-Shu Huang and Chung-Shun Wu.

KPMG

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

Notes to Readers

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

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

ATEN INTERNATIONAL CO., LTD.

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
	Assets	**Amount**	**%**	**Amount**	**%**
11xx	**Current assets:**				
1100	Cash and cash equivalents (note 6(a))	$ 516,127	8	936,655	15
1110	Financial assets at fair value through profit or loss—current (note 6(b))	608,690	10	483,863	8
1120	Financial assets at fair value through other comprehensive income—current (note 6(c))	6,371	-	6,941	-
1170	Accounts receivable, net (note 6(d))	96,162	1	175,990	3
1180	Accounts receivable—related parties, net (notes 6(d) and 7)	677,924	11	503,602	8
130x	Inventories (note 6(e))	743,178	12	500,601	8
1410	Prepayments	12,050	-	22,304	-
1470	Other current assets	24,259	-	20,771	-
	Total current assets	2,684,761	42	2,650,727	42
15xx	**Non-current assets**:				
1517	Financial assets at fair value through other comprehensive income—non-current (note 6(c))	27,617	-	21,617	-
1550	Investments accounted for under equity method (note 6(f))	1,381,633	22	1,365,140	22
1600	Property, plant and equipment (notes 6(g) and 7)	1,970,294	31	1,992,647	32
1755	Right-of-use assets (note 6(h))	4,873	-	5,624	-
1840	Deferred income tax assets (note 6(m))	143,732	3	118,896	2
1920	Refundable deposits	934	-	917	-
1980	Other financial assets—non-current (notes 8 and 9)	105,587	2	105,546	2
	Total non-current assets	3,634,670	58	3,610,387	58
	Total assets	**$ 6,319,431**	**100**	6,261,114	**100**

		December 31, 2022		December 31, 2021	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
21xx	**Current liabilities:**				
2100	Short-term borrowings (note 6(i))	$ 65,808	1	91,543	2
2120	Financial liabilities at fair value through profit or loss—current (note 6(b))	9,197	-	398	-
2150	Notes payable	92	-	67	-
2170	Accounts payable	278,468	5	197,548	3
2180	Accounts payable—related parties (note 7)	75,879	1	129,775	2
2200	Other payables (notes 6(l) and (q))	382,691	6	372,927	6
2220	Other payables—related parties (note 7)	195,691	3	198,216	3
2230	Current tax liabilities	148,211	2	230,444	4
2250	Provisions—current (note 6(j))	27,052	1	25,680	-
2280	Current lease liabilities (note 6(k))	2,480	-	2,677	-
2399	Other current liabilities	18,360	-	11,626	-
	Total current liabilities	1,203,929	19	1,260,901	20
25xx	**Non-Current liabilities:**				
2560	Non-current tax liabilities	26,580	-	89,550	2
2570	Deferred income tax liabilities (note 6(m))	127,302	2	126,024	2
2580	Non-current lease liabilities (note 6(k))	2,228	-	2,709	-
2640	Net defined benefit liabilities—non-current (note 6(l))	78,092	2	87,918	1
2645	Deposits received	905	-	730	-
2650	Credit in investments accounted for under equity method (note 6(f))	42,078	1	-	-
2670	Other non-current liabilities	13,489	-	11,012	-
	Total non-current liabilities	290,674	5	317,943	5
2xxx	**Total liabilities**	1,494,603	24	1,578,844	25
	Equity (note 6(n)):				
3110	Common stock	1,194,711	19	1,194,711	19
3200	Capital surplus:				
3210	Additional paid-in capital	316,913	5	316,913	5
3250	Donated assets received	50	-	50	-
		316,963	5	316,963	5
3300	Retained earnings:				
3310	Legal reserve	1,493,727	24	1,493,727	24
3320	Special reserve	228,910	3	189,465	3
3350	Unappropriated retained earnings	1,780,024	28	1,716,314	27
		3,502,661	55	3,399,506	54
3400	Other equity interest:				
3410	Financial statements translation differences for foreign operations	(171,173)	(3)	(211,146)	(3)
3420	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(18,334)	-	(17,764)	-
		(189,507)	(3)	(228,910)	(3)
3xxx	**Total equity**	4,824,828	76	4,682,270	75
2-3xxx	**Total liabilities and equity**	**$ 6,319,431**	**100**	6,261,114	**100**

See accompanying notes to parent company only financial statements.

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

ATEN INTERNATIONAL CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

		2022		2021	
		Amount	%	Amount	%
4000	**Operating revenue (notes 6(p) and 7)**	$ 3,764,197	100	3,366,103	100
5000	**Operating costs (notes 6(e), (g), (h), (j), (k), (l), (q) and 7)**	1,764,703	47	1,575,830	47
5900	**Gross profit from operations**	1,999,494	53	1,790,273	53
5920	Add: Changes in unrealized profit	(100,897)	(3)	50,929	2
5900	**Gross profit**	1,898,597	50	1,841,202	55
6000	**Operating expenses (notes 6(g), (h), (k), (l), (q) and 7):**				
6100	Selling expenses	397,914	10	366,775	11
6200	Administrative expenses	315,303	8	293,852	9
6300	Research and development expenses	517,614	14	498,696	15
	Total operating expenses	1,230,831	32	1,159,323	35
6900	**Operating profit**	667,766	18	681,879	20
7000	**Non-operating income and expenses (notes 6(f), (k), (r) and 7):**				
7100	Interest income	4,548	-	896	-
7010	Other income	57,025	2	49,490	1
7020	Other gains and losses	17,591	-	(10,330)	-
7050	Finance costs	(1,370)	-	(2,433)	-
7375	Share of profit of subsidiaries and associates accounted for under equity method	90,916	2	101,112	3
	Total non-operating income and expenses	168,710	4	138,735	4
7900	**Profit from continuing operations before tax**	836,476	22	820,614	24
7950	**Less: Income tax expenses (note 6(m))**	106,976	3	183,301	5
	Net income	729,500	19	637,313	19
8300	**Other comprehensive income (notes 6(m) and (n)):**				
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	8,191	-	(5,298)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(570)	-	(1,338)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	1,704	-	(1,699)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	5,917	-	(4,937)	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	39,973	1	(103,988)	(3)
8380	Share of other comprehensive income of subsidiaries and associates accounted for using equity method	365	-	(155)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	40,338	1	(104,143)	(3)
8300	**Other comprehensive income**	46,255	1	(109,080)	(3)
8500	**Total comprehensive income**	**$ 775,755**	**20**	**528,233**	**16**
9750	**Basic earnings per share (in New Taiwan dollars) (note 6(o))**	**$**	**6.11**		**5.33**
9850	**Diluted earnings per share (in New Taiwan dollars) (note 6(o))**	**$**	**5.99**		**5.25**

See accompanying notes to parent company only financial statements.

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

ATEN INTERNATIONAL CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings				Total other equity interest			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Financial statements translation differences for foreign operations	Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income	Total	Total equity
Balance at January 1, 2021	$ 1,194,711	316,963	1,465,181	145,188	1,789,407	3,399,776	(107,158)	(17,058)	(124,216)	4,787,234
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	28,546	-	(28,546)	-	-	-	-	-
Special reserve appropriated	-	-	-	44,277	(44,277)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(633,197)	(633,197)	-	-	-	(633,197)
Net income	-	-	-	-	637,313	637,313	-	-	-	637,313
Other comprehensive income	-	-	-	-	(4,386)	(4,386)	(103,988)	(706)	(104,694)	(109,080)
Total comprehensive income	-	-	-	-	632,927	632,927	(103,988)	(706)	(104,694)	528,233
Balance at December 31, 2021	1,194,711	316,963	1,493,727	189,465	1,716,314	3,399,506	(211,146)	(17,764)	(228,910)	4,682,270
Appropriation and distribution of retained earnings:										
Special reserve appropriated	-	-	-	39,445	(39,445)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(633,197)	(633,197)	-	-	-	(633,197)
Net income	-	-	-	-	729,500	729,500	-	-	-	729,500
Other comprehensive income	-	-	-	-	6,852	6,852	39,973	(570)	39,403	46,255
Total comprehensive income	-	-	-	-	736,352	736,352	39,973	(570)	39,403	775,755
Balance at December 31, 2022	**$ 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**

See accompanying notes to parent company only financial statements.

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

ATEN INTERNATIONAL CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities:		
Net income before tax	$ 836,476	820,614
Adjustments:		
Adjustments to reconcile profit and loss		
Depreciation expense	57,993	57,767
Interest expenses	1,370	2,433
Interest income	(4,548)	(896)
Dividend income	(592)	(532)
Share of profit of associates accounted for under equity method	(90,916)	(101,112)
Gains on disposal of property, plant and equipment	(118)	(251)
Property, plant and equipment transferred to expenses	69	11
Unrealized gains (losses) from sales	100,897	(50,929)
Gains on lease modification	(49)	874
Others	(210)	-
Total adjustments to reconcile profit and loss	63,896	(92,635)
Changes in assets / liabilities relating to operating activities:		
Net changes in operating assets:		
Financial assets at fair value through profit or loss	(124,827)	1,316,272
Accounts receivable	79,828	(16,644)
Accounts receivable－related parties	(174,322)	5,288
Inventories	(242,638)	(66,551)
Prepayments	10,254	(13,776)
Other current assets	(3,024)	652
Total changes in operating assets, net	(454,729)	1,225,241
Net changes in operating liabilities:		
Financial liabilities held for trading	8,799	(6,636)
Notes payable	25	(166)
Accounts payable	80,920	36,549
Accounts payable－related parties	(53,896)	53,356
Other payable	9,764	(54,591)
Other payable－related parties	(2,525)	(2,931)
Provisions	1,372	403
Other current liabilities	6,734	2,371
Net defined benefit liabilities	(1,635)	(8,969)
Other non-current liabilities	2,477	5,769
Total changes in operating liabilities, net	52,035	25,155
Total changes in operating assets / liabilities, net	(402,694)	1,250,396
Total adjustments	(338,798)	1,157,761
Cash provided by operating activities	497,678	1,978,375
Dividends received	70,683	66,705
Payment of income tax	(277,441)	(64,108)
Net cash provided by operating activities	290,920	1,980,972
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(6,000)	-
Acquisition of investments accounted for using equity method	(14,026)	(177,724)
Acquisition of property, plant and equipment	(33,584)	(359,779)
Proceeds from disposal of property, plant and equipment	611	568
Increase in refundable deposits	(17)	(469)
Decrease (increase) in other financial assets－non-current	(41)	965
Interest received	4,548	896
Net cash used in investing activities	(48,509)	(535,543)
Cash flows from financing activities:		
Decrease in short-term borrowings	(26,570)	(138,431)
Increase (decrease) in deposits received	175	(385)
Payment of lease liabilities	(2,812)	(2,899)
Cash dividends paid	(633,197)	(633,197)
Interest paid	(1,370)	(2,433)
Net cash used in financing activities	(663,774)	(777,345)
Effect of exchange rate changes on cash and cash equivalents	835	(3,273)
Net increase (decrease) in cash and cash equivalents	(420,528)	664,811
Cash and cash equivalents at beginning of period	936,655	271,844
Cash and cash equivalents at end of period	**$ 516,127**	**936,655**

See accompanying notes to parent company only financial statements.

