

AVer Information Inc. and
Subsidiaries

Consolidated Financial
Statements and Independent
Auditor's Report
2021 and 2020 Fiscal Years

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Representation Letter

The entities that are required to be included in the consolidated financial statements of AVer Information Inc. for the fiscal year of 2021 (from January 1, 2021 to December 31), under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements of the parent company and subsidiaries prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements of affiliated enterprises is included in the consolidated financial statements of the parent company and subsidiaries. Consequently, AVer Information Inc. and its subsidiaries do not prepare a separate set of consolidated financial statements.

Very truly yours

AVer Information Inc.

By

Michael Kuo

Chairman

March 10, 2022

Independent Auditor's Report (translated from Chinese)

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

Opinion

We have audited the accompanying consolidated financial statements of AVer Information Inc. and its subsidiaries (AVer Group), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and related consolidated statements of comprehensive income, changes in equity, cash flows, and notes to consolidated financial statements (including summary of significant accounting policies) from January 1 to December 31, 2021 and 2020. The independent auditor has completed the audits of these statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of AVer Information Inc. as of December 31, 2021 and 2020 and its consolidated financial performance and its consolidated cash flows from January 1 to December 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of

AVer Information Inc. in accordance with The Norm of the Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of AVer Group for the fiscal year of 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for AVer Group's consolidated financial statements for the fiscal year of 2021 as stated as follows:

Assessment of sales returns and allowances

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

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

Other Matter

AVer Information Inc. has prepared parent company only financial statements for the fiscal years of 2021 and 2020 as references on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the audit of the Consolidated Financial Statements

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

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within AVer Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the fiscal year of 2021. And are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 10, 2022

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' 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' report and consolidated financial statements shall prevail.

AVer Information Inc. and subsidiaries
CONSOLIDATED BALANCE SHEETS
December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

C o d e	A	S	S	E	T	S	December 31, 2021		December 31, 2020	
							A m o u n t	%	A m o u n t	%
	CURRENT ASSETS									
1100	Cash and cash equivalents (Note 6)						\$ 1,003,914	24	\$ 1,800,553	38
1110	Financial assets at fair value through profit or loss (Note 7)						445	-	51,667	1
1136	Financial assets at amortized cost(Note 9)						136,219	3	-	-
1150	Notes receivable						3,413	-	1,204	-
1170	Account receivable (Notes 10 and 27)						304,857	7	543,331	12
1220	Income tax assets for current period (Note 23)						17,979	-	5,893	-
130X	Inventories (Notes 11)						730,156	17	804,941	17
1479	Other current assets (Notes 27)						26,989	1	29,963	1
11XX	Total current assets						2,223,972	52	3,237,552	69
	NONCURRENT ASSETS									
1517	Financial assets at fair value through other comprehensive income (Note 8)						555,699	13	-	-
1600	Property, plant, and equipment (Notes 13 and 28)						1,256,846	29	1,212,272	26
1755	Right-of-use assets (Note 14)						40,799	1	43,281	1
1760	Investment property (Note 15)						67,245	2	68,091	2
1780	Intangible assets						24,096	1	8,268	-
1840	Deferred income tax assets (Note 23)						79,282	2	94,031	2
1990	Other noncurrent assets (Note 32)						10,423	-	15,690	-
15XX	Total noncurrent assets						2,034,390	48	1,441,633	31
1XXX	TOTAL ASSETS						\$ 4,258,362	100	\$ 4,679,185	100
C o d e	L I A B I L I T I E S A N D E Q U I T Y									
	CURRENT LIABILITIES									
2100	Short-term loans (Note 16)						\$ 600,000	14	\$ 200,000	4
2120	Financial liabilities at fair value through profit or loss (Note 7)						-	-	13,954	-
2170	Accounts payable (Note 27)						91,766	2	312,084	7
2200	Other payables (Note 17)						347,952	8	415,254	9
2230	Income tax liabilities for current period (Note 23)						12,672	-	178,771	4
2280	Capital lease liabilities (Note 14)						25,012	1	19,265	1
2365	Refund liability (Note 5)						104,503	3	190,604	4
2399	Other current liabilities (Note 18)						13,820	-	14,564	-
21XX	Total current liabilities						1,195,725	28	1,344,496	29
	NONCURRENT LIABILITIES									
2540	Long-term loans (Note 16)						-	-	28,156	1
2550	Provision (Note 18)						38,879	1	37,847	1
2570	Deferred income tax liabilities (Note 23)						4,319	-	7,222	-
2580	Capital lease liabilities (Note 14)						31,072	1	44,217	1
2670	Other noncurrent liabilities						15,049	-	17,772	-
25XX	Total noncurrent liabilities						89,319	2	135,214	3
2XXX	Total Liabilities						1,285,044	30	1,479,710	32
	EQUITY (Note 20)									
3110	Capital - common stock						929,200	22	929,200	20
3200	Capital surplus						735,120	17	735,120	15
	Retained earnings									
3310	Appropriated as legal reserve						302,070	7	223,250	5
3320	Appropriated as special reserve						7,062	-	2,208	-
3350	Unappropriated earnings						1,420,822	34	1,316,759	28
3300	Total retained earnings						1,729,954	41	1,542,217	33
3400	Other equity						(420,956)	(10)	(7,062)	-
3XXX	Total equity						2,973,318	70	3,199,475	68
	TOTAL						\$ 4,258,362	100	\$ 4,679,185	100

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

AVer Information Inc. and subsidiaries
CONSOLIDATED STATEMENTS COMPREHENSIVE INCOME

January 1 to December 31, 2021 and 2020

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

Code		Fiscal year 2021		Fiscal year 2020	
		A m o u n t	%	A m o u n t	%
	REVENUE (Note 21, 27 and 31)				
4100	Sales revenue	\$ 3,686,996	100	\$ 4,068,221	100
	COST OF REVENUE (Note 11, 22 and 27)				
5110	Cost of goods sold	<u>1,743,285</u>	<u>47</u>	<u>1,918,149</u>	<u>47</u>
5900	GROSS PROFIT	<u>1,943,711</u>	<u>53</u>	<u>2,150,072</u>	<u>53</u>
	OPERATING EXPENSES (Note 22)				
6100	Marketing	710,153	19	764,997	19
6200	General and administrative	109,651	3	113,336	3
6300	Research and development	<u>383,126</u>	<u>11</u>	<u>311,631</u>	<u>8</u>
6000	Total operating expenses	<u>1,202,930</u>	<u>33</u>	<u>1,189,964</u>	<u>30</u>
6900	INCOME FROM OPERATIONS	<u>740,781</u>	<u>20</u>	<u>960,108</u>	<u>23</u>
	NON-OPERATING INCOME AND EPENSES (Note16, 22)				
7100	Interest revenue	1,141	-	2,454	-
7010	Other revenues	87,026	2	13,816	-
7020	Other gains and losses	(37,315)	(1)	(10,392)	-
7050	Finance cost	(<u>6,260</u>)	<u>-</u>	(<u>4,705</u>)	<u>-</u>
7000	Total non-operating income and expenses	<u>44,592</u>	<u>1</u>	<u>1,173</u>	<u>-</u>

