

AVer Information Inc.

Parent Company Only
Financial Statements and
Independent Auditors' Report

2020 and 2019 Fiscal Years

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Independent Auditors' Report (translated from Chinese)

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

Opinion

We have audited the accompanying parent company only financial statements of AVer Information Inc. (the Company), which comprise the balance sheets as of December 31, 2020 and 2019, and related statements of comprehensive income, changes in equity, cash flows, and notes to parent company only financial statements (including summary of significant accounting policies) from January 1 to December 31, 2020 and 2019. The independent auditors have completed the audits of these statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of AVer Information Inc. as of December 31, 2020 and 2019 and its financial performance and its cash flows from January 1 to December 31, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the parent company only financial statements section of our report. We are independent of AVer Information Inc. in accordance with the Norm of the Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of AVer Information Inc. for the fiscal year of 2020. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for AVer Information Inc.'s parent company only financial statements for the fiscal year of 2020 as stated as follows:

Subsidiary by investment using the equity method - Assessment on sales allowances of AVer Information Inc. (USA)

AVer Information Inc. (USA), a subsidiary of AVer Information Inc. invested by the Company using the equity method, has distributors in the Americas as its main customers. In order to promote sales and expand the market, AVer Information Inc. (USA) and its main distributors have entered multiple contracts on sales discounts (allowances). Since calculation methods applied to respective contracts vary by product or sales achievement; bases of the calculations also involve the risks of estimation uncertainty of expected sales amount, therefore, the assessment of the sales discounts (allowances) has been identified as a key auditor matter.

We obtained an understanding of the methods applied to sales discounts (allowances) by AVer Information Inc. (USA), a subsidiary of AVer Information Inc. invested by the Company using the equity method, inquired the basis of management's estimation on expected sales amount, and obtained documents to assess the reasonableness thereof. Furthermore, we inspected AVer Information Inc. (USA)'s contracts of sales discounts (allowances), checked whether the sales discount (allowance) calculations were implemented in accordance with AVer Group's established policies, verified the actual payment requests by the distributors in order to assess the reasonableness of the sales discount (allowance) estimations.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of

Financial Reports by Securities Issuers to maintain the internal control as management determines necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing AVer Information Inc.'s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing AVer Information Inc.'s financial reporting process.

Auditors' Responsibilities for the audit of the Parent Company Only Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also conduct the following tasks:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error; design and perform audit procedures in response to those risks; and obtain audit evidences that are sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional

omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of AVer Information Inc.'s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on AVer Information Inc.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause AVer Information Inc. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements (including relevant notes), and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within AVer Information Inc. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of AVer Information Inc. for the fiscal year of 2020. and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Janice Wang and Jamie Lee.

Deloitte & Touche

Taipei, Taiwan

Republic of China

March 5, 2021

Notice to Readers

The accompanying financial statements are intended only to present the 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 financial statements are those generally accepted and applied in the Republic of China. For the convenience of readers, the independent auditors' report and the accompanying 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' report and financial statements shall prevail.

AVer Information Inc.
BALANCE SHEETS
December 31, 2020 and 2019

Unit: In Thousands of New Taiwan Dollars

C o d e	A	S	S	E	T	S	December 31, 2020		December 31, 2019	
							A m o u n t	%	A m o u n t	%
	CURRENT ASSETS									
1100	Cash and cash equivalents (Note 6)						\$ 1,365,497	30	\$ 840,982	28
1110	Financial assets at fair value through profit or loss (Note 7)						51,667	1	53,675	2
1150	Notes receivable						1,204	-	1,365	-
1170	Accounts receivable (Notes 8)						79,481	2	106,755	4
1180	Accounts receivable - related parties (Notes 8 and 24)						898,450	20	343,238	12
1200	Other receivables (Note 24)						17,875	-	9,606	-
130X	Inventories (Notes 5 and 9)						567,672	12	203,884	7
1470	Other current assets						891	-	8,257	-
11XX	Total current assets						2,982,737	65	1,567,762	53
	NONCURRENT ASSETS									
1550	Investment using the equity method (Note 10)						272,203	6	69,051	3
1600	Property, plant, and equipment (Notes 11 and 25)						1,205,983	26	1,202,661	41
1755	Right-of-use assets						352	-	352	-
1760	Investment property (Note 12)						68,091	2	68,937	2
1780	Intangible assets						8,193	-	6,009	-
1840	Deferred income tax assets (Note 20)						28,430	1	13,895	1
1990	Other Noncurrent assets						5,392	-	9,863	-
15XX	Total noncurrent assets						1,588,644	35	1,370,768	47
1XXX	TOTAL ASSETS						\$ 4,571,381	100	\$ 2,938,530	100
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 13)						\$ 200,000	4	\$	-
2120	Financial liabilities at fair value through profit or loss (Note 7)						13,954	-	66	-
2170	Accounts payable (Note 24)						312,084	7	176,116	6
2200	Other payables (Notes 14 and 25)						300,936	7	149,499	5
2230	Income tax liabilities for current period (Note 20)						161,514	4	1,199	-
2280	Lease liabilities						354	-	354	-
2399	Other current liabilities (Note 15)						10,851	-	4,433	-
21XX	Total current liabilities						999,693	22	331,667	11
	NONCURRENT LIABILITIES									
2550	Provision (Note 15)						37,847	1	36,206	1
2570	Deferred income tax liabilities (Note 20)						2,022	-	524	-
2670	Other noncurrent liabilities						332,344	7	107,541	4
25XX	Total noncurrent liabilities						372,213	8	144,271	5
2XXX	Total Liabilities						1,371,906	30	475,938	16
	EQUITY (Note 17)									
3110	Capital - common stock						929,200	20	929,200	32
3200	Capital surplus						735,120	16	735,120	25
	Retained earnings									
3310	Appropriated as legal reserve						223,250	5	215,920	7
3320	Appropriated as special reserve						2,208	-	1,192	-
3350	Unappropriated earnings						1,316,759	29	583,368	20
3300	Total retained earnings						1,542,217	34	800,480	27
3400	Other equity						(7,062)	-	(2,208)	-
3XXX	Total equity						3,199,475	70	2,462,592	84
	TOTAL LIABILITIES AND EQUITY						\$ 4,571,381	100	\$ 2,938,530	100

The accompanying notes are an integral part of the parent company only financial statements.

AVer Information Inc.

STATEMENTS OF COMPREHENSIVE INCOME

January 1 to December 31, 2020 and 2019

Unit: In Thousands of New Taiwan Dollars, Except
Earnings Per Share

Code		Fiscal year 2020		Fiscal year 2019	
		A m o u n t	%	A m o u n t	%
	REVENUE (Notes 18 and 24)				
4100	Sales revenue	\$ 3,507,026	100	\$ 1,610,829	100
	COST OF REVENUE (Notes 9, 19 and 24)				
5110	Cost of goods sold	<u>1,924,955</u>	<u>55</u>	<u>1,013,977</u>	<u>63</u>
5900	GROSS PROFIT	1,582,071	45	596,852	37
5920	REALIZED (UNREALIZED) PROFIT OF THE SUBSIDIARY	(<u>224,821</u>)	(<u>6</u>)	<u>15,767</u>	<u>1</u>
5950	REALIZED GROSS PROFIT	<u>1,357,250</u>	<u>39</u>	<u>612,619</u>	<u>38</u>
	OPERATING EXPENSES (Note 19)				
6100	Marketing	195,175	6	123,418	8
6200	General and administrative	113,336	3	79,406	5
6300	Research and development	<u>311,631</u>	<u>9</u>	<u>265,736</u>	<u>16</u>
6000	Total operating expenses	<u>620,142</u>	<u>18</u>	<u>468,560</u>	<u>29</u>
6900	INCOME FROM OPERATIONS	<u>737,108</u>	<u>21</u>	<u>144,059</u>	<u>9</u>
	NON-OPERATING INCOME AND EXPENSES (Note 19)				
7100	Interest revenue	2,822	-	3,466	-
7010	Other revenues	11,964	-	15,172	1

(Continued)

Code		Fiscal year 2020		Fiscal year 2019	
		A m o u n t	%	A m o u n t	%
7020	Other gains and losses	(10,798)	-	(1,912)	-
7050	Finance cost	(704)	-	(8)	-
7070	Share of profits and losses on equity method subsidiaries	<u>208,006</u>	<u>6</u>	(<u>69,129</u>)	(<u>5</u>)
7000	Total non-operating income and expenses	<u>211,290</u>	<u>6</u>	(<u>52,411</u>)	(<u>4</u>)
7900	INCOME BEFORE INCOME TAX	\$ 948,398	27	\$ 91,648	5
7950	INCOME TAX EXPENSE (Note 20)	<u>160,201</u>	<u>5</u>	<u>18,344</u>	<u>1</u>
8200	NET INCOME	<u>788,197</u>	<u>22</u>	<u>73,304</u>	<u>4</u>
	OTHER COMPREHENSIVE INCOME (LOSS)				
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations	(<u>4,854</u>)	<u>-</u>	(<u>1,016</u>)	<u>-</u>
8300	Other comprehensive loss for the year (net after income tax)	(<u>4,854</u>)	<u>-</u>	(<u>1,016</u>)	<u>-</u>
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 783,343</u>	<u>22</u>	<u>\$ 72,288</u>	<u>4</u>

(Continued)

<u>C o d e</u>		<u>Fiscal year 2020</u>		<u>Fiscal year 2019</u>	
		<u>A m o u n t</u>	<u>%</u>	<u>A m o u n t</u>	<u>%</u>
	Earnings per share (Note 21)				
9710	Basic	<u>\$ 8.48</u>		<u>\$ 0.79</u>	
9810	Diluted	<u>\$ 8.35</u>		<u>\$ 0.78</u>	

The accompanying notes are an integral part of the parent company only financial statements.

