

AVer Information Inc. and
Subsidiaries

Consolidated Financial
Statements for the
Nine Months Ended September
30, 2021 and 2020 and
Independent Auditors' Review
Report

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Independent Auditor's Review (translated from Chinese)

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

Introduction

We have reviewed the accompanying consolidated balance sheets of AVer Information Inc. and its subsidiaries (AVer Group) as of September 30, 2021 and 2020, the related consolidated statements of comprehensive income for the three months ended, September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, the consolidated statements of changes in equity, and of cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects the consolidated financial position of the Company as of September 30, 2021 and 2020, its consolidated financial performance for the three months ended September 30, 2021 and 2020, and its consolidated financial performance and its consolidated cash flow for the nine months ended September 30, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche

Taipei, Taiwan

Republic of China

November 5, 2021

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the independent auditors' review report and the accompanying

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

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

C o d e	A	S	S	E	T	S	September 30, 2021 (Reviewed)		December 31, 2020 (Audited)		September 30, 2020 (Reviewed)	
							A m o u n t	%	A m o u n t	%	A m o u n t	%
	CURRENT ASSETS											
1100							\$ 752,205	17	\$ 1,800,553	39	\$1,387,825	29
1110												
							3,619	-	51,667	1	55,467	1
1136							136,219	3	-	-	-	-
1150							3,243	-	1,204	-	1,273	-
1170							472,860	11	543,331	12	948,878	20
1200							54,978	1	18,291	-	40,346	1
1220							36,712	1	5,893	-	7,898	-
130X							829,186	19	804,941	17	908,642	19
1479							20,253	1	11,672	-	37,584	1
11XX							2,309,275	53	3,237,552	69	3,387,913	71
	NONCURRENT ASSETS											
1517												
							521,836	12	-	-	-	-
1600												
							1,264,636	29	1,212,272	26	1,191,334	25
1755							46,459	1	43,281	1	49,218	1
1760							67,456	2	68,091	2	68,302	2
1780							11,748	-	8,268	-	7,413	-
1840							103,630	3	94,031	2	67,477	1
1990							10,591	-	15,690	-	16,816	-
15XX							2,026,356	47	1,441,633	31	1,400,560	29
1XXX	TOTAL						\$4,335,631	100	\$ 4,679,185	100	\$4,788,473	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							\$ 600,000	14	\$ 200,000	4	\$ 200,000	4
2120												
							-	-	13,954	-	380	-
2170							214,459	5	312,084	7	839,078	18
2200							352,145	8	415,254	9	332,268	7
2230							7,257	-	178,771	4	110,152	2
2280							24,753	1	19,265	1	21,011	-
2365							163,823	4	190,604	4	168,840	4
2399							12,174	-	14,564	-	21,646	-
21XX							1,374,611	32	1,344,496	29	1,693,375	35
	NONCURRENT LIABILITIES											
2540							-	-	28,156	1	28,769	1
2550							37,884	1	37,847	1	35,354	1
2570							5,809	-	7,222	-	5,398	-
2580							38,287	1	44,217	1	49,796	1
2670							15,623	-	17,772	-	17,125	-
25XX							97,603	2	135,214	3	136,442	3
2XXX	Total Liabilities						1,472,214	34	1,479,710	32	1,829,817	38
	EQUITY (Note 20)											
3110							929,200	21	929,200	20	929,200	20
3200							735,120	17	735,120	15	735,120	15
3310							302,070	7	223,250	5	223,250	5
3320							7,062	-	2,208	-	2,208	-
3350							1,344,312	31	1,316,759	28	1,074,761	22
3300							1,653,444	38	1,542,217	33	1,300,219	27
3400							(454,347)	(10)	(7,062)	-	(5,883)	-
3XXX	Total equity						2,863,417	66	3,199,475	68	2,958,656	62
	TOTAL						\$4,335,631	100	\$4,679,185	100	\$4,788,473	100

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

AVer Information Inc. and subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

CODE		Three Months Ended September 30				Nine Months Ended September 30			
		2021		2020		2021		2020	
		A m o u n t	%	A m o u n t	%	A m o u n t	%	A m o u n t	%
	REVENUE (Note 21 and 27)								
4100	Sales revenue	\$ 922,903	100	\$ 1,684,998	100	\$ 2,944,602	100	\$ 2,795,791	100
	COST OF REVENUE (Note 11,22 and 27)								
5110	Cost of goods sold	<u>493,800</u>	<u>53</u>	<u>766,960</u>	<u>46</u>	<u>1,435,394</u>	<u>49</u>	<u>1,300,596</u>	<u>47</u>
5900	GROSS PROFIT	<u>429,103</u>	<u>47</u>	<u>918,038</u>	<u>54</u>	<u>1,509,208</u>	<u>51</u>	<u>1,495,195</u>	<u>53</u>
	OPERATING EXPENSES (Note 22)								
6100	Marketing	173,571	19	203,403	12	520,517	18	520,813	19
6200	General and administrative	28,986	3	40,912	2	88,571	3	80,886	3
6300	Research and development	<u>100,488</u>	<u>11</u>	<u>101,127</u>	<u>6</u>	<u>298,240</u>	<u>10</u>	<u>237,513</u>	<u>8</u>
6000	Total operating expenses	<u>303,045</u>	<u>33</u>	<u>345,442</u>	<u>20</u>	<u>907,328</u>	<u>31</u>	<u>839,212</u>	<u>30</u>
6900	INCOME FROM OPERATIONS	<u>126,058</u>	<u>14</u>	<u>572,596</u>	<u>34</u>	<u>601,880</u>	<u>20</u>	<u>655,983</u>	<u>23</u>
	NON-OPERATING INCOME AND EPENSES (Note 16 and 22)								
7100	Interest revenue	4	-	282	-	976	-	1,779	-
7010	Other revenues	74,010	8	3,197	-	84,076	3	9,502	-
7020	Other gains and losses	(6,931)	(1)	(526)	-	(21,466)	(1)	(3,100)	-
7050	Finance cost	(<u>1,752</u>)	-	(<u>1,141</u>)	-	(<u>4,316</u>)	-	(<u>3,291</u>)	-
7000	Total non-operating income and expenses	<u>65,331</u>	<u>7</u>	<u>1,812</u>	-	<u>59,270</u>	<u>2</u>	<u>4,890</u>	-
7900	INCOME BEFORE INCOME TAX	191,389	21	574,408	34	661,150	22	660,873	23
7950	INCOME TAX (Benefit)EXPENSE (Note 23)	<u>14,757</u>	<u>2</u>	<u>105,829</u>	<u>6</u>	<u>85,323</u>	<u>3</u>	<u>114,674</u>	<u>4</u>
8200	NET INCOME	<u>176,632</u>	<u>19</u>	<u>468,579</u>	<u>28</u>	<u>575,827</u>	<u>19</u>	<u>546,199</u>	<u>19</u>
	OTHER COMPREHENSIVE INCOME (LOSS)								
8310	Items that will not be reclassified subsequently to profit or loss								

(Continued)

CODE		Three Months Ended September 30				Nine Months Ended September 30			
		2021		2020		2021		2020	
		A m o u n t	%	A m o u n t	%	A m o u n t	%	A m o u n t	%
8316	Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(309,564)	(34)	-	-	(434,723)	(15)	-	-
8360	Items that may be reclassified subsequently to profit or loss								
8361	Exchange differences arising on translation of foreign operations	(2,449)	-	(2,703)	-	(12,562)	-	(3,675)	-
8300	Other comprehensive loss for the year (net of income tax)	(312,013)	(34)	(2,703)	-	(447,285)	(15)	(3,675)	-
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(\$ 135,381)	(15)	\$ 465,876	28	\$ 128,542	4	\$ 542,524	19
	NET INCOME ATTRIBUTABLE TO:								
8610	Shareholders of the Company	\$ 176,632	19	\$ 468,579	28	\$ 575,827	19	\$ 546,199	19
	TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
	:								
8710	Shareholders of the Company	(\$ 135,381)	(15)	\$ 465,876	28	\$ 128,542	4	\$ 542,524	19
	Earnings per share (Note 24)								
9710	Basic	\$ 1.90		\$ 5.04		\$ 6.20		\$ 5.88	
9810	Diluted	\$ 1.87		\$ 5.01		\$ 6.10		\$ 5.83	

