

AVer Information Inc. and  
Subsidiaries

Consolidated Financial  
Statements for the  
Three Months Ended March 31,  
2021 and 2020 and  
Independent Auditors' Review  
Report

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## **Independent Auditor's Review (translated from Chinese)**

To the Board of Directors and Shareholders of AVer Information Inc.

### **Introduction**

We have reviewed the accompanying consolidated financial statements of AVer Information Inc. and its subsidiaries (AVer Group) as of March 31, 2021 and 2020, and related consolidated statements of comprehensive income, of changes in equity, and of cash flows for the three months ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

We conducted our reviews in accordance with Statements of Auditing Standards No.65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of Consolidated Financial Statements consists of making inquiries ,primarily of persons responsible for financial and accounting matters , and applying analytical and other viewer procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our reviews, nothing has come to our attention that cause us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects the consolidated financial position of the Company as of March 31, 2021 and 2020 and its consolidated financial performance and its consolidated cash flow for the three months ended March 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Janice Wang and Cindy Kao.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China  
April 27, 2021

### Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with 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.*

*For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.*

AVer Information Inc. and subsidiaries  
CONSOLIDATED BALANCE SHEETS  
(Unit: In Thousands of New Taiwan Dollars)

C o d e	A S S E T S	March 31, 2021 (Reviewed)		December 31, 2020 (Audited)		March 31, 2020 (Reviewed)	
		A m o u n t	%	A m o u n t	%	A m o u n t	%
	CURRENT ASSETS						
1100	Cash and cash equivalents (Note 6)	\$ 1,415,287	29	\$ 1,800,553	39	\$ 828,613	28
1110	Financial assets at fair value through profit or loss (Note 7)	51,309	1	51,667	1	51,070	2
1136	Financial assets at amortized cost(Note 9)	120,000	3	-	-	-	-
1150	Notes receivable	570	-	1,204	-	291	-
1170	Account receivable (Notes 10 and 27)	459,598	9	543,331	12	329,087	11
1200	Other receivables (Note 27)	21,835	1	18,291	-	8,348	-
1220	Income tax assets for current period	6,552	-	5,893	-	8,291	-
130X	Inventories (Notes 11)	932,234	19	804,941	17	284,411	10
1479	Other current assets	14,366	-	11,672	-	30,020	1
11XX	Total current assets	<u>3,021,751</u>	<u>62</u>	<u>3,237,552</u>	<u>69</u>	<u>1,540,131</u>	<u>52</u>
	NONCURRENT ASSETS						
1517	Financial assets at fair value through other comprehensive income (Note 8)	363,221	8	-	-	-	-
1600	Property, plant, and equipment (Notes 13 and 28)	1,261,273	26	1,212,272	26	1,207,346	41
1755	Right-of-use assets (Note 14)	48,726	1	43,281	1	58,567	2
1760	Investment property (Note 15)	67,879	1	68,091	2	68,725	2
1780	Intangible assets	11,372	-	8,268	-	6,132	-
1840	Deferred income tax assets	92,367	2	94,031	2	60,634	2
1990	Other noncurrent assets	14,454	-	15,690	-	16,740	1
15XX	Total noncurrent assets	<u>1,859,292</u>	<u>38</u>	<u>1,441,633</u>	<u>31</u>	<u>1,418,144</u>	<u>48</u>
1XXX	TOTAL ASSETS	<u>\$ 4,881,043</u>	<u>100</u>	<u>\$ 4,679,185</u>	<u>100</u>	<u>\$ 2,958,275</u>	<u>100</u>
C o d e	L I A B I L I T I E S   A N D   E Q U I T Y						
	CURRENT LIABILITIES						
2100	Short-term loans (Note 16)	\$ 200,000	4	\$ 200,000	4	\$ -	-
2120	Financial liabilities at fair value through profit or loss (Note 7)	874	-	13,954	-	1,006	-
2170	Accounts payable (Note 27)	376,202	8	312,084	7	98,291	3
2200	Other payables (Note 17)	379,242	8	415,254	9	157,802	5
2230	Income tax liabilities for current period	209,472	4	178,771	4	2,131	-
2280	Capital lease liabilities (Note 14)	23,427	-	19,265	1	22,672	1
2365	Refund liability	140,163	3	190,604	4	82,180	3
2399	Other current liabilities (Note 18)	21,710	-	14,564	-	5,962	-
21XX	Total current liabilities	<u>1,351,090</u>	<u>27</u>	<u>1,344,496</u>	<u>29</u>	<u>370,044</u>	<u>12</u>
	NONCURRENT LIABILITIES						
2540	Long-term loans (Note 16)	28,210	1	28,156	1	-	-
2550	Provision (Note 18)	36,095	1	37,847	1	35,504	1
2570	Deferred income tax liabilities	5,210	-	7,222	-	4,904	-
2580	Capital lease liabilities (Note 14)	44,605	1	44,217	1	60,104	2
2670	Other noncurrent liabilities	16,722	-	17,772	-	16,849	1
25XX	Total noncurrent liabilities	<u>130,842</u>	<u>3</u>	<u>135,214</u>	<u>3</u>	<u>117,361</u>	<u>4</u>
2XXX	Total Liabilities	<u>1,481,932</u>	<u>30</u>	<u>1,479,710</u>	<u>32</u>	<u>487,405</u>	<u>16</u>
	EQUITY (Note 18)						
3110	Capital - common stock	<u>929,200</u>	<u>19</u>	<u>929,200</u>	<u>20</u>	<u>929,200</u>	<u>32</u>
3200	Capital surplus	<u>735,120</u>	<u>15</u>	<u>735,120</u>	<u>15</u>	<u>735,120</u>	<u>25</u>
	Retained earnings						
3310	Appropriated as legal reserve	223,250	5	223,250	5	215,920	7
3320	Appropriated as special reserve	2,208	-	2,208	-	1,192	-
3350	Unappropriated earnings	<u>1,520,246</u>	<u>31</u>	<u>1,316,759</u>	<u>28</u>	<u>591,454</u>	<u>20</u>
3300	Total retained earnings	<u>1,745,704</u>	<u>36</u>	<u>1,542,217</u>	<u>33</u>	<u>808,566</u>	<u>27</u>
3400	Other equity	( <u>10,913</u> )	-	( <u>7,062</u> )	-	( <u>2,016</u> )	-
31XX	Total	<u>3,399,111</u>	<u>70</u>	<u>3,199,475</u>	<u>68</u>	<u>2,470,870</u>	<u>84</u>
3XXX	Total equity	<u>3,399,111</u>	<u>70</u>	<u>3,199,475</u>	<u>68</u>	<u>2,470,870</u>	<u>84</u>
	TOTAL	<u>\$ 4,881,043</u>	<u>100</u>	<u>\$ 4,679,185</u>	<u>100</u>	<u>\$ 2,958,275</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

AVer Information Inc. and subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

Code		Three Months Ended March 31			
		2021		2020	
		A m o u n t	%	A m o u n t	%
	REVENUE (Note 21 and 27)				
4100	Sales revenue	\$ 1,000,138	100	\$ 474,399	100
	COST OF REVENUE (Note 11 and 22)				
5110	Cost of goods sold	<u>452,970</u>	<u>45</u>	<u>226,992</u>	<u>48</u>
5900	GROSS PROFIT	<u>547,168</u>	<u>55</u>	<u>247,407</u>	<u>52</u>
	OPERATING EXPENSES (Note 22)				
6100	Marketing	175,560	18	158,395	33
6200	General and administrative	29,645	3	18,461	4
6300	Research and development	<u>98,441</u>	<u>10</u>	<u>65,350</u>	<u>14</u>
6000	Total operating expenses	<u>303,646</u>	<u>31</u>	<u>242,206</u>	<u>51</u>
6900	INCOME FROM OPERATIONS	<u>243,522</u>	<u>24</u>	<u>5,201</u>	<u>1</u>
	NON-OPERATING INCOME AND EXPENSES (Note 22 and 27)				
7100	Interest revenue	253	-	773	-
7010	Other revenues	4,193	-	2,861	1
7020	Other gains and losses	( 11,774)	( 1)	200	-
7050	Finance cost	( <u>1,307</u> )	-	( <u>1,107</u> )	-
7000	Total non-operating income and expenses	( <u>8,635</u> )	( <u>1</u> )	<u>2,727</u>	<u>1</u>

(Continued)

		Three Months Ended March 31			
		2021		2020	
<u>Code</u>		<u>A m o u n t</u>	<u>%</u>	<u>A m o u n t</u>	<u>%</u>
7900	INCOME BEFORE INCOME TAX	234,887	23	7,928	2
7950	INCOME TAX (Benefit)EXPENSE (Note 23)	<u>31,400</u>	<u>3</u>	<u>( 158)</u>	<u>-</u>
8200	NET INCOME	<u>203,487</u>	<u>20</u>	<u>8,086</u>	<u>2</u>
	OTHER COMPREHENSIVE INCOME (LOSS)				
8310	Items that will not be reclassified subsequently to profit or loss				
8316	Unrealized loss on investments in equity instruments at fair value through other comprehensive income	<u>\$ 580</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
		<u>580</u>	<u>-</u>	<u>-</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences arising on translation of foreign operations	<u>( 4,431)</u>	<u>-</u>	<u>192</u>	<u>-</u>
		<u>( 4,431)</u>	<u>-</u>	<u>192</u>	<u>-</u>
8300	Other comprehensive loss for the year (net of income tax)	<u>( 3,851)</u>	<u>-</u>	<u>192</u>	<u>-</u>

(Continued)

		Three Months Ended March 31			
		2021		2020	
Code		A m o u n t	%	A m o u n t	%
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 199,636</u>	<u>20</u>	<u>\$ 8,278</u>	<u>2</u>
	NET INCOME ATTRIBUTABLE TO:				
8610	Shareholders of the Company	<u>\$ 203,487</u>	<u>20</u>	<u>\$ 8,086</u>	<u>2</u>
	TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO				
8710	Shareholders of the Company	<u>\$ 199,636</u>	<u>20</u>	<u>\$ 8,278</u>	<u>2</u>
	Earnings per share (Note 24)				
9710	Basic	<u>\$ 2.19</u>		<u>\$ 0.09</u>	
9810	Diluted	<u>\$ 2.17</u>		<u>\$ 0.09</u>	

The accompanying notes are an integral part of the consolidated financial statements.