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

ATEN INTERNATIONAL CO., LTD.

Notes to the Financial Statements

For the years ended December 31, 2022 and 2021

(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 financial statements

These financial statements were approved by the Board of Directors and published on March 14, 2023.

(3) New standards, amendments and interpretations adopted:

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

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2022:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its financial statements:

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

(Continued)

ATEN INTERNATIONAL CO., LTD.
Notes to the Financial Statements

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

The following new and amended standards, which may be relevant to the Company, 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
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	After reconsidering certain aspects of the 2020 amendments1, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability' s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

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

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

(Continued)

ATEN INTERNATIONAL CO., LTD.
Notes to the Financial Statements

(4) Summary of significant accounting policies

The significant accounting policies presented in the parent company only financial statements are summarized as follows. The following accounting policies have been applied consistently throughout the parent company only financial statements.

(a) Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

The parent company only 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 the entity is determined based on the primary economic environment in which the entity operates. The Company's parent company only financial statements are presented in NTD, which is Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Foreign currency

Transactions in foreign currencies are translated into the functional currency of the Company at 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. Nonmonetary 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.

ATEN INTERNATIONAL CO., LTD.
Notes to the Financial Statements

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.

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

An asset is classified 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 unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified 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) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) 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.

(f) Financial instruments

(i) Financial assets

Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

(Continued)

ATEN INTERNATIONAL CO., LTD.
Notes to the Financial Statements

The Company shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

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.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, 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 Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

(Continued)

ATEN INTERNATIONAL CO., LTD.
Notes to the Financial Statements

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 Company 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.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss.

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, other receivable, guarantee deposit paid and other financial assets).

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12month 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 ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12month ECLs are the portion of ECLs that result from default events that are possible within the 12 month 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 ECLs is the maximum contractual period over which the Company 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 Company 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 Company' s historical experience and informed credit assessment as well as forward-looking information.

(Continued)

ATEN INTERNATIONAL CO., LTD.
Notes to the Financial Statements

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

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company 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 Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company 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 Company recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

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. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’ s procedures for recovery of amounts due.

(Continued)

5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets.

(ii) Financial liabilities and equity instruments

1) Other financial liabilities

Financial liabilities not classified as held-for-trading or designated as at fair value through profit or loss, which comprise borrowings, accounts payable, other payables and deposits received, are measured at fair value, plus, any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized in profit or loss, and is included in nonoperating income and expense.

2) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation expires or has been discharged or cancelled. The difference between the carrying amount of a financial liability removed and the consideration paid (including any noncash assets transferred or liabilities assumed) is recognized in profit or loss, and is included in nonoperating income and expense.

3) Offsetting of financial assets and liabilities

The Company presents financial assets and liabilities on a net basis when the Company has the legally enforceable rights to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(iii) Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are initially measured at fair value. Any attributable transaction costs thereof are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss. When a derivative is designated as, and effective for, a hedging instrument, its timing of recognition in profit or loss is determined based on the nature of the hedging relationship. When the fair value of a derivative instrument is positive, it is classified as a financial asset, whereas when the fair value is negative, it is classified as a financial liability.

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(g) 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.

(h) Investment in subsidiaries

When preparing the Company' s parent company only financial statements, investments in subsidiaries which are controlled by the Company using the equity method. Under the equity method, the net income, other comprehensive income and equity in the parent company only financial statements are equivalent to those attributable to the shareholders of the parent company in the consolidated parent company only financial statements.

Changes in ownership of a subsidiary that do not result in loss of control are accounted for as equity transactions.

(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 cost

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

(iii) Depreciation

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

Land is not depreciated.

(Continued)

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

Land improvements	3 years
Buildings	3~61 years
Machinery equipment	3~9 years
Other equipment	3~8 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 Company 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.

The Company 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.

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 Company's incremental borrowing rate. Generally, the Company 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 Company'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 Company 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 Company 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.

The Company 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 Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(k) Impairment－Non-financial assets

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

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.

(l) Provisions

A provision is recognized if, as a result of a past event, the Company 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.

(m) Revenue

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company 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 Company's main types of revenue are explained below.

The Company is mainly engaged in the manufacture and trading of computer peripheral products. The Company 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 Company has objective evidence that all criteria for acceptance have been satisfied.

The Company 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.

The Company'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(j).

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

(n) 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 Company's net obligation in respect of defined benefit plans is calculated separately for each the 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 Company, 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.

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 Company 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 Company 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 Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(o) 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 income taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred income 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.

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.

(p) Earnings per share

The Company 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.

(q) Operating segments

The Company has disclosed information about operating segments in its consolidated financial statements. Hence no further information is disclosed in the parent company only financial statements.

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

The preparation of the parent company only financial statements requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

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:

(a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company 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, 2022	December 31, 2021
Cash and cash equivalents	$ 5,280	62,940
Saving deposits and foreign currency deposits	329,022	440,141
Checking deposits	896	1,278
Time deposits	180,929	432,296
Total cash and cash equivalents	**$ 516,127**	**936,655**

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

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

	December 31, 2022	December 31, 2021
Mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging	$ 1,118	4,029
Non-derivative financial assets	607,572	479,834
Total	**$ 608,690**	**483,863**

(Continued)

	December 31, 2022	December 31, 2021
Financial liabilities held for trading:		
Derivative instruments not used for hedging	$ 9,197	398

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

As of December 31, 2022 and 2021, the Company has not provided any aforementioned financial assets as collateral.

The Company uses derivative financial instruments to manage the exposures due to fluctuations of foreign exchange risk from its operating activities. The Company 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, 2022 and 2021 .

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

	December 31, 2022			
	Contract amount (thousand dollars)		Currency	Maturity dates
Forward exchange sold	USD 1,900 / NTD 59,168		USD/NTD	2023.01.04~2023.04.28
Forward exchange sold	GBP 75 / NTD 2,785		GBP/NTD	2023.02.15~2023.03.17
Forward exchange sold	AUD 253 / NTD 5,288		AUD/NTD	2023.01.04~2023.03.06

	December 31, 2021			
	Contract amount (thousand dollars)		Currency	Maturity dates
Forward exchange sold	EUR 3,019 / NTD 96,537		EUR/NTD	2022.01.12~2022.03.25
Forward exchange sold	USD 10,290 / NTD 286,184		USD/NTD	2022.01.05~2022.03.25
Forward exchange sold	JPY 169,500 / NTD 41,344		JPY/NTD	2022.01.19~2022.02.18
Forward exchange sold	GBP 230 / NTD 8,733		GBP/NTD	2022.01.19~2022.02.18
Forward exchange sold	AUD 403 / NTD 8,310		AUD/NTD	2022.01.05~2022.01.28

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Held-for-trading financial liabilities－Forward contracts:

	December 31, 2022		
	Contract amount (thousand dollars)	Currency	Maturity dates
Forward exchange sold	EUR 4,333 / NTD 138,218	EUR/NTD	2023.01.06~2023.03.22
Forward exchange sold	USD 7,000 / NTD 213,170	USD/NTD	2023.01.19~2023.04.21
Forward exchange sold	JPY 605,000 / NTD 135,713	JPY/NTD	2023.01.18~2023.03.20
Forward exchange sold	GBP 240 / NTD 8,823	GBP/NTD	2023.01.18~2023.02.15
Forward exchange sold	AUD 462 / NTD 9,497	AUD/NTD	2023.01.04~2023.03.31

	December 31, 2021		
	Contract amount (thousand dollars)	Currency	Maturity dates
Forward exchange sold	EUR 838 / NTD 26,236	EUR/NTD	2022.01.05~2022.03.23
Forward exchange sold	USD 2,000 / NTD 55,310	USD/NTD	2022.02.18~2022.04.01
Forward exchange sold	JPY 88,000 / NTD 21,129	JPY/NTD	2022.02.18
Forward exchange sold	GBP 301 / NTD 11,112	GBP/NTD	2022.02.18~2022.03.21
Forward exchange sold	AUD 387 / NTD 7,676	AUD/NTD	2022.03.07~2022.04.06

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

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

	December 31, 2022	December 31, 2021
Equity investments at fair value through other comprehensive income:		
Listed stocks (domestic)－current	**$ 6,371**	**6,941**
Unlisted stocks (domestic)－non-current	**$ 27,617**	**21,617**

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

The Company 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.

(Continued)

(ii) OptoMedia Technology Inc. held extraordinary general meeting on October 20, 2022, and announced the resolution of capital reduction to cover losses with the amount of $169,455 thousand. The reduction portion is 67.56% with the reference date set on October 31, 2022. The Company original investment is 500 thousand shares. After the capital reduction, the Company holds 162 thousand shares and the shareholding ratio remains unchanged.

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

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

(d) Notes and accounts receivable and other receivables (including related parties)

	December 31, 2022	December 31, 2021
Accounts receivable	$ 96,162	175,990
Accounts receivable－related parties	677,924	503,602
	$ 774,086	**679,592**

The Company 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, 2022. 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 was determined as follows:

	December 31, 2022		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	$ 762,232	0%	-
0 to 30 days past due	11,387	0%	-
31 to 60 days past due	467	0%	-
	$ 774,086		**-**

	December 31, 2021		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	$ 669,934	0%	-
0 to 30 days past due	9,658	0%	-
	$ 679,592		**-**

As of December 31, 2022 and 2021, the Company did not hold any collateral for the collectible amounts.

(e) Inventories

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

		December 31, 2022	December 31, 2021
Finished goods	$	256,491	217,769
Work in process		111,987	71,404
Raw material		374,700	211,428
	$	**743,178**	**500,601**

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

		2022	2021
Losses on decline in market value of inventory	$	6,528	4,245
Losses on physical inventory, net		149	126
Losses on scrapping of inventory		6,341	4,847
Total	**$**	**13,018**	**9,218**

As for December 31, 2022 and 2021, the Company did not pledge any collateral on inventories.

(f) Investments accounted for under equity method

The details of the investments accounted for under equity method at the reporting date were as follows:

		December 31, 2022	December 31, 2021
Subsidiaries	$	1,339,555	1,365,140
Addition: Credit in investments accounted for under equity method recognized in non-current liabilities		42,078	-
Total	**$**	**1,381,633**	**1,365,140**

(i) Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2022.