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

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

							O t h e r e q u i t y			
							Foreign operation Translation of the financial statements Exchange difference		Unrealized Gain (L o s s) o n Financial Assets at Fair Value Through Other Comprehensive I n c o m e	
C o d e		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						Total equity
				Appropriated as legal r e s e r v e	Appropriated as special reserve	Unappropriated e a r n i n g s	T o t a l			
A1	BALANCE, January 1, 2020	\$ 929,200	\$ 735,120	\$ 215,920	\$ 1,192	\$ 583,368	\$ 800,480	(\$ 2,208)	\$ -	\$ 2,462,592
	Appropriation and distribution of prior year's earnings									
B1	Legal reserve	-	-	7,330	-	(7,330)	-	-	-	-
B3	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 for the nine months ended September 30, 2020	-	-	-	-	546,199	546,199	-	-	546,199
D3	Other comprehensive income (loss) for the nine months ended September 30, 2020, net of income tax	-	-	-	-	-	-	(3,675)	-	(3,675)
D5	Total comprehensive income (loss) for the nine months ended September 30,2020	-	-	-	-	546,199	546,199	(3,675)	-	542,524
Z1	BALANCE, SEPTEMBER 30, 2020	\$ 929,200	\$ 735,120	\$ 223,250	\$ 2,208	\$ 1,074,761	\$ 1,300,219	(\$ 5,883)	\$ -	\$ 2,958,656
A1	BALANCE, January 1, 2021	\$ 929,200	\$ 735,120	\$ 223,250	\$ 2,208	\$ 1,316,759	\$ 1,542,217	(\$ 7,062)	\$ -	\$ 3,199,475
	Appropriation and distribution of prior year's earnings									
B1	Legal reserve	-	-	78,820	-	(78,820)	-	-	-	-
B3	Special reserve	-	-	-	4,854	(4,854)	-	-	-	-
B5	Cash dividends to shareholders - NT\$5 per share	-	-	-	-	(464,600)	(464,600)	-	-	(464,600)
D1	Net income for the nine months ended September 30, 2021	-	-	-	-	575,827	575,827	-	-	575,827
D3	Other comprehensive income (loss) for the nine months ended September 30, 2021, net of income tax	-	-	-	-	-	-	(12,562)	(434,723)	(447,285)
D5	Total comprehensive income (loss) for the nine months ended September 30,2021	-	-	-	-	575,827	575,827	(12,562)	(434,723)	128,542
Z1	BALANCE,SEPTEMBER 30, 2021	\$ 929,200	\$ 735,120	\$ 302,070	\$ 7,062	\$ 1,344,312	\$ 1,653,444	(\$ 19,624)	(\$ 434,723)	\$ 2,863,417

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

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

C o d e		Nine Months Ended September 30	
		2021	2020
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax of the fiscal year	\$ 661,150	\$ 660,873
A20010	Adjustments for:		
A20100	Depreciation expense	88,454	80,210
A20200	Amortization expense	4,110	2,640
A20300	Expected credit impairment loss (Reversal)	(20)	23
A20400	Net benefit on financial instruments at fair value through profit or loss, net	(32,127)	(7,377)
A20900	Finance cost	4,316	3,291
A21200	Interest income	(976)	(1,779)
A21300	Dividend income	(43,414)	-
A22500	Gains on disposal and write-off of property, plant and equipment	(3,300)	(43)
A23800	Provision of inventory valuation loss and stock obsolescence	60,717	31,872
A24100	Unrealized gross loss on foreign exchange	10,626	6,172
A29900	Provision of liability reserve	(2,131)	8,221
A29900	Amortization of advance payments for goods and services	2,101	3,394
A29900	Government grants income	(27,748)	-
A30000	Net changes of operating assets and liabilities		
A31115	Financial assets at fair value enforced through profit or loss	24,142	11,289
A31130	Notes receivable	(2,039)	92
A31150	Accounts receivable	48,394	(686,575)
A31180	Other receivables	6,680	(30,803)
A31200	Inventories	(115,512)	(619,823)

(Continued)

C o d e		Nine Months Ended September 30	
		2021	2020
A31240	Other current assets	(\$ 5,994)	(\$ 20,547)
A32110	Financial liability held for trading	(9,208)	(5,390)
A32150	Accounts payable	(57,655)	681,230
A32180	Other payables	(47,474)	134,148
A32200	Provision of liability	410	(2,154)
A32230	Other current liabilities	75	9,190
A32990	Refund liability	(23,424)	92,003
A32990	Other noncurrent liabilities	(867)	1,266
A33000	Cash inflow generated from operations	539,286	351,423
A33300	Payment of interest expenses	(4,333)	(3,291)
A33500	Payment of income tax	(300,210)	(16,835)
AAAA	Net cash inflow from operating activities	234,743	331,297
	Cash flows in investing activities		
B00010	Financial assets at fair value through other comprehensive income	(999,973)	-
B00040	Acquisitions of financial assets at amortized cost	(256,219)	-
B00050	Proceeds from disposal of financial assets at amortized cost	120,000	-
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	51,287	-
B02700	Acquisition of property, plant and equipment	(143,594)	(36,008)
B02800	Proceeds from sales of property, plant and equipment	3,300	126
B03700	Increase of refundable deposit	(75)	(3,022)
B04500	Acquisition of intangible assets	-	(108)
B07500	Interest received	992	1,967
B07600	Dividends received	43,414	-
BBBB	Net cash used in investing activities	(1,180,868)	(37,045)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term borrowings	400,000	200,000

(Continued)

C o d e		Nine Months Ended September 30	
		2021	2020
C01600	Proceeds from long-term bank loans	-	29,478
C04020	Payments of lease liabilities	(17,891)	(17,051)
C04500	Dividends paid by cash	(<u>464,600</u>)	(<u>46,460</u>)
CCCC	Cash inflow (outflow) from financing activities	(<u>82,491</u>)	<u>165,967</u>
DDDD	Effect of changes in foreign exchange rates on cash and cash equivalents	(<u>19,732</u>)	(<u>8,654</u>)
EEEE	Net increase in cash and cash equivalents	(1,048,348)	451,565
E00100	Cash and cash equivalents at beginning of year	<u>1,800,553</u>	<u>936,260</u>
E00200	Cash and cash equivalents at end of year	<u>\$ 752,205</u>	<u>\$ 1,387,825</u>

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

AVer Information Inc. and subsidiaries
Notes to Consolidated Financial Statements
For the Nine Months ended September 30, 2021 and 2020
(In Thousands of New Taiwan Dollars, unless specified otherwise)
(Reviewed, Not Audited)

1. GENERAL

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

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

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

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements were reported to the Board of Directors for issue on November 5, 2021.

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

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

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

- (2) The IFRSs endorsed by FSC with effective date starting 2022.

Newly issued/ revised/ amended standards and i n t e r p r e t a t i o n s	Effective Date Announced by IASB (Note 1)
“Annual Improvements to IFRS standards 2018-2020” cycle	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: 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 2: 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 3: The amendments are applicable to property, plant, and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the accompanying consolidated financial statements issued, the Company continues in evaluating the impact on its financial position and financial performance as a result of revising standards and

interpretations of other IFRSs; relevant impact will be disclosed upon the completion of assessments.