AVer Information Inc.
STATEMENTS OF CHANGES IN EQUITY
January 1 to December 31, 2020 and 2019

Unit: In Thousands of New Taiwan Dollars, Except
Dividends Per Share

Code		Capital - common s t o c k	Capital surplus	R e t a i n e d e a r n i n g s		Unappropriated e a r n i n g s	T o t a l	Other equity	Total equity
				Appropriated as legal reserve	Appropriated as special reserve			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	
A1	BALANCE, January 1, 2019	\$ 929,200	\$ 735,120	\$ 211,313	\$ 6,565	\$ 546,466	\$ 764,344	(\$ 1,192)	\$ 2,427,472
	Appropriations and distributions of year 2018 earnings								
B1	Appropriated as legal reserve	-	-	4,607	-	(4,607)	-	-	-
B3	Provision as special reserve	-	-	-	(5,373)	5,373	-	-	-
B5	Cash dividends to shareholders—NT\$0.4 per share	-	-	-	-	(37,168)	(37,168)	-	(37,168)
D1	Net income in 2019	-	-	-	-	73,304	73,304	-	73,304
D3	Other comprehensive income (loss) in 2019, after income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	(<u>1,016</u>)	(<u>1,016</u>)
D5	Total comprehensive income (loss) in 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,304</u>	<u>73,304</u>	(<u>1,016</u>)	<u>72,288</u>
Z1	BALANCE, DECEMBER 31, 2019	929,200	735,120	215,920	1,192	583,368	800,480	(2,208)	2,462,592
	Appropriations and distributions of year 2019								
B1	Appropriated as legal reserve	-	-	7,330	-	(7,330)	-	-	-

(Continued)

		R e t a i n e d e a r n i n g s					Other equity Foreign operation Translation of the f i n a n c i a l s t a t e m e n t s		
Code		Capital - common s t o c k	Capital surplus	Appropriated as legal reserve	Appropriated as special reserve	Unappropriated e a r n i n g s	T o t a l	E x c h a n g e d i f f e r e n c e	Total equity
B3	Appropriated as special reserve	-	-	-	1,016	(1,016)	-	-	-
B5	Cash dividends to shareholders - NT\$0.5 per share	-	-	-	-	(46,460)	(46,460)	-	(46,460)
D1	Net income in 2020	-	-	-	-	788,197	788,197	-	788,197
D3	Other comprehensive income (loss) in 2020, net after income tax	-	-	-	-	-	-	(4,854)	(4,854)
D5	Total comprehensive income (loss) in 2020	-	-	-	-	788,197	788,197	(4,854)	783,343
Z1	BALANCE, DECEMBER 31, 2020	<u>\$ 929,200</u>	<u>\$ 735,120</u>	<u>\$ 223,250</u>	<u>\$ 2,208</u>	<u>\$ 1,316,759</u>	<u>\$ 1,542,217</u>	<u>(\$ 7,062)</u>	<u>\$ 3,199,475</u>

The accompanying notes are an integral part of the parent company only financial statements.

AVer Information Inc.
STATEMENTS OF CASH FLOWS
January 1 to December 31, 2020 and 2019

Unit: In Thousands of New Taiwan Dollars

<u>C o d e</u>		<u>Fiscal year 2020</u>	<u>Fiscal year 2019</u>
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax of the fiscal year	\$ 948,398	\$ 91,648
A20010	Adjustments for:		
A20100	Depreciation expense	82,519	77,764
A20200	Amortization expense	3,762	2,380
A20300	Expected credit impairment loss (Reversal)	-	(33)
A20400	Net benefit on financial instruments at fair value through profit or loss	(8,359)	(8,438)
A20900	Finance cost	704	8
A21200	Interest revenue	(2,822)	(3,466)
A22400	Share of profits and losses on equity method subsidiaries	(208,006)	69,129
A22500	Losses (Gains) on disposal and write-off of property, plant and equipment	16	(935)
A23200	Liquidation loss of the equity method subsidiaries	-	571
A23700	Provision of inventory valuation loss and stock obsolescence	33,833	-
A23800	Inventory valuation loss and obsolescence recovery gains	-	(2,151)
A24000	Unrealized (realized) profit of the subsidiaries	224,821	(15,767)
A24100	Unrealized gross profit on foreign exchange	(10,090)	(1,114)
A29900	Provision of liability reserve	10,939	12,856
A29900	Amortization of advance payments for goods and services	4,459	3,829
A30000	Net changes of operating assets and liabilities		

(Continued)

<u>C o d e</u>		<u>Fiscal year 2020</u>	<u>Fiscal year 2019</u>
A31115	Financial assets at fair value enforced through profit or loss	30,612	8,790
A31130	Notes receivable	161	1,028
A31150	Accounts receivable	27,400	(52,741)
A31160	Accounts receivable - related party	(551,744)	7,265
A31180	Other receivables	(8,453)	(2,149)
A31200	Inventories	(397,621)	(14,161)
A31240	Other current assets	1,774	70,405
A32110	Financial liability held for trading	(6,357)	(4,045)
A32150	Accounts payable	137,463	(6,773)
A32180	Other payables	134,175	30,441
A32200	Provision of liability	(\$ 3,843)	(\$ 1,773)
A32230	Other current liabilities	<u>963</u>	<u>99</u>
A33000	Cash inflow generated from operations	444,704	262,667
A33300	Payment of interest	(672)	(8)
A33500	Payment of income tax	(<u>12,923</u>)	(<u>29,462</u>)
AAAA	Net cash inflow from operating activities	<u>431,109</u>	<u>233,197</u>
CASH FLOWS IN INVESTING ACTIVITIES			
B02700	Acquisition of property, plant and equipment	(67,446)	(48,838)
B02800	Proceeds from disposal of property, plant and equipment	-	935
B03700	Increase of refundable deposit	-	(3)
B03800	Decrease of refundable deposit	12	3
B04500	Acquisition of intangible assets	(108)	-
B07500	Interest received	<u>2,994</u>	<u>3,425</u>
BBBB	Net cash outflow of investing activities	(<u>64,548</u>)	(<u>44,478</u>)
CASH FLOWS FROM FINANCING ACTIVITIES			
C00100	Increase in short-term loans	200,000	-
C03000	Guarantee deposits received	-	385
C03100	Guarantee deposits refunded	-	(386)
C04020	Payments of lease liabilities	(604)	(604)

(Continued)

<u>Code</u>		<u>Fiscal year 2020</u>	<u>Fiscal year 2019</u>
C04500	Cash dividends paid	(<u>46,460</u>)	(<u>37,168</u>)
CCCC	Cash inflow (outflow) from financing activities	<u>152,936</u>	(<u>37,773</u>)
DDDD	Effect of changes in foreign exchange rates on cash and cash equivalents	<u>5,018</u>	(<u>5</u>)
EEEE	Net increase in cash and cash equivalents	524,515	150,941
E00100	Cash and cash equivalents at beginning of year	<u>840,982</u>	<u>690,041</u>
E00200	Cash and cash equivalents at end of year	<u>\$ 1,365,497</u>	<u>\$ 840,982</u>

The accompanying notes are an integral part of the parent company only financial statements.

AVer Information Inc.
Notes to Parent Company Only Financial Statements
January 1 to December 31, 2020 and 2019
(In Thousands of New Taiwan Dollars, unless otherwise specified)

1. GENERAL

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the Board of Directors on March 5, 2021.

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

- (1) This is the Company’s first time application for the 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 2020, and applicable for the Company’s assessments, have no major material impact on the company accounting policy.

- (2) IFRSs issued by the International Accounting Standards Board (IASB) and endorsed by the FSC, applicable starting from 2021.

<u>Newly issued/revised/amended standards and interpretations</u>	<u>Effective Date issued by IASB</u>
Amendment to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	Effective for annual reporting periods starting from or after January 1, 2021
Amendment to IFRS 16 "COVID-19 Related Rent Concessions"	Effective for annual reporting periods starting from or after Monday, June 1, 2020

As of the date the financial statements were authorized for issue, revisions of standards and interpretations endorsed by the FSC, and applicable to the company assessments of 2021, have no major material impact on the financial position and financial performance.

- (3) New IFRSs in issue by the IASB but not yet endorsed and issued into effect by the FSC.

<u>Newly issued/revised/amended standards and interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
"Annual Improvements 2018-2020"	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 of Contribution of Assets between an Investor and its Associates of Joint Venture"	To be determined
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"	Sunday, January 1, 2023 (Note 6)
Amendments to IAS 8 "Definition of Accounting Estimates"	Sunday, 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 properties, plants and equipment that reached 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.

As of the date the accompanying parent company only financial statements were authorized for issue, 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 financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs endorsed and issued into effect by the FSC.

(2) Basis of preparation

The parent company only 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 that are available on measurement date;
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.

The Company processes inputs of investment in subsidiaries using the equity method in preparation the financial statements. In order to maintain the profit and loss, other comprehensive income and equity, to be the same as the contributed profit and loss of the Company's owner, other comprehensive income, and equity of the current year in the consolidated financial statements, certain accounting treatment differences between the individual basis and the consolidated basis are adjustments to "investments

using the equity method,” “fraction of profit or loss of the equity method subsidiaries,” and relevant equity items.

(3) Classification of current and noncurrent assets and liabilities

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets expected to be realized within 12 months after the reporting period; and
3. Cash and cash equivalents (excluding those restricted by exchange of settlement of liabilities occurred beyond 12 months after the end of the reporting period)

Current liabilities include:

1. Liability held primarily for the purpose of trading;
2. Liabilities due to be settled within 12 months after the reporting period; and
3. Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current assets or current liabilities are classified as noncurrent assets or noncurrent liabilities respectively.

(4) Foreign currencies

In preparing the individual financial statements of the Company, transactions in currencies other than the Company’s functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from the settlement of translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when their fair value was determined. Exchange differences arising from the

retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslated of non-monetary items in respect of which gains and losses are classified as other comprehensive income; in which cases, the exchange differences are also recognized in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction, not retranslated.

For the purpose of presenting the parent company only financial statements, the functional currencies of assets and liabilities of its foreign operations (including subsidiaries that operate in countries or use currencies different from the Company) are translated into the New Taiwan dollars (presentation currency), at the exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

If the Company disposes of all equity of the foreign operations, all accumulated exchange differences related to the foreign operations will be reclassified to profit or loss.

(5) Inventories

Inventories consist of raw materials, finished goods, and work in progress. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar to related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost.