(ii) Collateral

As of December 31, 2022 and 2021, the Company did not pledge any collateral on investments accounted for under the equity method.

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(g) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Company 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, 2022	$ 1,452,705	5,103	624,858	115,821	191,520	9,126	2,399,133
Additions	-	2,500	4,270	2,402	17,324	7,088	33,584
Disposals	-	-	-	(140)	(5,374)	-	(5,514)
Reclassification	-	-	4,618	-	4,123	(9,126)	(385)
Balance at December 31, 2022	**$ 1,452,705**	**7,603**	**633,746**	**118,083**	**207,593**	**7,088**	**2,426,818**
Balance at January 1, 2021	$ 1,147,257	5,103	602,980	89,480	169,125	22,691	2,036,636
Additions	305,448	-	21,782	5,433	23,007	9,126	364,796
Disposals	-	-	-	(1,077)	(1,154)	-	(2,231)
Reclassification	-	-	96	21,985	542	(22,691)	(68)
Balance at December 31, 2021	**$ 1,452,705**	**5,103**	**624,858**	**115,821**	**191,520**	**9,126**	**2,399,133**
Depreciation:							
Balance at January 1, 2022	$ -	5,088	229,802	42,928	128,668	-	406,486
Depreciation	-	362	18,666	11,940	24,091	-	55,059
Disposal	-	-	-	(140)	(4,881)	-	(5,021)
Balance at December 31, 2022	**$ -**	**5,450**	**248,468**	**54,728**	**147,878**	**-**	**456,524**
Balance at January 1, 2021	$ -	5,044	212,609	32,504	103,057	-	353,214
Depreciation	-	44	17,193	11,423	26,526	-	55,186
Disposal	-	-	-	(999)	(915)	-	(1,914)
Balance at December 31, 2021	**$ -**	**5,088**	**229,802**	**42,928**	**128,668**	**-**	**406,486**
Carrying value:							
December 31, 2022	**$ 1,452,705**	**2,153**	**385,278**	**63,355**	**59,715**	**7,088**	**1,970,294**
December 31, 2021	**$ 1,452,705**	**15**	**395,056**	**72,893**	**62,852**	**9,126**	**1,992,647**
January 1, 2021	**$ 1,147,257**	**59**	**390,371**	**56,976**	**66,068**	**22,691**	**1,683,422**

As of December 31, 2022 and 2021, the Company did not pledge any collateral on property, plant and equipment.

(h) Right-of-use assets

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

	Building	Transportation equipment	Other equipment	Total
Cost:				
Balance at January 1, 2022	$ 7,813	3,250	1,167	12,230
Additions	980	-	1,316	2,296
Write-off	-	-	(1,167)	(1,167)
Balance at December 31, 2022	**$ 8,793**	**3,250**	**1,316**	**13,359**
Balance at January 1, 2021	$ 4,810	3,250	1,167	9,227
Additions	3,003	-	-	3,003
Balance at December 31, 2021	**$ 7,813**	**3,250**	**1,167**	**12,230**

(Continued)

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	Building	Transportation equipment	Other equipment	Total
Accumulated depreciation:				
Balance at January 1, 2022	$ 3,549	2,250	807	6,606
Depreciation	1,882	750	302	2,934
Write-off	-	-	(1,054)	(1,054)
Balance at December 31, 2022	**$ 5,431**	**3,000**	**55**	**8,486**
Balance at January 1, 2021	$ 1,987	1,500	538	4,025
Depreciation	1,562	750	269	2,581
Balance at December 31, 2021	**$ 3,549**	**2,250**	**807**	**6,606**
Carrying value:				
December 31, 2022	**$ 3,362**	**250**	**1,261**	**4,873**
December 31, 2021	**$ 4,264**	**1,000**	**360**	**5,624**
January 1, 2021	**$ 2,823**	**1,750**	**629**	**5,202**

(i) Short-term borrowings

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

	December 31, 2022			
	Currency	Interest rate (%)	Maturity year	Amount
Letter of credit loans	USD	-	2023	$ 4,101
Unsecured loans	CNY	2.0~2.2	2023	61,707
Total				**$ 65,808**

	December 31, 2021			
	Currency	Interest rate (%)	Maturity year	Amount
Unsecured loans	USD	0.60	2022	$ 24,169
Unsecured loans	CNY	2.96~3.17	2022	67,374
Total				**$ 91,543**

As of December 31, 2022, and 2021, the unused credit facilities of the Company's short-term borrowings amounted to $1,484,192 thousand and $1,058,457 thousand, respectively.

For the Company interest rate, forging currency, and liquidity risk, pleases refer to note 6(t).

(j) Provisions

	Warranties
Balance as of January 1, 2022	$ 25,680
Provisions made during the year	25,599
Provisions used during the year	(24,227)
Balance as of December 31, 2022	**$ 27,052**
Balance as of January 1, 2021	$ 25,277
Provisions made during the year	23,465
Provisions used during the year	(23,062)
Balance as of December 31, 2021	**$ 25,680**

(Continued)

In 2022 and 2021, provisions are mainly associated with the Company'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.

(k) Lease liabilities

The Company's lease liabilities were as follow:

	December 31, 2022	December 31, 2021
Current	$ 2,480	2,677
Non-current	$ 2,228	2,709

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

The amounts recognized in profit or loss were as follows:

	2022	2021
Interest on lease liabilities	$ 113	61
Expenses relating to short-term leases	$ 6,734	5,827

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

	2022	2021
Total cash outflow for leases	$ 9,659	8,787

(l) Employee benefits

(i) Defined benefit plans

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

	December 31, 2022	December 31, 2021
Present value of the defined benefit obligations	$ 182,644	199,276
Fair value of plan assets	(104,552)	(111,358)
The net defined benefit liability	$ 78,092	87,918

The Company 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 Company 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 parent company only 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.

The Company's Bank of Taiwan labor pension reserve account balance amounted to $104,552 thousand (including pension payables in transit of $792 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 Company were as follows:

		2022	2021
Defined benefit obligation at 1 January	$	199,276	192,218
Current service costs and interest		1,906	2,373
Remeasurements of the net defined benefit liability			
－Return on plan assets (excluding amounts included in net interest expense)		(61)	6,353
Benefits paid by the plan		(18,477)	(1,668)
Defined benefit obligation at 31 December	**$**	**182,644**	**199,276**

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3) Movement of defined benefit plan assets

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

		2022	2021
Fair value of plan assets, January 1	$	111,358	100,629
Interest revenue		563	764
Remeasurements of the net defined benefit liability			
－Return on plan assets (excluding amounts included in net interest expense)		8,130	1,055
Contributions made		2,978	10,578
Benefits paid by the plan		(18,477)	(1,668)
Fair value of plan assets, December 31	**$**	**104,552**	**111,358**

4) Expenses recognized in profit or loss

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

		2022	2021
Current service cost	$	909	931
Net interest on the defined benefit liability		434	678
	$	**1,343**	**1,609**

		2022	2021
Operating costs	$	442	515
Selling expenses		239	280
Administration expenses		480	605
Research and development expenses		182	209
	$	**1,343**	**1,609**

5) Actuarial assumptions

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

	2022.12.31	2021.12.31
Discount rate	1.25 %	0.50~ 1.00 %
Future salary increases rate	2.50 %	2.50 %

The Company expects to make contributions of $2,100 thousand to the defined benefit plans in the next year starting from the reporting date of 2022.

The weighted average duration of the defined benefit obligation is 10.5 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, 2022 and 2021, the present value of defined benefit obligation impact was as follow:

	The impact on defined benefit obligation	
	Increase	Decrease
December 31, 2022		
Discount rate (0.25%)	$ (2,022)	2,091
Future salary increase rate (1.00%)	8,696	(7,751)
December 31, 2021		
Discount rate (0.25%)	(2,847)	2,955
Future salary increase rate (1.00%)	12,385	(10,911)

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 2022 and 2021.

(ii) Defined contribution plans

The Company 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 Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The Company's pension costs under the defined contribution method were $32,022 thousand and $30,348 thousand for 2022 and 2021, respectively. Payment was made to the Bureau of Labor Insurance.

(iii) Short-term employee benefit liabilities

	December 31, 2022	December 31, 2021
Paid annual leave (recorded under other payable)	**$ 31,364**	**32,195**

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(m) Income tax

(i) Income tax expenses

The amount of income tax for 2022 and 2021 were as follows:

		2022	2021
Current tax expense			
Current period	$	158,696	142,224
Adjustment for prior periods		(26,458)	9,431
		132,238	151,655
Deferred income tax expense			
Origination and reversal of temporary differences		(25,262)	31,646
Income tax expense from continuing operations	**$**	**106,976**	**183,301**

The amounts of income tax (expenses) benefit recognized in other comprehensive income for 2022 and 2021 were as follows:

		2022	2021
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of the defined benefit plans	$	(1,704)	1,067
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income		-	632
	$	**(1,704)**	**1,699**

Reconciliation of the Company's income tax expenses and profit before tax for 2022 and 2021 was as follows:

		2022	2021
Net income before tax	**$**	**836,476**	**820,614**
Income tax using the Company's domestic tax rate	$	167,295	164,123
Effect of tax rates differences in foreign jurisdiction		62	(142)
Adjustments according to tax law		(16,860)	(4,902)
Exempt of securities trading income		(563)	(574)
Tax treaty rewards		(16,500)	(16,359)
Underestimated (overestimated) of prior year's income tax		(26,458)	9,431
Underestimated of prior year's deferred income tax assets		-	(2,976)
5% surtax on undistributed earnings		-	34,700
Total	**$**	**106,976**	**183,301**

(Continued)

(ii) Deferred income tax assets and liabilities ─ Recognized deferred income tax assets and liabilities

Changes in the amount of deferred income tax assets and liabilities for 2022 and 2021 were as follows:

Deferred income tax assets:

	Defined benefit plans	Unrealized profit from sales	Investment deduction	Others	Total
Balance at January 1, 2022	$ 14,961	68,069	-	35,866	118,896
Recognized in profit or loss	(299)	27,747	-	(908)	26,540
Recognized in other comprehensive income	(1,704)	-	-	-	(1,704)
Balance at December 31, 2022	**$ 12,958**	**95,816**	**-**	**34,958**	**143,732**
Balance at January 1, 2021	$ 15,646	80,880	11,513	35,536	143,575
Recognized in profit or loss	(1,752)	(12,811)	(11,513)	(302)	(26,378)
Recognized in other comprehensive income	1,067	-	-	632	1,699
Balance at December 31, 2021	**$ 14,961**	**68,069**	**-**	**35,866**	**118,896**

Deferred income tax liabilities:

	Foreign investment income accounted for using equity method	Others	Total
Balance at January 1, 2022	$ 125,146	878	126,024
Recognized in profit or loss	1,087	191	1,278
Balance at December 31, 2022	**$ 126,233**	**1,069**	**127,302**
Balance at January 1, 2021	$ 120,628	128	120,756
Recognized in profit or loss	4,518	750	5,268
Balance at December 31, 2021	**$ 125,146**	**878**	**126,024**

(iii) Examination and Approval

The tax returns of the Company have been assessed by the tax authorities for all years through 2020.