- (3) The IFRSs issued by the International Accounting Standards Board (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>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or 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"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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 will be applied prospectively for annual reporting periods starting on or after January 1, 2023.s

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the accompanying consolidated financial statements issued, the Company continues in evaluating the impact on its financial position and

financial performance as a result of revising standards and interpretations of other IFRSs; relevant impact will be disclosed upon the completion of assessments.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

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

(2) Basis of preparation

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

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

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

(3) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intercompany transactions, balances, income,

and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

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

(4) Other significant accounting policies

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

1. Financial instruments

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

Financial assets

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

(1) Measurement categories

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

Investments in equity instruments at FVTOCI

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

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

(2) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when

it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

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

2. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings; that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Company considers the economic environment implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. The COVID-19 did not have material impact on the Company's accounting estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

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

6. CASH AND CASH EQUIVALENTS

	September 30, 2021	December 31, 2020	September 30, 2020
Cash on hand	\$ 974	\$ 1,010	\$ 1,082
Checking accounts and demand deposits	751,231	1,625,543	1,386,743
Cash equivalents			
Time deposits with original maturities of less than 3 months	-	174,000	-
	<u>\$ 752,205</u>	<u>\$ 1,800,553</u>	<u>\$ 1,387,825</u>

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

	September 30, 2021	December 31, 2020	September 30, 2020
Bank deposits	0.001%~0.17%	0.001%~0.32%	0.001%~0.32%
Time deposits	-	0.41%	-

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Financial assets</u> -			
<u>current</u>			
Mandatorily measured at FVTPL			
Derivative (not hedged)			
— Forward foreign exchange contracts	\$ 3,619	\$ 438	\$ 4,284
Non-derivative financial assets			

(Continued)

	September 30, 2021	December 31, 2020	September 30, 2020
— Domestic fund beneficiary certificates	-	51,229	51,183
Subtotal	\$ 3,619	\$ 51,667	\$ 55,467
Financial liability — current			
Held for trading			
Derivative (not hedged)			
— Forward foreign exchange contracts	\$ -	\$ 13,954	\$ 380

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

September 30, 2021

	Currency	Maturity date	Contract amount (in T h o u s a n d s)
Forward foreign exchange sold	EU Dollar to New Taiwan Dollar	2021.10.25~ 2021.12.27	EUR 4,060/NTD 134,351
Forward foreign exchange sold	US Dollar to New Taiwan Dollar	2021.10.25~ 2021.11.25	USD 3,000/NTD 83,925
Forward foreign exchange sold	JPY Dollar to New Taiwan Dollar	2021.10.25	JPY 77,000/NTD 19,568

December 31, 2020

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

(Continued)

	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in T h o u s a n d s)</u>
Forward foreign exchange sold	Japanese Yen to New Taiwan Dollar	2021.1.25~ 2021.3.25	JPY268,580/ NTD 73,276
<u>September 30, 2020</u>			

	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in T h o u s a n d s)</u>
Forward foreign exchange sold	Euro to New Taiwan Dollar	2020.10.26~ 2020.12.28	EUR 6,500/ NTD225,288
Forward foreign exchange sold	US Dollar to New Taiwan Dollar	2020.11.25	USD 5,800/ NTD169,076
Forward foreign exchange sold	Japanese Yen to New Taiwan Dollar	2020.10.26~ 2020.12.28	JPY635,400/ NTD176,224

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER
COMPREHENSIVE INCOME

Investments in equity instruments at FVTOCI

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Non-current equity investments			
Publicly traded stocks	<u>\$ 521,836</u>	<u>\$ -</u>	<u>\$ -</u>

In order to enhance the strategic cooperation between both parties and to stabilize the long-term business direction, the Company acquired ordinary shares of AVerMedia Technologies, Inc. in March to July, 2021. These investments in equity instruments are held for medium to long-term strategic

purposes. The management elected to designate these investments in equity instruments as at FVTOCI.

9. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Current</u>			
Domestic instruments			
Time deposits with original maturities of more than 3 months	\$ 136,219	\$ -	\$ -

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

	September 30, 2021	December 31, 2020	September 30, 2020
Time deposits	0.001%	-	-

10. ACCOUNTS RECEIVABLE

	September 30, 2021	December 31, 2020	September 30, 2020
At amortized cost			
Gross carrying amount	\$ 472,880	\$ 543,369	\$ 948,901
Less: Loss allowance	(20)	(38)	(23)
	<u>\$ 472,860</u>	<u>\$ 543,331</u>	<u>\$ 948,878</u>

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

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

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

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

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

September 30, 2021

	<u>Not past due</u>	<u>Past due 1~30Days</u>	<u>Past due 3 1 ~ 9 0 D a y s</u>	<u>Past due 9 1 ~ 180Days</u>	<u>T o t a l</u>
Gross carrying amount	\$ 415,489	\$ 49,356	\$ 6,983	\$ 1,052	\$ 472,880
Loss allowance (lifetime expected credit loss)	(20)	-	-	-	(20)
Amortized cost	<u>\$415,469</u>	<u>\$ 49,356</u>	<u>\$ 6,983</u>	<u>\$ 1,052</u>	<u>\$472,860</u>

December 31, 2020

	<u>Not past due</u>	<u>Past due 1~30Days</u>	<u>Past due 3 1 ~ 9 0 D a y s</u>	<u>Past due 9 1 ~ 180Days</u>	<u>T o t a l</u>
Gross carrying amount	\$ 480,567	\$ 43,196	\$ 19,606	\$ -	\$ 543,369
Loss allowance (lifetime expected credit loss)	(38)	-	-	-	(38)
Amortized cost	<u>\$ 480,529</u>	<u>\$ 43,196</u>	<u>\$ 19,606</u>	<u>\$ -</u>	<u>\$ 543,331</u>

September 30, 2020

	<u>Not past due</u>	<u>Past due 1~30Days</u>	<u>Past due 3 1 ~ 9 0 D a y s</u>	<u>Past due 9 1 ~ 180Days</u>	<u>T o t a l</u>
Gross carrying amount	\$884,021	\$ 56,796	\$ 6,585	\$ 1,499	\$948,901
Loss allowance (lifetime expected credit loss)	(23)	-	-	-	(23)
Amortized cost	<u>\$883,998</u>	<u>\$ 56,796</u>	<u>\$ 6,585</u>	<u>\$ 1,499</u>	<u>\$948,878</u>

The movements of the loss allowance of accounts receivable are as follows:

	Nine Months Ended September 30	
	2021	2020
Balance at January 1	\$ 38	\$ -
Add : Impairment losses	-	23
Less : Impairment losses reversed	(20)	-
Foreign exchange gains and losses	2	-
Balance at September 30	<u>\$ 20</u>	<u>\$ 23</u>

11. INVENTORIES

	September 30, 2021	December 31, 2020	September 30, 2020
Finished goods	\$ 315,721	\$ 319,511	\$ 227,340
Work in progress	71,508	104,554	138,660
Raw materials	<u>441,957</u>	<u>380,876</u>	<u>542,642</u>
	<u>\$ 829,186</u>	<u>\$ 804,941</u>	<u>\$ 908,642</u>

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Cost of inventories sold	\$ 438,443	\$ 729,204	\$1,374,677	\$1,268,724
Loss on of valuation of inventories	<u>55,357</u>	<u>37,756</u>	<u>60,717</u>	<u>31,872</u>
	<u>\$ 493,800</u>	<u>\$ 766,960</u>	<u>\$1,435,394</u>	<u>\$1,300,596</u>

12. SUBSIDIARIES

(1) Subsidiaries included in the consolidated financial statements

Main content of the consolidated financial statements:

			% o f O w n e r s h i p		
			September 30, 2021	December 31, 2020	September 30, 2020
<u>I n v e s t o r</u>	<u>I n v e s t e e</u>	<u>Nature of Activities</u>			
The Company	AVer Information Inc. (USA)	Sales of computer system equipment, presentation and video conferencing systems	100%	100%	100%
	AVer Information EUROPE B.V.	Sales of computer system equipment, presentation and video conferencing systems	100%	100%	100%

(Continued)

Investor	Investee	Nature of Activities	% of Ownership		
			September 30, 2021	December 31, 2020	September 30, 2020
	AVer Information Inc. (Japan)	Sales of computer system equipment, presentation and video conferencing systems	100%	100%	100%
	AVer Information (Vietnam) Co., Ltd	Sales of computer system equipment, presentation and video conferencing systems	100%	100%	100%
	YUAN CHEN Investment Co., Ltd.	Investment company	100%	100%	100%

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

13. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2021	December 31, 2020	September 30, 2020
Land	\$ 373,218	\$ 373,218	\$ 373,218
Houses and buildings	685,034	706,643	704,800
Machinery equipment	102,595	51,764	55,097
Transportation equipment	4,076	3,030	3,421
Office equipment	30,850	28,625	20,059
Leasehold improvements	2,139	924	948
Other equipment	28,057	24,219	24,944
Construction in progress and Equipment pending acceptance	<u>38,667</u>	<u>23,849</u>	<u>8,847</u>
	<u>\$ 1,264,636</u>	<u>\$ 1,212,272</u>	<u>\$ 1,191,334</u>

For the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, no major disposals and impairment of the Company's property plant and equipment was present except recognized depreciation expenses and additions machinery equipment.