(6) Investment in subsidiaries

The Company processes investments in subsidiaries using the equity method.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter in the carrying amount to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's fraction of loss in subsidiaries is equal or more than its equity in subsidiaries (including the carrying amount of the subsidiary and other long-term equity that is essentially part of the Company's net investment in the subsidiary), the loss is recognized based on the shareholding ratio.

When the Company assesses impairment, the cash-generating unit is taken into account and, the recoverable amount and carrying amount are compared as a whole in the financial report. If the recoverable amount of the asset increase subsequently, a reversal of an impairment loss is recognized as gains, except the carrying amount of the asset after the reversal of an impairment loss, shall not exceed the carrying amount of the asset less designated amortization, when the impairment loss of such asset is not recognized.

When the Company loses control of a subsidiary, any retained investment of the former subsidiary is measured at the fair value at that date, the fair value of the retain investment, differences between any disposal proceeds and the carrying amount of the investments at that date shall be recognized in the profit or loss of the current period. The Company shall account for all amounts previously recognized in other comprehensive income in relation to the subsidiary on the same basis required if the Company had directly disposed of the related assets and liabilities.

When the Company transacts with its subsidiaries, unrealized profits and losses resulting from the downstream transactions with the subsidiaries are eliminated in the Company's parent company only financial statements. When the Company transacts with its subsidiaries, profits and losses resulting from the upstream and side stream transactions with the subsidiaries are recognized in the Company's parent company only financial statements only to the extent of the items unrelated to the Company's equity in the subsidiaries.

(7) Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost after accumulated depreciation.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately within its useful life. The Company will review the estimated useful lives, residual values and depreciation methods for at least once at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(8) Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairments.

Investment properties are recognized using the straight-line method for depreciation.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

(9) Intangible assets

Computer software costs are initially measured at cost. Subsequent to initial recognition, computer software costs are measured at cost less accumulated amortization and accumulated impairments. Intangible assets are recognized using the straight-line method for depreciation within the useful life. The Company reviews the estimated useful lives, residual values and amortization methods at least once at the end of each reporting period, with the effects of any changes in the accounting estimates on a prospective basis.

Useful lives of intangible assets are calculated using the following values:

Computer software	2 years
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On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss of the current period.

(10) Impairment of property, plant and equipment, right-of-use asset and intangible assets

At the end of each reporting period, the Company reviews its property, plant and equipment, right-of-use asset and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset of cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the

asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimation of its recoverable amount, but only to the extent of the carrying amount that have been determined having no impairment loss (less amortization or depreciation) recognized on the asset of cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

(11) Financial instruments

Financial assets and financial liabilities are recognized in the parent company only financial statements when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1. 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 and financial assets at amortized cost.

A. Financial assets at fair value through profit or loss.

Financial assets at FVTPL are measured at fair value enforced through profit or loss. Financial assets measured at

fair value enforced through profit or loss include investments in equity instruments at fair value through other comprehensive income (FVTOCI) and investments in debt instruments at amortized cost or through FVTOCI that do not meet the category criteria.

Financial assets at FVTPL are measured at fair value through profit or loss. Dividends and interests generated from the financial assets are recognized in other income and interest income respectively. Further measurements on interests or losses are recognized in other gains and losses. Please refer to Note 23 for the method of determining the fair value.

B. Financial assets at amortized cost

If investment assets of the Company meet the following two conditions, the investment assets are categorized as financial assets at amortized cost:

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

Subsequent to initial recognition, financial assets (including cash and cash equivalents, notes and accounts receivable at amortized cost, and other receivables and refundable deposits) are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

A financial asset is credit impaired when the significant financial difficulty, breach of contract, possible bankruptcy filings, or other financial restructuring, or disappearance of an active market of the financial asset due to financial difficulty, of the issuer or the borrower has occurred.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

(2) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable) at the end of each reporting period.

The Company always recognizes lifetime expected credit losses (ECL) for accounts receivable.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. The 12-month ECLs represent the portion of ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. In contrast, lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

For internal credit risk management purposes, without taking into account any collateral held by the Company, the Company determines the following conditions indicate that a financial asset is in default:

A. Internal or external information shows that the debtor is unlikely to pay its creditors

B. Payments from the debtor are overdue for more than 180 days, unless there is reasonable and corroborating information to indicate that the deferred default basis is more appropriate.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

(3) 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.

2. Financial liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method, except the following conditions:

Financial liabilities at fair value through profit or loss are mainly held for trading. Financial liabilities held for trading are measured at fair value. Gains or losses resulting from remeasurement are recognized in other gains and losses. Please refer to Note 23 for the method of determining the fair value.

(2) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized consideration paid is recognized in profit or loss.

3. Derivative financial instruments

Derivative instruments that the Company enters into are foreign exchange forward contracts in order to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into, and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss directly. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

(12) Provision of liability

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event. It is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. A provision is measured using the cash flows estimated to settle the present obligation.

Warranty

Warranty obligations guarantee that the product complies with agreed-upon specifications, are measured at the best estimate of expenses by the management to settle the Company's obligation, and recognized when relevant products are recognized.

(13) Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1. Revenue from the sale of goods

Revenue from the sale of goods comes from sales of computer system equipment, presentation and video conferencing systems. When the goods are delivered to the customer, because it is the time when the customer has full discretion over the price to sell the goods, right-of-use, and the primary responsibility for sales to future customers and bears the risks of obsolescence, the Company recognizes the income and trade receivables concurrently.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2. Revenue from the rendering of services

Revenue from the rendering of services comes from the warranty service extension.

As the Company provides the warranty service extension, customers simultaneously receive and consume the benefits provided by the Company's performance. Consequently, the related revenue is recognized when services are rendered monthly during the term of the warranty service provided.

(14) Leases

At the inception of a contract, the Company assesses whether the contract is (or contains) a lease.

1. The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments from operating leases, less any lease incentives, are recognized as income on a straight-line basis over the terms of the relevant leases.

2. The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for the low-value asset leases and short-term leases accounted for which applies to a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease term.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the parent company only balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease term.

Lease liabilities are initially measured at the present value of the lease payments (mainly the fixed payments). If the interest rate implicit in a lease can be readily determined, the lease payments are discounted using such interest rate. If the interest rate implicit in a lease cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

(15) Employee benefits

1. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

(16) Taxation

Income tax expense represents the sum of the tax currently payable and the deferred tax.

1. Current income tax

Income tax payable (recoverable) of the Company is based on taxable profit (loss) for the year determined according to the applicable tax laws of Republic of China.

According to the Income Tax Law in the Republic of China, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2. Deferred income tax

Deferred income tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit in the financial statements of each entity.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, or purchases of machinery and equipment, and expenses of research and development, to the extent

that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent, that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previous unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized as an increase of adjustment to the carrying amount, to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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, estimation, 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 current 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.

Key Sources of Estimation Uncertainty

Valuation of Inventory

Inventories are stated at the lower of cost or net realized value, and the Company uses judgment and estimation to determine the net realizable value of inventory at the end of each reporting period. Due to the rapid technological changes, the Company estimates the net realizable value of inventory for fair wear and tear, obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value.

The net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value was based on current market conditions, historical experience, and product demands in the specific future periods with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31, 2020	December 31, 2019
Cash on hand	\$ 812	\$ 931
Demand deposits	1,190,685	378,051
Cash equivalents		

(Continued)

Time deposits with original maturities of less than 3 months	<u>174,000</u>	<u>462,000</u>
	<u>\$ 1,365,497</u>	<u>\$ 840,982</u>

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Bank deposits	0.001%~0.32%	0.001%~0.35%
Time deposits	0.41%	0.65%~0.66%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets - current</u>		
Mandatorily measured at FVTPL		
Derivative (not hedged)		
— Forward foreign exchange contracts	\$ 438	\$ 2,684
Non-derivative financial assets		
— Domestic fund beneficiary certificates	<u>51,229</u>	<u>50,991</u>
Subtotal	<u>\$ 51,667</u>	<u>\$ 53,675</u>
<u>Financial liability—current</u>		
Held for trading		
Derivative (not hedged)		
— Forward foreign exchange contracts	<u>\$ 13,954</u>	<u>\$ 66</u>

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

December 31, 2020

	<u>C u r r e n c y</u>	<u>M a t u r i t y d a t e</u>	<u>C o n t r a c t a m o u n t (i n T h o u s a n d s)</u>
Forward	Euro to New	2021.1.25~	EUR10,500/ NTD355,580
foreign	Taiwan	2021.3.25	
exchange sold	Dollar		
Forward	US Dollar to	2021.1.25~	USD 7,160/ NTD204,307
foreign	New Taiwan	2021.3.25	
exchange sold	Dollar		
Forward	Japanese Yen	2021.1.25~	JPY268,580/ NTD 73,276
foreign	to New	2021.3.25	
exchange sold	Taiwan		
	Dollar		

December 31, 2019

	<u>C u r r e n c y</u>	<u>M a t u r i t y d a t e</u>	<u>C o n t r a c t a m o u n t (i n T h o u s a n d s)</u>
Forward	Euro to New	2020.1.25~	EUR 1,635/ NTD 55,021
foreign	Taiwan	2020.3.25	
exchange sold	Dollar		
Forward	US Dollar to	2020.1.25~2020.3.	USD 5,530/ NTD167,770
foreign	New Taiwan	25	
exchange sold	Dollar		
Forward	Japanese Yen	2020.1.25~2020.3.	JPY167,000/ NTD 46,628
foreign	to New	25	
exchange sold	Taiwan		
	Dollar		

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. ACCOUNTS RECEIVABLE

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
At amortized cost		
Gross carrying amount—		
Non-related parties	\$ 79,481	\$106,755
Gross carrying amount—		
Related parties	898,450	343,238
Less: Loss allowance	-	-
	<u>\$977,931</u>	<u>\$449,993</u>

The Company provides 30~90 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 the follow-up action is taken to recover overdue debts. In addition, the Company reviews the 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 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 will continue to engage in enforcement activity in attempt to

recover the receivables which 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:

December 31, 2020

	Not past due	Past due 1~30 days	Past due 31~90 days	T o t a l
Gross carrying amount	\$ 974,384	\$ 3,542	\$ 5	\$ 977,931
Loss allowance (lifetime expected credit loss)	-	-	-	-
Amortized cost	<u>\$ 974,384</u>	<u>\$ 3,542</u>	<u>\$ 5</u>	<u>\$ 977,931</u>