AVer Information Inc. and subsidiaries  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)  
(Reviewed, Not Audited)

								O t h e r e q u i t y		
								Foreign operation Translation of the f i n a n c i a l s t a t e m e n t s E x c h a n g e d i f f e r e n c e	Unrealized Gain (Loss) on Financial Assets at Fair V a l u e T h r o u g h O t h e r C o m p r e h e n s i v e I n c o m e	Total equity
C o d e		C a p i t a l - common stock	C a p i t a l s u r p l u s	R e t a i n e d Appropriated as legal reserve	e a r n i n g s Appropriated as special reserve	Unappropriated e a r n i n g s	T o t a l			
A1	BALANCE, January 1, 2020	\$ 929,200	\$ 735,120	\$ 215,920	\$ 1,192	\$ 583,368	\$ 800,480	(\$ 2,208)	\$ -	\$ 2,462,592
D1	Net income for the three months ended March 31, 2020	-	-	-	-	8,086	8,086	-	-	8,086
D3	Other comprehensive income (loss) for the three months ended March 31, 2020, net of income tax	-	-	-	-	-	-	192	-	192
D5	Total comprehensive income (loss) for the three months ended March 31,2021	-	-	-	-	8,086	8,086	192	-	8,278
Z1	BALANCE, MARCH 31, 2020	<u>\$ 929,200</u>	<u>\$ 735,120</u>	<u>\$ 215,920</u>	<u>\$ 1,192</u>	<u>\$ 591,454</u>	<u>\$ 808,566</u>	<u>(\$ 2,016)</u>	<u>\$ -</u>	<u>\$ 2,470,870</u>
A1	BALANCE, January 1, 2021	\$ 929,200	\$ 735,120	\$ 223,250	\$ 2,208	\$ 1,316,759	\$ 1,542,217	(\$ 7,062)	\$ -	\$ 3,199,475
D1	Net income for the three months ended March 31, 2021	-	-	-	-	203,487	203,487	-	-	203,487
D3	Other comprehensive income (loss) for the three months ended March 31, 2021, net of income tax	-	-	-	-	-	-	(4,431)	580	(3,851)
D5	Total comprehensive income (loss) for the three months ended March 31,2021	-	-	-	-	203,487	203,487	(4,431)	580	199,636
Z1	BALANCE, MARCH 31, 2021	<u>\$ 929,200</u>	<u>\$ 735,120</u>	<u>\$ 223,250</u>	<u>\$ 2,208</u>	<u>\$ 1,520,246</u>	<u>\$ 1,745,704</u>	<u>(\$ 11,493)</u>	<u>580</u>	<u>\$ 3,399,111</u>

The accompanying notes are an integral part of the consolidated financial statements.



AVer Information Inc. and subsidiaries  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(In Thousands of New Taiwan Dollars)  
(Reviewed, Not Audited)

C o d e		Three Months Ended March 31	
		2021	2020
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax of the fiscal year	\$ 234,887	\$ 7,928
A20010	Adjustments for:		
A20100	Depreciation expense	26,972	26,578
A20200	Amortization expense	1,198	794
A20300	Expected credit impairment loss (Reversal)	11	82
A20400	Net benefit on financial instruments at fair value through profit or loss	( 20,138 )	344
A20900	Finance cost	1,307	1,107
A21200	Interest revenue	( 253 )	( 773 )
A22500	Gains on disposal and write-off of property, plant and equipment	( 3,300 )	( 40 )
A23800	Provision of inventory valuation loss and stock obsolescence	( 6,021 )	( 3,720 )
A24100	Unrealized gross profit on foreign exchange	6,682	( 508 )
A29900	Provision of liability reserve	( 931 )	209
A29900	Amortization of advance payments for goods and services	1,013	816
A30000	Net changes of operating assets and liabilities		
A31115	Financial assets at fair value enforced through profit or loss	12,078	5,378
A31130	Notes receivable	634	1,074
A31150	Accounts receivable	70,126	( 46,956 )
A31180	Other receivables	( 3,562 )	1,411
A31200	Inventories	( 132,647 )	47,072
A31240	Other current assets	( 2,512 )	( 13,138 )

(Continued)

C o d e		Three Months Ended March 31	
		2021	2020
A32110	Financial liability held for trading	( 4,662 )	( 2,177 )
A32150	Accounts payable	80,668	( 79,543 )
A32180	Other payables	( 72,063 )	( 39,619 )
A32200	Provision of liability	( 501 )	( 958 )
A32230	Other current liabilities	7,357	507
A32990	Refund liability	( 50,544 )	571
A32990	Other noncurrent liabilities	( <u>249</u> )	<u>697</u>
A33000	Cash inflow generated from operations	145,550	( 92,864 )
A33300	Payment of interest expenses	( \$ 1,297 )	( \$ 1,107 )
A33500	Payment of income tax	( <u>1,676</u> )	( <u>2,882</u> )
AAAA	Net cash inflow from operating activities	<u>142,577</u>	( <u>96,853</u> )
Cash flows in investing activities			
B00010	Financial assets at fair value through other comprehensive income	( 322,322 )	-
B00040	Financial assets at amortized cost	( 120,000 )	-
B02700	Acquisition of property, plant and equipment	( 77,330 )	( 7,790 )
B02800	Proceeds from sales of property, plant and equipment	3,300	124
B03700	Increase of refundable deposit	( 40 )	( 23 )
B04500	Acquisition of intangible assets	-	( 108 )
B07500	Interest received	<u>238</u>	<u>764</u>
BBBB	Net cash used in investing activities	( <u>516,154</u> )	( <u>7,033</u> )
CASH FLOWS FROM FINANCING ACTIVITIES			
C04020	Payments of lease liabilities	( <u>5,936</u> )	( <u>5,004</u> )
CCCC	Cash inflow (outflow) from financing activities	( <u>5,936</u> )	( <u>5,004</u> )
DDDD	Effect of changes in foreign exchange rates on cash and cash equivalents	( <u>5,753</u> )	<u>1,243</u>
EEEE	Net increase in cash and cash equivalents	( 385,266 )	( 107,647 )

(Continued)

<u>C o d e</u>		<u>Three Months Ended March 31</u>	
		<u>2021</u>	<u>2020</u>
E00100	Cash and cash equivalents at beginning of year	<u>1,800,553</u>	<u>936,260</u>
E00200	Cash and cash equivalents at end of year	<u>\$ 1,415,287</u>	<u>\$ 828,613</u>

The accompanying notes are an integral part of the consolidated financial statements.

AVer Information Inc. and subsidiaries  
Notes to Consolidated Financial Statements  
For the three Months ended March 31, 2021 and 2020  
(In Thousands of New Taiwan Dollars, unless specified otherwise)  
(Reviewed, Not Audited)

1. GENERAL

AVer Information Inc. (hereinafter referred to as “Aver” or “the Company”) was incorporated on January 1, 2008, with the business that mainly engages in selling, manufacturing, researching, and developing of related products including computer system equipment and presentation and video conferencing systems.

AVer’s shares were listed on the Taiwan Stock Exchange (TWSE) on August 25, 2011.

The consolidated financial statements were expressed in the functional currency of the Company to be New Taiwan Dollars (NT\$).

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements were reported to the Board of Directors for issue on April 27, 2021.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- (1) The Company applied for the first time International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, hereinafter referred to as “IFRSs”), which were endorsed and issued by the Financial Supervisory Commission of the Republic of China (hereinafter referred to as the “FSC”) and became effective.

IFRSs endorsed and issued by the FSC to become effective starting from 2021, and applicable to the consolidated company assessments, have no major material impact on the consolidated company accounting policy.

- (2) The IFRSs issued by the International Accounting Standards Board (IASB), but not yet endorsed and issued into effect by the FSC.

Newly issued/ revised/ amended standards and i n t e r p r e t a t i o n s	Effective Date Announced by IASB (Note 1)
“Annual Improvements to IFRS standards 2018-2020” cycle	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined
Amendment to IFRS 16 “Covid-19-Related Rent Concessions beyond 30 June 2021”	April 1, 2021 (Note 8)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

Note 1: Unless stated otherwise, the above newly issued/ revised/ amended standards and interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022; the amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022; the amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 2022.

Note 4: The amendments are applicable to property, plant, and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods starting on or after January 1, 2023.s

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 8: A lessee should apply the amendment for annual reporting periods beginning on or after April 1, 2021, recognizing the cumulative effect of initial application at the beginning of the annual reporting period.

As of the date the accompanying consolidated financial statements issued, the Company continues in evaluating the impact on its financial position and financial performance as a result of revising standards and interpretations of other IFRSs; relevant impact will be disclosed upon the completion of assessments.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### (1) Statement of compliance

The consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

(2) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are mentioned at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the relevant inputs are observable and based on the significance thereof, are described as follows:

1. Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities;
2. Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
3. Level 3 inputs: unobservable inputs for an asset or liability.

(3) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intercompany transactions, balances, income, and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

See Note 12, Table 7 and Table 8 for detailed information, percentages of ownership, and main businesses on subsidiaries.

(4) Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2020.

1. Financial instruments

Except for the investments in equity instruments at FVTOCI, please refer to the consolidated financial statements for the year ended December 31, 2020.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

(1) Measurement categories

Financial assets of the Company are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Dividends on these investments in equity instruments at FVTOCI are recognized in profit or loss when the Company's right to receive the dividends is established, unless the Company's rights clearly represent a recovery of part of the cost of the investment.

(2) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The interim period income tax expense is accrued using the tax



rate that would be applicable to expected total annual earnings; that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The management will review the estimates and underlying assumptions on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period, or in the period of revisions and future periods if the revisions affect both current and future periods.

For the applied critical accounting judgments and key sources of estimates and uncertainty, please refer to the consolidated financial statements for the year ended December 31, 2020.