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

Plant main buildings	50 years
Electromechanical power and engineering systems	5-10 years
Machinery equipment	3-10 years
Transportation equipment	5 years
	(Continued)

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

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

14. LEASE ARRANGEMENTS

(1) Right-of-use assets

	September 30, 2021	December 31, 2020	September 30, 2020
Right-of-use assets carrying amount			
Buildings	\$ <u>46,459</u>	\$ <u>43,281</u>	\$ <u>49,218</u>

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Additions to right-of-use assets	\$ <u>-</u>	\$ <u>-</u>	\$ <u>19,488</u>	\$ <u>-</u>
Depreciation of right-of-use assets				
Buildings	\$ <u>5,076</u>	\$ <u>5,133</u>	\$ <u>14,829</u>	\$ <u>15,484</u>

For the nine months ended September 30 of 2021 and 2020, no major sublet, and impairment of the Company's right-of-use assets was present except recognized depreciation expenses.

(2) Lease liabilities

	September 30, 2021	December 31, 2020	September 30, 2020
Lease liability carrying amount			
Current	\$ <u>24,753</u>	\$ <u>19,265</u>	\$ <u>21,011</u>
Noncurrent	\$ <u>38,287</u>	\$ <u>44,217</u>	\$ <u>49,796</u>

Range of discount rates for lease liabilities was as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Buildings	0.001%~5.7%	0.001%~6.5%	0.001%~6.5%

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

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

(4) Other lease information

	Nine Months Ended September 30	
	2021	2020
Total cash outflow for leases	(\$ 20,202)	(\$ 20,173)

15. INVESTMENT PROPERTY

The Company has an investment property of plants and parking areas located at Zhonghe District, New Taipei City, Taiwan, R.O.C., for the purpose of business leasing. For the three months ended September 30, 2021 and 2020, and for the nine months ended September 30, 2021 and 2020, no major addition, disposal, and impairment of the Company's investment property was present except recognized depreciation expenses.

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

The fair value of the investment property of the Company is NT\$146,600,000 and NT\$114,730,000 for the year ended on December 31 of 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. Compared to December 31, 2020 and 2019, the fair value of September 30, 2021 and 2020 did not change materially.

16. LOANS

(1) Short-term loans

	September 30, 2021	December 31, 2020	September 30, 2020
Unsecured loans	<u>\$ 400,000</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>
Annual interest rate (%)	0.85%~0.87%	0.95%~1%	1%
Maturity date	2021/11/26	2021/2/22	2021/1/26-

	September 30, 2021	December 31, 2020	September 30, 2020
Secured loans	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ -</u>
Annual interest rate (%)	0.7%~0.86%	-	-
Maturity date	2021/11/2	-	-

(2) Long-term loans

	September 30, 2021	December 31, 2020	September 30, 2020
Government loans	<u>\$ -</u>	<u>\$ 28,156</u>	<u>\$ 28,769</u>
Annual interest rate (%)	-	1%	1%
Maturity date	-	2022/5/6	2022/5/6

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

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

1. For the PPP loans approved and received before June 5, 2020, the expenditure period for PPP loan forgiveness is 8 weeks (extendable to 24 weeks), during which the actual relevant expenditure (payroll costs,

covered rent payments, covered utilities) can be forgiven if the criteria of allocating 60% of expenditure on payroll costs and 40% on relevant operational expenses are satisfied.

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

AVer Information Inc. subsidiary in the U.S. has submitted the application of PPP loan forgiveness to the authorized bank, and got approval from the bank and SBA in the middle of 2021. The full loan amount of US\$989,000 (equivalent to NT\$27,748,000) was recognized in government grants income (classified under other income).

17. OTHER PAYABLES

	September 30, 2021	December 31, 2020	September 30, 2020
Salary and bonus payable	\$ 140,135	\$ 149,355	\$ 116,361
Payable for employees' compensation and remuneration of directors	100,448	129,204	85,536
Vacation pay payable	35,795	33,524	31,860
Business promotion payable	-	-	11,324
Insurance payable	9,224	10,721	9,796
Freight payable	7,450	10,633	18,158
Payable for equipment	7,450	18,840	9,410
Others	51,643	62,977	49,823
	<u>\$ 352,145</u>	<u>\$ 415,254</u>	<u>\$ 332,268</u>

18. PROVISION OF LIABILITY

	September 30, 2021	December 31, 2020	September 30, 2020
Current – warranty (classified under other current liabilities)	\$ 7,217	\$ 9,083	\$ 9,326
Noncurrent – warranty	<u>37,884</u>	<u>37,847</u>	<u>35,354</u>
	<u>\$ 45,101</u>	<u>\$ 46,930</u>	<u>\$ 44,680</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. It is based on historical warranty experience.

19. RETIREMENT BENEFIT PLANS

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

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

20. EQUITY

(1) Capital - Common Stock

	September 30, 2021	December 31, 2020	September 30, 2020
Number of shares authorized (in thousands of shares)	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
Authorized shares	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
Number of shares issued (in thousands of shares)	<u>92,920</u>	<u>92,920</u>	<u>92,920</u>
Shares issued	<u>\$ 929,200</u>	<u>\$ 929,200</u>	<u>\$ 929,200</u>

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

(2) Capital surplus

	September 30, 2021	December 31, 2020	September 30, 2020
Additional paid-in capital	\$ 734,624	\$ 734,624	\$ 734,624
Treasury share			
transactions	<u>496</u>	<u>496</u>	<u>496</u>
	<u>\$ 735,120</u>	<u>\$ 735,120</u>	<u>\$ 735,120</u>

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

(3) Retained earnings and dividends policy

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

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

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has

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

The approved appropriations of earnings for 2020 and 2019 by the meetings of the shareholders of the Company were as follows:

	A p p r o p r i a t i o n s o f		D i v i d e n d s P e r S h a r e (N T \$)	
	E a r n i n g s			
	Fiscal year 2020	Fiscal year 2019	Fiscal year 2020	Fiscal year 2019
Appropriated as legal reserve	\$ 78,820	\$ 7,330		
Appropriations in respect of special reserve	4,854	1,016		
Cash dividends	464,600	46,460	\$ 5.00	\$ 0.50

21. REVENUE

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Revenue from contracts with customers				
Revenue from the sale of goods	\$ 918,545	\$1,677,564	\$2,917,860	\$2,781,921
Revenue from the rendering of services and other revenue	4,358	7,434	26,742	13,870
	<u>\$ 922,903</u>	<u>\$1,684,998</u>	<u>\$2,944,602</u>	<u>\$2,795,791</u>

Disaggregation of Revenue from contracts with customers – Type of goods

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Integrated education products	\$ 302,070	\$ 593,749	\$1,224,370	\$1,128,788
Video conferencing systems products	611,658	1,080,320	1,679,108	1,618,208
Others	9,175	10,929	41,124	48,795
	<u>\$ 922,903</u>	<u>\$1,684,998</u>	<u>\$2,944,602</u>	<u>\$2,795,791</u>