(n) Capital and other equity

(i) Common stock

As of December 31, 2022 and 2021, 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.

(Continued)

ATEN INTERNATIONAL CO., LTD.
Notes to the 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.

(Continued)

ATEN INTERNATIONAL CO., LTD.
Notes to the Financial Statements

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 Company's Board of Directors resolved to appropriate the 2022 earnings from July to December. These earnings were appropriated as follows:

	2022 July－December
Resolution Date of ATEN's Board of Directors	March 14, 2023
Cash dividends to shareholders	$ 394,255
Cash dividends per share (NTD)	$ 3.3

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

	2022 January－June
Resolution Date of ATEN's Board of Directors	August 4, 2022
Cash dividends to shareholders	$ 286,731
Cash dividends per share (NTD)	$ 2.4

The Company's Board of Directors resolved to appropriate the 2021 earnings from July to December and January to June. These earnings were appropriated as follows:

	2021 July－December	2021 January－June
Resolution Date of ATEN's Board of Directors	March 8, 2022	August 6, 2021
Cash dividends to shareholders	$ 346,466	274,784
Cash dividends per share (NTD)	$ 2.9	2.3

The Company's Board of Directors resolved to appropriate the 2020 earnings from July to December. These earnings were appropriated as follows:

	2020 July－December
Resolution Date of ATEN's Board of Directors	March 9, 2021
Cash dividends to shareholders	$ 358,413
Cash dividends per share (NTD)	$ 3.0

(Continued)

ATEN INTERNATIONAL CO., LTD.
Notes to the Financial Statements

(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	Total
Balance as of January 1, 2022	$ (211,146)	(17,764)	(228,910)
Foreign exchange differences arising from foreign operations	39,973	-	39,973
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(570)	(570)
Balance as of December 31, 2022	**$ (171,173)**	**(18,334)**	**(189,507)**
Balance as of January 1, 2021	$ (107,158)	(17,058)	(124,216)
Foreign exchange differences arising from foreign operations	(103,988)	-	(103,988)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(706)	(706)
Balance as of December 31, 2021	**$ (211,146)**	**(17,764)**	**(228,910)**

(o) Earnings per share

The calculation of the Company's basic earnings per share and diluted earnings per share for years ended December 31, 2022 and 2021 was as follows:

(i) Basic earnings per share

	2022	2021
Net income	**$ 729,500**	**637,313**
Weighted-average number of ordinary shares	**119,471**	**119,471**
Basic earnings per share (NTD)	**$ 6.11**	**5.33**

(ii) Diluted earnings per share

	2022	2021
Net income	**$ 729,500**	**637,313**
Weighted-average number of ordinary shares (basic)	119,471	119,471
Impact of potential common shares		
Effect of employee stock bonus	2,227	1,970
Weighted-average number of ordinary shares (diluted)	**121,698**	**121,441**
Diluted earnings per share (NTD)	**$ 5.99**	**5.25**

(Continued)

ATEN INTERNATIONAL CO., LTD.
Notes to the Financial Statements

(p) Revenue from contracts with customers－disaggregation of revenue

		2022	2021
Primary geographical markets:			
United States	$	789,048	565,199
Japan		547,398	443,741
Belgium		448,330	437,372
China		319,848	381,075
South Korea		331,841	299,884
Others		1,327,732	1,238,832
	$	**3,764,197**	**3,366,103**
Major products lines:			
IT infrastructure management solutions	$	2,693,710	2,384,344
Video products		643,896	580,317
Others		426,591	401,442
	$	**3,764,197**	**3,366,103**

(q) 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 Company who meet certain specific requirement.

For the years ended December 31, 2022 and 2021, the Company estimated its employee remuneration amounting to $149,728 thousand and $129,874 thousand, and directors' and supervisors' remuneration amounting to $11,978 thousands and $11,544 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 in the respective period. Related information would be available at the Market Observation Post System website. The amounts, as stated in the parent company only financial statements, are identical to those of the actual distributions for 2022 and 2021.

(Continued)

(r) Non-operating income and expenses

(i) Interest income

The details of the Company's interest income for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Interest income from bank deposits	**$ 4,548**	**896**

(ii) Other income

The Company's other income for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Rental income	$ 5,596	5,422
Dividend income	592	532
Other income－Other		
Compensation income	991	6,600
Business tax refund income	6,460	5,804
Subsidy income	502	290
Other income	42,884	30,842
Subtotal other income	50,837	43,536
Total other income	**$ 57,025**	**49,490**

(iii) Other gains and losses

The Company's other gains and losses for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Gains on disposal of property, plant and equipment	$ 118	251
Gains on lease modification	49	-
Gains (losses) on foreign exchange	47,662	(32,144)
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	(30,238)	25,918
Others	-	(4,355)
Net other gains and losses	**$ 17,591**	**(10,330)**

(iv) Finance costs

The details of the Company's finance costs for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Interest expense	**$ 1,370**	**2,433**

(Continued)

ATEN INTERNATIONAL CO., LTD.
Notes to the Financial Statements

(s) 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, 2022 and 2021, the maximum amount exposed to credit risk amounted to $2,039,412 thousand and $2,235,131 thousand, respectively.

2) Concentration of credit risk

The Company's accounts receivable is the main source of potential credit risk, as of December 31, 2022 and 2021 the transaction of accounts receivable are significantly concentrated in the top three customers, which have 61% and 41%, respectively, in the notes and accounts receivable.

(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, 2022							
Non-derivative financial liabilities							
Unsecured loans	$ 65,808	66,560	66,560	-	-	-	-
Notes and accounts payable (including related parties)	354,439	354,439	354,439	-	-	-	-
Other payables (including related parties)	578,382	578,382	578,382	-	-	-	-
Guarantee deposits received	905	905	905	-	-	-	-
Lease liabilities	4,708	4,650	2,552	1,132	509	457	-
Derivative financial liabilities							
Other forward contracts:							
Outflow	9,197	9,197	9,197	-	-	-	-
	$ 1,013,439	**1,014,133**	**1,012,035**	**1,132**	**509**	**457**	**-**
December 31, 2021							
Non-derivative financial liabilities							
Unsecured loans	$ 91,543	92,752	92,752	-	-	-	-
Notes and accounts payable (including related parties)	327,390	327,390	327,390	-	-	-	-
Other payables (including related parties)	571,143	571,143	571,143	-	-	-	-
Guarantee deposits received	730	730	730	-	-	-	-
Lease liabilities	5,386	5,544	2,780	2,048	573	143	-
Derivative financial liabilities							
Other forward contracts:							
Outflow	398	398	398	-	-	-	-
	$ 996,590	**997,957**	**995,193**	**2,048**	**573**	**143**	**-**

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

(Continued)

(iii) Exchange rate risk

1) Exposure to exchange rate risk

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

		Foreign currency	Exchange rate	NTD
December 31, 2022				
Financial assets:				
Monetary items:				
USD	$	18,054	30.7080	554,402
JPY		802,039	0.2323	186,314
EUR		4,701	32.7132	153,785
CNY		21,586	4.4076	95,142
Financial liabilities:				
Monetary items:				
USD	$	2,146	30.7080	65,899
CNY		18,660	4.4076	82,246
December 31, 2021				
Financial assets:				
Monetary items:				
USD	$	16,662	27.6900	461,371
JPY		264,539	0.2405	63,622
EUR		4,291	31.3257	134,419
CNY		23,672	4.3467	102,895
GBP		576	37.3067	21,489
Financial liabilities:				
Monetary items:				
USD	$	4,197	27.6900	116,215
CNY		21,776	4.3467	94,654

2) Sensitivity analysis

The Company'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 GBP as of December 31, 2022 and 2021 would have increased or decreased the net profit by $8,415 thousand and $5,729 thousand, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary item

Since the Company 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 years 2022 and 2021, foreign exchange losses (including realized and unrealized portion) amounted to $(47,662) thousand and $32,144 thousand, respectively.

(iv) Interest rate analysis

Please refer to the note for liquidity risk management and the interest rate exposure to the Company'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 Company'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 Company's net income will increase or decrease by $658 thousand and $915 thousand, respectively, for the years ended December 31, 2022, and 2021. This is mainly due from the Company's borrowing on variable rates.

(v) Fair value and carrying amount

1) Categories and fair value of financial instruments

Except for the followings, carrying amount of the Company's financial assets and liabilities are valuated 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, 2022				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	$ 1,118	-	1,118	-	1,118
Non derivative financial assets mandatorily measured at fair value through profit or loss	607,572	607,572	-	-	607,572
Subtotal	608,690	607,572	1,118	-	608,690
Financial assets at fair value through other comprehensive income					
Listed stocks (domestic)	6,371	6,371	-	-	6,371
Unlisted stocks (domestic and overseas)	27,617	-	-	27,617	27,617
Subtotal	33,988	6,371	-	27,617	33,988
Total	**$ 642,678**	**613,943**	**1,118**	**27,617**	**642,678**

(Continued)

	December 31, 2022				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	**$ (9,197)**	**-**	**(9,197)**	**-**	**(9,197)**

	December 31, 2021				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	$ 4,029	-	4,029	-	4,029
Non derivative financial assets mandatorily measured at fair value through profit or loss	479,834	479,834	-	-	479,834
Subtotal	483,863	479,834	4,029	-	483,863
Financial assets at fair value through other comprehensive income					
Listed stocks (domestic)	6,941	6,941	-	-	6,941
Unlisted stocks (domestic and overseas)	21,617	-	-	21,617	21,617
Subtotal	28,558	6,941	-	21,617	28,558
Total	**$ 512,421**	**486,775**	**4,029**	**21,617**	**512,421**
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	**$ (398)**	**-**	**(398)**	**-**	**(398)**

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.

(Continued)

The fair values of the Company'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.