6. CASH AND CASH EQUIVALENTS

	March 31, 2021	December 31, 2020	March 31, 2020
Cash on hand	\$ 1,004	\$ 1,010	\$ 1,082
Checking accounts and demand deposits	1,240,283	1,625,543	365,531
Cash equivalents			
Time deposits with original maturities of less than 3 months	<u>174,000</u>	<u>174,000</u>	<u>462,000</u>
	<u>\$ 1,415,287</u>	<u>\$ 1,800,553</u>	<u>\$ 828,613</u>

Ranges of the market interest rate of bank deposits and time deposits at the end of the reporting period are as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Bank deposits	0.001%~0.24%	0.001%~0.32%	0.001%~0.25%
Time deposits	0.41%	0.41%	0.65%~0.66%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2021	December 31, 2020	December 31, 2020
<u>Financial assets -</u>			
<u>current</u>			
Mandatorily measured at FVTPL			
Derivative (not hedged)			
— Forward foreign exchange contracts	\$ 43	\$ 438	\$ 9
Non-derivative financial assets			
— Domestic fund beneficiary certificates	51,266	51,229	51,061
Subtotal	<u>\$ 51,309</u>	<u>\$ 51,667</u>	<u>\$ 51,070</u>
<u>Financial liability -</u>			
<u>current</u>			
Held for trading			
Derivative (not hedged)			
— Forward foreign exchange contracts	<u>\$ 874</u>	<u>\$ 13,954</u>	<u>\$ 1,006</u>

Outstanding forward foreign exchange contracts that do not apply hedge accounting at the end of the reporting period consisted of the following:

March 31, 2021

	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in T h o u s a n d s )</u>
Forward foreign exchange sold	US Dollar to New Taiwan Dollar	2021.4.26~ 2021.6.25	USD 5,900/NTD 167,457

December 31, 2020

	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in T h o u s a n d s )</u>
Forward foreign exchange sold	Euro to New Taiwan Dollar	2021.1.25~ 2021.3.25	EUR 10,500/ NTD 355,580
Forward foreign exchange sold	US Dollar to New Taiwan Dollar	2021.1.25~ 2021.3.25	USD 7,160/ NTD 204,307
Forward foreign exchange sold	Japanese Yen to New Taiwan Dollar	2021.1.25~ 2021.3.25	JPY 268,580/ NTD 73,276

March 31, 2020

	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in T h o u s a n d s )</u>
Forward foreign exchange sold	Euro to New Taiwan Dollar	2020.4.27~ 2020.6.29	EUR 1,420/ NTD 47,220
Forward foreign exchange sold	US Dollar to New Taiwan Dollar	2020.4.27~ 2020.5.26	USD 2,590/ NTD 77,496
Forward foreign exchange sold	Japanese Yen to New Taiwan Dollar	2020.4.27~ 2020.6.29	JPY 107,000/ NTD 29,562

The objective of forward exchange trading operated by the Company is mainly to reduce risks of foreign currency assets and liabilities resulted from exchange rate fluctuation.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER  
COMPREHENSIVE INCOME

Investments in equity instruments at FVTOCI

	March 31, 2021	December 31, 2020	March 31, 2020
Non-current equity investments			
Publicly traded stocks	\$ 363,221	\$ -	\$ -

In order to enhance the strategic cooperation between both parties and to stabilize the long-term business direction, the Company acquired ordinary shares of AVerMedia Technologies, Inc in March. These investments in equity instruments are held for medium to long-term strategic purposes. The management elected to designate these investments in equity instruments as at FVTOCI.

9. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Current</u>			
Domestic instruments			
Time deposits with original maturities of more than 3 months	\$ 120,000	\$ -	\$ -

Ranges of the market interest rate of time deposits at the end of the reporting period are as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Time deposits	0.55%	-	-

10. ACCOUNTS RECEIVABLE

	March 31, 2021	December 31, 2020	March 31, 2020
At amortized cost			
Gross carrying amount	\$ 459,647	\$ 543,369	\$ 329,169
Less: Loss allowance	( 49)	( 38)	( 82)
	\$ 459,598	\$ 543,331	\$ 329,087

The Company provides 30~60 days for the average credit period of sales of goods within which interests on the accounts receivable are waived. In order to minimize credit risks, the management of the Company has delegated a team responsible for determining credit limits, credit approvals, and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews and recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The lifetime expected credit losses on accounts receivable are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on the past due status is not further distinguished according to the Company's different customer base. The Company estimates expected credit losses based on the number of days for which receivables are past due.

The Company has purchased credit insurance for the accounts receivable of major customers. The insurance-to-value ratio is 85%~90% of the approved limit of the buyer's insured amount. When the expected credit loss rate is set based on the number of overdue days of the accounts receivable, the recoverable amount of the insurance has been considered.

The Company writes off accounts receivable when there is information indicating that the debtor is experiencing severe financial difficulty, for example, that the counterpart is undergoing liquidation, and there is no realistic prospect of recovery of the receivable. For accounts receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover

the receivables with are due. When recoveries are made, they are recognized in profit or loss.

Loss allowances of accounts receivables of the Company based on the provision matrix are as follows:

March 31, 2021

	<u>Not past due</u>	<u>Past due 1~30Days</u>	<u>Past due 31~90Days</u>	<u>Past due 91~ 180Days</u>	<u>T o t a l</u>
Gross carrying amount	\$ 395,790	\$ 55,321	\$ 7,948	\$ 588	\$ 459,647
Loss allowance (lifetime expected credit loss)	( 49)	-	-	-	( 49)
Amortized cost	<u>\$ 395,741</u>	<u>\$ 55,321</u>	<u>\$ 7,948</u>	<u>\$ 588</u>	<u>\$ 459,598</u>

December 31, 2020

	<u>Not past due</u>	<u>Past due 1~30Days</u>	<u>Past due 31~90Days</u>	<u>Past due 91~ 180Days</u>	<u>T o t a l</u>
Gross carrying amount	\$ 480,567	\$ 43,196	\$ 19,606	\$ -	\$ 543,369
Loss allowance (lifetime expected credit loss)	( 38)	-	-	-	( 38)
Amortized cost	<u>\$ 480,529</u>	<u>\$ 43,196</u>	<u>\$ 19,606</u>	<u>\$ -</u>	<u>\$ 543,331</u>

March 31, 2020

	<u>Not past due</u>	<u>Past due 1~30Days</u>	<u>Past due 31~90Days</u>	<u>Past due 91~180Days</u>	<u>T o t a l</u>
Gross carrying amount	\$ 302,795	\$ 25,351	\$ 1,023	\$ -	\$ 329,169
Loss allowance (lifetime expected credit loss)	( <u>82</u> )	<u>-</u>	<u>-</u>	<u>-</u>	( <u>82</u> )
Amortized cost	<u>\$ 302,713</u>	<u>\$ 25,351</u>	<u>\$ 1,023</u>	<u>\$ -</u>	<u>\$ 329,087</u>

#### 11. INVENTORIES

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Finished goods	\$ 354,075	\$ 319,511	\$ 130,835
Work in progress	112,559	104,554	41,732
Raw materials	<u>465,600</u>	<u>380,876</u>	<u>111,844</u>
	<u>\$ 932,234</u>	<u>\$ 804,941</u>	<u>\$ 284,411</u>

The nature of the cost of goods sold is as follows:

	<u>Three Months Ended March 31</u>	
	<u>2021</u>	<u>2020</u>
Cost of inventories sold	\$ 458,991	\$ 230,712
Provision of inventory valuation and reversal of write-down of inventories	( <u>6,021</u> )	( <u>3,720</u> )
	<u>\$ 452,970</u>	<u>\$ 226,992</u>

Reversal of write-down of inventories due to the idle of inventories sells out in the current period.

#### 12. SUBSIDIARIES

- (1) Subsidiaries included in the consolidated financial statements

Main content of the consolidated financial statements:

Investor	Investee	Nature of Activities	% of Ownership		
			March 31, 2021	December 31, 2020	March 31, 2020
The Company	AVer Information Inc. (USA)	Sales of computer system equipment, presentation and video conferencing systems	100%	100%	100%
	AVer Information EUROPE B.V.	Sales of computer system equipment, presentation and video conferencing systems	100%	100%	100%
	AVer Information Inc. (Japan)	Sales of computer system equipment, presentation and video conferencing systems	100%	100%	100%
	AVer Information (Vietnam) Co., Ltd	Sales of computer system equipment, presentation and video conferencing systems	100%	100%	100%
	YUAN CHEN Investment Co., Ltd.	Investment company	100%	100%	100%

(2) Subsidiaries not listed in consolidated financial statements: none.

### 13. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2021	December 31, 2020	March 31, 2020
Land	\$ 373,218	\$ 373,218	\$ 373,218
Houses and buildings	701,263	706,643	725,358
Machinery equipment	109,494	51,764	54,128
Transportation equipment	4,950	3,030	4,265
Office equipment	27,316	28,625	18,431
Leasehold improvements	840	924	1,010
Other equipment	21,936	24,219	29,921
Construction in progress and Equipment pending acceptance	22,256	23,849	1,015
	<u>\$ 1,261,273</u>	<u>\$ 1,212,272</u>	<u>\$ 1,207,346</u>

For the three months ended March 31 of 2021 and 2020, no major disposals and impairment of the Company's property plant and equipment was present except recognized depreciation expenses and additions machinery equipment.

The above items of property, plant, and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:



Plant main buildings	50 years
Electromechanical power and engineering systems	5-10 years
Machinery equipment	3-10 years
Transportation equipment	5 years
Office equipment	3-5 years
Leasehold improvements	3 years
Other equipment	2-3 years

Property, plant and equipment pledged as collateral for bank borrowings by the Company are set out in Note 28.

14. LEASE ARRANGEMENTS

(1) Right-of-use assets

	March 31, 2021	December 31, 2020	March 31, 2020
Right-of-use assets carrying amount			
Buildings	\$ <u>48,726</u>	\$ <u>43,281</u>	\$ <u>58,567</u>
	Three Months Ended March 31		
	2021	2020	
Additions to right-of-use assets	\$ <u>10,868</u>	\$ <u>-</u>	
Depreciation of right-of-use assets			
Buildings	\$ <u>4,961</u>	\$ <u>5,184</u>	

For the three months ended March 31 of 2021 and 2020, no major sublet, and impairment of the Company's right-of-use assets was present except recognized depreciation expenses and additions associates.

(2) Lease liabilities

	March 31, 2021	December 31, 2020	March 31, 2020
Lease liability carrying amount			
Current	\$ <u>23,427</u>	\$ <u>19,265</u>	\$ <u>22,672</u>
Noncurrent	\$ <u>44,605</u>	\$ <u>44,217</u>	\$ <u>60,104</u>

Range of discount rates for lease liabilities was as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Buildings	0.001%~6.5%	0.001%~6.5%	0.001%~6.5%

(3) Material terms of right-of-use assets

The Company leases certain buildings for the use as offices, plants and dormitories with lease terms of 1~5 years. The lease of buildings located in France and the Netherlands agrees to adjust the lease payment according to the local consumer price index each year. The Company has no bargain purchase option to acquire the leasehold offices, plants, and dormitories at the end of the lease terms.