22. ADDITIONAL INFORMATION OF NET PROFIT FOR THE PERIOD

(1) Other income

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Rental income				
Investment property (Note 15)	\$ 1,557	\$ 1,490	\$ 4,672	\$ 4,402
Other rental income	-	174	-	694
Dividends received				
Financial assets at fair value through other comprehensive income (Note 8)	43,414	-	43,414	-
Government grants income (Note 16)	27,748	-	27,748	-
Others	<u>1,291</u>	<u>1,533</u>	<u>8,242</u>	<u>4,406</u>
	<u>\$74,010</u>	<u>\$ 3,197</u>	<u>\$84,076</u>	<u>\$ 9,502</u>

(2) Other gains and losses

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Gains on financial assets and financial liabilities				
Financial assets mandatorily measured at FVTPL	\$ 7,437	\$ 7,679	\$27,381	\$13,081
Financial liability held for trading	(4,118)	(2,453)	4,746	(5,704)
Net foreign exchange losses	(10,036)	(5,545)	(56,025)	(9,886)

(Continued)

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Gains on disposal and write-off of property, plant, and equipment	-	3	3,300	43
Other losses	(<u>214</u>)	(<u>210</u>)	(<u>868</u>)	(<u>634</u>)
	(<u>\$ 6,931</u>)	(<u>\$ 526</u>)	(<u>\$21,466</u>)	(<u>\$ 3,100</u>)

(3) Finance costs

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Interest on lease liabilities	\$ 736	\$ 972	\$ 2,311	\$ 3,122
Interest on bank loans	997	169	1,964	169
Other interest expenses	<u>19</u>	<u>-</u>	<u>41</u>	<u>-</u>
	<u>\$ 1,752</u>	<u>\$ 1,141</u>	<u>\$ 4,316</u>	<u>\$ 3,291</u>

(4) Depreciation and amortization

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Property, plant, and equipment	\$26,224	\$21,253	\$72,990	\$64,091
Right-of-use assets	5,076	5,133	14,829	15,484
Investment properties	212	212	635	635
Intangible assets	<u>1,458</u>	<u>955</u>	<u>4,110</u>	<u>2,640</u>
	<u>\$32,970</u>	<u>\$27,553</u>	<u>\$92,564</u>	<u>\$82,850</u>

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
An analysis of depreciation by function				
Cost of revenue	\$14,050	\$12,096	\$39,902	\$35,171

(Continued)

		Three Months Ended September 30		Nine Months Ended September 30	
		2021	2020	2021	2020
Operating expenses		17,250	14,290	47,917	44,404
Other gains and losses		<u>212</u>	<u>212</u>	<u>635</u>	<u>635</u>
		<u>\$ 31,512</u>	<u>\$ 26,598</u>	<u>\$ 88,454</u>	<u>\$ 80,210</u>
An analysis of amortization by function					
Cost of revenue		\$ 449	\$ 105	\$ 1,065	\$ 229
Operating expenses		<u>1,009</u>	<u>850</u>	<u>3,045</u>	<u>2,411</u>
		<u>\$ 1,458</u>	<u>\$ 955</u>	<u>\$ 4,110</u>	<u>\$ 2,640</u>
(5) Employee benefits expense					
		Three Months Ended September 30		Nine Months Ended September 30	
		2021	2020	2021	2020
Post-employment benefits (Note 19)					
Defined contribution plans		\$ 6,288	\$ 5,344	\$18,712	\$15,401
Short-term benefits					
Salary expense		217,901	268,901	663,430	587,104
Insurance expense		18,930	17,454	56,326	47,049
Others		<u>4,914</u>	<u>4,689</u>	<u>14,316</u>	<u>12,129</u>
Total employee benefits expense		<u>\$248,033</u>	<u>\$296,388</u>	<u>\$752,784</u>	<u>\$661,683</u>
An analysis of employee benefits expense by function					
Cost of revenue		\$41,628	\$54,155	\$127,650	\$116,167
Operating expenses		<u>206,405</u>	<u>242,233</u>	<u>625,134</u>	<u>545,516</u>
		<u>\$248,033</u>	<u>\$296,388</u>	<u>\$ 752,784</u>	<u>\$ 661,683</u>

(6) Employees' compensation and remuneration of directors

In compliance with the Articles of Incorporation, the Company accrued employees' compensation and remuneration of directors at the rate of 5% ~ 20% and no more than 20%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. For the three months ended September 30, 2021 and 2020, and for the nine months ended September 30, 2021 and 2020, the accrued employees' compensation and the remuneration of directors were as follows:

Accrual rate

	Nine Months Ended September 30	
	2021	2020
Compensation of employees	10%	10%
Remuneration of directors	1.99%	1.99%

Amount (NT\$)

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Compensation of employees	<u>\$22,231</u>	<u>\$61,827</u>	<u>\$72,846</u>	<u>\$71,243</u>
Remuneration of directors	<u>\$ 4,424</u>	<u>\$12,303</u>	<u>\$14,496</u>	<u>\$14,177</u>

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

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

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

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

23. INCOME TAX

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Current income tax				
In respect of the current period	\$17,451	\$112,281	\$90,154	\$123,882
Income tax on unappropriated earnings	5,006	-	5,006	-
Adjustments in respect of prior years	<u>-</u>	<u>-</u>	<u>(1,835)</u>	<u>(955)</u>
	<u>22,457</u>	<u>112,281</u>	<u>93,325</u>	<u>122,927</u>
Deferred tax				
In respect of the current period	<u>(7,700)</u>	<u>(6,452)</u>	<u>(8,002)</u>	<u>(8,253)</u>
Income tax expenses(gains) recognized in profit or loss	<u>\$14,757</u>	<u>\$105,829</u>	<u>\$85,323</u>	<u>\$114,674</u>

(2) Income tax assessments

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

24. EARNINGS PER SHARE

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

Net profit for the period

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2021	2020	2021	2020
Net profits used in the computation of basic earnings and diluted earnings per share	<u>\$176,632</u>	<u>\$468,579</u>	<u>\$575,827</u>	<u>\$546,199</u>

Number of shares

Unit: in Thousands

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2021	2020	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	92,920	92,920	92,920	92,920
Effect of potential dilutive ordinary shares ;				
Employees' compensation	<u>1,369</u>	<u>660</u>	<u>1,525</u>	<u>758</u>
The weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>94,289</u>	<u>93,580</u>	<u>94,445</u>	<u>93,678</u>

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

until the number of shares to be distributed to employees is resolved in the following year.

25. CAPITAL RISK MANAGEMENT

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

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

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

26. FINANCIAL INSTRUMENTS

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

The management of the Company considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values or their fair values cannot be reliably measured.

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

1. Fair value hierarchy

September 30, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>T o t a l</u>
<u>Financial assets at</u>				
<u>FVTPL</u>				
Derivative —				
forward foreign				
exchange				
contracts	<u>\$ _____</u>	<u>\$ 3,619</u>	<u>\$ _____</u>	<u>\$ 3,619</u>

(Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>T o t a l</u>
<u>Financial assets at</u>				
<u>FVTOCI</u>				
Investments in equity instruments				
Publicly traded stocks	<u>\$521,836</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$521,836</u>

December 31, 2020

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

Financial liabilities at
FVTPL

Derivative — forward foreign exchange contracts	<u>\$ -</u>	<u>\$ 13,954</u>	<u>\$ -</u>	<u>\$ 13,954</u>
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September 30, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>T o t a l</u>
<u>Financial assets at</u>				
<u>FVTPL</u>				
Domestic fund beneficiary certificates	\$ 51,183	\$ -	\$ -	\$ 51,183
Derivative — forward foreign exchange contracts	<u>-</u>	<u>4,284</u>	<u>-</u>	<u>4,284</u>
Total	<u>\$ 51,183</u>	<u>\$ 4,284</u>	<u>\$ -</u>	<u>\$ 55,467</u>

(Continued)

	<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	\$ _____	\$ 380	\$ _____	\$ 380

There were no transfers between Levels 1 and 2 for the nine months ended September 30, 2021 and 2020.