(Continued)

<u>Code</u>		<u>Fiscal year 2021</u>		<u>Fiscal year 2020</u>	
		<u>A m o u n t</u>	<u>%</u>	<u>A m o u n t</u>	<u>%</u>
7900	INCOME BEFORE INCOME TAX	785,373	21	961,281	23
7950	INCOME TAX EXPENSE (Note 23)	<u>133,036</u>	<u>3</u>	<u>173,084</u>	<u>4</u>
8200	NET INCOME OTHER	<u>652,337</u>	<u>18</u>	<u>788,197</u>	<u>19</u>
	COMPREHENSIVE INCOME (LOSS)				
8310	Items that will not be reclassified subsequently to profit or loss				
8316	Unrealized loss on investments in equity instruments at fair value through other				
	comprehensive income	(\$ <u>400,860</u>)	(<u>11</u>)	\$ _____	____
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences arising on translation of foreign operations	(<u>13,034</u>)	____	(<u>4,854</u>)	____
8300	Other comprehensive loss for the year (net of income tax)	(<u>413,894</u>)	(<u>11</u>)	(<u>4,854</u>)	____
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 238,443</u>	<u>6</u>	<u>\$ 783,343</u>	<u>19</u>

(Continued)

Code		Fiscal year 2021		Fiscal year 2020	
		A m o u n t	%	A m o u n t	%
	NET INCOME				
	ATTRIBUTABLE TO:				
8610	Shareholders of the Company	<u>\$ 652,337</u>	<u>18</u>	<u>\$ 788,197</u>	<u>19</u>
8710	Shareholders of the Company	<u>\$ 238,443</u>	<u>6</u>	<u>\$ 783,343</u>	<u>19</u>
	Earnings per share (Note 24)				
9710	Basic	<u>\$ 7.02</u>		<u>\$ 8.48</u>	
9810	Diluted	<u>\$ 6.91</u>		<u>\$ 8.35</u>	

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

AVer Information Inc. and subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

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		O t h e r e q u i t y Foreign operation Translation of the financial statements Exchange difference	Unrealized Gain (Loss) on F i n a n c i a l Assets at Fair V a l u e T h r o u g h O t h e r Comprehensiv e I n c o m e	Total equity
				Appropriated as legal reserve	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 year 2019 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 in 2020	-	-	-	-	788,197	788,197	-	-	788,197
D3	Other comprehensive income (loss) in 2020, net of income tax	-	-	-	-	-	-	(4,854)	-	(4,854)
D5	Total comprehensive income (loss) in 2020	-	-	-	-	788,197	788,197	(4,854)	-	783,343
Z1	BALANCE, DECEMBER 31, 2020	\$ 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 in 2021	-	-	-	-	652,337	652,337	-	-	652,337
D3	Other comprehensive income (loss) in 2021, net of income tax	-	-	-	-	-	-	(13,034)	(400,860)	(413,894)
D5	Total comprehensive income (loss) in 2021	-	-	-	-	652,337	652,337	(13,034)	(400,860)	238,443
Z1	BALANCE, DECEMBER 31, 2021	\$ 929,200	\$ 735,120	\$ 302,070	\$ 7,062	\$ 1,420,822	\$ 1,729,954	(\$ 20,096)	(\$ 400,860)	\$ 2,973,318

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

AVer Information Inc. and subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS

January 1 to December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

<u>C o d e</u>		<u>Fiscal year 2021</u>	<u>Fiscal year 2020</u>
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax of the fiscal year	\$ 785,373	\$ 961,281
A20010	Adjustments for:		
A20100	Depreciation expense	120,291	105,778
A20200	Amortization expense	5,884	3,799
A20300	Expected credit impairment loss (Reversal)	(7)	38
A20400	Net benefit on financial instruments at fair value through profit or loss	(31,202)	(8,359)
A20900	Finance cost	6,260	4,705
A21200	Interest revenue	(1,141)	(2,454)
A21300	Dividend income	(43,414)	-
A22500	Gains on disposal and write-off of property, plant and equipment	(3,287)	(20)
A23700	Provision of inventory valuation loss and stock obsolescence	2,451	36,654
A24100	Unrealized gross profit on foreign exchange	19,330	(10,359)
A29900	Provision of liability reserve	3,880	12,129
A29900	Amortization of advance payments for goods and services	2,101	4,459
A29900	Government grants income	(27,690)	-
A30000	Net changes of operating assets and liabilities		
A31115	Financial assets at fair value enforced through profit or loss	29,953	30,612
A31130	Notes receivable	(2,209)	161
A31150	Accounts receivable	211,793	(260,798)
A31180	Other receivables	8,329	(8,709)
A31200	Inventories	36,800	(523,356)

(Continued)

C o d e		Fiscal year 2021	Fiscal year 2020
A31240	Other current assets	3,830	5,204
A32110	Financial liability held for trading	(12,770)	(6,357)
A32150	Accounts payable	(171,667)	147,458
A32180	Other payables	(63,304)	210,065
A32200	Provision of liability	(5,295)	(3,843)
A32230	Other current liabilities	3,029	2,013
A32990	Refund liability	(81,936)	115,341
A32990	Other noncurrent liabilities	(1,076)	1,986
A33000	Cash inflow generated from operations	\$ 794,306	\$ 817,428
A33300	Payment of interest expenses	(2,984)	(4,673)
A33500	Payment of income tax	(301,076)	(31,353)
AAAA	Net cash inflow from operating activities	<u>490,246</u>	<u>781,402</u>
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	(174,173)	(69,974)
B02800	Proceeds from sales of property, plant and equipment	3,300	125
B03700	Increase of refundable deposit	(75)	(2,995)
B03800	Decrease of refundable deposit	-	12
B04500	Acquisition of intangible assets	-	(108)
B07500	Interest received	1,157	2,585
B07600	Dividends received	43,414	-
B09900	Proceeds from return of capital by investees	<u>43,414</u>	<u>-</u>
BBBB	Net cash used in investing activities	(<u>1,167,868</u>)	(<u>70,355</u>)