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, 2022	$ 21,617
Purchase	6,000
Balance at December 31, 2022	**$ 27,617**
Balance at January 1, 2021	$ 24,780
In other comprehensive income	(3,163)
Balance at December 31, 2021	**$ 21,617**

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

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

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income equity investments without an active market	Comparative listed company	· Multipliers of price-Book ratios as of December 31, 2022 and 2021 were 0.93~1.68 and 1.17, respectively. · Multipliers of enterprise value as of December 31, 2021 was 2.28. · Market illiquidity discount rate as of December 31, 2022 and 2021 were both 20%.	The estimated fair value would increase (decrease) if · the multiplier were higher (higher) · the market illiquidity discount were higher (lower)

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:

	Input	Assumptions	Other comprehensive income	
			Favorable	Unfavorable
December 31, 2022				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	5%	$ 1,877	(1,877)
December 31, 2021				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	5%	1,291	(1,291)

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.

(t) Financial risk management

(i) Overview

The Company 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 Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, 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.

(Continued)

The Board of Directors oversees how management monitors the risk which should be in compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. 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.

(iii) Credit risk

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

1) Trade and other receivables

The Company has established a credit policy, under which, each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company'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 Company 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 Company's finance department. Since the Company'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 Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company'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 Company's reputation.

The Company 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 Company 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 Company 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 Company has unused short-term bank facilities of $1,484,192 thousand and $1,058,457 thousand, respectively, as of December 31, 2022 and 2021.

(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 Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

1) Currency risk

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

The Company 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 Company.

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 Company, primarily the EUR, USD, JPY, GBP, and CNY.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company 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 Company'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 Company carefully selects trust companies with good reputations to engage in financial instrument transactions.

The Company'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.

(u) Capital management

The Company'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.

The Company 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 Company may also use its equity ratio, computed as one less its debt ratio, as a basis in managing its capital.

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

	December 31, 2022	December 31, 2021
Total liabilities	$ 1,494,603	1,578,844
Total assets	$ 6,319,431	6,261,114
Debt ratio	24 %	25 %
Equity ratio	76 %	75 %

As of December 31, 2022, there were no changes in the Company's approach of capital management.

(v) 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 years ended December 31, 2022 and 2021 were as follows:

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

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2022	Cash flows	Non-cash changes: Effect of change in exchange rates	Non-cash changes: Others	December 31, 2022
Short-term borrowings	$ 91,543	(26,570)	835	-	65,808
Lease liabilities	5,386	(2,925)	-	2,247	4,708
Deposits received	730	175	-	-	905
Total liabilities from financing activities	$ 97,659	(29,320)	835	2,247	71,421

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	January 1, 2021	Cash flows	Non-cash changes: Effect of change in exchange rates	Non-cash changes: Others	December 31, 2021
Short-term borrowings	$ 233,247	(138,431)	(3,273)	-	91,543
Lease liabilities	5,282	(2,960)	-	3,064	5,386
Deposits received	1,115	(385)	-	-	730
Total liabilities from financing activities	**$ 239,644**	**(141,776)**	**(3,273)**	**3,064**	**97,659**

(7) Related-party transactions

(a) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Company and the Subsidiaries.

(b) Names and relationship with related parties

In this financial report, the related parties having transactions with the Company and subsidiaries were listed as below:

Name of related party	Relationship with the Company
TOPMOST INTERNATIONAL CO., LTD. (TOPMOST)	The Subsidiary
ATEN JAPAN CO., LTD. (ATEN JAPAN)	The Subsidiary
ATEN US HOLDINGS INC. (ATEN US)	The Subsidiary
FOREMOST INTERNATIONAL CO., LTD. (FOREMOST)	The Subsidiary
ATEN INFOTECH N.V. (ATEN INFOTECH)	The Subsidiary
ATECH PERIPHERALS INC. (ATEN PERIPHERALS)	The Subsidiary
ATEN RESEARCH INC. (ATEN RESEARCH) (Note 1)	The Subsidiary
ATEN COMPUTER PRODUCTS CO., LTD. (ATEN COMPUTER)	The Subsidiary
VISONTOP CO., LTD. (VISONTOP)	The Subsidiary
HONG JHENG TECHNOLOGY CO., LTD. (HONG JHENG)	The Subsidiary
HONG YUAN CO., LTD. (HONG YUAN)	The Subsidiary
ATEN ANZ PTY LTD. (ATEN ANZ)	The Subsidiary
RCM FULLY AUTOMATION CO., LTD. (RCM FULLY)	The Subsidiary

(Continued)

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Name of related party	Relationship with the Company
ATEN INFO COMMUNICATION LIMITED LIABILITY COMPANY (ATEN TURKEY)	The Subsidiary
ATEN POLAND SP.Z.O.O. (ATEN POLAND)	The Subsidiary
ATEN ROMANIA S.R.L. (ATEN ROMANIA)	The Subsidiary
ATEN ADVANCE PRIVATE LIMITED (ATEN ADVANCE)	The Subsidiary
ATEN LATAM MEXICO S.A. DE C.V. (ATEN MEXICO) (Note 2)	The Subsidiary
PT ATEN TECHNOLOGY INDONESIA (ATEN INDONESIA) (Note 3)	The Subsidiary
EXPAND INTERNATIONAL CO., LTD. (EXPAND)	The Sub-Subsidiary
ATEN EUROPE LIMITED (ATEN EUROPE)	The Sub-Subsidiary
I/O MASTER INC. (I/O MASTER)	The Sub-Subsidiary
ATEN CHINA CO., LTD. (ATEN CHINA)	The Sub-Subsidiary
ATEN FOREMOST INTERNATIONAL CO., LTD. (ATEN FOREMOST)	The Sub-Subsidiary
EXPAND ELECTRONIC CO., LTD. (EXPAND ELECTRONIC)	Invested by the Sub-Subsidiary
ATEN UK LIMITED (ATEN UK)	Invested by the Sub-Subsidiary
ATEN KOREA CO., LTD. (ATEN KOREA)	Invested by the Sub-Subsidiary
ATEN TECHNOLOGY INC. (ATEN TECHNOLOGY)	The Sub-Subsidiary
ATEN NEW JERSEY INC. (ATEN NEW JERSEY)	The Sub-Subsidiary
ATEN CANADA TECHNOLOGIES INC. (ATEN CANADA)	Invested by the Sub-Subsidiary
IOGEAR, Inc. (IOGEAR)	Invested by the Sub-Subsidiary

Note 1: The subsidiary was dissolved on December 8, 2022.

Note 2: The subsidiary was established on February 14, 2022.

Note 3: The subsidiary was established on July 22, 2022.

(Continued)

ATEN INTERNATIONAL CO., LTD.
Notes to the Financial Statements

(c) Significant related party transactions

(i) Operating revenue

The amounts of significant sales transactions between the Company and related parties were as follows:

		2022	2021
Subsidiaries			
ATEN TECHNOLOGY	$	506,686	330,973
ATEN INFOTECH		448,330	437,372
ATEN JAPAN		384,732	300,919
ATEN CHINA		331,841	299,884
ATEN KOREA		319,848	381,075
ATECH PERIPHERALS		240,536	223,317
Other Subsidiaries		156,496	169,304
	$	**2,388,469**	**2,142,844**

For the years ended December 31, 2022 and 2021, the Company's maintenance revenue from related parties were $4,167 thousands and $5,474 thousands, respectively.

The Company's collection period for related party is 30~150 days, the payment term ranged for other customer is 15~105 days, and there is no significant difference between the pricing of sale transaction with related parties and that with other customer. For the years ended December 31, 2022 and 2021 the Company did not have allowance bad debts of accounts receivable from related parties, nor collateral.

(ii) Purchases

The amount of purchase transactions between the Company and related parties were as follows:

		2022	2021
Subsidiaries			
EXPAND ELECTRONIC	$	748,923	758,797
ATEN FOREMOST		151,232	110,428
ATEN COMPUTER		88,425	16,748
Other Subsidiaries		37,635	11,301
	$	**1,026,215**	**897,274**

There were no significant differences between the pricing of purchase transactions and the payment method with related parties and that with other suppliers, expect for the subsidiary pay with net of purchase by purchasing agent.

(Continued)

(iii) Receivables from related parties

The receivables due from related parties were as follows:

Accounts	Type of related parties		December 31, 2022	December 31, 2021
	Subsidiaries			
Account receivables	ATEN TECHNOLOGY	$	241,710	92,902
Account receivables	ATEN JAPAN		141,168	62,739
Account receivables	ATEN INFOTECH		91,143	101,025
Account receivables	ATEN CHINA		74,620	89,016
Account receivables	ATEN KOREA		48,002	77,915
Account receivables	Other Subsidiaries		81,281	80,005
		$	**677,924**	**503,602**

(iv) Payables to related parties

The payables due to related parties were as follows:

Accounts	Type of related parties		December 31, 2022	December 31, 2021
	Subsidiaries			
Account payables	EXPAND ELECTRONIC	$	46,514	87,645
Account payables	ATEN FOREMOST		18,907	25,708
Account payables	Other Subsidiaries		10,458	16,422
	Sub total		75,879	129,775
	Subsidiaries			
Other payables	EXPAND		191,809	191,786
Other payables	Other Subsidiaries		3,882	6,430
	Sub total		195,691	198,216
		$	**271,570**	**327,991**

(v) Purchasing materials

The purchasing materials due from related parties were as follows:

		2022	2021
Subsidiaries			
EXPAND ELECTRONIC	$	305,398	253,140
ATEN COMPUTER		76,359	5,815
ATEN FOREMOST		670	1,748
	$	**382,427**	**260,703**

(Continued)

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(vi) Information service income

The details of the information service income from related parties were as follows (recorded under other income) :

		2022	2021
Subsidiaries			
ATEN PERIPHERALS	$	4,078	2,681
ATEN TECHNOLOGY		3,588	3,179
ATEN CHINA		3,208	3,207
Other Subsidiaries		7,865	7,866
	$	**18,739**	**16,933**

As of December 31, 2022 and 2021, all the receivables arising from the above transactions were collected.

(vii) Others

1) The Company entrust related parties to develop and design products, were paid for research and development costs as follows:

		2022	2021
Subsidiaries			
ATEN CANADA	$	100,537	96,705
ATEN FOREMOST		29,513	26,904
Other Subsidiaries		23,065	21,849
	$	**153,115**	**145,458**

2) The credit limits of the guarantees the Company had provided on the bank loans of related parties were as follows:

	2022		2021	
Subsidiaries				
ATEN TECHNOLOGY	USD	25,500,000	USD	22,500,000
ATEN JAPAN	JPY	550,000,000	JPY	350,000,000
ATEN INFOTECH	EUR	3,000,000	EUR	1,500,000
ATEN UK	GBP	2,000,000	GBP	1,000,000
ATEN KOREA	USD	2,000,000	USD	2,000,000
ATECH PERIPHERALS	NTD	133,500,000	NTD	81,500,000
ATECH PERIPHERALS	USD	175,000	USD	200,000
ATEN CHINA	CNY	20,000,000	CNY	20,000,000
ATEN FOREMOST	CNY	4,800,000	CNY	4,800,000
EXPAND ELECTRONIC	USD	1,300,000	USD	1,300,000
RCM FULLY	NTD	75,000,000	NTD	55,000,000
ATEN ANZ	AUD	1,000,000	AUD	1,000,000
ATEN COMPUTER	THB	15,000,000	THB	-

(Continued)

(d) Key management personnel compensations

Key management personnel compensation comprised:

	2022	2021
Short-term employee benefits	$ 48,500	49,714

For the years ended December 31, 2022 and 2021, the Company provided three and four vehicles at a cost of $12,336 thousand and $12,044 thousand for key management personnel, respectively.