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>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
<u>Financial assets</u>			
Fair value through profit or loss			
Mandatorily measured at FVTPL	\$ 3,619	\$ 51,667	\$ 55,467
Amortized cost (Note 1)	1,430,096	2,368,439	2,389,481
Financial assets at FVTOCI	521,836	-	-
<u>Financial liability</u>			
Fair value through profit or loss			
Held for trading	-	13,954	380
Amortized cost (Note 2)	1,168,053	1,010,607	1,401,579

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 Property, plant and equipment pledged as collateral for bank borrowings, long-term loans, trade payable and trade payable, other payable, and guarantee deposits.

(4) Financial risk management objectives and policies

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

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

1. Market risk

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

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

(1) Foreign currency risk

The Company uses forward foreign exchange contracts to manage the foreign currency risk of accounts receivable that are not denominated in functional currency created from export sales. The carrying amounts of the Company's foreign

currency-denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 31.

Sensitivity analysis

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

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

	P r o f i t o r l o s s			
	Nine Months Ended September 30			
	2021		2020	
USD	\$ 20,836	(i)	\$ 17,063	(i)
EUR	21,724	(ii)	15,393	(ii)
JPY	9,875	(iii)	15,680	(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.

(2) Interest 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:

	September 30, 2021	December 31, 2020	September 30, 2020
Fair value interest rate risk			
– Financial assets	\$ 136,219	\$ -	\$ -
– Financial liabilities	663,040	291,638	299,577
Cash flow interest rate risk			
– Financial assets	653,890	1,491,366	1,028,032

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 nine months ended September 30 of 2021 and 2020 would increase/decrease by NT\$1,226 thousand and NT\$1,927 thousand, respectively.

(3) Other price risks

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

Price sensitivity analysis

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

If the domestic fund equity prices had been increased/decreased by 0.5%, the Company's pre-tax profit for the nine months ended September 30 of 2020 would increase/decrease by NT\$256 thousand, respectively, as a result of the increase/decrease in financial liability held for trading.

If the listed marketable securities equity prices had been increased/decreased by 10%, the Company's comprehensive income for the nine months ended September 30 of 2021 would increase/decrease by NT\$52,184 thousand, respectively, as a result

of the increase/decrease in fair value of Financial assets at FVTOCI.

2. Credit risk

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

Financial credit risk

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

Business related credit risk

In order to reduce credit risk, the Company continuously assesses the financial position and historical transaction records of each customer through payment policies, except without requiring the counterparty to provide collateral or security. In order to reduce credit risk, the Company purchased the credit insurance for major customers on receivables. The insurance-to-value ratio is 85%~90% of the approved limit of buyer's insured amount. In addition, the Company reviews and recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. Therefore, the management of the Company concluded that the Company does not have significant credit risk.

The credit risk of the Company in September 30, 2021 and December 31, 2020 by region mainly gathered in Europe and America, and based on accounted for 75% and 71% of total receivables; the credit risk of the Company in September 30, 2020 by region mainly gathered in Taiwan and America, and accounted for 70% of total receivables.

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 September 30, 2021, December 31, 2020 and September 30, 2020 the Company had available un-utilized financing amount set out as following descriptions of the financing amounts in (2).

(1) Liquidity and interest rate risk tables

The following table details the analysis of the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed-upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes undiscounted cash flow based on financial liabilities.(include principal and accrued interest)

September 30, 2021

	O Demand o r	n 3 Less than 1 - 3 months-1 1 month months y e a r	1-5 years
<u>Non-derivative financial liability</u>			
Non-interest bearing	\$217,489	\$ 85,135	\$ 9,520
Lease liability	2,119	4,847	21,010
			38,740

(Continued)

	O Demand o Less than 1 1 month	n Demand r 1 - 3 months	3 months-1 year	1-5 years
Fixed interest instruments	<u>320,000</u> <u>\$539,608</u>	<u>280,000</u> <u>\$369,982</u>	<u>-</u> <u>\$ 30,530</u>	<u>-</u> <u>\$ 38,740</u>

December 31, 2020

	O Demand o Less than 1 1 month	n Demand r 1 - 3 months	3 months-1 year	1-5 years
<u>Non-derivative financial liability</u>				
Non-interest bearing	\$278,454	\$163,319	\$ 12,459	\$ -
Lease liability	2,154	4,156	15,882	46,589
Fixed interest instruments	<u>100,000</u> <u>\$380,608</u>	<u>100,000</u> <u>\$267,475</u>	<u>-</u> <u>\$ 28,341</u>	<u>28,156</u> <u>\$ 74,745</u>

September 30, 2020

	O Demand o Less than 1 1 month	n Demand r 1 to 3 months	3 months to 1 year	1-5 years
<u>Non-derivative financial liability</u>				
Non-interest bearing	\$441,267	\$485,229	\$ 47,413	\$ -
Lease liability	2,188	4,729	17,330	52,688
Fixed interest instruments	<u>-</u> <u>\$443,455</u>	<u>100,000</u> <u>\$589,958</u>	<u>100,000</u> <u>\$164,743</u>	<u>28,769</u> <u>\$ 81,457</u>

(2) Financing amount

	September 30, 2021	December 31, 2020	September 30, 2020
Unsecured bank			
financing amount			
— Amount used	\$ 400,000	\$ 200,000	\$ 200,000
— Amount unused	<u>200,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 600,000</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>
Secured bank			
financing amount			
— Amount used	\$ 200,000	\$ -	\$ -
— Amount unused	<u>780,000</u>	<u>430,000</u>	<u>430,000</u>
	<u>\$ 980,000</u>	<u>\$ 430,000</u>	<u>\$ 430,000</u>

27. TRANSACTIONS WITH RELATED PARTIES

The parent company of the Company is AVerMedia Technologies, Inc. (AVerMedia) that holds 49.91%, 50.44% and 51.52% of ordinary shares of the Company directly and indirectly on September 30, 2021, December 31, 2020 and September 30, 2020 respectively.

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

(1) Related party name and relationship with the Company

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

(2) Operating income

		<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
<u>Line</u>	<u>Items</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	Related Party Category				
Sales	Parent	\$ 8,551	\$ 7,528	\$38,955	\$31,387
	revenue				
	company				

(Continued)

Line Items	Related Party Category	Three Months Ended September 30		Nine Months Ended September 30	
		2021	2020	2021	2020
	Fellow company	<u>-</u>	<u>262</u>	<u>115</u>	<u>777</u>
		<u>\$ 8,551</u>	<u>\$ 7,790</u>	<u>\$39,070</u>	<u>\$32,164</u>

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

(3) Purchases

Related Party Category	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Parent company	<u>\$ 3,782</u>	<u>\$ 9,635</u>	<u>\$ 7,177</u>	<u>\$11,038</u>

(4) Receivables from related parties

Line Items	Related Party Category	September, 30 2021	December, 31 2020	September, 30 2020
Accounts receivable	Parent company	\$ 8,759	\$13,285	\$ 7,882
	Fellow company	<u>-</u>	<u>346</u>	<u>451</u>
		<u>\$ 8,759</u>	<u>\$13,631</u>	<u>\$ 8,333</u>
Other receivables	Parent company	<u>\$ 3,199</u>	<u>\$ 3,235</u>	<u>\$ 2,894</u>

The outstanding trade receivables from related parties are unsecured. For the nine months ended September 30, 2021 and 2020, no impairment loss was recognized for trade receivables from related parties.

(5) Payables to related parties

Line Items	Related Party Category	September 30, 2021	December 31, 2020	September 30, 2020
Accounts payable	Parent company	<u>\$ 3,975</u>	<u>\$ 3,387</u>	<u>\$10,064</u>

The outstanding trade payables from related parties are unsecured.