December 31, 2019

	Not past due	Past due 1~30 days	Past due 31~90 days	T o t a l
Gross carrying amount	\$ 448,839	\$ 862	\$ 292	\$ 449,993
Loss allowance (lifetime expected credit loss)	-	-	-	-
Amortized cost	<u>\$ 448,839</u>	<u>\$ 862</u>	<u>\$ 292</u>	<u>\$ 449,993</u>

9. INVENTORIES

	December 31, 2020	December 31, 2019
Finished goods	\$ 82,243	\$ 36,221
Work in progress	104,554	47,711
Raw materials	<u>380,875</u>	<u>119,952</u>
	<u>\$567,672</u>	<u>\$203,884</u>

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

	Fiscal year 2020	Fiscal year 2019
Cost of inventories sold	\$ 1,891,122	\$ 1,016,128
Provision of inventory valuation loss (recovery gains)	<u>33,833</u>	(<u>2,151</u>)
	<u>\$ 1,924,955</u>	<u>\$ 1,013,977</u>

10. INVESTMENT USING THE EQUITY METHOD

	December 31, 2020	December 31, 2019
<u>Investee</u>		
Unlisted (non-public) company		
AVer Information Inc. (USA)	\$176,442	\$ 47,134
AVer Information EUROPE B.V.	82,788	6,046
AVer Information Inc. (Japan)	839	6,996
AVer Information (Vietnam) Co., Ltd	11,701	8,438
YUAN CHEN Investment Co., Ltd.	433	437
	<u>\$272,203</u>	<u>\$ 69,051</u>

The percentages of ownership and voting rights in the subsidiary held by the Company at the end of the reporting period are as follows:

	December 31, 2020	December 31, 2019	Note
AVer Information Inc. (USA)	100%	100%	-
AVer Information EUROPE B.V.	100%	100%	-
AVer Information Inc. (Japan)	100%	100%	-
AVer Information (Vietnam) Co., Ltd	100%	100%	-
AVer Information Inc. (ShangHai)	-	-	Note
YUAN CHEN Investment Co., Ltd.	100%	100%	-

Note: AVer Information Inc. (Shanghai) completed the liquidation on March 26, 2019.

The fractions of profit or loss of the subsidiaries using the equity method in the fiscal of 2020 and 2019 are recognized based on the financial statements of the subsidiaries audited by the independent auditors of the same period.

11. PROPERTY, PLANT AND EQUIPMENT

	L a n d	Houses and buildings	Machinery equipment	Transportatio n equipment	O f f i c e equipment	Leasehold improvement s	O t h e r equipment	Construction in progress a n d Equipment pending acceptance	T o t a l
<u>Cost</u>									
BALANCE, January 1, 2019	\$ 373,218	\$1,071,309	\$ 153,051	\$ 11,599	\$ 54,036	\$ 884	\$ 170,928	\$ 8,202	\$1,843,227
Addition	-	-	-	-	-	-	-	48,064	48,064

(Continued)

	L a n d	Houses and buildings	Machinery equipment	Transportatio n equipment	O f f i c e equipment	Leasehold improvement s	O t h e r equipment	Construction in progress a n d Equipment p e n d i n g acceptance	T o t a l
Disposal	-	(576)	(21,683)	-	(12,933)	-	(40,818)	-	(76,010)
Transfer-in from prepayments	-	2,387	39,547	-	3,706	-	25,196	(47,145)	23,691
Reclassified as other noncurrent assets	-	-	-	-	-	-	-	(5,569)	(5,569)
BALANCE, DECEMBER 31, 2019	<u>\$ 373,218</u>	<u>\$ 1,073,120</u>	<u>\$ 170,915</u>	<u>\$ 11,599</u>	<u>\$ 44,809</u>	<u>\$ 884</u>	<u>\$ 155,306</u>	<u>\$ 3,552</u>	<u>\$ 1,833,403</u>
<u>Accumulated depreciation</u>									
BALANCE, January 1, 2019	\$ -	\$ 295,450	\$ 136,722	\$ 5,225	\$ 44,304	\$ 810	\$ 147,927	\$ -	\$ 630,438
Depreciation expense	-	43,493	9,363	1,688	3,191	74	18,505	-	76,314
Disposal	-	(576)	(21,683)	-	(12,933)	-	(40,818)	-	(76,010)
BALANCE, DECEMBER 31, 2019	<u>\$ -</u>	<u>\$ 338,367</u>	<u>\$ 124,402</u>	<u>\$ 6,913</u>	<u>\$ 34,562</u>	<u>\$ 884</u>	<u>\$ 125,614</u>	<u>\$ -</u>	<u>\$ 630,742</u>
NET VALUE, December 31, 2019	<u>\$ 373,218</u>	<u>\$ 734,753</u>	<u>\$ 46,513</u>	<u>\$ 4,686</u>	<u>\$ 10,247</u>	<u>\$ -</u>	<u>\$ 29,692</u>	<u>\$ 3,552</u>	<u>\$ 1,202,661</u>
<u>Cost</u>									
BALANCE, January 1, 2020	\$ 373,218	\$ 1,073,120	\$ 170,915	\$ 11,599	\$ 44,809	\$ 884	\$ 155,306	\$ 3,552	\$ 1,833,403
Addition	-	-	-	-	887	-	-	83,853	84,740
Disposal & disposal	-	(54,471)	(107,859)	(3,683)	(27,382)	(884)	(121,408)	-	(315,687)
Transfer-in from prepayments	-	14,550	18,641	-	17,176	-	12,855	(57,711)	5,511
Reclassified as other current and noncurrent assets	-	-	-	-	-	-	-	(5,844)	(5,844)
BALANCE, DECEMBER 31, 2020	<u>\$ 373,218</u>	<u>\$ 1,033,199</u>	<u>\$ 81,697</u>	<u>\$ 7,916</u>	<u>\$ 35,490</u>	<u>\$ -</u>	<u>\$ 46,753</u>	<u>\$ 23,850</u>	<u>\$ 1,602,123</u>
<u>Accumulated depreciation</u>									
BALANCE, January 1, 2020	\$ -	\$ 338,367	\$ 124,402	\$ 6,913	\$ 34,562	\$ 884	\$ 125,614	\$ -	\$ 630,742
Depreciation expense	-	42,660	13,429	1,657	4,995	-	18,328	-	81,069
Disposal & disposal	-	(54,471)	(107,859)	(3,683)	(27,366)	(884)	(121,408)	-	(315,671)
BALANCE, DECEMBER 31, 2020	<u>\$ -</u>	<u>\$ 326,556</u>	<u>\$ 29,972</u>	<u>\$ 4,887</u>	<u>\$ 12,191</u>	<u>\$ -</u>	<u>\$ 22,534</u>	<u>\$ -</u>	<u>\$ 396,140</u>
NET VALUE, December 31, 2020	<u>\$ 373,218</u>	<u>\$ 706,643</u>	<u>\$ 51,725</u>	<u>\$ 3,029</u>	<u>\$ 23,299</u>	<u>\$ -</u>	<u>\$ 24,219</u>	<u>\$ 23,850</u>	<u>\$ 1,205,983</u>

For the year ended on December 31, 2020 and 2019, no indication of an impairment loss of the Company's property, plant and equipment was present, and therefore, no impairment assessment was performed.

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	3-5 years
Transportation equipment	5 years
Office equipment	2-5 years
Leasehold improvements	3 years
Other equipment	2 years

Property, plant and equipment pledged as collateral for bank borrowings by the Company are set out in Note 25.

12. INVESTMENT PROPERTY

The Company has investment properties of plants and parking areas located at Zhonghe District, New Taipei City, Taiwan, R.O.C., for the purpose of business leasing. The cost of book value is NT\$79,089,000 for the year ended on December 31 of 2020 and 2019.

Accumulated depreciation

Balance, January 1, 2019	\$ 9,306
Depreciation expense	<u>846</u>
Balance, December 31, 2019	10,152
Depreciation expense	<u>846</u>
Balance, December 31, 2020	<u>\$ 10,998</u>

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 year ended on December 31, 2020 and 2019 respectively. The valuation is estimated by the management of the Company in reference to the recent transaction prices of properties in the neighboring districts.

The total amounts of lease payments to be received in the future for the lease of the investment property in 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Within 1 year	\$ 6,230	\$ 3,363
1 to 5 years	<u>8,650</u>	<u>-</u>
	<u>\$ 14,880</u>	<u>\$ 3,363</u>

13. SHORT-TERM LOANS

	December 31, 2020	December 31, 2019
Unsecured loans	<u>\$ 200,000</u>	<u>\$ -</u>
Annual interest rate (%)	0.95%~1%	-
Maturity date	2021/2/22	-

14. OTHER PAYABLES

	December 31, 2020	December 31, 2019
Payable for employees' compensation and remuneration of directors	\$129,204	\$ 12,485
Salary and bonus payable	79,948	82,485
Payable for equipment	18,840	1,633
Vacation pay payable	18,039	15,766
Insurance payable	9,467	5,793
Freight payable	3,341	1,413
Others	42,097	29,924
	<u>\$300,936</u>	<u>\$149,499</u>

15. PROVISION OF LIABILITY

	December 31, 2020	December 31, 2019
Current – warranty (classified under other current liabilities)	\$ 7,247	\$ 1,792
Noncurrent – warranty	37,847	36,206
	<u>\$ 45,094</u>	<u>\$ 37,998</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.

16. RETIREMENT BENEFIT PLANS

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

17. EQUITY

(1) Capital - common stock

	December 31, 2020	December 31, 2019
Number of shares authorized (in thousands of shares)	<u>150,000</u>	<u>150,000</u>
Shares authorized	<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>
Shares issued	<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

	December 31, 2020	December 31, 2019
Additional paid-in capital	<u>\$734,624</u>	<u>\$734,624</u>
Treasury share transactions	<u>496</u>	<u>496</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 each year.

(3) Retained earnings and dividends policy

In accordance with the Company's Articles of Incorporation, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of 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 19 (7).