(4) Other lease information

	Three Months Ended March 31	
	2021	2020
Total cash outflow for leases	( \$ 6,759 )	( \$ 6,111 )

15. INVESTMENT PROPERTY

The Company has an investment property of plants and parking areas located at Zhonghe District, New Taipei City, Taiwan, R.O.C., for the purpose of business leasing. For the three months ended March 31 of 2021 and 2020, no major addition, disposal, and impairment of the Company's investment property was present except recognized depreciation expenses.

Investment properties are depreciated using the straight-line basis over their remaining useful lives of 36-40 years.

The fair value of the investment property of the Company is NT\$146,600,000 and NT\$114,730,000 for the three months ended March 31, 2021 and 2020 respectively. The valuation is estimated by the management of the Company in reference to the recent transaction prices of properties in the neighboring districts. Compared to December 31, 2020 and 2019, the fair value of March 31, 2021 and 2020 did not change materially.

## 16. LOANS

### (1) Short-term loans

	March 31, 2021	December 31, 2020	March 31, 2020
Unsecured loans	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ -</u>
Annual interest rate (%)	0.95%~1%	0.95%~1%	-
Maturity date	2021/6/26	2021/2/22	-

### (2) Long-term loans

	March 31, 2021	December 31, 2020	March 31, 2020
Government loans	<u>\$ 28,210</u>	<u>\$ 28,156</u>	<u>\$ -</u>
Annual interest rate (%)	1%	1%	-
Maturity date	2022/5/6	2022/5/6	-

Due to the impact of COVID-19, US Federal Government passes the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and established the Paycheck Protection Program (PPP) with the objective to assist small to medium-sized businesses to retain their operation capability, continue paying employee salaries, and provide employment during the period while weathering the pandemic and the disruption of the economy.

The US subsidiary of the Company obtained a loan of US\$989,000 (equivalent to NT\$29,566,000) approved by the bank authorized by the US Small Business Administration (SBA) in May 2020 mainly for issuing employee salaries and relevant benefit expenses. The forgiveness application can be filed if all specific requirements are met. The capital of the loan must be paid back within a 2-year maturity period plus interest at a fixed interest rate of 1% for the portion of loan not forgiven. Conditions of PPP loan forgiveness ;

1. For the PPP loans approved and received before June 5, 2020, the expenditure period for PPP loan forgiveness is 8 weeks (extendable to 24 weeks), during which the actual relevant expenditure (payroll costs, covered rent payments, covered utilities) can be forgiven if the criteria

of allocating 60% of expenditure on payroll costs and 40% on relevant operational expenses are satisfied.

2. The average number of full-time employees of the company during the expenditure period after the loan is received shall not be less than that from February 15 to June 30, 2019 or January 1 to February 29, 2020.
3. The wage reduction of every employee who resides in the U.S. during the expenditure period shall not exceed 25% threshold of the salary thereof for the period of January 1 to March 31, 2020.

As of the date the accompanying consolidated financial statements were authorized, AVer Information Inc. subsidiary in the U.S. has submitted the application of PPP loan forgiveness to the authorized bank, and wait for approval by the bank and SBA.

17. OTHER PAYABLES

	March 31, 2021	December 31, 2020	March 31, 2020
Payable for employees' compensation and remuneration of directors	\$ 104,216	\$ 129,204	\$ 13,539
Salary and bonus payable	99,880	149,355	57,871
Payable for stock	40,319	-	-
Vacation pay payable	34,916	33,524	27,824
Payable for equipment	16,683	18,840	7,383
Insurance payable	12,517	10,721	6,688
Freight payable	10,830	10,633	2,461
Others	59,881	62,977	42,036
	<u>\$ 379,242</u>	<u>\$ 415,254</u>	<u>\$ 157,802</u>

18. PROVISION OF LIABILITY

	March 31, 2021	December 31, 2020	March 31, 2020
Current – warranty (classified under other current liabilities)	\$ 9,314	\$ 9,083	\$ 2,354
Noncurrent – warranty	36,095	37,847	35,504
	<u>\$ 45,409</u>	<u>\$ 46,930</u>	<u>\$ 37,858</u>

The provision of liability is the present value of the best estimate of the future economic benefit outflow resulted from the warranty obligations by the management of the Company as agreed in the product sales contract. The estimate is based on historical warranty experience.

19. RETIREMENT BENEFIT PLANS

The Company adopted a pension plan under the Labor Pension Act (LPA) which is a government-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The overseas subsidiaries of the Company are required to contribute at certain percentages of payroll costs to the retirement benefit scheme in accordance with local laws and regulations and recognized the contributions as pension expenses.

20. EQUITY

(1) Capital - Common Stock

	March 31, 2021	December 31, 2020	March 31, 2020
Number of shares authorized (in thousands of shares)	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
Authorized shares	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
Number of shares issued (in thousands of shares)	<u>92,920</u>	<u>92,920</u>	<u>92,920</u>
Shares issued	<u>\$ 929,200</u>	<u>\$ 929,200</u>	<u>\$ 929,200</u>

A holder of issued common shares with par value of NT\$10 per share is entitled to vote and to receive dividends.

(2) Capital surplus

	March 31, 2021	December 31, 2020	March 31, 2020
Additional paid-in capital	<u>\$ 734,624</u>	<u>\$ 734,624</u>	<u>\$ 734,624</u>
Treasury share transactions	<u>496</u>	<u>496</u>	<u>496</u>
	<u>\$ 735,120</u>	<u>\$ 735,120</u>	<u>\$ 735,120</u>

Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital which is limited to a certain percentage of the Company's capital surplus and to once a year.

(3) Retained earnings and dividends policy

The Company's Articles of Incorporation state that, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of the previous year, setting aside a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations; and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which shall be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors stated by the Company's Articles of Incorporation, please refer to "Employees' compensation and remuneration of directors" in Note 22 (6).

In consideration of the Company's long-term financial planning and meeting the shareholders' needs of cash inflow, cash dividends distributed to shareholders each year shall not be lower than 10% of the total dividends distributed in the current year in accordance with the Company's Articles of Incorporation.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeds 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Pursuant to Rule No. 1010012865, Rule No.190150022 issued by the FSC and "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", additional special reserve should be appropriated for the amount equal to the difference between net debit balance reserves and

the special reserve appropriated on the first-time adoption of IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and, thereafter, distributed.

The appropriations of earnings of the Company for 2020 and 2019 were as follows:

	Appropriations of Earnings		Dividends Per Share (NT\$)	
	Fiscal year 2020	Fiscal year 2019	Fiscal year 2020	Fiscal year 2019
Appropriated as legal reserve	\$ 78,820	\$ 7,330		
Appropriations in respect of special reserve	4,854	1,016		
Cash dividends	464,600	46,460	\$ 5.00	\$ 0.50

The appropriation of earnings for 2020 will be resolved in the shareholders' meeting to be held on June 10, 2021.

## 21. REVENUE

	Three Months Ended March 31	
	2021	2020
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 985,271	\$ 471,222
Revenue from the rendering of services and other revenue	<u>14,867</u>	<u>3,177</u>
	<u>\$ 1,000,138</u>	<u>\$ 474,399</u>

### Disaggregation of Revenue from contracts with customers – Type of goods

	Three Months Ended March 31	
	2021	2020
Integrated education products	\$ 603,231	\$ 245,541
Video conferencing systems		
products	381,171	212,769
Others	<u>15,736</u>	<u>16,089</u>
	<u>\$ 1,000,138</u>	<u>\$ 474,399</u>

22. ADDITIONAL INFORMATION OF NET PROFIT FOR THE PERIOD

(1) Other income

	Three Months Ended March 31	
	2021	2020
Rental income		
Investment property		
(Note 15)	\$ 1,557	\$ 1,456
Other rental income	<u>-</u>	<u>260</u>
	1,557	1,716
Others	<u>2,636</u>	<u>1,145</u>
	<u>\$ 4,193</u>	<u>\$ 2,861</u>

(2) Other gains and losses

	Three Months Ended March 31	
	2021	2020
Gains on financial assets		
and financial liabilities		
Financial assets		
mandatorily		
measured at FVTPL	\$ 11,720	\$ 2,772
Financial liability held		
for trading	8,418	( 3,116)
Net foreign exchange		
(losses)gains	( 35,002)	717
Gains on disposal and		
write-off of property,		
plant, and equipment	3,300	40
Other losses	( <u>210</u> )	( <u>213</u> )
	<u>( \$ 11,774)</u>	<u>\$ 200</u>

(3) Finance costs

	Three Months Ended March 31	
	2021	2020
Interest on lease liabilities	\$ 823	\$ 1,107
Interest on bank loans	481	-
Other interest expenses	<u>3</u>	<u>-</u>
	<u>\$ 1,307</u>	<u>\$ 1,107</u>

(4) Depreciation and amortization



		Three Months Ended March 31	
		2021	2020
Property, plant, and equipment		\$ 21,799	\$ 21,182
Right-of-use assets		4,961	5,184
Investment properties		212	212
Intangible assets		<u>1,198</u>	<u>794</u>
		<u>\$ 28,170</u>	<u>\$ 27,372</u>
		Three Months Ended March 31	
		2021	2020
An analysis of depreciation by function			
Cost of revenue		\$ 12,229	\$ 11,084
Operating expenses		14,531	15,282
Other gains and losses		<u>212</u>	<u>212</u>
		<u>\$ 26,972</u>	<u>\$ 26,578</u>
An analysis of amortization by function			
Cost of revenue		\$ 240	\$ 55
Operating expenses		<u>958</u>	<u>739</u>
		<u>\$ 1,198</u>	<u>\$ 794</u>
(5) Employee benefits expense			
		Three Months Ended March 31	
		2021	2020
Post-employment benefits (Note 17)			
Defined contribution plans		\$ 6,355	\$ 5,002
Short-term benefits			
Salary expense		218,883	151,186
Insurance expense		19,371	15,047
Others		<u>4,559</u>	<u>3,490</u>
Total employee benefits expense		<u>\$249,168</u>	<u>\$174,725</u>
An analysis of employee benefits expense by function			
Cost of revenue		\$ 41,494	\$ 27,458
Operating expenses		<u>207,674</u>	<u>147,267</u>
		<u>\$249,168</u>	<u>\$174,725</u>

(6) Employees' compensation and remuneration of directors

In compliance with the Articles of Incorporation, the Company accrued employees' compensation and remuneration of directors at the rate of 5% ~ 20% and no more than 20%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. For the three months ended March 31, 2021 and 2020, the accrued employees' compensation and the remuneration of directors were as follows:

Accrual rate

	Three Months Ended March 31					
	2021			2020		
	R a t e	%	A m o u n t	R a t e	%	A m o u n t
Compensation of employees	10%		<u>\$ 25,670</u>	10%		<u>\$ 879</u>
Remuneration of directors	1.99%		<u>\$ 5,108</u>	1.99%		<u>\$ 175</u>

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

For the fiscal years of 2020 and 2019, the accrued employees' compensation and the remuneration of directors were as follows:

	<u>Fiscal year 2020</u>	<u>Fiscal year 2019</u>
Compensation of employees		
— Cash	\$107,760	\$ 10,413
Remuneration of directors	<u>21,444</u>	<u>2,072</u>
	<u>\$129,204</u>	<u>\$ 12,485</u>
Recognized amount in consolidated financial statements	<u>\$129,204</u>	<u>\$ 12,485</u>

Information on the employees' compensation and remuneration of directors approved by the Company's Board of Directors is available at the "Market Observation Post System" website of the Taiwan Stock Exchange.