CASH FLOWS FROM FINANCING
ACTIVITIES

(Continued)

<u>C o d e</u>		<u>Fiscal year 2021</u>	<u>Fiscal year 2020</u>
C00100	Increase in short-term loans	400,000	200,000
C01600	Proceeds from long-term loans	-	29,213
C04020	Payments of lease liabilities	(24,416)	(23,029)
C04500	Cash dividends paid	(<u>464,600</u>)	(<u>46,460</u>)
CCCC	Cash inflow (outflow) from financing activities	(<u>89,016</u>)	<u>159,724</u>
DDDD	Effect of changes in foreign exchange rates on cash and cash equivalents	(<u>30,001</u>)	(<u>6,478</u>)
EEEE	Net increase in cash and cash equivalents	(796,639)	864,293
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><u>\$ 1,003,914</u></u>	<u><u>\$ 1,800,553</u></u>

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

AVer Information Inc. and subsidiaries
Notes to Consolidated Financial Statements
January 1 to December 31, 2021 and 2020
(In Thousands of New Taiwan Dollars, unless otherwise specified)

1. GENERAL

AVer Information Inc. (hereinafter referred to as “Aver” or “the Company”) was incorporated on January 1, 2008, with 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 approved and authorized for issue by the Board of Directors on March 10, 2022.

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 2020, and applicable to the consolidated company assessments, have no major material impact on the consolidated company accounting policy.

- (2) The IFRSs endorsed by the FSC, applicable starting from 2022.

Newly issued/revised/amended standards a n d i n t e r p r e t a t i o n s	Effective Date issued by I A S B
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. - 11 -

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 1, 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 consolidated financial statements were authorized for issue, revisions of standards and interpretations endorsed by the FSC, and applicable to the consolidated company assessments of 2022, have no major material impact on the financial position and financial performance.

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

Newly issued/revised/amended standards and interpretations	Effective Date Announced by IASB (Note 1)
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 IFRS 17 "Initial Application of IFRS 9 and IFRS 17-Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	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 New IFRSs 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 beginning on or after January 1, 2023.

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 for deferred taxes that 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 were authorized for issue, the Company continues in evaluating the impact on its

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs endorsed and issued into effect by the FSC.

(2) Basis of preparation

The 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) Classification of current and noncurrent assets and liabilities

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets expected to be realized within 12 months after the reporting period; and
3. Cash and cash equivalents (unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;

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

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

(4) 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.

(5) Foreign currencies

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

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

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslated of

non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

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

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

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

(6) Inventories

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

(7) Property, plant and equipment

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

Except for freehold land which is not depreciated, the depreciation of property, plant, and equipment is recognized using the straight-line method. Each significant part is depreciated separately within its useful life. The

Company at least reviews the estimated useful lives, residual values, and depreciation methods at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

(8) Investment properties

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

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

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

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

(9) Intangible assets

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

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

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

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

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

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset of cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

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

(11) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets

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

1. Financial assets

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

(1) Measurement categories

Financial assets of the Company are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost and financial assets at fair value through comprehensive income.

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

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

Financial assets at FVTPL are measured at fair value through profit or loss. Dividends and interests generated from the financial assets are recognized in other income and interest income respectively. Further measurements on interests or losses are recognized in other gains and losses. Please refer to Note 26 for the method of determining the fair value.

B. Financial assets at amortized cost

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

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

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

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

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

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

c. 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) Impairment of financial assets

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

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

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

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

- A. Internal or external information shows that the debtor is unlikely to pay its creditors
- B. Payments from the debtor are overdue for more than 210 days unless there is reasonable and corroborating information to indicate that the deferred default basis is more appropriate.

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

(3) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2. Financial liabilities

(1) Subsequent measurement

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

Financial liabilities at fair value through profit or loss are mainly held for trading. Financial liabilities held for trading are measured at fair value. Gains or losses resulting from remeasurement are recognized in other gains and losses. Please refer to Note 26 for the method of determining the fair value.

(2) Derecognition of financial liabilities

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

3. Derivative financial instruments

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

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured

to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss directly. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

(12) Provision of liability

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

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

Warranty

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

(13) Revenue recognition

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

1. Revenue from the sale of goods

Revenue from the sale of goods comes from sales of computer system equipment, presentation, and video conferencing systems. When the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the price to sell the goods, right-of-use, and has the primary responsibility for sales to

future customers and bears the risks of obsolescence. The Company recognizes the income and trade receivables concurrently.

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

2. Revenue from the rendering of services

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

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

(14) Leases

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

1. The Company as lessor

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

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

2. The Company as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities, lease payments made at or

before the commencement date less any lease incentives received, plus any initial direct costs incurred, and an estimate of costs needed to restore the underlying assets. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

Lease liabilities are initially measured at the present value of the lease payments, including fixed payments and variable lease payments depending on the index or rate. If the interest rate implicit in a lease can be readily determined, the lease payments are discounted using such interest rate. If the interest rate implicit in a lease can not be readily determined, the Company uses the lessee's incremental borrowing rate.

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

(15) Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial

support to the Company with no future related costs are recognized in profit or loss in the period in which they are receivable.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rate.

(16) Employee benefits

1. Short-term employee benefits

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

2. Retirement benefits

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

(17) Taxation

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

1. Current income tax

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

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

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

2. Deferred income tax

Deferred income tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the

corresponding tax bases used in the computation of taxable profit in the financial statements of each entity.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, or purchases of machinery and equipment, and expenses of research and developments, to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects

the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, 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 has considered the economic implications of COVID-19 on critical accounting estimates. The management will review the estimates and underlying assumptions on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period, or in the period of revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

(1) Sales discounts (allowances)

The Company has distributors in the Americas as its main customers. In order to promote sales and expand the market, Aver Information Inc. (USA) and its main distributors have entered multiple contracts on sales discounts (allowances). Since calculation methods applied to respective contracts vary by product or sales achievement; bases of the calculations also involve the risks of estimation uncertainty of expected sales amount. The subsidiary periodically reviews the reasonableness of the estimation and recognize as an increase (decrease) in sales revenue for the corresponding adjustment.