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 exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865, Rule No. 1010047490, Rule No. 1030006415 issued by the Financial Supervisory Commission (FSC) of the Republic of China and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" shall be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings of the Company for 2019 and 2018 were as follows:

	The appropriation of earnings		Dividends per Share	
	(NT\$)		(\$)	
	Fiscal year 2019	Fiscal year 2018	Fiscal year 2019	Fiscal year 2018
Appropriated as legal reserve	\$ 7,330	\$ 4,607		
Appropriations (Reversal) in respect of special reserve	1,016	(5,373)		
Appropriated as special reserve				
Cash dividends	46,460	37,168	\$ 0.50	\$ 0.40

The appropriation of earnings for 2020 subject to the resolution of the shareholders' meeting to be held on March 5, 2021 are as follows:

	<u>The proposed appropriation of e a r n i n g s</u>	<u>Dividends per Share (NT\$)</u>
Appropriated as legal reserve	\$ 78,820	
Appropriated as special reserve	4,854	
Cash dividends	464,600	\$ 5.0

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

(4) Appropriated as special reserve

	<u>Fiscal year 2020</u>	<u>Fiscal year 2019</u>
Balance at beginning of year	\$ 1,192	\$ 6,565
Provision as special reserve		
Provision of the debits to other equity items	1,016	-
Reversal appropriated as special reserve		
Reversal of the debits to other equity items	-	(5,373)
Balance at end of year	<u>\$ 2,208</u>	<u>\$ 1,192</u>

18. REVENUE

	<u>Fiscal year 2020</u>	<u>Fiscal year 2019</u>
Revenue from contracts with customers		
Revenue from the sale of goods	<u>\$ 3,507,026</u>	<u>\$ 1,610,829</u>

Disaggregation of Revenue from contracts with customers – Type of goods

	<u>Fiscal year 2020</u>	<u>Fiscal year 2019</u>
Integrated education products	\$ 1,362,068	\$ 930,099
Video conferencing systems products	2,074,939	589,039
Others	70,019	91,691
	<u>\$ 3,507,026</u>	<u>\$ 1,610,829</u>

19. ADDITIONAL INFORMATION OF NET INCOME

(1) Interest revenue

	<u>Fiscal year 2020</u>	<u>Fiscal year 2019</u>
Bank deposits	\$ 2,424	\$ 3,076
Others	<u>398</u>	<u>390</u>
	<u>\$ 2,822</u>	<u>\$ 3,466</u>

(2) Other revenues

	<u>Fiscal year 2020</u>	<u>Fiscal year 2019</u>
Rental income		
Investment property		
(Note 12)	\$ 5,959	\$ 5,824
Other rental income	<u>694</u>	<u>2,550</u>
	6,653	8,374
Others	<u>5,311</u>	<u>6,798</u>
	<u>\$ 11,964</u>	<u>\$ 15,172</u>

(3) Other gains and losses

	<u>Fiscal year 2020</u>	<u>Fiscal year 2019</u>
Gains (losses) on financial assets and financial liabilities		
Financial assets mandatorily measured at FVTPL	\$ 28,604	\$ 11,597
Financial liability held for trading	(20,245)	(3,159)
Liquidation loss of the subsidiary	-	(571)
Net foreign exchange gains (losses)	(18,295)	(9,857)
(Losses) Gains on disposal and write-off of property, plant and equipment	(16)	935
Other losses	(846)	(857)
	<u>(\$ 10,798)</u>	<u>(\$ 1,912)</u>

(4) Finance cost

	<u>Fiscal year 2020</u>	<u>Fiscal year 2019</u>
Interest on lease liabilities	\$ 8	\$ 8
Interest on bank loans	<u>696</u>	<u>-</u>
	<u>\$ 704</u>	<u>\$ 8</u>

(5) Depreciation and amortization

	<u>Fiscal year 2020</u>	<u>Fiscal year 2019</u>
Property, plant and equipment	\$ 81,069	\$ 76,314
Right-of-use assets	604	604
Investment properties	846	846
Intangible assets	<u>3,762</u>	<u>2,380</u>
	<u>\$ 86,281</u>	<u>\$ 80,144</u>

An analysis of depreciation by function

Cost of revenue	\$ 46,680	\$ 38,127
Operating expenses	34,993	38,791
Other gains and losses	<u>846</u>	<u>846</u>
	<u>\$ 82,519</u>	<u>\$ 77,764</u>

An analysis of amortization by function

Cost of revenue	\$ 437	\$ 47
Operating expenses	<u>3,325</u>	<u>2,333</u>
	<u>\$ 3,762</u>	<u>\$ 2,380</u>

(6) Employee benefits expense

	<u>Fiscal year 2020</u>	<u>Fiscal year 2019</u>
Post-employment benefits (Note 16)		
Defined contribution plans	\$ 17,023	\$ 15,584
Short-term benefits		
Salary expense	505,030	369,502
Insurance expense	31,880	29,343
Others	<u>16,141</u>	<u>13,334</u>
Total employee benefits expense	<u>\$ 570,074</u>	<u>\$ 427,763</u>

An analysis of employee benefits expense by function

Cost of revenue	\$ 164,228	\$ 107,391
Operating expenses	<u>405,846</u>	<u>320,372</u>
	<u>\$ 570,074</u>	<u>\$ 427,763</u>

(7) 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 fiscal years of 2020 and 2019, the accrued employees' compensation and the remuneration of directors approved by the Board of Directors were as follows:

Accrual rate

	<u>Fiscal year 2020</u>	<u>Fiscal year 2019</u>
Compensation of employees	10%	10%
Remuneration of directors	1.99%	1.99%

Amount (NT\$)

	<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 parent company only financial statements	<u>\$129,204</u>	<u>\$ 12,485</u>

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

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.

20. INCOME TAX

(1) Income tax recognized in profit or loss

Major components of income tax expense as follows:

	<u>Fiscal year 2020</u>	<u>Fiscal year 2019</u>
Current income tax		
In respect of the current year	\$174,188	\$ 17,186
Income tax on Unappropriated earnings	-	1,211
Adjustments in respect of prior years	(<u>950</u>)	<u>-</u>
	<u>173,238</u>	<u>18,397</u>
Deferred income tax		
In respect of the current year	(<u>13,037</u>)	(<u>53</u>)
Income tax expenses recognized in profit or loss	<u>\$160,201</u>	<u>\$ 18,344</u>

The reconciliation between accounting profit and income tax expenses is shown below:

	<u>Fiscal year 2020</u>	<u>Fiscal year 2019</u>
Income before income tax	<u>\$948,398</u>	<u>\$ 91,648</u>
Income tax expense calculated at the statutory rate based on the profit before tax	\$189,679	\$ 18,329
Income tax on unappropriated earnings	-	1,211
Non-deductible expense in determining taxable income	32	29
Tax-exempt income	(48)	(56)
Unrecognized deductible temporary differences	(2,294)	6,715
Investment tax credit in current year	(26,218)	(7,884)
Adjustments of prior years' income tax expenses added to current year	(<u>950</u>)	<u>-</u>
Income tax expenses recognized in profit or loss	<u>\$160,201</u>	<u>\$ 18,344</u>

(2) Current tax liabilities

	December 31, 2020	December 31, 2019
Income tax payable	<u>\$161,514</u>	<u>\$ 1,199</u>

(3) Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

Fiscal year 2020

	Opening balance	Recognized in profit or l o s s	Closing balance
<u>Deferred tax assets</u>			
Temporary differences			
Provision of liability	\$ 7,600	\$ 1,419	\$ 9,019
Inventory valuation losses	3,131	6,766	9,897
Unrealized gross profit of sales between affiliated companies	2,121	4,497	6,618
Others	<u>1,043</u>	<u>1,853</u>	<u>2,896</u>
	<u>\$ 13,895</u>	<u>\$ 14,535</u>	<u>\$ 28,430</u>
<u>Deferred tax liabilities</u>			
Temporary differences			
Others	<u>\$ 524</u>	<u>\$ 1,498</u>	<u>\$ 2,022</u>

Fiscal year 2019

	Opening balance	Recognized in profit or l o s s	Closing balance
<u>Deferred tax assets</u>			
Temporary differences			
Provision of liability	\$ 5,383	\$ 2,217	\$ 7,600
Inventory valuation losses	3,561	(430)	3,131
Unrealized gross profit of sales between affiliated companies	2,437	(316)	2,121
Others	<u>2,002</u>	<u>(959)</u>	<u>1,043</u>
	<u>\$ 13,383</u>	<u>\$ 512</u>	<u>\$ 13,895</u>
<u>Deferred tax liabilities</u>			
Temporary differences			
Others	<u>\$ 65</u>	<u>\$ 459</u>	<u>\$ 524</u>

(4) Income tax assessments

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

21. 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 INCOME

	<u>Fiscal year 2020</u>	<u>Fiscal year 2019</u>
Net profits used in the computation of basic earnings and diluted earnings per share	<u>\$788,197</u>	<u>\$ 73,304</u>
<u>Number of shares</u>		Unit: in Thousands
	<u>Fiscal year 2020</u>	<u>Fiscal year 2019</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	92,920	92,920
Effect of potential dilutive ordinary shares:		
Compensation of employees	<u>1,421</u>	<u>716</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>94,341</u>	<u>93,636</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.

22. 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) and 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.

23. 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 parent company only 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

December 31, 2020

	<u>L e v e l 1</u>	<u>L e v e l 2</u>	<u>L e v e l 3</u>	<u>T o t a l</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>
<u>Financial liabilities at FVTPL</u>				
Derivative — forward foreign exchange contracts	\$ -	\$ 13,954	\$ -	\$ 13,954

December 31, 2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>T o t a l</u>
<u>Financial assets at FVTPL</u>				
Domestic fund beneficiary certificates	\$ 50,991	\$ -	\$ -	\$ 50,991
Derivative — forward foreign exchange contracts	-	2,684	-	2,684
Total	<u>\$ 50,991</u>	<u>\$ 2,684</u>	<u>\$ -</u>	<u>\$ 53,675</u>

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>T o t a l</u>
<u>Financial liabilities at FVTPL</u>				
Derivative — forward foreign exchange contracts	\$ -	\$ 66	\$ -	\$ 66

There was no transfer between Level 1 and Level 2 in the year of 2020 and 2019.