23. INCOME TAX

(1) Major components of income tax expense(gain) recognized in profit or loss

	Three Months Ended March 31	
	2021	2020
Current income tax		
In respect of the current period	\$ 32,086	\$ 196
Adjustments in respect of prior years	474	-
Deferred tax		
In respect of the current period	( 1,160)	( 354)
Income tax expenses(gains) recognized in profit or loss	<u>\$ 31,400</u>	<u>(\$ 158)</u>

(2) Income tax assessments

The Company's tax returns through 2018 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

The net profit and weighted average number of ordinary shares outstanding in the computation of earnings per share from continuing operations were as follows:

Net profit for the period

	Three Months Ended March 31	
	2021	2020
Net profits used in the computation of basic earnings and diluted earnings per share	<u>\$ 203,487</u>	<u>\$ 8,086</u>

Number of shares

Unit: in Thousands

	Three Months Ended March 31	
	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	92,920	92,920

(Continued)

	Three Months Ended March 31	
	2021	2020
Effect of potential dilutive ordinary shares ;	772	332
The weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>93,692</u>	<u>93,252</u>

If the Company offered to settle the employees' compensation in cash or shares, the Company assumed that the entire amount of the compensation will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that all entities of the Company will be able to operate under the premises of going concerns and growth while maximizing the return to shareholders through the optimization of the debt and equity balance.

The Company's capital structure is composed of the net debt (i.e., total liabilities less cash and cash equivalents) of the Company and owner equity (i.e., capital, capital surplus, retained earnings, and other equity items) of the Company.

The Company has no other external capital requirements that need to be complied with.

26. FINANCIAL INSTRUMENTS

(1) Fair value of financial instruments not measured at fair value

The management of the Company considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated

financial statements approximate their fair values or their fair values cannot be reliably measured.

- (2) Fair value of financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

March 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Domestic fund beneficiary certificates	\$ 51,266	\$ -	\$ -	\$ 51,266
Derivative—forward foreign exchange contracts	-	43	-	43
Total	<u>\$ 51,266</u>	<u>\$ 43</u>	<u>\$ -</u>	<u>\$ 51,309</u>

Financial assets at FVTOCI

Investments in equity instruments				
Publicly traded stocks	<u>\$ 363,221</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 363,221</u>

Financial liabilities at FVTPL

Derivative — forward foreign exchange contracts	<u>\$ -</u>	<u>\$ 874</u>	<u>\$ -</u>	<u>\$ 874</u>
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December 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Domestic fund beneficiary certificates	\$ 51,229	\$ -	\$ -	\$ 51,229
Derivative—forward foreign exchange contracts	-	438	-	438
Total	<u>\$ 51,229</u>	<u>\$ 438</u>	<u>\$ -</u>	<u>\$ 51,667</u>

Financial liabilities at FVTPL

Derivative — forward foreign exchange contracts	<u>\$ -</u>	<u>\$ 13,954</u>	<u>\$ -</u>	<u>\$ 13,954</u>
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March 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Domestic fund beneficiary certificates	\$ 51,061	\$ -	\$ -	\$ 51,061
Derivative—forward foreign exchange contracts	-	9	-	9
Total	<u>\$ 51,061</u>	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ 51,070</u>

Financial liabilities at FVTPL

Derivative — forward foreign exchange contracts	<u>\$ -</u>	<u>\$ 1,006</u>	<u>\$ -</u>	<u>\$ 1,006</u>
-------------------------------------------------	-------------	-----------------	-------------	-----------------

The Company did not have financial assets at FVTPL on three months ended March 31, 2021 and 2020. There were no transfers between Levels 1 and 2 in the current and prior period.

2. Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Categories of financial instruments</u>	<u>Valuation techniques and inputs</u>
Derivative—forward foreign exchange contracts	Discounted cash flow method: measurement of the yield curve is derived from the forward exchange rate quote at the end of the period and the quoted interest rate in line with the contract expiration.

(3) Categories of financial instruments

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
<u>Financial assets</u>			
Fair value through profit or loss			
Mandatorily measured at FVTPL	\$ 51,309	\$ 51,667	\$ 51,070
Amortized cost (Note 1)	2,028,113	2,368,439	1,174,807
Financial assets at FVTOCI-			
Investments in equity instruments	363,221	-	-

Financial liability

Fair value through profit  
or loss

Held for trading	874	13,954	1,006
Amortized cost (Note 2)	985,112	1,010,607	257,571

Note 1: The balances included financial liabilities measured at amortized cost, which comprise cash and cash equivalents, notes receivable and trade receivable, other receivables, and other financial assets.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term loans, long-term loans, trade payable and trade payable, other payable, and guarantee deposits.

(4) Financial risk management objectives and policies

The Company manages its exposure to risks relating to the operations through market risk (including exchange rate risk, interest rate risk, and other price risks), credit risk, and liquidity risk as the objective of its financial risk management. To reduce relevant financial risk, the Company identifies, assesses, and avoids the market uncertainties, in order to reduce the potentially adverse effects on the Company's financial performance.

Before entering into significant transactions, approval process by the Audit Committee and the Board of Directors and must be carried out based on related standards and internal control procedures.

1. Market risk

The Company's activities are exposed primarily to the financial risks of changes in foreign currency exchange rates (see (1) below), interest rates (see (2) below), and the Company utilizes some derivative financial instruments (mainly forward foreign exchange contracts) to manage the related risks.

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

(1) Foreign currency risk

The Company uses forward foreign exchange contracts to manage the foreign currency risk of accounts receivable that are not denominated in functional currency created from export sales. The carrying amounts of the Company's foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 31.

#### Sensitivity analysis

The Company is mainly exposed to the USD, EUR and JPY.

The following table details the Company's sensitivity to a 5% increase or decrease in the New Taiwan dollars (i.e., functional currency) against relevant foreign currencies. The positive number below indicates an increase in pre-tax profit associated with the functional currency depreciating 5% against the relevant currency; the aforementioned number but of the negative value indicates a decrease in pre-tax profit associated with the functional currency strengthening 5% against the relevant currency.

	P r o f i t o r l o s s			
	Three Months Ended March 31			
	2021		2020	
USD	\$	12,251 (i)	\$	12,184 (i)
EUR		10,315 (ii)		3,895 (ii)
JPY		8,065 (iii)		1,878 (iii)

- (i) Bank deposits, receivables, and payables of the Company denominated in USD that are still in circulation and without the use of cash flow hedging at the end of the reporting period.
- (ii) Bank deposits and receivables of the Company denominated in EUR that are still in circulation and without the use of cash flow hedging at the end of the reporting period.



- (iii) Bank deposits and receivables of the Company denominated in JPY that are still in circulation and without the use of cash flow hedging at the end of the reporting period.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rate risk at the end of the reporting period were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Fair value interest rate risk			
— Financial liabilities	\$ 292,242	\$ 291,638	\$ 82,776
Cash flow interest rate risk			
— Financial assets	1,319,459	1,491,366	739,739

The Company is exposed to cash flow interest rate risk because of having bank demand and Time deposits at floating interest rates.

#### Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rate risk for non-derivative instruments at the end of the reporting period.

If interest rates had been increased/decreased by 25 basis points and all other variables were held constant, the Company's pre-tax profit for the three months ended March 31 of 2021 and 2020 would increase/decrease by NT\$825 thousand and NT\$462 thousand, respectively.

#### (3) Other price risks

The Company was exposed to price risk due to having listed marketable securities and domestic fund beneficiary certificates.

#### Price sensitivity analysis

A sensitivity analysis is performed based on the equity price risk at the end of the reporting period.

If the domestic fund equity prices had been increased/decreased by 0.5%, the Company's pre-tax profit for the three months ended March 31 of 2021 and 2020 would increase/decrease by NT\$256 thousand and NT\$255 thousand, respectively, as a result of the increase/decrease in fair value of financial assets at fair value through profit or loss.

If the listed marketable securities equity prices had been increased/decreased by 10%, the Company's comprehensive income for the three months ended March 31 of 2021 would increase/decrease by NT\$36,322 thousand, respectively, as a result of the increase/decrease in fair value of Financial assets at FVTOCI.

## 2. Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's exposure to credit risk mainly arises from cash, bank deposits, receivables of the operating activities and other financial instruments created by investment activities.

### Financial credit risk

The Company controls and manages its exposure to credit risk which pertained in every financial institute. Since the Company's bank deposits are from creditworthy financial institutes, therefore, no significant credit risk was identified.

### Business related credit risk

In order to reduce credit risk, the Company continuously assesses the financial position and historical transaction records of each customer through payment policies, except without requiring the counterparty to provide collateral or security. In order to reduce credit risk, the Company purchased the credit insurance for major customers on receivables. The insurance-to-value ratio is 85%~90% of the approved limit of buyer's insured amount. In addition, the

Company reviews and recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. Therefore, the management of the Company concluded that the Company does not have significant credit risk.