6. CASH AND CASH EQUIVALENTS

	December 31, 2021	December 31, 2020
Cash on hand	\$ 971	\$ 1,010
Checking accounts and demand deposits	1,002,943	1,625,543
Cash equivalents		
Time deposits with original maturities of less than 3 months	-	174,000
	<u>\$ 1,003,914</u>	<u>\$ 1,800,553</u>

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

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

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2021	December 31, 2020
<u>Financial assets - current</u>		
Mandatorily measured at FVTPL		
Derivative (not hedged)		
— Forward foreign exchange contracts	\$ 445	\$ 438
Non-derivative financial assets		
— Domestic fund beneficiary certificates	-	51,229
Subtotal	<u>\$ 445</u>	<u>\$ 51,667</u>
<u>Financial liability — current</u>		
Held for trading		
Derivative (not hedged)		
— Forward foreign exchange contracts	\$ -	\$ 13,954

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

December 31, 2021

	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in T h o u s a n d s)</u>
Forward foreign exchange sold	US to New Taiwan Dollar	2021.10.12~ 2022.1.25	USD 1,000/NTD 28,136

December 31, 2020

	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in T h o u s a n d s)</u>
Forward foreign exchange sold	Euro to New Taiwan Dollar	2021.1.25~ 2021.3.25	EUR10,500/ NTD355,580
Forward foreign exchange sold	US Dollar to New Taiwan Dollar	2021.1.25~ 2021.3.25	USD 7,160/ NTD204,307
Forward foreign exchange sold	Japanese Yen to New Taiwan Dollar	2021.1.25~ 2021.3.25	JPY268,580/ NTD 73,276

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>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Non-current</u> equity investments		
Publicly traded stocks	<u>\$ 555,699</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

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

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

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

The Company pledged the assets as collateral for bank borrowing. Please refer to Note 28.

10. ACCOUNTS RECEIVABLE

	December 31, 2021	December 31, 2020
At amortized cost		
Gross carrying amount	\$ 304,890	\$ 543,369
Less: Loss allowance	(<u>33</u>)	(<u>38</u>)
	<u>\$ 304,857</u>	<u>\$ 543,331</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 receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables with are due. When recoveries are made, they are recognized in profit or loss.

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

December 31, 2021

	Not past due	Past due 1 ~ 3 30 Days	Past due 1 ~ 9 90 Days	Past due 1 ~ 180 Days	T o t a l
Gross carrying amount	\$ 262,182	\$ 40,175	\$ 1,958	\$ 575	\$ 304,890
Loss allowance (lifetime expected credit loss)	(<u>33</u>)	<u>-</u>	<u>-</u>	<u>-</u>	(<u>33</u>)
Amortized cost	<u>\$ 262,149</u>	<u>\$ 40,175</u>	<u>\$ 1,958</u>	<u>\$ 575</u>	<u>\$ 304,857</u>

December 31, 2020

	Not past due	Past due 1 ~ 30 Days	Past due 31 ~ 90 Days	Past due 91 ~ 180 Days	T o t a l
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>

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

	Fiscal year 2021	Fiscal year 2020
Balance at January 1	\$ 38	\$ -
Add : Impairment losses	-	38
Less : Impairment losses reversed	(7)	-
Foreign exchange gains and losses	2	-
Balance at September 30	<u>\$ 33</u>	<u>\$ 38</u>

11. INVENTORIES

	December 31, 2021	December 31, 2020
Finished goods	\$ 273,877	\$ 319,512
Work in progress	70,228	104,554
Raw materials	386,051	380,875
	<u>\$ 730,156</u>	<u>\$ 804,941</u>

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

	Fiscal year 2021	Fiscal year 2020
Cost of inventories sold	\$ 1,740,834	\$ 1,881,495
Provision of inventory valuation loss	2,451	36,654
	<u>\$ 1,743,285</u>	<u>\$ 1,918,149</u>

12. SUBSIDIARIES

(1) Subsidiaries included in the consolidated financial statements

Main content of the consolidated financial statements:

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

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

13. PROPERTY, PLANT AND EQUIPMENT

	L a n d	Houses and buildings	Machinery equipment	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress and Equipment pending acceptance	T o t a l
<u>Cost</u>									
BALANCE, January 1, 2021	\$ 373,218	\$ 1,033,199	\$ 83,612	\$ 7,915	\$ 80,082	\$ 14,417	\$ 46,753	\$ 23,849	\$ 1,663,045
Addition	-	-	-	-	3,768	1,640	-	167,555	172,963
Disposal & retirement	-	(537)	(125)	-	(18,747)	-	(4,579)	-	(23,988)
Transfer-in from prepayments	-	12,338	78,060	2,230	8,263	-	21,091	(121,982)	-
Reclassified as other noncurrent assets	-	-	1	20	-	-	-	(28,415)	(28,394)
Net exchange difference	-	-	(54)	-	(1,890)	(613)	-	-	(2,557)
BALANCE, DECEMBER 31, 2021	<u>\$ 373,218</u>	<u>\$ 1,045,000</u>	<u>\$ 161,494</u>	<u>\$ 10,165</u>	<u>\$ 71,476</u>	<u>\$ 15,444</u>	<u>\$ 63,265</u>	<u>\$ 41,007</u>	<u>\$ 1,781,069</u>
<u>Accumulated depreciation</u>									
BALANCE, January 1, 2021	\$ -	\$ 326,556	\$ 31,848	\$ 4,885	\$ 51,457	\$ 13,493	\$ 22,534	\$ -	\$ 450,773
Depreciation expense	-	41,533	25,826	1,565	11,096	259	19,288	-	99,567
Disposal	-	(537)	(114)	-	(18,745)	-	(4,579)	-	(23,975)
Net exchange difference	-	-	(53)	-	(1,663)	(426)	-	-	(2,142)
BALANCE, DECEMBER 31, 2021	<u>\$ -</u>	<u>\$ 367,552</u>	<u>\$ 57,507</u>	<u>\$ 6,450</u>	<u>\$ 42,145</u>	<u>\$ 13,326</u>	<u>\$ 37,243</u>	<u>\$ -</u>	<u>\$ 524,223</u>
NET VALUE, December 31, 2021	<u>\$ 373,218</u>	<u>\$ 667,448</u>	<u>\$ 103,987</u>	<u>\$ 3,715</u>	<u>\$ 29,331</u>	<u>\$ 2,118</u>	<u>\$ 26,022</u>	<u>\$ 41,007</u>	<u>\$ 1,256,846</u>
<u>Cost</u>									
BALANCE, January 1, 2020	\$ 373,218	\$ 1,073,120	\$ 173,433	\$ 11,598	\$ 91,231	\$ 15,995	\$ 155,307	\$ 3,551	\$ 1,897,453
Addition	-	-	-	-	3,328	-	-	83,853	87,181
Disposal & retirement	-	(54,471)	(108,364)	(3,683)	(29,472)	(884)	(121,408)	-	(318,282)
Transfer-in from prepayments	-	14,550	18,641	-	17,176	-	12,854	(57,711)	5,510
Reclassified as other current and noncurrent assets	-	-	-	-	-	-	-	(5,844)	(5,844)
Net exchange difference	-	-	(98)	-	(2,181)	(694)	-	-	(2,973)
BALANCE, DECEMBER 31, 2020	<u>\$ 373,218</u>	<u>\$ 1,033,199</u>	<u>\$ 83,612</u>	<u>\$ 7,915</u>	<u>\$ 80,082</u>	<u>\$ 14,417</u>	<u>\$ 46,753</u>	<u>\$ 23,849</u>	<u>\$ 1,663,045</u>
<u>Accumulated depreciation</u>									
BALANCE, January 1, 2020	\$ -	\$ 338,367	\$ 126,854	\$ 6,911	\$ 74,546	\$ 14,968	\$ 125,615	\$ -	\$ 687,261
Depreciation expense	-	42,660	13,455	1,657	8,206	102	18,327	-	84,407
Disposal	-	(54,471)	(108,364)	(3,683)	(29,367)	(884)	(121,408)	-	(318,177)
Net exchange difference	-	-	(97)	-	(1,928)	(693)	-	-	(2,718)