(6) Compensation of key management personnel

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Short-term benefits	\$34,927	\$44,388	\$84,633	\$72,550
Post-employment benefits	158	135	461	378
	<u>\$35,085</u>	<u>\$44,523</u>	<u>\$85,094</u>	<u>\$72,928</u>

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

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	September 30, 2021	December 31, 2020	September 30, 2020
Pledged certificates of deposits (classified under financial assets measured at amortized cost)	\$ 136,219	\$ -	\$ -
Houses and buildings - net value	<u>122,130</u>	<u>124,339</u>	<u>125,076</u>
	<u>\$ 258,349</u>	<u>\$ 124,339</u>	<u>\$ 125,076</u>

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Konze System Technology Co., Ltd. (KONZESYS) and the Company entered into a commissioning agreement for design and manufacture in 2016. KONZESYS did not fulfill the number quantity specified in the agreement within a year and the Company filed a lawsuit (hereinafter referred to as the "Dispute Case") to demand the refund in accordance with the agreement in 2017. However, KONZESYS filed a countersuit. The Taiwan New Taipei

District Court ruled to appoint the Taiwan Development & Research Academia of Economic & Technology (TEDR) to perform assessments on the disputed product function.

TEDR issued the assessment report in 2020 and the Taiwan New Taipei District Court dismissed the Company's lawsuit and the provisional execution filing in December 2020 and adopted part of the counterclaim submitted by KONZESYS in ruling that the Company shall return KONZESYS the one-time engineering fee of NT\$1,365 thousand. The Company has filed an appeal due to a disinterested judgment. The case is currently heard by the Taiwan High Court. If a favorable judgment is obtained by the Company in the second instance, the Company at most can demand KONZESYS for payments of goods, compensation for damage, and interest for the total of NT\$5,094 thousand through compulsory enforcement; if a favorable judgment is obtained by KONZESYS in the second instance, KONZESYS at most can demand the Company for payments of goods, compensation for damage, and interest for the total of NT\$4,526 thousand through compulsory enforcement. If the original judgment is upheld in the second instance, it shall be explained in the same way as the first instance judgment. At present, the case is still in progress 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.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

(Unit: NTD and Foreign Currency in Thousands)

September 30, 2021

	<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	\$ 19,506	27.85 (USD: NTD)	\$ 543,254
EUR	13,443	32.32 (EUR: NTD)	434,484
JPY	793,200	0.25 (JPY: NTD)	197,507
			<u>\$ 1,175,245</u>

<u>Monetary items</u>			
USD	4,544	27.85 (USD: NTD)	\$ 126,545
RMB	6,477	4.31 (JPY: NTD)	27,882
			<u>\$ 154,427</u>

December 31, 2020

	<u>F o r e i g n</u>	<u>E x c h a n g e</u>	<u>C a r r y i n g</u>
	<u>c u r r e n c y</u>	<u>r a t e</u>	<u>a m o u n t</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 18,290	28.48 (USD: NTD)	\$ 520,901
EUR	11,472	35.02 (EUR: NTD)	401,741
JPY	706,163	0.28 (JPY: NTD)	195,113
			<u>\$1,117,755</u>

F i n a n c i a l
l i a b i l i t y

<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>

September 30, 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	\$ 26,174	29.10 (USD: NTD)	\$ 761,659
EUR	9,015	34.15 (EUR: NTD)	307,865
JPY	1,137,912	0.28 (JPY: NTD)	313,608
			<u>\$ 1,383,132</u>

F i n a n c i a l
l i a b i l i t y

<u>Monetary items</u>			
USD	14,447	29.10 (USD: NTD)	\$ 420,400
RMB	7,703	4.27 (RMB: NTD)	32,884
			<u>\$ 453,284</u>

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

F o r e i g n c u r r e n c y	Three Months Ended September 30			
	2021		2020	
	Exchange rate	Net exchange (loss) gains	Exchange rate	Net exchange l o s s e s
USD	27.86 (USD: NTD)	\$ 1,513	29.10 (USD: NTD)	(\$ 5,027)
EUR	32.85 (EUR: NTD)	(8,196)	34.15 (EUR: NTD)	259
JPY	0.25 (JPY: NTD)	(3,158)	0.28 (JPY: NTD)	(344)
		<u>(\$ 9,841)</u>		<u>(\$ 5,112)</u>

F o r e i g n c u r r e n c y	Nine Months Ended September 30			
	2021		2020	
	Exchange rate	Net exchange (loss) gains	Exchange rate	Net exchange l o s s e s
USD	28.07 (USD: NTD)	\$ 6,320	29.10 (USD: NTD)	\$ 8,069
EUR	33.59 (EUR: NTD)	30,300	34.15 (EUR: NTD)	441
JPY	0.26 (JPY: NTD)	18,781	0.28 (JPY: NTD)	39
		<u>\$ 55,401</u>		<u>\$ 8,549</u>

31. SEPARATELY DISCLOSED ITEMS

- (1) Information on significant transactions and (2) information on investees:
 1. Financing provided to others : None
 2. Endorsements/guarantees provided : Table 1 (attached)
 3. Marketable securities held(excluding investment in subsidiaries): Table 2 (attached)
 4. Marketable securities acquired and disposed of at costs of prices of at least NT\$300 million or more than 20% of the paid-in capital : Table 3 (attached)
 5. Acquisition of individual real estate at costs of at least NT\$300 million or more than 20% of the paid-in capital : None
 6. Disposal of individual real estate at prices of at least NT\$300 million or more than 20% of the paid-in capital : None
 7. Total purchases from or sales to related parties amounting to at least NT\$100 million or more than 20% of the paid-in capital : Table 4 (attached)

8. Receivables from related parties amounting to at least NT\$100 million or more than 20% of the paid-in capital : Table 5 (attached)
9. Trading in derivative instruments : Note 7 (attached)
10. Other : Intercompany relationships and significant intercompany transactions : Table 6 (attached)
11. Information on investees : Table 7 (attached)
- (3) Information on investments in mainland China :
 1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gains or losses, carrying amount of the investment at the end of the reporting period, repatriation of investment gains or losses, and the limit on the amount of investment in the mainland China area : Table 8 (attached)
 2. Any of the significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses : None
- (4) Information on major shareholders : List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder : Table 9 (attached)
32. SEGMENTS INFORMATION

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

AVer Information Inc. and subsidiaries
Endorsements/guarantees provided
January 1 to September 30, 2021

Table 1 (attached)

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

N o . (Note 1)	Endorsement/guarant ee P r o v i d e r	G u a r a n t e e d P a r t y		Provided to E a c h Guaranteed P a r t y Endorsement/ guarantee A m o u n t Limits (Note 3)	For the Period M a x i m u m B a l a n c e (N o t e 4)	E n d i n g B a l a n c e (Note 5)	A m o u n t A c t u a l l y D r a w n (Note 6)	Collateralized by Properties Amount of Endorsement/ guarantee	R a t i o o f Accumulated Endorsement /guarantee to net Equity per Latest Financial Statements (%)	Endorsement /guarantee Maximum A m o u n t allowable (N o t e 3)	Guarantee Provided by P a r e n t C o m p a n y (N o t e 7)	Guarantee Provided by a Subsidiary (N o t e 7)	Guarantee Provided to Subsidiaries in Mainland C h i n a (N o t e 7)	Note
		N a m e	N a t u r e o f Relationship (N o t e 2)											
0	The Company	AVer Information Inc. (USA)	Subsidiary	50% of paid-in capital to be \$464,600	\$ 96,658	\$ 94,338	\$ 50,424	\$ -	2.72%	50% of paid-in capital to be \$464,600	Y	N	N	

Note 1: Numbers are denoted as follows:

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

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

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

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

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

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

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

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

AVer Information Inc. and subsidiaries
Marketable securities held at the end of the reporting period.
September 30, 2021

Table 2 (attached)