The credit risk of the Company in March 31, 2021 and December 31, 2020 by region mainly gathered in Europe and America, and based on accounted for 75% and 71% of total receivables; the credit risk of the Company in March 31, 2020 by region mainly gathered in Taiwan and America, and accounted for 77% of total receivables as of March 31, 2020.

### 3. Liquidity risk

The Company finances its operations and mitigates the effects of fluctuations in cash flows through controlling and maintaining sufficient cash and cash equivalents. The management of the Company monitors the utilization of bank financing amounts and ensures compliance with loan covenants, in order to manage liquidity risk. The Company has sufficient circulating capital to finance the due liabilities and the risk that the Company is unable to provide cash or other financial assets to settle financial liabilities, or to fulfill relevant obligations is not identified. Therefore, bank borrowing is not a significant source of liquidity to the Company.

As of March 31, 2021, December 31, 2020 and March 31, 2020 the Company had available un-utilized financing amount set out as following descriptions of the financing amounts in (2).

#### (1) Liquidity and interest rate risk tables

The following table details the analysis of the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed-upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be

required to pay. The table includes undiscounted cash flow based on financial liabilities.(include principal and accrued interest )

March 31, 2021

	On Demand o r Less than 1 m o n t h	1-3 months	3 months-1 y e a r	1-5 years
<u>Non-derivative financial liability</u>				
Non-interest bearing	\$ 305,366	\$ 209,476	\$ 27,735	\$ -
Lease liability	2,172	4,572	19,381	46,811
Fixed interest instruments	<u>42</u>	<u>200,000</u>	<u>-</u>	<u>28,210</u>
	<u>\$ 307,580</u>	<u>\$ 414,048</u>	<u>\$ 47,116</u>	<u>\$ 75,021</u>

December 31, 2020

	On Demand o r Less than 1 m o n t h	1-3 months	3 months-1 y e a r	1-5 years
<u>Non-derivative financial liability</u>				
Non-interest bearing	\$ 278,438	\$ 163,303	\$ 12,459	\$ -
Lease liability	2,154	4,156	15,882	46,589
Fixed interest instruments	<u>100,016</u>	<u>100,016</u>	<u>-</u>	<u>28,156</u>
	<u>\$ 380,608</u>	<u>\$ 267,475</u>	<u>\$ 28,341</u>	<u>\$ 74,745</u>

March 31, 2020

	On Demand o r Less than 1 m o n t h	1 t o 3 m o n t h s	3 months to 1 y e a r	1-5 years
<u>Non-derivative financial liability</u>				
Non-interest bearing	\$ 106,572	\$ 60,641	\$ 7,044	\$ -
Lease liability	<u>2,256</u>	<u>4,861</u>	<u>19,402</u>	<u>65,275</u>
	<u>\$ 108,828</u>	<u>\$ 65,502</u>	<u>\$ 26,446</u>	<u>\$ 65,275</u>

(2) Financing amount

	March 31, 2021	December 31, 2020	March 31, 2020
Unsecured bank financing amount			
– Amount used	\$ 200,000	\$ 200,000	\$ -
– Amount unused	<u>-</u>	<u>-</u>	<u>229,000</u>
	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$229,000</u>
Secured bank financing amount			
– Amount used	\$ -	\$ -	\$ -
– Amount unused	<u>430,000</u>	<u>430,000</u>	<u>400,000</u>
	<u>\$ 430,000</u>	<u>\$ 430,000</u>	<u>\$ 400,000</u>

27. TRANSACTIONS WITH RELATED PARTIES

The parent company of the Company is AVerMedia Technologies, Inc. (AVerMedia) that holds 49.91%, 50.44% and 51.65% of ordinary shares of the Company directly and indirectly on March 31, 2021, December 31, 2020 and March 31, 2020 respectively.

Transactions, balances, income and expenses between the Company and its subsidiaries (related parties of the Company) have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows.

(1) Related party name and relationship with the Company

<u>R e l a t e d P a r t y N a m e</u>	<u>R e l a t i o n s h i p w i t h t h e C o m p a n y</u>
AVerMedia Technologies, Inc.	Parent company of the Company
AVer Information Inc. (ShangHai)	Fellow subsidiary of the Company

(2) Operating income

<u>L i n e I t e m s</u>	<u>R e l a t e d P a r t y C a t e g o r y</u>	<u>Three Months Ended March 31</u>	
		<u>2021</u>	<u>2020</u>
Sales revenue	Parent company	\$ 15,228	\$ 9,070
	Fellow company	<u>115</u>	<u>182</u>
		<u>\$ 15,343</u>	<u>\$ 9,252</u>

Purchase and sales of goods from/to related parties follows the regular trade condition (market price); the sales terms for the related parties were 90 days after the goods were shipped.

(3) Receivables from related parties

<u>L i n e I t e m s</u>	<u>Related Party Category</u>	<u>March,31, 2021</u>	<u>December,31, 2020</u>	<u>March,31, 2020</u>
Accounts receivable	Parent company	\$ 15,803	\$ 13,285	\$ 9,251
	Fellow company	<u>161</u>	<u>346</u>	<u>462</u>
		<u>\$ 15,964</u>	<u>\$ 13,631</u>	<u>\$ 9,713</u>
Other receivables	Parent company	<u>\$ 4,904</u>	<u>\$ 3,235</u>	<u>\$ 2,788</u>

The outstanding trade receivables from related parties are unsecured. For the three months ended March 31, 2021 and 2020, no impairment loss was recognized for trade receivables from related parties.

(4) Payables to related parties

<u>L i n e I t e m s</u>	<u>Related Party Category</u>	<u>March,31, 2021</u>	<u>December,31, 2020</u>	<u>March,31, 2021</u>
Accounts payable	Parent company	<u>\$ 2,321</u>	<u>\$ 3,387</u>	<u>\$ -</u>

The outstanding trade payables from related parties are unsecured.

(5) Compensation of key management personnel

	<u>Three Months Ended March 31</u>	
	<u>2021</u>	<u>2020</u>
Short-term benefits	\$ 30,015	\$ 17,049
Post-employment benefits	<u>146</u>	<u>108</u>
	<u>\$ 30,161</u>	<u>\$ 17,157</u>

The remuneration of Board of Directors and other key executives were determined by the remuneration committee based on the performance of individuals and market trends.

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowing amounts:

	March,31, 2021	December,31, 2020	March,31, 2021
Houses and buildings - net value	<u>\$ 123,603</u>	<u>\$ 124,339</u>	<u>\$ 126,549</u>

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Konze System Technology Co., Ltd. (KONZESYS) and the Company entered into a commissioning agreement for design and manufacture in 2016. KONZESYS did not fulfill the number quantity specified in the agreement within a year and the Company filed a lawsuit (hereinafter referred to as the “Dispute Case”) to demand the refund in accordance with the agreement in 2017. However, KONZESYS filed a countersuit. The Taiwan New Taipei District Court ruled to appoint the Taiwan Development & Research Academia of Economic & Technology (TEDR) to perform assessments on the disputed product function.

TEDR issued the assessment report in 2020 and the Taiwan New Taipei District Court dismissed the Company’s lawsuit and the provisional execution filing in December 2020 and adopted part of the counterclaim submitted by KONZESYS in ruling that the Company shall return KONZESYS the one-time engineering fee of NT\$1,365 thousand. The Company has filed an appeal due to a disinterested judgment. The case is currently heard by the Taiwan High Court. If a favorable judgment is obtained by the Company in the second instance, the Company at most can demand KONZESYS for payments of goods, compensation for damage, and interest for the total of NT\$5,094 thousand through compulsory enforcement; if a favorable judgment is obtained by KONZESYS in the second instance, KONZESYS at most can demand the Company for payments of goods, compensation for damage, and interest for the total of NT\$4,526 thousand through compulsory enforcement. If the original judgment is upheld in the second instance, it shall be explained in the same way as the first instance judgment. At present, the case is pending on appeal and the outcome of the lawsuit can not be predicted. Therefore, contingent liabilities can

not be estimated and there is no significant effect on the Company's finance and business.

30. OTHER ITEMS

The coronavirus disease (COVID-19) broke out in January 2020 and became a global pandemic, causing major uncertainties for future international economic and financial developments. As of the date the consolidated financial statements were authorized and issued, the Company assessed the effect of COVID-19 on the Company's ability to continue its operations, asset impairment, and financing risk is not significant. The Company will continue observing and assessing the effect of COVID-19 on the aforementioned areas.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's entities significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows. Significant assets and liabilities denominated in foreign currencies are as follows:

(Unit: NTD and Foreign Currency in Thousands)

March 31, 2021

	<u>F o r e i g n</u> <u>c u r r e n c y</u>	<u>E x c h a n g e</u> <u>r a t e</u>	<u>C a r r y i n g</u> <u>a m o u n t</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 16,911	28.535(USD: NTD)	\$ 482,564
EUR	6,162	33.48 (EUR: NTD)	206,290
JPY	625,927	0.258(JPY: NTD)	161,301
			<u>\$ 850,155</u>

	<u>F o r e i g n</u> <u>c u r r e n c y</u>	<u>E x c h a n g e</u> <u>r a t e</u>	<u>C a r r y i n g</u> <u>a m o u n t</u>
<u>Financial</u>			
<u>liability</u>			
<u>Monetary items</u>			
USD	\$ 8,325	28.535 (USD: NTD)	<u>\$ 237,548</u>



December 31, 2020

	<u>F o r e i g n</u>	<u>E x c h a n g e</u>	<u>C a r r y i n g</u>
	<u>c u r r e n c y</u>	<u>r a t e</u>	<u>a m o u n t</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 18,290	28.48 (USD: NTD)	\$ 520,901
EUR	11,472	35.02 (EUR: NTD)	401,741
JPY	706,163	0.28 (JPY: NTD)	195,113
RMB	486	4.38 (RMB: NTD)	2,127
			<u>\$1,119,882</u>
<u>Financial liability</u>			
<u>Monetary items</u>			
USD	\$ 4,388	28.48 (USD: NTD)	\$ 124,983
RMB	1,576	4.38 (RMB: NTD)	6,900
			<u>\$ 131,883</u>