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2022	December 31, 2021
Cash and negotiable certificate of deposits (recorded under other financial assets－non-current)	Guarantee for provisional attachment	$ 71,428	71,428
Time deposits (recorded under other financial assets－non-current)	Guarantee for customs	4,159	4,118
Time deposits (recorded under other financial assets－non-current)	Guarantee for provisional seizure	30,000	30,000
		$ 105,587	105,546

(9) Commitments and contingencies

(a) As of December 31, 2022 and 2021, the Company had an unused line of credit for purchasing raw materials amounting to $4,101 thousand (USD133,552) and $10,324 thousand (USD371,100), respectively.

(b) As of December 31, 2022 and 2021, the outstanding bank drafts to secure credit facilities and financial instruments amounted to $1,812,124 thousand and $1,265,380 thousand, respectively.

(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. The Supreme Court reversed the judgment of the 2007 lawsuit against the Company in March 2020 and remanded to the Intellectual Property Court. In October 2021 the Intellectual Property Court dismissed the 2020 lawsuit brought by HoeYa Technology Inc. which HoeYa Technology Inc. filed an appeal accordingly. Both of the lawsuits were under the court proceedings. The Company has retained attorneys to handle the cases, which were still in progress as of the reporting date.

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

(Continued)

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(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other

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

By function / By nature	Years ended December 31 2022			Years ended December 31 2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	166,921	714,419	881,340	152,536	673,826	826,362
Labor and health insurance	16,618	49,710	66,328	16,162	49,713	65,875
Pension	6,218	27,147	33,365	5,786	26,171	31,957
Directors' remuneration (Note)	-	17,978	17,978	-	17,544	17,544
Others	11,292	28,432	39,724	9,725	26,194	35,919
Depreciation	27,218	30,775	57,993	26,818	30,949	57,767
Amortization	-	-	-	-	-	-

Note: The Company has found the Audit Committee, the remuneration of independent directors is included in director's remuneration for disclosure.

The Company's number of employees for the years ended December 31, 2022 and 2021 and additional information on employee benefits are as follows:

	2022	2021
Number of employees	**736**	**727**
Number of directors who were not employees	**7**	**7**
The average employee benefit	**$ 1,400**	**1,333**
The average salaries and wages	**$ 1,209**	**1,148**
The average of employee salary cost adjustment as follows	**5.31 %**	
Supervisors' remuneration	**$ -**	**-**

The Company's salary and remuneration policy (including directors, managers and employees) are as follows:

(i) The remunerations to directors are paid in accordance with the Company's articles of incorporation and "Directors' Remuneration Calculation and Grant Measures". If the Company incurs profit in a fiscal year, the profit shall be distributed as remuneration to directors according to the percentage of the profit stipulated in the Company's Articles of Incorporation to be reviewed by the Salary and Remuneration Committee and the Board of Directors, and submitted in the shareholders' meeting for approval. If a director is also employed by the Company, the salary and remuneration would also be paid according to nos. (ii), (iii) and (iv) regulations below:

(Continued)

(ii) The remuneration to the general manager, deputy general managers and senior managers are decided according to the Company' s performance evaluation and related regulations with reference to the extent of his/her involvement in, and the value of his/her contribution to, the Company, as well as the standards of the industry. The remuneration would be executed after being reviewed by the Salary and Remuneration Committee and approved by the Board of Directors.

(iii) The policy on the salary and remuneration to employees of the Company is established according to each employee's personal capability, contribution to the Company, performance evaluation and the relevance to operating result. The whole salary and remuneration package mainly include basic salary, bonus, remuneration, welfare, etc. The standards for basic salary was established and will be adjusted based on the usual level of payment in the industry, the Company's operating performance and structure, the competition situation in the market, the overall changes in economy and industry, as well as the regulations from the government. The bonus and remuneration to employees are based on their performance, achievement for department goal or the Company's operating performance. The main precondition for welfare is to fulfill the regulations and to take further care of employee's need, as well as to provide welfare to benefit the whole employees.

(iv) According to the article 24 of the Company's articles of incorporation : 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% as directors' and supervisors' remuneration, wherein the distribution will be decided by the board of directors.

(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 civil lawsuit is still in the first trial at Taipei District Court.

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(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 Company:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties: None.

(iii) Securities held as of December 31, 2022 (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	2022				Remarks
				Number of shares	Book value	Holding percentage	Market value	
	Mutual fund:							
The Company	JIHSUN Money Market Fund	—	Financial assets at fair value through profit or loss－current	3,392	51,122	-	51,122	
The Company	Union Money Market Fund	—	Financial assets at fair value through profit or loss－current	15,724	210,952	-	210,952	
The Company	Yuanta De-Li Money Market Fund	—	Financial assets at fair value through profit or loss－current	20,852	345,498	-	345,498	
HONG JHENG TECHNOLOGY CO., LTD	JIHSUN Money Market Fund	—	Financial assets at fair value through profit or loss－current	2,567	38,681	-	38,681	
HONG YUAN CO., LTD	JIHSUN Money Market Fund	—	Financial assets at fair value through profit or loss－current	2,838	42,767	-	42,767	
ATEN FOREMOST INTERNATIONAL CO., LTD.	SHANG TOU Money Market Fund	—	Financial assets at fair value through profit or loss－current	2,436	10,743	-	10,743	
	Stock:							
The Company	SHIN KONG FINANCIAL HOLDING CO., LTD.	—	Financial assets at fair value through other comprehensive income－current	165	1,449	-	1,449	
The Company	TAIWAN COOPERATIVE BANK	—	Financial assets at fair value through other comprehensive income－current	151	3,922	-	3,922	
The Company	CHINA DEVELOPMENT FINANCIAL HOLDINGS CO., LTD.	—	Financial assets at fair value through other comprehensive income－current	79	1,000	-	1,000	
The Company	ACROX CO., LTD.	—	Financial assets at fair value through other comprehensive income－non current	1,428	14,280	14	14,280	
The Company	OptoMedia Technology Inc.	—	Financial assets at fair value through other comprehensive income－non current	162	4,337	2	4,337	
The Company	Taiwan Wind Power Energy	—	Financial assets at fair value through other comprehensive income－non current	900	9,000	5	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

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	First Bank Taiwan Money Market Fund	Financial assets at fair value through profit or loss－current	-	-	17,396	269,145	13,828	214,000	31,224	485,658	484,156	1,502	-	-
The Company	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss－current	-	-	-	-	25,381	420,000	4,529	75,046	75,000	46	20,852	345,498
The Company	Union Money Market Fund	Financial assets at fair value through profit or loss－current	-	-	-	-	32,885	440,000	17,161	230,388	230,000	388	15,724	210,952

(Continued)

ATEN INTERNATIONAL CO., LTD.
Notes to the Financial Statements

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

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

Unit: thousand dollars

Name of Company	Counter-party	Relationship	Transaction details				The status and reason for deviation from arm's-length transaction		Account / note receivable (payable)		Remarks
			Purchase / Sale	Amount	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
The Company	EXPEND ELECTRONIC CO., LTD	Invested by sub-subsidiary	Purchase	748,923	43	30days	No significant differences	Note 1	(46,514)	(13)	
EXPEND ELECTRONIC CO., LTD	The Company	Invested by sub-subsidiary	(Sales)	(748,923)	(100)	30days	No significant differences	Note 1	46,514	100	
The Company	ATEN FOREMOST INERNATIONAL CO., LTD.	Sub-subsidiary	Purchase	151,232	9	30days	No significant differences	Note 1	(18,907)	(5)	
ATEN FOREMOST INERNATIONAL CO., LTD.	The Company	Sub-subsidiary	(Sales)	(151,232)	(64)	30days	No significant differences	Note 1	18,907	51	
The Company	ATEN INFORECH N.V.	Subsidiary	(Sales)	(448,330)	(12)	90days	No significant differences	No significant differences	91,143	12	
ATEN INFORECH N.V.	The Company	Subsidiary	Purchase	448,330	100	90days	No significant differences	No significant differences	(91,143)	(100)	
The Company	ATECH PERIPHERALS.	Subsidiary	(Sales)	(240,536)	(6)	30days	No significant differences	No significant differences	17,254	2	
ATECH PERIPHERALS.	The Company	Subsidiary	Purchase	240,536	75	30days	No significant differences	No significant differences	(17,254)	(30)	
The Company	ATEN KOREA CO., LED	Invested by sub-subsidiary	(Sales)	(331,841)	(9)	60days	No significant differences	No significant differences	48,002	6	
ATEN KOREA CO., LED	The Company	Invested by sub-subsidiary	Purchase	331,841	100	60days	No significant differences	No significant differences	(48,002)	(100)	
The Company	ATEN CHINA CO., LED	Sub-subsidiary	(Sales)	(319,848)	(8)	45days	No significant differences	No significant differences	74,620	10	
ATEN CHINA CO., LED	The Company	Sub-subsidiary	Purchase	319,848	100	45days	No significant differences	No significant differences	(74,620)	(99)	
The Company	ATEN TECHNOLOGY INC.	Sub-subsidiary	(Sales)	(506,686)	(13)	125days	No significant differences	No significant differences	241,710	31	
ATEN TECHNOLOGY INC.	The Company	Sub-subsidiary	Purchase	506,686	64	125days	No significant differences	No significant differences	(241,710)	(94)	
The Company	ATEN JAPAN CO., LTD	Subsidiary	(Sales)	(384,732)	(10)	75days	No significant differences	No significant differences	141,168	18	
ATEN JAPAN CO., LTD	The Company	Subsidiary	Purchase	384,732	100	75days	No significant differences	No significant differences	(141,168)	(100)	

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

(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 JAPAN CO., LTD	Subsidiary	141,168	3.77	-		96,351 (As of March 14, 2023)	-
The Company	ATEN TECHNOLOGY INC.	Sub-subsidiary	241,710	3.03	-		98,489 (As of March 14, 2023)	-
EXPAND INTERNATIONAL CO., LTD.	The Company	The ultimate parent company	191,809	-	-	Depend on capital budgeting	- (As of March 14, 2023)	-

(ix) Trading in derivative instruments:

Please refer to 6(b) for further information.