(Continued)

	<u>L a n d</u>	<u>Houses and buildings</u>	<u>Machinery equipment</u>	<u>Transportatio n equipment</u>	<u>O f f i c e equipment</u>	<u>Leasehold improvements</u>	<u>O t h e r equipment</u>	<u>Construction in progress a n d Equipment pending acceptance</u>	<u>T o t a l</u>
BALANCE, DECEMBER 31, 2020	\$ -	\$ 326,556	\$ 31,848	\$ 4,885	\$ 51,457	\$ 13,493	\$ 22,534	\$ -	\$ 450,773
NET VALUE, December 31, 2020	\$ 373,218	\$ 706,643	\$ 51,764	\$ 3,030	\$ 28,625	\$ 924	\$ 24,219	\$ 23,849	\$1,212,272

For the year ended December 31 of 2021 and 2020, no indication of an impairment loss of the Company's property, plant, and equipment was present, and therefore, no impairment assessment was performed.

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

Plant main buildings	50 years
Electromechanical power and engineering systems	5-10 years
Machinery equipment	3-6 years
Transportation equipment	5 years
Office equipment	3-5 years
Leasehold improvements	3 years
Other equipment	2-3 years

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

14. LEASE ARRANGEMENTS

(1) Right-of-use assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Right-of-use assets carrying amount		
Buildings	<u>\$ 40,799</u>	<u>\$ 43,281</u>
	<u>Fiscal year 2021</u>	<u>Fiscal year 2020</u>
Additions of right-of-use assets	<u>\$ 19,280</u>	<u>\$ -</u>
Depreciation of right-of-use assets		
Buildings	<u>\$ 19,878</u>	<u>\$ 20,525</u>

For the period of January 1 to December 31 of 2021 and 2020, no major addition, sublet, and impairment of the Company's right-of-use assets was present except recognized depreciation expenses.

(2) Lease liabilities

	December 31, 2021	December 31, 2020
Lease liability carrying amount		
Current	\$ 25,012	\$ 19,265
Noncurrent	\$ 31,072	\$ 44,217

Range of discount rates for lease liabilities was as follows:

	December 31, 2021	December 31, 2020
Buildings	0.001%~5.7%	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

	Fiscal year 2021	Fiscal year 2020
Total cash outflow for leases	(\$ 27,400)	(\$ 27,038)

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. The cost of book value is NT\$79,089,000 for the year ended on December 31 of 2021 and 2020.

Accumulated depreciation

Balance, January 1, 2020

\$ 10,152

Depreciation expense

846

(Continued)

<u>Accumulated depreciation</u>	
Balance, December 31, 2020	10,998
Depreciation expense	<u>846</u>
Balance, December 31, 2021	<u><u>\$ 11,844</u></u>

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

The fair value of the investment property of the Company is NT\$146,600,000 for the year ended on December 31, 2021 and 2020. The valuation is estimated by the management of the Company in reference to the recent transaction prices of properties in the neighboring districts.

The total amounts of lease payments to be received in the future for the lease of the investment property in 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
Within 1 year	\$ 5,900	\$ 6,230
1 to 5 years	<u>3,460</u>	<u>8,650</u>
	<u><u>\$ 9,360</u></u>	<u><u>\$ 14,880</u></u>

16. SHORT-TERM LOANS

(1) Short-term loans

	December 31, 2021	December 31, 2020
Unsecured loans	<u>\$ 400,000</u>	<u>\$ 200,000</u>
Annual interest rate (%)	0.85%~0.87%	0.95%~1%
Maturity date	2022/2/26	2021/2/22

	December 31, 2021	December 31, 2020
Secured loans	<u>\$ 200,000</u>	<u>\$ -</u>
Annual interest rate (%)	0.7%~0.86%	-
Maturity date	2022/1/28	-

(2) Long-term loans

	December 31, 2021	December 31, 2020
Secured loans	<u>\$ -</u>	<u>\$ 28,156</u>
Annual interest rate (%)	-	1%
Maturity date	-	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\$27,690,000) was recognized in government grants income (classified under other income).

17. OTHER PAYABLES

	December 31, 2021	December 31, 2020
Salary and bonus payable	\$ 115,283	\$ 149,355
Payable for employees' compensation and remuneration of directors	103,277	129,204
Vacation pay payable	37,201	33,524
Payable for equipment	17,630	18,840
Insurance payable	9,551	10,721
Freight payable	7,679	10,633
Others	57,331	62,977
	<u>\$ 347,952</u>	<u>\$ 415,254</u>

18. PROVISION OF LIABILITY

	December 31, 2021	December 31, 2020
Current – warranty (classified under other current liabilities)	\$ 6,515	\$ 9,083
Noncurrent – warranty	38,879	37,847
	<u>\$ 45,394</u>	<u>\$ 46,930</u>

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

19. RETIREMENT BENEFIT PLANS

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

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

20. EQUITY

(1) Capital - Common Stock

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

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

(2) Capital surplus

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

Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital which is limited to a certain percentage of the Company's capital surplus 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 (7).