March 31, 2020

	<u>F o r e i g n</u>	<u>E x c h a n g e</u>	<u>C a r r y i n g</u>
	<u>c u r r e n c y</u>	<u>r a t e</u>	<u>a m o u n t</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 10,367	30.22 (USD: NTD)	\$ 313,297
EUR	2,338	33.32 (EUR: NTD)	77,907
JPY	134,797	0.28 (JPY: NTD)	37,554
			<u>\$ 428,758</u>
<u>Financial liability</u>			
<u>Monetary items</u>			
USD	2,304	30.22 (USD: NTD)	<u>\$ 69,622</u>

Significant assets and liabilities denominated in foreign currencies in profit or loss (realized and unrealized) as follows:

	Three Months Ended March 31			
	2021		2020	
<u>F o r e i g n</u>	<u>E x c h a n g e</u>	<u>Net exchange</u>	<u>E x c h a n g e</u>	<u>Net exchange</u>
<u>c u r r e n c y</u>	<u>r a t e</u>	<u>(loss) gains</u>	<u>r a t e</u>	<u>l o s s e s</u>
USD	28.37 (USD: NTD)	( \$ 3,504 )	30.11 (USD: NTD)	\$ 1,408
JPY	0.268 (JPY: NTD)	( 12,278 )	0.276 (JPY: NTD)	674
EUR	34.20 (EUR: NTD)	( 19,343 )	33.22 (EUR: NTD)	( 675 )
		<u>( \$ 35,125 )</u>		<u>\$ 1,407</u>

32. SEPARATELY DISCLOSED ITEMS

- (1) Information on significant transactions and (2) information on investees:
1. Financing provided to others : None
  2. Endorsements/guarantees provided : Table 1 (attached)
  3. Marketable securities held( excluding investment in subsidiaries ): Table 2 (attached)
  4. Marketable securities acquired and disposed of at costs of prices of at least NT\$300 million or more than 20% of the paid-in capital : Table 3 (attached)
  5. Acquisition of individual real estate at costs of at least NT\$300 million or more than 20% of the paid-in capital : None
  6. Disposal of individual real estate at prices of at least NT\$300 million or more than 20% of the paid-in capital : None
  7. Total purchases from or sales to related parties amounting to at least NT\$100 million or more than 20% of the paid-in capital : Table 4 (attached)
  8. Receivables from related parties amounting to at least NT\$100 million or more than 20% of the paid-in capital : Table 5 (attached)
  9. Trading in derivative instruments : Table 7 (attached)
  10. Other : Intercompany relationships and significant intercompany transactions : Table 6 (attached)
  11. Information on investees : Table 7 (attached)
- (3) Information on investments in mainland China :
1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gains or losses, carrying amount of the investment at the end of the reporting period, repatriation of investment gains or losses, and the limit on the amount of investment in the mainland China area : Table 8 (attached)

2. Any of the significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses : None
- (4) Information on major shareholders : List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder : Table 9 (attached)

33. SEGMENTS INFORMATION

The Company determined its operating segment to be only one education and video conference department; the department mainly engages in selling, manufacturing, researching, and developing of related products including computer system equipment and presentation and video conferencing systems. Furthermore, information of segment income (loss), segment assets, and segment liabilities are consistent with those of the Company's consolidated financial statements. Please refer to the consolidated balance sheet and consolidated statement of comprehensive income.

AVer Information Inc. and subsidiaries  
Endorsements/guarantees provided  
January 1 to March 31, 2021

Table 1 (attached)

Unit : unless stated otherwise  
, In Thousands of New Taiwan Dollars

N o . (Note 1)	Endorsement/guarant ee P r o v i d e r	G u a r a n t e e d P a r t y		Provided to E a c h Guaranteed P a r t y Endorsement/ guarantee A m o u n t Limits (Note 3)	For the Period M a x i m u m B a l a n c e ( N o t e 4 )	E n d i n g B a l a n c e (Note 5)	A m o u n t A c t u a l l y D r a w n (Note 6)	Collateralized by Properties Amount of Endorsement/ guarantee	R a t i o o f Accumulated Endorsement /guarantee to net Equity per Latest Financial Statements ( % )	Endorsement /guarantee Maximum A m o u n t allowable ( N o t e 3 )	Guarantee Provided by P a r e n t C o m p a n y ( N o t e 7 )	Guarantee Provided by a Subsidiary ( N o t e 7 )	Guarantee Provided to Subsidiaries in Mainland C h i n a ( N o t e 7 )	Note
		N a m e	N a t u r e o f Relationship ( N o t e 2 )											
0	The Company	AVer Information Inc. (USA)	Subsidiary	50% of paid-in capital to be \$464,600	\$ 96,658	\$ 96,658	\$ 61,635	\$ -	2.84	50% of paid-in capital to be \$464,600	Y	N	N	

Note 1: Numbers are denoted as follows:

- (1) Fill in 0 for the issuer.
- (2) The investee company is numbered sequentially from Arabic numeral 1 according to the company type.

Note 2: Relationships between the endorsement/guarantee provider and the guaranteed party can be categorized into 7 types. Simply mark the type.

- (1) Companies with business transactions.
- (2) Companies in which the Company holds more than 50% voting shares directly or indirectly.
- (3) Companies which hold more than 50% voting shares of the Company directly or indirectly.
- (4) Intercompanies in which the Company holds more than 90% voting shares directly or indirectly.
- (5) Companies which provide mutual endorsement/guarantee as interindustries or co-founded companies due to the need of undertaking construction projects in accordance with the contractual provisions.
- (6) Companies which are endorsed and guaranteed by all capital contributing shareholders for their jointly invested companies in proportion to their shareholding percentages.
- (7) The interindustries who provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: Fill in the allowable amount for providing endorsement/guarantee to each individual and the maximum allowable amount for providing endorsement/guarantee defined by the Company in accordance with the operational procedure for endorsements/guarantees for others. The calculation method for financing an individual and the total amount limit for financing shall be provided in the remark space .

Note 4: The maximum balance of endorsements/guarantees provided for the period.

Note 5: Enter the amount approved by the Board of Directors. However, if the Board of Directors authorizes the chairman of the Board of Directors to make decisions in accordance with Paragraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, enter the amount decided by the chairperson.

Note 6: Input the amount actually drawn by the guaranteed party within the scope of endorsed guarantee balance.

Note 7: Fill in Y for guarantees provided by the public offering parent company, guarantees provided by a subsidiary, guarantees provided to subsidiaries in mainland China.

AVer Information Inc. and subsidiaries  
Marketable securities held at the end of the reporting period.  
March 31, 2021

Table 2 (attached)

Unit : unless stated otherwise  
· In Thousands of New Taiwan Dollars

Held Company Name	Marketable Securities Type and Name (Note 1)	Relationship With the Company (Note 2)	Financial Statement Account	End date of the Reporting Period				Note (Note 4)
				Unit (In Thousands)	Carrying Value (Note 3)	Percentage of Ownership	Fair Value	
The Company	<u>Beneficiary Certificates</u> Mega Diamond Money Market Fund	None	Financial assets at fair value through profit or loss – current	4,050	\$ 51,266	-	\$ 51,266	
	<u>Publicly traded stocks</u> AVerMedia Technologies, Inc	Parent company of the Company	Financial assets at fair value through other comprehensive income – Non-current	7,575	363,221	3.93%	363,221	

Note 1: The marketable securities mentioned in this table refer to stocks, bonds, beneficiary certificates, and marketable securities derived from aforementioned items within the scope of IFRS 9 “Financial Instruments”.

Note 2: If the marketable securities issuer is not a related party, this column is not required.

Note 3: If the securities are measured by fair value, fill in the carrying balance in the column of carrying amount after the fair value measurement less the impairment loss; If the securities are not measured by fair value, fill in the carrying amount of the amortized cost (less loss allowance) in the column of carrying amount.

Note 4: The listed marketable securities that are restricted due to the provision of guarantees, pledged loans, or other agreed upon agreements, the restrictions including the number of guarantees or pledged shared, the amount of guarantees or pledges shall be provided in the note column.

Note 5: For information of investment in subsidiaries, please refer to Table 7 and Table 8 (attached).

AVer Information Inc. and subsidiaries

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE THREE MONTHS

ENDED MARCH 31, 2021 (Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Table 3 (attached)

Unit : unless stated otherwise  
 , In Thousands of New Taiwan Dollars

Company N a m e	Marketable Securities Type and Name ( N o t e 1 )	Financial Statement A c c o u n t	Counterp a r t y (Note 2)	Nature o f Relation s h i p (Note 2)	Beginning Balance		A c q u i s i t i o n ( N o t e 3 a n d 4 )		D i s p o s a l ( N o t e 3 )				Changes in o t h e r A c c o u n t	Ending Balance (Note 1)	
					Shares/Units ( I n Thousands)	A m o u n t	Shares/Un its ( I n Thousands )	A m o u n t	Shares/Units ( I n Thousands)	A m o u n t	Carrying V a l u e	Gain/Loss o n Disposal		Shares/Uni t s ( I n Thousands )	A m o u n t
The Company	AVerMedia Technologies , Inc	Financial assets at fair value through other comprehensi ve income— Non-current	-	Parent compan y of the Compa ny	-	\$	7,575	\$ 362,641	-	\$ -	\$ -	\$ -	\$ 580	7,575	\$ 363,221

註 1 : The marketable securities mentioned in this table refer to stocks, bonds, beneficiary certificates, and marketable securities derived from aforementioned items.

註 2 : It is applicable to disclosure information when marketable securities were recognized as "investments accounted for using equity method".

註 3 : Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT\$300 million or 20% of paid-in capital or more.

註 4 : Acquisition at March 31, 2021 includes payable resulting from financial instrument to \$40,319.

註 5 : Balance as at March 31, 2021 includes unrealized gain(loss) from financials assets measured at fair value amounting to \$580.

AVer Information Inc. and subsidiaries

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF PAID-IN CAPITAL

January 1 to March 31, 2021

Table 4 (attached)

Unit : unless stated otherwise  
· In Thousands of New Taiwan Dollars

Purchase (Sale) C o m p a n y	Related Party	Nature of Relationship	T r a n s a c t i o n   D e t a i l s				Abnormal Transaction Condition and Reason (Note 1)		Notes, Accounts Receivable ( P a y a b l e )		Note (Note 2)
			Purchase ( S a l e )	A m o u n t	Percentage to T o t a l P u r c h a s e ( S a l e ) ( % )	Payment Term	Unit Price	Payment Term	E n d i n g B a l a n c e	% to Total N o t e s , A c c o u n t R e c e i v a b l e ( P a y a b l e ) ( % )	
The Company	AVer Information Inc. (USA)	Subsidiary	Sales	\$ 343,950	( 44 )	90 days after the goods were shipped	\$ -	—	\$ 366,341	51	
	AVer Information EUROPE B.V.	Subsidiary	Sales	217,448	( 28 )	90 days after the goods were shipped	-	—	162,985	23	

Note 1: If the requirements of transaction of the related party are abnormal, describe the differences and reasons under the columns of Unit Price and Payment Term.