(Continued)

ATEN INTERNATIONAL CO., LTD.
Notes to the Financial Statements

(b) Information on investees:

The following is the information on investees for the year 2022 (excluding information on investees in Mainland China):

Unit: thousand dollars

Name of investor	Name of investee	Location	Scope of business	Original cost		Ending balance			Net income of investee	Investment income (losses)	Remarks
				December 31, 2022	December 31, 2021	Shares	Ratio of shares	Book value			
The Company	TOPMOST INTERNATIONAL CO., LTD.	Cayman	Investing	22,183	22,183	700,000	100 %	529,949	49,851	49,851	
The Company	ATEN JAPAN CO., LTD.	Japan	Trading of computer peripheral equipment	25,105	25,105	1,600	100 %	84,237	54,258	54,258	
The Company	ATEN US HOLDING INC.	USA	Investing	287,083	287,083	9,380,000	100 %	(42,078)	(23,834)	(23,834)	
The Company	FOREMOST INTERNATIONAL CO., LTD.	Mauritius	Investing	69,730	69,730	2,180,628	100 %	35,774	(436)	(436)	
The Company	ATEN RESEARCH INC.	USA	Trading of computer peripheral equipment	-	15,494	-	- %	-	-	-	Note 1
The Company	ATECH PERIPHERALS INC.	Taiwan	Manufacturing and trading of computer peripheral equipment	90,479	90,479	10,000,000	100 %	173,215	47,915	47,956	
The Company	ATEN INFOTECH N.V.	Belgium	Trading of computer peripheral equipment	54,197	54,197	58,343	100 %	35,594	11,373	11,373	
The Company	ATEN COMPUTER PRODUCTS CO., LTD.	Thailand	Manufacturing of computer peripheral equipment	392,097	392,097	4,300,000	100 %	289,043	(33,397)	(33,397)	
The Company	VISIONTOP CO., LTD.	Taiwan	Specialized printing	86,483	86,483	6,472,066	60 %	64,625	117	70	
The Company	HONG JHENG TECHNOLOGY CO., LTD	Taiwan	Investing	31,778	31,778	1,600,000	100 %	44,130	227	227	
The Company	HONG YUAN CO., LTD.	Taiwan	Investing	31,778	31,778	1,600,000	100 %	48,155	250	250	
The Company	ATEN ANZ PTY LTD.	Australia	Trading of computer peripheral equipment	77,350	77,350	3,500,000	100 %	19,401	(9,752)	(9,752)	
The Company	RCM FULLY AUTOMATION CO., LTD.	Taiwan	Trading of computer peripheral equipment	7,800	7,800	780,000	26 %	7,016	9,999	2,742	
The Company	ATEN INFO COMMUNICAION LIMITED LIABILITY COMPANY	Turkey	Trading of computer peripheral equipment	19,406	17,683	3,000	100 %	2,093	(388)	(388)	
The Company	ATEN POLAND SP Z.O. O.	Poland	Trading of computer peripheral equipment	8,295	8,295	20,000	100 %	5,197	(1,015)	(1,015)	
The Company	ATEN ROMANIA S.R.L.	Romania	Trading of computer peripheral equipment	5,839	5,839	80,000	100 %	8,742	1,115	1,115	
The Company	ATEN ADVANCE PRIVATE LIMITED	India	Trading of computer peripheral equipment	9,030	9,030	2,200,000	100 %	8,883	364	364	
The Company	ATEN LATAM MEXICO S.A. DE C.V.	Mexico	Trading of computer peripheral equipment	7,204	-	5,200,000	100 %	4,146	(3,814)	(3,814)	
The Company	PT ATEN TECHNOLOGY INDONESIA	Indonesia	Trading of computer peripheral equipment	5,099	-	250,000,000	100 %	4,083	(917)	(917)	
TOPMOST INTERNATIONAL CO., LTD.	ATEN EUROPE LTD.	UK	Investing	67,279	67,279	1,069,000	100 %	198,180	24,680	24,680	
TOPMOST INTERNATIONAL CO., LTD.	I/O MASTER INC.	Samoa	Investing	9,782	9,782	700,000	100 %	34,929	2,963	2,963	
ATEN US HOLDING INC.	ATEN NEW JERSEY INC.	USA	Trading of computer peripheral equipment	22,815	22,815	160,000	20 %	6,179	(3)	(1)	
ATEN US HOLDING INC.	ATEN TECHNOLOGY INC.	USA	Trading of computer peripheral equipment	267,204	267,204	8,672,084	99 %	78,504	(24,397)	(24,180)	
ATEN TECHNOLOGY INC.	ATEN NEW JERSEY INC.	USA	Trading of computer peripheral equipment	3,303	3,303	640,000	80 %	24,717	(3)	(2)	
ATEN EUROPE LTD.	ATEN UK LTD.	UK	Trading of computer peripheral equipment	37,922	37,922	650,000	100 %	8,015	5,377	5,377	
ATEN EUROPE LTD.	ATEN KOREA CO., LTD.	Korea	Trading of computer peripheral equipment	34,811	34,811	102,000	85 %	98,564	23,883	20,301	
I/O MASTER INC.	ATEN CANADA TECHNOLOGIES INC.	Canada	Research and development	3	3	300	100 %	43,098	2,999	2,999	
I/O MASTER INC.	IOGEAR, INC.	USA	Trading of computer peripheral equipment	3	3	10	100 %	-	-	-	
ATECH PERIPHERALS INC.	RCM FULLY AUTOMATION CO., LTD.	Taiwan	Trading of computer peripheral equipment	22,066	22,066	2,220,000	74 %	21,043	9,999	7,399	

Note 1: The subsidiary was dissolved in December, 2022.

(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, 2022	Investment flow during current period		Cumulative investment (amount) from Taiwan as of December 31, 2022	Net income on investee	Direct / indirect investment holding percentage	Investment income (loss) (Note 4)	Book value	Accumulated remittance of earnings in current period
					Remittance amount	Repatriation amount						
EXPAND INTERNATIONAL CO., LTD. (Note 2)	Investing	21,383	(3)	21,383	-	-	21,383	23,421	100 %	23,421	347,978	69,337
ATEN CHINA CO., LTD.	Trading of computer peripheral equipment	56,924	(3)	51,394	-	-	51,394	(12,703)	100 %	(12,703)	57,811	86,093

(Continued)

ATEN INTERNATIONAL CO., LTD.
Notes to the Financial Statements

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, 2022	Investment flow during current period		Cumulative investment (amount) from Taiwan as of December 31, 2022	Net income on investee	Direct / indirect investment holding percentage	Investment income (loss) (Note 4)	Book value	Accumulated remittance of earnings in current period
					Remittance amount	Repatriation amount						
ATEN FOREMOST INTERNATIONAL CO., LTD.	Manufacturing and trading of computer peripheral equipment	29,315	(3)	29,315	-	-	29,315	9,262	100 %	9,262	38,674	-
EXPAND ELECTRONIC CO., LTD.	Manufacturing of computer peripheral products	67,184	(3)	34,706	-	-	34,706	21,941	100 %	21,941	147,818	-

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: The exchange rate is USD 1 to NTD30.708.

Note 4: The investment income (losses) were recognized under the equity method and based on the financial statements audited by the auditor of the Company.

(ii) Limitation on investment in Mainland China:

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
136,798	168,894	2,894,897 (Note 1)

Note 1: The limit on investment in mainland China is determined by sixty percent (60%) of the Company's net worth.

Note 2: The exchange rate is USD1 to NTD30.708.

(iii) Significant transactions:

Please refer to 13(a) item No. 7 for further information.

(d) Major shareholders:

Unit: share

Shareholding / Shareholder's Name	Shares	Percentage
Shang-Jen Chen	6,789,342	5.68 %
Ching-Tang Chen	6,449,352	5.39 %

(14) Segment information

Please refer to the year 2022 consolidated financial statements.

ATEN INTERNATIONAL CO., LTD.

Statement of cash and cash equivalents

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Type	Description	Amount
Cash	Petty cash and foreign currency cash	$ 5,280
Bank deposits	Saving deposits	195,747
	Checking deposits	896
	Time deposits	
	TWD (rate 0.76%~1.40%, maturity from 2023.01.16~2023.12.25)	74,246
	CNY4,000 thousand, @4.4076 (rate 0.34%, maturity date 2023.01.09)	17,630
	USD2,900 thousand, @30.7080 (rate 4.17~4.39%, maturity from 2023.01.04~2023.01.05)	89,053
	Foreign currency deposits	
	USD1,262,025, @30.7080	38,754
	JPY194,217,939, @0.2323	45,117
	GBP10,600, @37.0461	393
	EUR1,161,364, @32.7132	37,992
	CNY629,834, @4.4076	2,776
	RUB864,731, @0.4355	376
	AUD377,791, @20.8231	7,867
	Subtotal	510,847
		$ 516,127

ATEN INTERNATIONAL CO., LTD.

Statement of financial assets measured at fair value through profit or loss - current

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Name of financial assrts	Description	Number of shares	Par Value	Amount	Rate (%)	Acquision cost	Fair value Unit price	Fair value Amount	The amount of chang in the fair value that is attributable to change in the credit risk	Note
Mutual funds:										
JIHSUN Money Market Fund		3,392	$ -	-	-	50,778	15.0708	51,122	-	
Yuanta De-Li Money Market Fund		20,852	-	-	-	345,046	16.5694	345,498	-	
Union Money Market Fund		15,724	-	-	-	210,388	13.4158	210,952	-	
				-		606,212		607,572	-	
Forward Exchange:										
USD		-	-	-	-	-	-	1,072	-	Note
GBP		-	-	-	-	-	-	18	-	Note
AUD		-	-	-	-	-	-	28	-	Note
				-		-		1,118	-	
				$ -		**606,212**		**608,690**	**-**	

Note:Unrealized valuation gain of derivative financial assets held by the company as of December 31, 2022.

ATEN INTERNATIONAL CO., LTD.

Statement of financial assets measured at fair value through other comprehensive income - current

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Name of financial assets	Description	Number of shares (thousand shares)	Par value	Amount	Rate (%)	Acquision cost	Fair value		Note
							Unit price	Amount	
Stock:									
SHIN KONG FINANCIAL HOLDING CO., LTD	-	165	$ -	-	-	2,789	8.77	1,449	None
TAIWAN COOPERATIVE BANK	-	151	-	-	-	1,993	26.00	3,922	〃
CHINA DEVELOPMENT FINANCIAL HOLDINGS CO., LTD.	-	79	-	-	-	892	12.60	1,000	〃
				$ -		5,674		6,371	

ATEN INTERNATIONAL CO., LTD.