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

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

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

	<u>A p p r o p r i a t i o n s o f</u>		<u>D i v i d e n d s P e r S h a r e (N T \$)</u>	
	<u>E a r n i n g s</u>			
	<u>Fiscal year</u> <u>2020</u>	<u>Fiscal year</u> <u>2019</u>	<u>Fiscal year</u> <u>2020</u>	<u>Fiscal year</u> <u>2019</u>
Appropriated as legal reserve	\$ 78,820	\$ 7,330		
Appropriations (Reversal) in respect of special reserve	4,854	1,016		
Cash dividends	464,000	46,460	\$ 5.00	\$ 0.50

The appropriation of earnings for 2021 that had been proposed by the Company’s Board of Directors on March 10, 2022 was as follows:

	<u>A p p r o p r i a t i o n s o f</u> <u>E a r n i n g s</u>	<u>D i v i d e n d s P e r</u> <u>S h a r e (N T \$)</u>
Appropriated as legal reserve	\$ 65,234	
Appropriated as special reserve	413,893	
Cash dividends	353,096	\$ 3.8

The appropriation of earnings for 2021 will be resolved in the shareholders' meeting to be held on June 8, 2022.

(4) Appropriated as special reserve

	<u>Fiscal year 2021</u>	<u>Fiscal year 2020</u>
Balance at beginning of year	\$ 2,208	\$ 1,192
Provision as special reserve		
Provision of the debits to		
other equity items	<u>4,854</u>	<u>1,016</u>
Balance at end of year	<u>\$ 7,062</u>	<u>\$ 2,208</u>

21. REVENUE

	<u>Fiscal year 2021</u>	<u>Fiscal year 2020</u>
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 3,655,632	\$ 4,043,913
Revenue from the rendering of services and other revenue	<u>31,364</u>	<u>24,308</u>
	<u>\$ 3,686,996</u>	<u>\$ 4,068,221</u>

Disaggregation of Revenue from contracts with customers – Type of goods

	<u>Fiscal year 2021</u>	<u>Fiscal year 2020</u>
Integrated education products	\$ 1,537,167	\$ 1,694,051
Video conferencing systems products	2,099,047	2,312,664
Others	<u>50,782</u>	<u>61,506</u>
	<u>\$ 3,686,996</u>	<u>\$ 4,068,221</u>

22. ADDITIONAL INFORMATION OF NET INCOME

(1) Interest income

	<u>Fiscal year 2021</u>	<u>Fiscal year 2020</u>
Bank deposits	\$ 860	\$ 2,056
Others	<u>281</u>	<u>398</u>
	<u>\$ 1,141</u>	<u>\$ 2,454</u>

(2) Other income

	<u>Fiscal year 2021</u>	<u>Fiscal year 2020</u>
Rental income		
Investment property		
(Note 15)	\$ 6,230	\$ 5,959

(Continued)

	<u>Fiscal year 2021</u>	<u>Fiscal year 2020</u>
Other rental income	<u>-</u> 6,230	<u>694</u> 6,653
Dividends received		
Financial assets at fair value through other comprehensive income(Note 8)	43,414	-
Government grants income(Note 16)	27,690	-
Others	<u>9,692</u>	<u>7,163</u>
	<u>\$ 87,026</u>	<u>\$ 13,816</u>
(3) Other gains and losses		
	<u>Fiscal year 2021</u>	<u>Fiscal year 2020</u>
Gains (losses) on financial assets and financial liabilities		
Financial assets mandatorily measured at FVTPL	\$ 30,017	\$ 28,604
Financial liability held for trading	1,184	(20,245)
Net foreign exchange gains (losses)	(70,724)	(17,925)
Gains on disposal and write-off of property, plant, and equipment	3,287	20
Other losses	(<u>1,079</u>)	(<u>846</u>)
	<u>(\$ 37,315)</u>	<u>(\$ 10,392)</u>
(4) Finance costs		
	<u>Fiscal year 2021</u>	<u>Fiscal year 2020</u>
Interest on bank loans	\$ 3,211	\$ 696
Interest on lease liabilities	2,984	4,009
Other interest expenses	<u>65</u>	<u>-</u>
	<u>\$ 6,260</u>	<u>\$ 4,705</u>
(5) Depreciation and amortization		
	<u>Fiscal year 2021</u>	<u>Fiscal year 2020</u>
Property, plant, and equipment	\$ 99,567	\$ 84,407
Right-of-use assets	19,878	20,525
Investment properties	846	846
Intangible assets	<u>5,884</u>	<u>3,799</u>
	<u>\$ 126,175</u>	<u>\$ 109,577</u>

	<u>Fiscal year 2021</u>	<u>Fiscal year 2020</u>
An analysis of depreciation by function		
Cost of revenue	\$ 55,290	\$ 46,680
Operating expenses	64,155	58,252
Other gains and losses	<u>846</u>	<u>846</u>
	<u>\$ 120,291</u>	<u>\$ 105,778</u>
An analysis of amortization by function		
Cost of revenue	\$ 1,691	\$ 437
Operating expenses	<u>4,193</u>	<u>3,362</u>
	<u>\$ 5,884</u>	<u>\$ 3,799</u>
(6) Employee benefits expense		
	<u>Fiscal year 2021</u>	<u>Fiscal year 2020</u>
Post-employment benefits (Note 19)		
Defined contribution plans	\$ 25,177	\$ 21,126
Short-term benefits		
Salary expense	816,479	813,910
Insurance expense	74,717	61,791
Others	<u>19,451</u>	<u>17,217</u>
Total employee benefits expense	<u>\$ 935,824</u>	<u>\$ 914,044</u>
An analysis of employee benefits expense by function		
Cost of revenue	\$ 157,792	\$ 164,228
Operating expenses	<u>778,032</u>	<u>749,816</u>
	<u>\$ 935,824</u>	<u>\$ 914,044</u>
(7) Employees' compensation and remuneration of directors		

In compliance with the Articles of Incorporation, the Company accrued employees' compensation and remuneration of directors at the rate of 5% ~ 20% and no more than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. For the fiscal years of 2021 and 2020, the accrued employees' compensation and the remuneration of directors approved by the Board of Directors were as follows:

Accrual rate

	<u>Fiscal year 2021</u>	<u>Fiscal year 2020</u>
Compensation of employees	10%	10%
Remuneration of directors	1.99%	1.99%

Amount (NT\$)

	<u>Fiscal year 2021</u>	<u>Fiscal year 2020</u>
Compensation of employees		
— Cash	\$ 86,136	\$107,760
Remuneration of directors	<u>17,141</u>	<u>21,444</u>
	<u>\$ 103,277</u>	<u>\$129,204</u>
Recognized amount in consolidated financial statements	<u>\$ 103,277</u>	<u>\$ 129,204</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.