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>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Fair value through profit or loss		
Mandatorily measured at FVTPL	\$ 51,667	\$ 53,675
Amortized cost (Note 1)	2,363,255	1,302,706
<u>Financial liability</u>		
Fair value through profit or loss		

(Continued)

	December 31, 2020	December 31, 2019
Held for trading	13,954	66
Amortized cost (Note 2)	815,396	327,090

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 bank loans, 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 risk), 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 must be carried out based on related standards and internal control procedures.

1. Market risk

The primary financial risks of the Company's activities exposed to are 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 reporting period are set out in Note 28.

Sensitivity analysis

The Company is mainly influenced by 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 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
	Fiscal year 2020	Fiscal year 2019	
USD	\$ 19,796 (i)	\$ 7,412 (i)	
EUR	20,087 (ii)	4,509 (ii)	
JPY	9,756 (iii)	2,327 (iii)	
RMB	(239) (iii)	(408) (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.
- (iii) Bank deposits, receivables, and payables of the Company denominated in RMB that are still in circulation and without

the use of cash flow hedging at the end of the reporting period.

(2) Interest rate risk

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:

	December 31, 2020	December 31, 2019
Fair value interest rate risk		
— Financial liabilities	\$ 200,354	\$ 354
Cash flow interest rate risk		
— Financial assets	1,364,685	840,051

The Company is exposed to cash flow interest rate risk because of having bank 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 fiscal years of 2020 and 2019 would increase/decrease by NT\$3,412 thousand and NT\$2,100 thousand, respectively.

(3) Other price risk

The Company is exposed to price risk due to having 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 equity prices had been increased/decrease by 0.5%, the Company's pre-tax profit for the fiscal years of 2020 and 2019 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.

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 the 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 2020 by region mainly gathered in America, and accounted for 44% of total receivables as of December 31, 2020 and 2019 respectively.

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 December 31, 2020 and December 31, 2019, 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 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.

December 31, 2020

	On Demand		
	o	r	
	Less than 1	3 months-1	
	<u>M o n t h</u>	<u>1-3 months</u>	<u>y e a r</u>
<u>Non-derivative</u>			
<u>financial liability</u>			
Non-interest			
bearing	\$ 233,502	\$ 163,025	\$ 12,459
Lease liabilities	51	102	204
Fixed interest			
instruments	<u>100,016</u>	<u>100,016</u>	<u>-</u>
	<u>\$ 333,569</u>	<u>\$ 263,143</u>	<u>\$ 12,663</u>

December 31, 2019

	On Demand		
	o	r	
	Less than 1	3 months-1	
	<u>M o n t h</u>	<u>1-3 months</u>	<u>y e a r</u>
<u>Non-derivative</u>			
<u>financial liability</u>			
Non-interest			
bearing	\$ 93,392	\$ 133,235	\$ 8,401
Lease liabilities	<u>51</u>	<u>102</u>	<u>204</u>
	<u>\$ 93,443</u>	<u>\$ 133,337</u>	<u>\$ 8,605</u>

(2) Financing amount

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Unsecured bank		
financing amount		
— Amount used	\$ 200,000	\$ -
— Amount		
unused	<u>-</u>	<u>230,000</u>
	<u>\$ 200,000</u>	<u>\$ 230,000</u>
Secured bank		
financing amount		
— Amount used	\$ -	\$ -
— Amount		
unused	<u>430,000</u>	<u>400,000</u>
	<u>\$ 430,000</u>	<u>\$ 400,000</u>

24. TRANSACTIONS WITH RELATED PARTIES

The parent company of the Company is AVerMedia Technologies, Inc. (AVerMedia) that holds 50.44% and 51.65% of ordinary shares of the Company directly and indirectly on December 31, 2020 and 2019 respectively.

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
AVerMedia Technology Inc. (ShangHai)	Fellow subsidiary of the Company
AVer Information Inc. (USA)	Subsidiary
AVer Information EUROPE B.V.	Subsidiary
AVer Information Inc. (Japan)	Subsidiary
AVer Information (Vietnam) Co., Ltd.	Subsidiary

(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 / I t e m</u>	<u>F i s c a l y e a r 2020</u>	<u>F i s c a l y e a r 2019</u>
Sales revenue	Parent company	\$ 43,736	\$ 44,109
	Fellow company	<u>1,119</u>	<u>1,237</u>
	Subsidiary		
	AVer Information Inc. (USA)	1,384,754	815,501
	AVer Information EUROPE B.V.	797,038	167,305
	AVer Information Inc. (Japan)	393,830	138,452
	Other	<u>33,115</u>	<u>2,649</u>
		<u>2,608,737</u>	<u>1,123,907</u>
		<u>\$ 2,653,592</u>	<u>\$ 1,169,253</u>

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

(3) Purchases

<u>Related Party Category</u>	<u>Fiscal year 2020</u>	<u>Fiscal year 2019</u>
Parent company	<u>\$ 14,290</u>	<u>\$ 203</u>

(4) Receivables from related parties

<u>Line Items</u>	<u>Related Party Category / Item</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts receivable	Parent company	<u>\$ 13,285</u>	<u>\$ 11,352</u>
	Fellow company	<u>346</u>	<u>285</u>
	Subsidiary		
	AVer Information Inc. (USA)	426,701	199,677
	AVer Information EUROPE B.V.	256,246	82,667
	AVer Information Inc. (Japan)	187,449	46,451
	Other	<u>14,423</u>	<u>2,806</u>
		<u>884,819</u>	<u>331,601</u>
		<u>\$ 898,450</u>	<u>\$ 343,238</u>
Other receivables	Parent company		
	AVerMedia Technologies, Inc.	<u>\$ 3,235</u>	<u>\$ 3,552</u>

The outstanding trade receivables from related parties are unsecured. For the fiscal years of 2020 and 2019, no impairment loss was recognized for trade receivables from related parties.

(5) Payables to related parties

<u>Line Items</u>	<u>Related Party Category / Item</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts payable	Parent company	<u>\$ 3,387</u>	<u>\$ -</u>

Other payables	Parent company		
	AVerMedia		
	Technologies, Inc.	\$ 867	\$ 329
	Fellow company	<u>289</u>	<u>216</u>
	Subsidiary		
	AVer Information		
	Inc. (USA)	1,971	874
	AVer Information		
	(Vietnam) Co.,		
	Ltd.	<u>567</u>	<u>692</u>
		<u>2,538</u>	<u>1,566</u>
		<u>\$ 3,694</u>	<u>\$ 2,111</u>

The outstanding trade payables from related parties are unsecured.

(6) Loans to related parties

For financing provided to others, please refer to Table 1 (attached)

(7) Compensation of key management personnel

		<u>Fiscal year 2020</u>	<u>Fiscal year 2019</u>
Short-term	employee		
benefits		\$ 89,202	\$ 29,860
Post-employment benefits		<u>500</u>	<u>369</u>
		<u>\$ 89,702</u>	<u>\$ 30,229</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.

25. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Houses and buildings - net value	<u>\$124,339</u>	<u>\$127,285</u>

26. 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 cannot be predicted. Therefore, contingent liabilities cannot be estimated and there is no significant effect on the Company's finance and business.

27. 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 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.

28. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's 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:

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>Non-monetary</u>			
<u>items</u>			
Subsidiary using			
the equity			
method			
USD	6,307	28.48 (USD: NTD)	\$ 179,622
EUR	2,364	35.02 (EUR: NTD)	82,788
			<u>\$ 262,410</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>

December 31, 2019

	<u>F o r e i g n</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>c u r r e n c y</u>			<u>a m o u n t</u>
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 7,516	29.98 (USD: NTD)		\$ 225,321
EUR	2,685	33.59 (EUR: NTD)		90,184
JPY	168,603	0.28 (JPY: NTD)		46,534
RMB	298	4.31 (RMB: NTD)		<u>1,282</u>
				<u>\$ 363,321</u>
<u>Non-monetary</u>				
<u>items</u>				
Subsidiary using				
the equity				
method				
USD	5,296	29.98 (USD: NTD)		\$ 158,764
EUR	180	33.59 (EUR: NTD)		<u>6,046</u>
				<u>\$ 164,810</u>
<u>Financial liability</u>				
<u>Monetary items</u>				
USD	2,570	29.98 (USD: NTD)		\$ 77,063
RMB	2,191	4.31 (RMB: NTD)		<u>9,434</u>
				<u>\$ 86,497</u>

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

	<u>Fiscal year 2020</u>		<u>Fiscal year 2019</u>	
<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	29.55 (USD: NTD)	(\$ 22,098)	30.91 (USD: NTD)	(\$ 3,637)
EUR	33.71 (EUR: NTD)	8,507	34.61 (EUR: NTD)	(3,913)
JPY	0.28 (JPY: NTD)	(3,028)	0.28 (JPY: NTD)	(1,803)
RMB	4.28 (RMB: NTD)	(<u>1,680</u>)	4.47 (RMB: NTD)	(<u>507</u>)
		(<u>\$ 18,299</u>)		(<u>\$ 9,860</u>)

29. SEPARATELY DISCLOSED ITEMS

(1) Information on significant transactions and (2) information on investees:

1. Financing provided to others: Table 1 (attached)
2. Endorsements/guarantees provided: Table 2 (attached)
3. Marketable securities held(excluding investment in subsidiaries): Table 3 (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: none
 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. Information on investees: Table 6 (attached)
- (3) Information on investments in mainland China:
1. Information on any investee company in mainland China, including 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 7 (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 8 (attached)

Company name: AVer Information Inc.
Financing provided to others
January 1 to December 31, 2020

Table 1 (attached) Unit: unless stated otherwise

N o (Note 1)	Financing C o m p a n y	Counterparty	Financial Statement Account (Note 2)	Yes/No Related Party	Maximum Balance for the Period (Note 3)	E n d i n g B a l a n c e (Note 8)	A m o u n t A c t u a l l y D r a w n	Interest R a t e	Financing Company's Nature (Note 4)	Transaction A m o u n t s (Note 5)	Reason for Financing (Note 6)	Provision of Allowance for Bad Debt	In Thousands of New Taiwan Dollars		For Each Borrowing Company Financing Limits allowable (Notes 7, 9)	Financing Company's T o t a l Financing Amount Limits (Notes 7, 10)
													C o l l a t e r a l			
0	The Company	AVer Information EUROPE B.V.	Other receivable s	Yes	\$ 42,096	\$ -	\$ -	2.366%~ 2.616%	Business transacti on	\$ 158,978	Not applicable	\$ -	None	\$ -	\$ 158,978	\$ 1,279,790
0	The Company	Aver Information (Vietnam) Co., Ltd	Other receivable s	Yes	3,630	-	-	2.366%~ 2.616%	Business transacti on	17,709	Not applicable	-	None	-	17,709	1,279,790

Note 1: Numbers are denoted as follows:

(1) 0 is filled for the issuer.