Note 2: If advance payments of receivable (payable) , describe the reasons, contractual terms, amount, and differences from general transactions under the column of Note.

Note 3: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's stock has no par value or the par value per share is not NT\$10, the transaction amount requirement of 20% of the paid-in capital shall be calculated based on the 10% of the equity attributable to the owner of the parent company on the balance sheet.

AVer Information Inc. and subsidiaries

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF PAID-IN CAPITAL

March 31, 2021

Table 5 (attached)

Unit : unless stated otherwise  
 , In Thousands of New Taiwan Dollars

Company Name	R e l a t e d P a r t y	Relationship	R e l a t e d P a r t y E n d i n g B a l a n c e	Turnover R a t e (Times/ Y e a r )	O v e r d u e		A m o u n t s Received in Subsequent Period (Note)	Provision of Allowance for Impairment Loss
					A m o u n t	Action Taken		
The Company	AVer Information Inc. (USA)	Subsidiary	Accounts Receivable \$ 366,341	3.47	\$ -	-	\$ 89,822	\$ -
	AVer Information EUROPE B.V.	Subsidiary	Accounts Receivable 162,985	4.15	-	-	54,648	
	AVer Information Inc. (Japan)	Subsidiary	Accounts Receivable 104,799	1.77	-	-	43,610	

Note: The amount recovered as of April 27, 2021.



AVer Information Inc. and subsidiaries  
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
January 1 to March 31, 2021

Table 6 (attached)

Unit : unless stated otherwise  
· In Thousands of New Taiwan Dollars

N o (Note 1)	I n v e s t e e C o m p a n y	C o u n t e r p a r t y	Relationship (Note 2)	T r a n s a c t i o n D e t a i l s			
				Financial Statement A c c o u n t s	A m o u n t	Payment Terms	% t o T o t a l R e v e n u e s o r A s s e t s ( N o t e 3 )
0	The Company	AVer Information Inc. (USA)	1	Sales revenue	\$ 343,950	Note 4	34%
		AVer Information EUROPE B.V.	1	Accounts receivable	366,341	Note 5	7%
		AVer Information Inc. (Japan)	1	Sales revenue	217,448	Note 4	22%
		AVer Information Inc. (Japan)	1	Accounts receivable	162,985	Note 5	3%
		AVer Information (Vietnam) Co., Ltd	1	Sales revenue	64,823	Note 4	6%
		AVer Information (Vietnam) Co., Ltd	1	Accounts receivable	104,779	Note 5	2%
1	AVer Information Inc. (USA)	AVer Information EUROPE B.V.	3	Sales revenue	4,690	Note 4	-
		AVer Information EUROPE B.V.	3	Accounts receivable	5,103	Note 5	-
		AVer Information EUROPE B.V.	3	Other receivable	8,962	Based on regular terms	-

Note 1: The transactions between the parent company and the subsidiaries are described in the column of number respectively. The numbers are denoted as follows:

- (1) Fill in 0 for the parent company.
- (2) The subsidiary is numbered sequentially from Arabic number 1 according to the company type.

Note 2: (1) From the parent company to the subsidiary.

- (2) From the subsidiary to the parent company.
- (3) Between two subsidiaries

Note 3: The calculation of the percentage of the transaction amount to the consolidated total revenue or total assets. If it is an asset-liability item, it will be calculated as the ending balance as a percentage of the consolidated total assets; if it is a profit and loss item, it will be calculated as the cumulative amount of the current period as a percentage of the consolidated revenue.

Note 4: Payment terms are similar to those of general customer and specified based on the local market conditions.

Note 5: 90 days after the goods were shipped.

AVer Information Inc. and subsidiaries  
INFORMATION ON INVESTEEES  
January 1 to March 31, 2021

Table 7 (attached)

Unit: unless stated otherwise,  
New Taiwan Dollars/Foreign Currencies in Thousands

Investor Company	Investee Company (Note 1, 2)	Main Locations	Main Businesses	Original Investment Amount		Balance at the End of the Period			Investee Company Net Income (Loss) of the Period (Note 2(2))	Share of Profit (Loss) (Note 2(3))	Note
				End date of the Reporting Period	End date of the Previous Period	Shares (In Thousands)	Percentage (%)	Carrying Amount (Note 5)			
The Company	AVer Information Inc. (USA)	United States	Sales of computer system equipment, presentation and video conferencing systems	\$ 217,848 (USD 6,000)	\$ 217,848 (USD 6,000)	6,990	100	(\$ 13,370)	\$ 12,348	\$ 12,348	Subsidiary
	AVer Information EUROPE B.V.	Netherlands	Sales of computer system equipment, presentation and video conferencing systems	131,089 (EUR 3,000)	131,089 (EUR 3,000)	(Note 4)	100	20,259	43,291	43,291	Subsidiary
	AVer Information Inc. (Japan)	Japan	Sales of computer system equipment, presentation and video conferencing systems	24,828 (JPY 70,000)	24,828 (JPY 70,000)	1.4	100	( 20,533 )	9,277	9,277	Subsidiary
	AVer Information (Vietnam) Co.,Ltd	Vietnam	Sales of computer system equipment, presentation and video conferencing systems	10,710 (VND 8,172,000)	10,710 (VND 8,172,000)	(Note 4)	100	10,113	175	175	Subsidiary
	YUAN CHEN Investment Co., Ltd.	Taiwan	Investment	500	500	50	100	433	-	-	Subsidiary

Note 1: If a public offering company has a foreign holding company and uses consolidated statements as the main financial statements in accordance with local laws and regulations, the disclosure of information about the foreign invested company may only disclose relevant information to the holding company.

Note 2: If it is not in the case described in Note 1, fill in information according to the following guidelines:

- (1) The columns of “Investee company”, “location”, “main business items”, “original investment amount”, and “shareholding at the end of the reporting period” shall be filled in according to the investment conditions of the public offering company and the reinvestment conditions on every investee directly or indirectly controlled by the company one by one. Relationships of each investee and the public offering company shall be provided in the Note column (i.e., its subsidiaries or sub-subsidiaries)
- (2) Fill in the profit (loss) of the current period of each investee in the column of “Net income (losses) of the investee”.
- (3) Fill in the column of “Investment income (losses) of the current period recognized ” with only the profit or loss of each subsidiary directly invested by the public offering company and each investee, valued using the equity method, recognized by the public offering company. The rest is not required. When filling in the “profit or loss of each subsidiary directly invested by the public offering company”, confirm that each the profit (loss) of the current period of each subsidiary has included the recognized investment profit (loss) of the reinvestment in accordance with the regulations.

Note 3: Please refer to Table 8 (attached) for relevant information of Investees in mainland China.

Note 4: Only the investment amount is displayed on the company business license with no record of shares recorded.

Note 5: Carrying amount is the net amount after unrealized sales profit is deducted.

AVer Information Inc. and subsidiaries  
Investment information in mainland China  
January 1 to March 31, 2021

Table 8 (attached)

Unit: unless stated otherwise,  
New Taiwan Dollars/Foreign Currencies in Thousands

Investees in mainland C h i n a	Main Businesses	Paid-in capital ( N o t e 5 )	Investment m e t h o d ( N o t e 1 )	Beginning of the current period From Taiwan Accumulated Outflow of Investment	I n v e s t m e n t F l o w s (Outflow/Inflow) in the current p e r i o d		End date of the Reporting P e r i o d From Taiwan Accumulated Outflow of Investment	Investee Company Net Income (Losses) of the current period	T h e Company Direct Or Indirect Investment w i t h Percentage o f Ownership	Current Period Profit (Loss) (Note 2(2)B.)	Investment at the end of the reporting period C a r r y i n g A m o u n t ( N o t e 3 )	As of the End of the Reporting P e r i o d Accumulated I n w a r d Remittance of E a r n i n g s	N o t e
					O u t f l o w	I n f l o w							
AVer Information Inc. (ShangHai)	Sales of computer system equipment, presentation and video conferencing systems	\$ 23,127 (USD 700)	1	\$ 23,127 (USD 700)	\$ -	\$ -	\$ 23,127 (USD 700)	\$ -	-	\$ -	\$ -	\$ -	Note 6

Accumulated Investment in Mainland China Outflow from Taiwan of the R e p o r t i n g P e r i o d	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Regulated by Investment Commission (Note 4)
\$ 23,127 (USD 700)	\$ 23,127 (USD 700)	\$ 2,039,467

Note 1: The methods for engaging in investment in mainland China include the following:

- (1) Direct investment in mainland China
- (2) Indirect investment in mainland China through companies registered in a third region (specify the name of the company in third region).
- (3) Other methods

Note 2: The investment income (loss) recognized in current period:

- (1) Indications shall be provided if no investment income (loss) has been recognized due to the investment is still in the development stage.
- (2) The investment income (loss) was etermined based on the following basis:
  - A. The financial report was audited and certified by an international accounting firm in cooperation with an accounting firm in the R.O.C.
  - B. The financial statements were audited by the parent company's auditors.
  - C. Others

Note 3: Carrying amount is the net amount after unrealized sales profit is deducted.

Note 4: In accordance with the regulations "Regulations Governing the examination of Investment or Technical Cooperation in Mainland China" amended on August 29, 2019, the allowable amount of investment in mainland China is 60% of net value.

Note 5: The value expressed in terms of the accumulated amount actually remitted from Taiwan with an average exchange rate of US\$1=NT\$33.04

Note 6: The accounting closing date of AVer Information Inc. (ShangHai) is March 26, 2019.

AVer Information Inc.  
Major Shareholders Information  
March 31, 2020

Table 9 (attached)

Unit: Share

Main Shareholders Information	S h a r e s	
	Number of Shares	Percentage of Ownership
AVerMedia Technologies, Inc.	29,738,904	32.00%
YUAN YI Investment Co., Ltd.	16,649,600	17.91%

Note: The information of major shareholders represented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.