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) Income tax recognized in profit or loss

Major components of income tax expense as follows:

	<u>Fiscal year 2021</u>	<u>Fiscal year 2020</u>
Current income tax		
In respect of the current year	\$ 121,725	\$ 208,782
Income tax on unappropriated earnings	3,167	-
Adjustments in respect of prior years	(<u>1,835</u>)	(<u>982</u>)
	<u>123,057</u>	<u>207,800</u>
Deferred tax		
In respect of the current year	<u>9,979</u>	(<u>34,716</u>)
Income tax expenses recognized in profit or loss	<u>\$ 133,036</u>	<u>\$ 173,084</u>

A reconciliation of accounting loss and income tax expenses were as follows:

	<u>Fiscal year 2021</u>	<u>Fiscal year 2020</u>
Income before income tax	<u>\$ 785,373</u>	<u>\$ 961,281</u>
Income tax expense calculated at the statutory rate (20%) of the parent company	\$ 157,075	\$ 192,256
Income tax on unappropriated earnings	3,167	-
Non-deductible expenses in determining taxable income	155	261
Tax-exempt income	(8,968)	(48)
Unrecognized loss deduction and deductible temporary differences	(25,743)	(36,589)
Investment tax credit in current year	(17,083)	(26,218)
Adjustments of prior years' income tax expenses added to current year	(1,835)	(982)
Tax effect of different applicable tax rates for individual consolidated entities	<u>26,268</u>	<u>44,404</u>
Income tax expenses recognized in profit or loss	<u>\$ 133,036</u>	<u>\$ 173,084</u>

The applicable tax rate of the Company's subsidiary in the U. S. region is 28% for 2021 and 2020; in other jurisdictions, the Company measures taxes by using the applicable tax rate for each individual jurisdiction.

(2) Current tax assets and liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Current tax assets</u>		
Tax refund receivable	<u>\$ 17,979</u>	<u>\$ 5,893</u>
<u>Current tax liabilities</u>		
Income tax payable	<u>\$ 12,672</u>	<u>\$ 178,771</u>

(3) Deferred tax assets and liabilities

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

Fiscal year 2021

	<u>Opening balance</u>	<u>Recognized in profit or loss</u>	<u>Exchange difference</u>	<u>Closing balance</u>
<u>Deferred tax assets</u>				
Temporary differences				
Property, plant and equipment	\$ 2,018	(\$ 340)	(\$ 52)	\$ 1,626
Deferred income	1,192	2,294	(175)	3,311
Refund liability	34,678	(5,930)	(905)	27,843
Bonus payable	8,455	(5,955)	(170)	2,330
Provision of liability	9,383	(274)	(29)	9,080
Inventory valuation losses	14,051	4,475	(218)	18,308
Vacation pay payable	3,944	633	(136)	4,441
Unrealized gross profit of sales between affiliated companies	3,437	(43)	2	3,396
Others	<u>16,534</u>	<u>(7,422)</u>	<u>(287)</u>	<u>8,825</u>
	93,692	(12,562)	(1,970)	79,160
Loss deduction	<u>339</u>	<u>(184)</u>	<u>(33)</u>	<u>122</u>
	<u>\$ 94,031</u>	<u>(\$ 12,746)</u>	<u>(\$ 2,003)</u>	<u>\$ 79,282</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Deferred state tax	\$ 5,197	(\$ 834)	(\$ 136)	\$ 4,227
Others	<u>2,025</u>	<u>(1,933)</u>	<u>-</u>	<u>92</u>
	<u>\$ 7,222</u>	<u>(\$ 2,767)</u>	<u>(\$ 136)</u>	<u>\$ 4,319</u>

Fiscal year 2020

	<u>Opening balance</u>	<u>Recognized in profit or loss</u>	<u>Exchange difference</u>	<u>Closing balance</u>
<u>Deferred tax assets</u>				
Temporary differences				
Property, plant, and equipment	\$ 2,123	\$ 1	(\$ 106)	\$ 2,018
Deferred income	1,064	188	(60)	1,192
Refund liability	22,107	14,190	(1,619)	34,678

	Opening balance	Recognized in profit or losses	Exchange difference	Closing balance
Bonus payable	2,750	6,060	(355)	8,455
Provision of liability	7,963	1,420	-	9,383
Inventory valuation losses	12,374	1,958	(281)	14,051
Vacation pay payable	2,675	1,456	(187)	3,944
Unrealized gross profit of sales between affiliated companies	1,578	1,859		3,437
Others	7,345	9,789	(600)	16,534
	59,979	36,921	(3,208)	93,692
Loss deduction	339	-	-	339
	<u>\$ 60,318</u>	<u>\$ 36,921</u>	<u>(\$ 3,208)</u>	<u>\$ 94,031</u>
<u>Deferred tax liabilities</u>				
<u>Temporary differences</u>				
Deferred state tax	\$ 4,753	\$ 707	(\$ 263)	\$ 5,197
Others	528	1,498	(1)	2,025
	<u>\$ 5,281</u>	<u>\$ 2,205</u>	<u>(\$ 264)</u>	<u>\$ 7,222</u>

(4) Income tax assessments

The Company's tax returns through 2019 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 year

	<u>Fiscal year 2021</u>	<u>Fiscal year 2020</u>
Net profits used in the computation of basic earnings and diluted earnings per share	<u>\$ 652,337</u>	<u>\$ 788,197</u>

<u>Number of shares</u>	Unit: in Thousands	
	<u>Fiscal year 2021</u>	<u>Fiscal year 2020</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	92,920	92,920
Effect of potential dilutive ordinary shares ;		
Compensation of employees	<u>1,418</u>	<u>1,421</u>
The weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>94,338</u>	<u>94,341</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