(2) The investee company is numbered sequentially from Arabic numeral 1 according to the company type.

Note 2: This column is filled in with items of financing nature, including accounts receivables from affiliated companies, accounts receivables from related parties, shareholder transactions, advance payments, temporary payments, and other items.

Note 3: The maximum balance of accumulated financing amount for the period

Note 4: The nature of financing shall be filled in with those of business transactions or the need for short-term financing.

Note 5: If the nature of financing is business transactions, the amount of the business transaction shall be provided. Th amount of the business transactions refers to the higher amount of purchases or sales within a year to the date of the Board of Directors' resolution.

Note 6: The nature of financing to be the need for short-term financing shall specifically explain the reason why a financing is necessary and the use of the financing by the counterparty, for example, returning loans, installing equipment, business turnover, etc.

Note 7: Filled in with the amount limit for financing each individual and the total amount limit for financing defined by the Company in accordance with the operational procedure. The calculation method for financing an individual and the total amount limit for financing shall be provided in the remark space .

Note 8: If the public offering company submits each financing item to the Board of Directors for resolution in accordance with Paragraph 1, Article 14 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the amount resolved upon by the Board of Directors shall be included in the announced balance even though the fund has not been allocated in order to disclose its exposure of risk; after the fund is repaid, the balance shall be disclosed to reflect the adjustment of risk. If the public offering company authorizes the chairperson, resolved by the Board of Director in accordance with Paragraph 2, Article 14 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, to give loans in installments or to make a revolving credit line available for a specific borrowing counterparty, within a certain monetary limit and within a period not to exceed one year, the amount limit of financing approved by the Board of Directors shall be listed in the announced and reported balance. Although the fund is repaid, in consideration of the possible installment again, the amount limit of financing approved by the Board of Directors shall still be listed in the announced and reported balance.

Note 9: The calculation is based on 40% of the net value of the Company's recent financial report; if it is a business transaction, it shall not exceed the business transaction amount.

Note 10: The calculation is based on 40% of the net value of the Company's recent financial report.

AVer Information Inc.
Endorsements/guarantees provided
January 1 to December 31, 2020

Table 2 (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 G u a r a n t e e d P a r t y E n d o r s e m e n t / g u a r a n t e e A m o u n t L i m i t s (N o t e 3)	F o r t h e P e r i o d 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 (N o t e 5)	A m o u n t A c t u a l l y D r a w n (N o t e 6)	Collateralize d b y P r o p e r t i e s A m o u n t o f E n d o r s e m e n t / g u a r a n t e e	R a t i o o f A c c u m u l a t e d E n d o r s e m e n t / g u a r a n t e e t o n e t E q u i t y p e r L a t e s t F i n a n c i a l S t a t e m e n t s (%)	Endorsement / g u a r a n t e e M a x i m u m A m o u n t a l l o w a b l e (N o t e 3)	Guarantee P r o v i d e d b y P a r e n t C o m p a n y (N o t e 7)	Guarantee P r o v i d e d b y a S u b s i d i a r y (N o t e 7)	Guarantee P r o v i d e d t o S u b s i d i a r i e s i n M a i n l a n d C h i n a (N o t e 7)	N o t e
		N a m e	R e l a t i o n s h i p (N o t e 2)											
0	The Company	AVer Information Inc. (USA)	Subsidiary	50% of paid-in capital to be \$464,600	\$ 102,468	\$ 96,472	\$ 66,347	\$ -	3.02	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 endorsement/guarantee providers and guaranteed parties can be categorized into 7 types. Simply mark the type.

- (1) Companies with business transactions.
- (2) Companies which hold 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 interindustry parties 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 interindustry parties who provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: Filled in with 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: Filled in with 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: Filled in with 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.
Marketable securities held at the end of the reporting period.
December 31, 2020

Table 3 (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	\$ 51,229	-	\$ 51,229	

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, it will be filled in with 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, it will be filled in with 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 6 and Table 7 (attached).

AVer Information Inc.

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

January 1 to December 31, 2020

Table 4 (attached)

Unit: unless stated otherwise
In Thousands of New Taiwan Dollars

Purchase (Sale) Held Company N a m e	Related Party	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	\$ 1,384,754	(39)	90 days after the goods were shipped	\$ -	—	\$ 426,701	44	
	AVer Information EUROPE B.V.	Subsidiary	Sales	797,038	(23)	90 days after the goods were shipped	-	—	256,246	26	
	AVer Information Inc. (Japan)	Subsidiary	Sales	393,830	(11)	90 days after the goods were shipped	-	—	187,449	19	

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.

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

December 31, 2020

Table 5 (attached)

Unit: unless stated otherwise
In Thousands of New Taiwan Dollars

Company Name	Related Party	Relationship	Related Party Ending Balance	Turnover Rate (Times/ Year)	Overdue		Amounts Received in Subsequent Period (Note)	Provision of Allowance for Impairment Loss
					Amount	Action Taken		
The Company	AVer Information Inc. (USA)	Subsidiary	Accounts Receivable \$ 426,701	4.42	\$ -	-	\$ 315,769	\$ -
	AVer Information EUROPE B.V.	Subsidiary	Accounts Receivable 256,246	4.70	-	-	232,294	-
	AVer Information Inc. (Japan)	Subsidiary	Accounts Receivable 187,449	3.37	-	-	80,740	-

Note: The amount recovered as of March 5, 2021.

Company name: AVer Information Inc.
INFORMATION ON INVESTEEES
January 1 to December 31, 2020

Table 6 (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))	Current Period Profit (Loss) (Note 2(3))	Note
				End date of the Reporting Period	End date of the Previous Period	Shareholding (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	\$ 12,737	\$ 136,736	\$ 136,736	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	(12,614)	73,624	73,624	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	(66,854)	(6,179)	(6,179)	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	7,613	3,829	3,829	Subsidiary
	YUAN CHEN Investment Co., Ltd.	Taiwan	Investment	500	500	50	100	433	(4)	(4)	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, it will be filled in with 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) Filled in with the profit (loss) of the current period of each investee in the column of "Net income (losses) of the investee."
- (3) The column will be filled with "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 7 (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.
Investment information in mainland China
January 1 to December 31, 2020

Table 7 (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	I n v e s t e e C o m p a n y 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

Outflow from Taiwan of the Reporting P e r i o d on Accumulated Investment in Mainland C h i n a	Authorized by Investment Commission, M O E on Outflow of Investment	Investment Commission on Regulated Upper Limit on Investment (N o t e 4)
\$ 23,127 (USD 700)	\$ 23,127 (USD 700)	\$ 1,919,685

Note 1: The methods for engaging in investment in mainland China include the following 3 types:

- (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 determined 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, 2018, the limited 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.

Company name: AVer Information Inc.

Major Shareholders Information

December 31, 2020

Table 8 (attached)

Unit: Share

Main Shareholders Information	S h a r e s	
	Number of Shares	Percentage of Ownership
AVerMedia Technology, Inc.	30,233,904	32.53%
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 parent company only financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

§ LISTS OF MAJOR ACCOUNTING ITEMS §

<u>I</u>	<u>T</u>	<u>E</u>	<u>M</u>	<u>STATEMENT/INDEX</u>
Accounting items in assets, liability and equity				
				Statement 1
				Statement 2
				Statement 3
				Statement 4
				Note 11
				Statement 5
Accounting items in profit or loss				
				Statement 6
				Statement 7
				Statement 8
				Statement 9
				Statement 10

AVer Information Inc.
Statement of cash and cash equivalents
December 31, 2020

Statement 1

Unit: New Taiwan Dollars/Foreign
Currencies in Thousands

<u>I t e m</u>	<u>D e s c r i p t i o n</u>	<u>A m o u n t</u>
Time deposits		\$ 174,000
Demand deposits	NTD 1,023,126 thousand, USD 590 thousand (exchange rate 1: 28.48) , EUR4,138 thousand (exchange rate 1: 35.02) , JPY16,397 thousand (exchange rate 1: 0.2763) , RMB296 thousand (exchange rate 1: 4.377)	1,190,685
Cash on hand	NTD 128 thousand, USD 5 thousand (exchange rate 1: 28.48) , EUR6 thousand (exchange rate 1: 35.02) , JPY225 thousand (exchange rate 1: 0.2763) , RMB48 thousand (exchange rate 1: 4.377) , GBP1 thousand (exchange rate 1: 38.9) , HKD1 thousand (exchange rate 1: 3.673) , THB3 thousand (exchange rate 1: 0.9556)	<u>812</u>
		<u>\$ 1,365,497</u>

AVer Information Inc.
Statement of accounts receivable
December 31, 2020

Statement 2

Unit: In Thousands of New Taiwan
Dollars

<u>C l i e n t n a m e</u>	<u>A m o u n t</u>
Related party	
AVer Information Inc. (USA)	\$426,701
AVer Information EUROPE B.V.	256,246
AVer Information Inc. (Japan)	187,449
Other (Note)	<u>28,054</u>
	<u>898,450</u>
Non-related Party	
Customer A	23,922
Customer B	7,362
Customer C	4,450
Customer D	4,118
Customer E	4,093
Other (Note)	35,536
Less: Loss allowance	<u>-</u>
	<u>79,481</u>
	<u><u>\$977,931</u></u>

Note: Amount of individual customer is less than 5% of the account balance.