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

Held Company Name	Marketable Securities Type and Name (Note 1)	Relationship With the Company (Note 2)	Financial Statement Account	End date of the Reporting Period				Note (Note 4)
				Unit (In Thousands)	Carrying Value (Note 3)	Percentage of Ownership	Fair Value	
The Company	Publicly traded stocks AVerMedia Technologies, Inc.	Parent company of the Company	Financial assets at fair value through other comprehensive income— Non-current	17,366	521,836	11.25%	521,836	

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

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

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

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

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

AVer Information Inc. and subsidiaries

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE NINE MONTHS ENDED
January 1 to September 30, 2021 (Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Table 3 (attached)

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

Company N a m e	Marketable Securities Type and N a m e (N o t e 1)	Financial Statement A c c o u n t (N o t e 1)	Counterp a r t y (Note 2)	Nature o f Relation s h i p (Note 2)	Beginning Balance		A c q u i s i t i o n (N o t e 3)		D i s p o s a l (N o t e 3 a n d 4)				Changes in o t h e r A c c o u n t s (Note 5)	Ending Balance	
					Shares/Units (I n Thousands)	Amount	Shares/Un its (I n Thousands)	A m o u n t	Shares/Units (I n Thousands)	A m o u n t	Carrying V a l u e	Gain/Loss o n Disposal		Shares/Uni t s (I n Thousands)	A m o u n t
The Company	AVerMedia Technologies , Inc	Financial assets at fair value through other comprehensi ve income — Non-current	-	Parent compan y of the Compa ny	-	\$	21,707	\$ 999,973	4,341	\$ -	\$ 43,414	\$ -	(\$434,723)	17,366	\$ 521,836

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

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

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

Note 4 : The decrease is due to capital reduction on August 4, 2021 conducted by AVerMedia Technologies, Inc.

Note 5 : It is unrealized loss from financial assets measured at fair value amounting to \$434,723.

AVer Information Inc. and subsidiaries

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

January 1 to September 30, 2021

Table 4 (attached)

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

Purchase (Sale) C o m p a n y	Related Party	Nature of Relationship	T r a n s a c t i o n D e t a i l s				Abnormal Transaction Condition and Reason (Note 1)		Notes, Accounts Receivable (P a y a b l e)		Note (Note 2)
			Purchase (S a l e)	A m o u n t	Percentage to T o t a l P u r c h a s e (S a l e) (%)	Payment Term	Unit Price	Payment Term	E n d i n g B a l a n c e	% to Total N o t e s , A c c o u n t R e c e i v a b l e (P a y a b l e) (%)	
The Company	AVer Information Inc. (USA)	Subsidiary	Sales	\$ 966,911	(42)	90 days after the goods were shipped	\$ -	—	\$ 272,516	42	
The Company	AVer Information EUROPE B.V.	Subsidiary	Sales	662,671	(28)	90 days after the goods were shipped	-	—	219,795	34	
The Company	AVer Information Inc. (Japan)	Subsidiary	Sales	132,031	(6)	90 days after the goods were shipped	-	—	42,893	7	

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

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

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

AVer Information Inc. and subsidiaries

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

September 30, 2021

Table 5 (attached)

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

Company Name	R e l a t e d P a r t y	Relationship	R e l a t e d P a r t y E n d i n g B a l a n c e	Turnover R a t e (Times/ Y e a r)	O v e r d u e		A m o u n t s Received in Subsequent Period (Note)	Provision of Allowance for Impairment Loss
					A m o u n t	Action Taken		
The Company	AVer Information Inc. (USA)	Subsidiary	Accounts Receivable \$ 272,516	3.69	\$ -	-	\$ 88,152	\$ -
	AVer Information EUROPE B.V.	Subsidiary	Accounts Receivable 219,795	3.71	-	-	32,452	-

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

AVer Information Inc. and subsidiaries
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
January 1 to September 30, 2021

Table 6 (attached)

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

N o (Note 1)	I n v e s t e e C o m p a n y	C o u n t e r p a r t y	Relationship (Note 2)	T r a n s a c t i o n D e t a i l s			
				Financial Statement A c c o u n t s	A m o u n t	Payment Terms	% t o T o t a l R e v e n u e s o r A s s e t s (N o t e 3)
0	The Company	AVer Information Inc. (USA)	1	Sales revenue	\$ 966,911	Note 4	33%
		AVer Information EUROPE B.V.	1	Accounts receivable	272,516	Note 5	6%
				Sales revenue	662,671	Note 4	23%
		AVer Information Inc. (Japan)	1	Accounts receivable	219,795	Note 5	5%
				Sales revenue	132,031	Note 4	4%
		Aver Information (Vietnam) Co., Ltd	1	Accounts receivable	42,893	Note 5	1%
				Sales revenue	15,105	Note 4	1%
				Accounts receivable	5,861	Note 5	0%

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

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

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

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

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

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

Note 5: 90 days after the goods were shipped.

AVer Information Inc. and subsidiaries
INFORMATION ON INVESTEEES
January 1 to September 30, 2021

Table 7 (attached)

Unit: unless stated otherwise,

New Taiwan Dollars/Foreign Currencies in Thousands

Investor Company	Investee Company (Note 1, 2)	Main Locations	Main Businesses	Original Investment Amount		Balance at the End of the Period			Investee Company Net Income (Loss) of the Period (Note 2(2))	Share of Profit (Loss) (Note 2(3))	Note
				End date of the Reporting Period	End date of the Previous Period	Shares	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)	6,990,000	100	\$ 104,674	\$ 87,343	\$ 87,343	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	(25,634)	67,701	67,701	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)	1,400	100	(24,668)	(734)	(734)	Subsidiary
	AVer Information (Vietnam) Co.,Ltd	Vietnam	Sales of computer system equipment, presentation and video conferencing systems	10,710 (VND 8,172,060)	10,710 (VND 8,172,060)	(Note 4)	100	11,146	1,472	1,472	Subsidiary
	YUAN CHEN Investment Co., Ltd.	Taiwan	Investment	500	500	50,000	100	433	-	-	Subsidiary

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

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

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

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

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

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

AVer Information Inc. and subsidiaries
Investment information in mainland China
January 1 to September 30, 2021

Table 8 (attached)

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

Investees in mainland C h i n a	Main Businesses	Paid-in capital (N o t e 5)	Investment m e t h o d (N o t e 1)	Beginning of the current period From Taiwan Accumulated Outflow of Investment	I n v e s t m e n t F l o w s (Outflow/Inflow) in the current p e r i o d		End date of the R e p o r t i n g 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 C o m p a n y D i r e c t O r I n d i r e c t I n v e s t m e n t w i t h P e r c e n t a g e o f O w n e r s h i p	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 A c c u m u l a t e d I n w a r d R e m i t t a n c e o f E a r n i n g s	N o t e
					O u t f l o w	I n f l o w							
AVer Information Inc. (ShangHai)	Sales of computer system equipment, presentation and video conferencing systems	\$ 23,127 (USD 700)	1	\$ 23,127 (USD 700)	\$ -	\$ -	\$ 23,127 (USD 700)	\$ -	-	\$ -	\$ -	\$ -	Note 6

Accumulated Investment in Mainland China Outflow from Taiwan of the R e p o r t i n g P e r i o d	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Regulated by Investment Commission (Note 4)
\$ 23,127 (USD 700)	\$ 23,127 (USD 700)	\$ 1,718,050

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

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

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

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

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

Note 4: In accordance with the regulations "Regulations Governing the examination of Investment or Technical Cooperation in Mainland China" amended on August 29, 2008, the allowable amount of investment in mainland China is 60% of net value.

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

Note 6: The accounting closing date of AVer Information Inc. (ShangHai) is March 26, 2019. As of September 30, 2021, the investment amounts authorized by Investment Commission, MOEA is not cancelled yet.

AVer Information Inc.
Major Shareholders Information
September 30, 2021

Table 9 (attached)

Unit: Share

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

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