Statement of account receivables

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Customer	Description	Amount	Note
Related parties:			
ATEN TECHNOLOGY	Arising from operating activities	$ 241,710	
ATEN JAPAN	〃	141,168	
ATEN INFOTECH	〃	91,143	
ATEN CHINA	〃	74,620	
ATEN KOREA	〃	48,002	
Others	〃	81,281	
		677,924	
Non-related parties:			
Client A	Arising from operating activities	11,330	
Client B	〃	10,779	
Client C	〃	9,450	
Client D	〃	7,361	
Client E	〃	5,935	
Client F	〃	5,930	
Client G	〃	5,064	
Other (Individually less than 5%)	〃	40,313	
		96,162	
		$ 774,086	

ATEN INTERNATIONAL CO., LTD.

Statement of inventories

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Type	Amount		Note
	Cost	Net realizable value	
Finished goods	$ 272,548	504,462	Market value is determined at net realizable value
Work in process	115,810	216,467	〃
Raw materials	384,477	376,708	〃
Total	772,835	**1,097,637**	
Less: Allowance for inventory valuation loss	29,657		
	$ 743,178		

Statement of prepayments

Type	Description	Amount	Note
Prepaid expenses	Arising from operating activities	$ 7,888	
Payment in advance	〃	4,162	
		$ 12,050	

ATEN INTERNATIONAL CO., LTD.

Statement of other current assets

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Type	Description	Amount	Note
Business tax refund receivable	Arising from operating activities	$ 16,200	
Repatriated funds receivable	〃	4,288	
Temporary debits	〃	415	
Payment on behalf and others	〃	3,356	
		$ 24,259	

ATEN INTERNATIONAL CO., LTD.

Statement of changes in investments accounted under equity method

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Company	Beginning of Balance		Increase		Decrease		Ending Balance			Market Value or Book Value		Collaterals or pledged assets	Note
	Number of shares (shares)	Amount	Number of shares (shares)	Amount	Number of shares (shares)	Amount	Number of shares (shares)	Ownership (%)	Amount	Unit price (NT$)	Amount		
TOPMOST	700,000	$ 474,258	-	55,691 (Note 1)	-	-	700,000	100	529,949	831	581,615	None	
ATEN JAPAN	1,600	94,139	-	24,646 (Note 1)	-	34,548 (Note 2)	1,600	100	84,237	99,893	159,829	None	
ATEN US	9,380,000	27,686	-	-	-	27,686 (Note 1)	9,380,000	100	- (Note 3)	-	-	None	
FOREMOST	2,180,628	41,693	-	-	-	5,919 (Note 1)	2,180,628	100	35,774	36	79,468	None	
ATEN RESEARCH	2,840	78	-	9 (Note 1)	2,840	87 (Note 4)	-	-	-	-	-	None	
ATECH PERIPHERALS	10,000,000	151,550	-	57,208 (Note 1)	-	35,543 (Note 2)	10,000,000	100	173,215	18	176,351	None	
ATEN INFOTECH	58,343	42,470	-	-	-	6,876 (Note 1)	58,343	100	35,594	1,589	92,696	None	
ATEN COMPUTER	4,300,000	302,179	-	-	-	13,136 (Note 1)	4,300,000	100	289,043	67	289,777	None	
VISIONTOP	6,472,066	64,190	-	435 (Note 1)	-	-	6,472,066	60	64,625	10	61,914	None	
HONG JHENG	1,600,000	43,903	-	227 (Note 1)	-	-	1,600,000	100	44,130	28	44,130	None	
HONG YUAN	1,600,000	47,905	-	250 (Note 1)	-	-	1,600,000	100	48,155	30	48,154	None	
ATEN ANZ	3,500,000	28,263	-	-	-	8,862 (Note 1)	3,500,000	100	19,401	7	25,339	None	
RCM FULLY	780,000	4,274	-	2,742 (Note 1)	-	-	780,000	26	7,016	9	7,403	None	
ATEN TURKEY	2,000	1,041	1,000	1,723 (Note 1)	-	671 (Note 1)	3,000	100	2,093	698	2,093	None	
ATEN POLAND	20,000	4,947	-	250 (Note 1)	-	-	20,000	100	5,197	337	6,746	None	
ATEN ROMANIA	80,000	7,239	-	1,503 (Note 1)	-	-	80,000	100	8,742	109	8,742	None	
ATEN CHINA	360,000	20,782	-	-	-	3,432 (Note 1)	360,000	30	17,350	48	17,340	None	
ATEN ADVANCE	2,200,000	8,543	-	340 (Note 1)	-	-	2,200,000	100	8,883	4	8,883	None	
ATEN MEXICO	-	-	5,200,000	7,204 (Note 1)	-	3,058 (Note 1)	5,200,000	100	4,146	1	4,146	None	
ATEN INDONESIA	-	-	250,000,000	5,099 (Note 1)	-	1,016 (Note 1)	250,000,000	100	4,083	-	4,083	None	
		$ 1,365,140		**157,327**		**140,834**			**1,381,633**		**1,618,709**		

Note 1: The amount including addition in investment, share of profit or loss and other comprehensive income of subsidiaries, exchange difference on tranlations of foreign financial statements and unrealized sales profit.

Note 2: The cash dividends received from subsidiaries.

Note 3: Credit in investments accounted for under equity method recognized in non-current liabilities.

Note 4: The subsidiary was dissolved in December, 2022.

ATEN INTERNATIONAL CO., LTD.

Statement of changes in investments accounted under equity method with credit balance

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Company	Beginning of Balance		Increase		Decrease		Ending Balance			Market Value or Book Value		Collaterals or pledged assets	Note
	Number of shares (shares)	Amount	Number of shares (shares)	Amount	Number of shares (shares)	Amount	Number of shares (shares)	Ownership (%)	Amount	Unit price (NT$)	Amount		
ATEN US	9,380,000	$ -	-	-	-	42,078 (Note 1)	9,380,000	100	(42,078) (Note 2)	9	87,557	None	

Note 1: The amount including share of profit or loss and other comprehensive income of subsidiaries, exchange difference on tranlations of foreign financial statements and unrealized sales profit.

Note 2: Credit in investments accounted for under equity method recognized in non-current liabilities.

ATEN INTERNATIONAL CO., LTD.

Statement of account payables

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Customer	Description	Amount	Note
Related parties:			
EXPAND ELECTRONIC	Arising from operating activities	$ 46,514	
ATEN FOREMOST	〃	18,907	
Others	〃	10,458	
		75,879	
Non-related parties:			
Vender A	Arising from operating activities	36,369	
Vender B	〃	20,729	
Vender C	〃	20,353	
Other (Individually less than 5%)	〃	201,017	
		278,468	
		$ 354,347	

Statement of other payables

Type	Description	Amount
Salary and bonus		$ 143,805
Remuneration to employees and directors		161,706
Labor, health insurance and pension		9,866
Import, export costs and freight expenses		5,966
Professional service expenses		2,187
Others		59,161
		$ 382,691

ATEN INTERNATIONAL CO., LTD.

Statement of other current liabilities

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Type	Description	Amount	Note
Temporary receipts		$ 12,633	
Receipts under custody		5,047	
Others		680	
		$ 18,360	

Statement of operating revenue

For the year ended December 31, 2022

Type	Quantity	Amount	Note
IT infrastructure management solutions	720	$ 2,693,710	
Video products	244	643,896	
Others	894	426,591	
		$ 3,764,197	

ATEN INTERNATIONAL CO., LTD.

Statement of operating costs

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Type	Amount	
	Subtotal	Total
Cost of goods sold (in-house manufacturing):		
Direct raw material		
Beginning inventory	$ 218,737	
Add: Raw material purchased	855,878	
Less: Ending raw material	384,477	
Raw material sold	51,458	
Raw material for self-use	4,548	
Losses on scrapping of raw material	2,209	
Losses on physical raw material	164	
Subtotal	631,759	
Direct labor	69,311	
Manufacturing expenses	207,677	
Manufacturing costs	908,747	
Add: Beginning work-in-process inventory	75,151	
Material purchased	39,563	
Less: Ending work-in-process inventory	115,810	
Sale of work-in-process inventory	487	
Work-in-process inventory for self-use	1,901	
Losses on scrapping of work-in-process inventory	2,515	
Other	116	
Cost of finished goods	902,632	
Add: Beginning finished goods	229,842	
Material purchased	567,147	
Gains on physical finished goods	15	
Other	67	
Less: Ending finished goods	272,548	
Finished goods for self-use	4,736	
Losses on scrapping of finished goods	1,617	
Total cost of goods sold (in-house manufacturing)		1,420,802
Cost of goods sold (purchase from suppliers)：		
Beginning merchandise	-	
Add: Merchandise purchased	277,566	
Less: Ending merchandise	-	
Total cost of goods sold (purchase from suppliers)		277,566
Total cost of goods sold		1,698,368
Sale of raw materials		51,458
Sale of work-in-process inventory		487
Losses on inventory valuation		6,528
Losses on scrapping of inventory and physical count		6,490
Warranty and maintenance preparation		1,372
Operating costs		**$ 1,764,703**

ATEN INTERNATIONAL CO., LTD.

Statement of selling expenses

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Type	Description	Amount	Note
Salaries, bonus, and remuneration to employees		$ 240,384	
Professional service expenses		31,423	
Import and export expenses		20,279	
Insurance expenses		18,869	
Advertising expenses		18,578	
Pension expenses		10,799	
Traveling expenses		8,424	
Others		49,158	
		$ 397,914	

Statement of administrative expenses

Type	Description	Amount	Note
Salaries, bonus, and remuneration to employees		$ 181,900	
Professional service expenses		25,298	
Remuneration of directors and transportation expenses		17,978	
Insurance expenses		13,110	
Depreciation		12,749	
Pension expenses		5,900	
Traveling expenses		4,155	
Others		54,213	
		$ 315,303	

ATEN INTERNATIONAL CO., LTD.

Statement of research and development expenses

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Type	Description	Amount	Note
Salaries, bonus, and remuneration to employees		$ 292,135	
Research and development expenses		159,084	
Insurance expenses		21,616	
Depreciation		10,567	
Pension expenses		10,448	
Others		23,764	
		$ 517,614	

For statement of changes in property, plant and equipment, please refer to note 6(g).

For statement of changes in accumulated depreciation of property, plant and equipment, please refer to note 6(g).

For statement of changes in right-of-use assets, please refer to note 6(h).

For statement of changes in accumulated depreciation of right-of-use assets, please refer to note 6(h).

For statement of short-term borrowings, please refer to note 6(i).

For statement of other income, please refer to note 6(r).