AVer Information Inc.
Statement of inventories

December 31, 2020

Statement 3

Unit: In Thousands of New Taiwan
Dollars

I t e m	C o s t s	Net realizable v a l u e
Raw materials	\$ 428,430	\$ 400,046
Work in progress	104,867	122,730
Finished goods	<u>83,861</u>	<u>172,077</u>
	617,158	<u>\$ 694,853</u>
Less: Inventory Valuation Loss allowance	(<u>49,486</u>)	
	<u>\$ 567,672</u>	

AVer Information Inc.
Statement of investment using the equity method
Fiscal year 2020

Statement 4

Unit: In Thousands of New Taiwan Dollars

Investee Company	Opening amount, January 1, 2020		Additions in investment in current year		Decrease in investment in current year		Using the equity method Adjustment amount (Note 2)	Balance, December 31, 2020			Net assets value	Collateral or pledge condition
	Number of shares(Unit: Thousands)	Amount	Number of shares(Unit: Thousands)	Amount	Number of shares(Unit: Thousands)	Amount		Number of shares(Unit: Thousands)	%	Amount		
AVer Information Inc. (USA)	6,990	\$ 47,134	-	\$ -	-	\$ -	\$ 129,308	6,990	100	\$ 176,442	\$ 176,442	None
AVer Information EUROPE B.V.	(Note 1)	6,046	-	-	-	-	76,742	(Note 1)	100	82,788	82,788	None
AVer Information Inc. (Japan)	1.4	6,996	-	-	-	-	(6,157)	1.4	100	839	839	None
AVer Information (Vietnam) Co., Ltd.	(Note 1)	8,438	-	-	-	-	3,263	(Note 1)	100	11,701	11,701	None
YUAN CHEN Investment Co., Ltd	50	<u>437</u>	-	<u>-</u>	-	<u>-</u>	(<u>4</u>)	50	100	<u>433</u>	<u>433</u>	None
		<u>\$ 69,051</u>		<u>\$ -</u>		<u>\$ -</u>	<u>\$ 203,152</u>			<u>\$ 272,203</u>	<u>\$ 272,203</u>	

Note 1: Only the investment amount is displayed on the company business license with no record of shares recorded.

Note 2: Including:

(1) Investment gains of the Investee is recognized based on the shareholding ratio - net amount	\$ 208,006
(2) Recognition of exchange differences arising on translation of foreign operations	(<u>4,854</u>)
	<u>\$ 203,152</u>

AVer Information Inc.
Statement of accounts payables
December 31, 2020

Statement 5

Unit: In Thousands of New Taiwan
Dollars

<u>V e n d o r n a m e</u>	<u>A m o u n t</u>
Vendor A	\$ 32,923
Vendor B	17,092
Vendor C	15,651
Other (Note)	<u>246,418</u>
Total	<u><u>\$312,084</u></u>

Note: Amount of individual vendor is less than 5% of the account balance.

AVer Information Inc.
Statement of operating revenue
Fiscal year 2020

Statement 6

Unit: In Thousands of New Taiwan
Dollars

<u>I t e m</u>	<u>A m o u n t</u>
Integrated educational products and video conferencing and communication product series	\$ 3,525,607
less : Sales returns and allowances	(<u>18,581</u>)
Net revenue	<u>\$ 3,507,026</u>

AVer Information Inc.
Statement of operating cost

Fiscal year 2020

Statement 7

Unit: In Thousands of New Taiwan
Dollars

<u>I n t e m</u>	<u>A m o u n t</u>
Cost of goods sold (in-house products)	
Direct raw materials	
Raw materials, January 1, 2020	\$ 130,270
Plus: Net amount of material feed in current year	1,999,543
Other inward transfer	6,311
Less: Raw materials, December 31, 2020	428,430
Cost of material sold	352,190
Reclassified expenses	468
Other outward transfer	<u>21,122</u>
Raw materials consumed in current year	1,333,914
Direct labor	66,864
Production expenses	<u>267,193</u>
Production cost	1,667,971
Plus: Work in progress, January 1, 2020	51,015
Less: Work in progress, December 31, 2020	104,867
Sales of work in progress	30,923
Reclassified expenses	172
Other outward transfer	<u>29,497</u>
Cost of finished goods	1,553,527
Plus: Finished goods, January 1, 2020	38,252
Less: Finished goods, December 31, 2020	83,861
Reclassified expenses	1,072
Other outward transfer	<u>8,256</u>
Cost of goods sold (in-house products)	1,498,590
Plus: Cost of material sold	352,190
Cost of sales of work in progress	30,923
Inventory valuation losses	33,833
Cost of disposal	4,276
Other	<u>5,143</u>
	<u>\$ 1,924,955</u>

AVer Information Inc.
Statement of production expenses
Fiscal year 2020

Statement 8

Unit: In Thousands of New Taiwan
Dollars

<u>I t e m</u>	<u>A m o u n t</u>
Salary and wage expenses	\$ 87,569
Depreciation	46,680
Processing expenses	42,458
Other (Note)	<u>90,486</u>
Total	<u>\$267,193</u>

Note: Amount of individual item is less than 5% of the account balance.

AVer Information Inc.
Statement of operating expenses
Fiscal year 2020

Statement 9

Unit: In Thousands of New Taiwan
Dollars

	Marketing	General and administrative	Research and development expenses	T o t a l
Salary and wage expenses	\$ 84,265	\$ 81,000	\$211,670	\$376,935
Depreciation	5,490	9,565	19,938	34,993
Insurance	6,795	2,444	13,883	23,122
Labor expenses	18,917	5,931	13,317	38,165
Other (Note)	<u>79,708</u>	<u>14,396</u>	<u>52,823</u>	<u>146,927</u>
Total	<u>\$195,175</u>	<u>\$113,336</u>	<u>\$311,631</u>	<u>\$620,142</u>

Note: Amount of individual item is less than 5% of the account balance.

AVer Information Inc.
Statement of labor cost, depreciation and amortization by function for the current year
January 1 to December 31, 2020 and 2019

Statement 10

Unit: In Thousands of New Taiwan Dollars

	Fiscal year 2020				Fiscal year 2019			
	Operating costs	Operating expenses	Other gains and losses	Total	Operating costs	Operating expenses	Other gains and losses	Total
Employee benefits expense (Note)								
Salary and wage expense	\$ 140,438	\$ 343,148	\$ -	\$ 483,586	\$ 88,772	\$ 278,077	\$ -	\$ 366,849
Employee insurance expense	12,205	19,675	-	31,880	9,315	20,028	-	29,343
Pension expense	4,680	12,343	-	17,023	3,751	11,833	-	15,584
Remuneration of directors	-	21,444	-	21,444	-	2,653	-	2,653
Other employee benefits expense	6,905	9,236	-	16,141	5,553	7,781	-	13,334
	<u>\$ 164,228</u>	<u>\$ 405,846</u>	<u>\$ -</u>	<u>\$ 570,074</u>	<u>\$ 107,391</u>	<u>\$ 320,372</u>	<u>\$ -</u>	<u>\$ 427,763</u>
Depreciation expense	<u>\$ 46,680</u>	<u>\$ 34,993</u>	<u>\$ 846</u>	<u>\$ 82,519</u>	<u>\$ 38,127</u>	<u>\$ 38,791</u>	<u>\$ 846</u>	<u>\$ 77,764</u>
Amortization expense	<u>\$ 437</u>	<u>\$ 3,325</u>	<u>\$ -</u>	<u>\$ 3,762</u>	<u>\$ 47</u>	<u>\$ 2,333</u>	<u>\$ -</u>	<u>\$ 2,380</u>

Note 1: As of December 31, 2020 and 2019, the Company had 521 and 421 employees, respectively. There were 5 non-employee directors for both years.

Note 2: (1) The Company's average expenses of employee benefits were NT\$1,063 thousand and NT\$1,022 thousand for the years of 2020 and 2019, respectively.

(2) The Company's average expenses of employees' salaries and wages were NT\$937 thousand and NT\$882 thousand for the years of 2020 and 2019, respectively.

(3) The average adjustment of employees' salary and wage expenses is 6.24%.

Note 3: The Company set up an audit committee to replace the supervisors in accordance with the Securities and Exchange Act.

Note 4: The outline of the Company's policy on salary and wage, and remuneration (including directors, supervisors, managers, and employees)

- (1) Director: The Company's policy, standards, combination, and the procedures of specifying the remuneration of directors are formulated in accordance with the Articles of Incorporation, Article 20. Regardless whether the Company has profits or losses, the Company must pay the remuneration to directors. The remuneration of directors is determined by the Board of Directors, authorized by the Company, based on the level of involvement in the Company's operation and value of individuals' contribution, and the standards of the industry. According to the Company's remuneration committee's organization regulations and relevant guidelines, the Board of Directors are periodically evaluated through the assessment items of directors' performance in terms of financial index, such as accomplishment rate, profitability rate, operating efficiency, contribution level, for a comprehensive measurement and as the evaluation basis. Relevant performance evaluations and the reasonableness of remuneration are reviewed by the remuneration committee and the Board of Directors; the remuneration system will be reviewed in a timely manner based on actual operating conditions and relevant laws and regulations.
- (2) Manager: The Company's policy, standards, combination, and the procedures of specifying the remuneration of managers are formulated in accordance with the Company's remuneration committee's organization regulations and relevant guidelines. The Company periodically evaluates the overall remuneration of the manager and the remuneration thereof is based on the performance evaluation. Relevant performance evaluations and the reasonableness of remuneration are reviewed by the remuneration committee and the Board of Directors; the remuneration system will be reviewed in a timely manner based on actual operating conditions and relevant laws and regulations. In addition to regularly reviewing standards of peer industries to ensure the competitiveness of remuneration, and increasing staff retention and motivation by incentives, the Company's overall operating performance and profitability are also the material basis for remuneration distribution. The remuneration distribution and operating performance are in positive correlation.
- (3) Employee: The Company conducts the remuneration survey of relevant industries periodically, adjusts the salary and issues various bonuses based on changes of the external environment, company's annual operating conditions, and individuals' performance, in order to ensure that the remuneration and benefits meet the market standard and internal/external fairness. The Company has internally established "Employee work rules" and "Performance management guidelines" as a basis for coupling with the remuneration system.