December 31, 2021

	<u>L e v e l 1</u>	<u>L e v e l 2</u>	<u>L e v e l 3</u>	<u>T o t a l</u>
<u>Financial assets at FVTPL</u>				
Derivative—forward foreign exchange contracts	\$ -	\$ 445	\$ -	\$ 445
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Publicly traded stocks	\$ 555,699	\$ -	\$ -	\$ 555,699

December 31, 2020

	<u>L e v e l 1</u>	<u>L e v e l 2</u>	<u>L e v e l 3</u>	<u>T o t a l</u>
<u>Financial assets at FVTPL</u>				
Domestic fund beneficiary certificates	\$ 51,229	\$ -	\$ -	\$ 51,229
Derivative—forward foreign exchange contracts	-	438	-	438
Total	\$ 51,229	\$ 438	\$ -	\$ 51,667
<u>Financial liabilities at FVTPL</u>				
Derivative — forward foreign exchange contracts	\$ -	\$ 13,954	\$ -	\$ 13,954

There were no transfer between Level 1 and Level 2 in the year of 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>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Fair value through profit or loss		
Mandatorily measured at FVTPL	\$ 445	\$ 51,667
Amortized cost (Note 1)	1,468,746	2,368,439
Financial assets at FVTOCI	555,699	-
<u>Financial liability</u>		
Fair value through profit or loss		
Held for trading	-	13,954
Amortized cost (Note 2)	1,041,165	1,010,607

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

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term bank loans, trade payable 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 30.

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
	Fiscal year 2021		Fiscal year 2020
USD	\$ 23,005 (i)		\$ 19,518 (i)
EUR	21,605 (ii)		20,087 (ii)
JPY	8,922 (iii)		9,756 (iii)
RMB	(217) (iv)		(239) (iv)

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

(2) Interest rate risk

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

	December 31, 2021	December 31, 2020
Fair value interest rate risk		
— Financial assets	\$ 136,219	\$ -
— Financial liabilities	656,084	291,638
Cash flow interest rate risk		
— Financial assets	907,806	1,491,366

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

Sensitivity analysis

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

If interest rates had been increased/decreased by 25 basis points and all other variables were held constant, the Company's pre-tax profit for the fiscal years of 2021 and 2020 would increase/decrease by NT\$2,270 thousand and NT\$3,728 thousand, respectively.

(3) Other price risks

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

Price sensitivity analysis

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

If equity prices had been increased/decreased by 0.5%, the Company's pre-tax profit for the fiscal years of 2020 would increase/decrease by NT\$256 thousand, respectively, as a result of the increase/decrease in fair value of financial assets at fair value through profit or loss.

If the listed marketable securities equity prices had been increased/decreased by 10%, the Company's comprehensive income for the fiscal years of 2021 would increase/decrease by NT\$55,570 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 December 31, 2021 and 2020 by region mainly gathered in Europe and America, and based on accounted for 62% and 71% 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 December 31, 2021 and December 31, 2020, the Company had available un-utilized financing amount set out as following descriptions of the financing amounts in (2).

(1) Liquidity and interest rate risk tables

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

December 31, 2021

	On Demand o r Less than 1 M o n t h	1-3 months	3 months-1 y e a r	1-5 years
<u>Non-derivative financial liability</u>				
Non-interest bearing	\$ 141,607	\$ 68,070	\$ 3,591	\$ -
Lease liability	2,094	4,783	20,718	31,467
Fixed interest instruments	<u>500,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 643,701</u>	<u>\$ 172,853</u>	<u>\$ 24,309</u>	<u>\$ 31,467</u>

December 31, 2020

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

(2) Financing amount

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

27. TRANSACTIONS WITH RELATED PARTIES

The parent company of the Company is AVerMedia Technologies, Inc. (AVerMedia) that holds 49.92% and 50.44% of ordinary shares of the Company directly and indirectly on December 31, 2021 and 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>L i n e I t e m s</u>	<u>R e l a t e d P a r t y C a t e g o r y</u>	<u>F i s c a l y e a r 2021</u>	<u>F i s c a l y e a r 2020</u>
Sales revenue	Parent company	\$ 48,118	\$ 43,736
	Fellow company	<u>115</u>	<u>1,119</u>
		<u>\$ 48,233</u>	<u>\$ 44,855</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

<u>Related Party Category</u>	<u>Fiscal year 2021</u>	<u>Fiscal year 2020</u>
Parent Company	<u>\$ 8,222</u>	<u>\$ 14,290</u>

(4) Receivables from related parties

<u>Line Items</u>	<u>Related Party Category</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable	Parent company	\$ 9,333	\$ 13,285
	Fellow company	<u>-</u>	<u>346</u>
		<u>\$ 9,333</u>	<u>\$ 13,631</u>
Other receivables (classified under Other current assets)	Parent company	<u>\$ 3,571</u>	<u>\$ 3,235</u>

The outstanding trade receivables from related parties are unsecured. For the fiscal years of 2021 and 2020, no impairment loss was recognized for trade receivables from related parties.

(5) Payables to related parties

<u>Line Items</u>	<u>Related Party Category</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts payable	Parent company	<u>\$ 1,094</u>	<u>\$ 3,387</u>

The outstanding trade payables from related parties are unsecured.

(6) Compensation of key management personnel

	<u>Fiscal year 2021</u>	<u>Fiscal year 2020</u>
Short-term benefits	\$ 98,823	\$ 99,405
Post-employment benefits	<u>621</u>	<u>500</u>
	<u>\$ 99,444</u>	<u>\$ 99,905</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:

	December 31, 2021	December 31, 2020
Pledged certificates of deposits (classified under financial assets measured at amortized cost)	\$ 136,219	\$ -
Houses and buildings - net value	121,393	124,339
	<u>\$ 257,612</u>	<u>\$ 124,339</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. KONZESYS and the Company have made an out-of-court settlement and

this is the end of litigation. The result of this lawsuit has no material impact on the Company's finance and business.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

(Unit: NTD and Foreign Currency in Thousands)

December 31, 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	\$ 18,849	27.68 (USD: NTD)	\$ 521,734
EUR	13,844	31.32 (EUR: NTD)	433,592
JPY	742,642	0.24 (JPY: NTD)	178,606
			<u>\$ 1,133,932</u>
<u>Financial liability</u>			
<u>Monetary items</u>			
USD	2,227	27.68 (USD: NTD)	\$ 61,638
RMB	1,501	4.34 (RMB: NTD)	6,520
			<u>\$ 68,158</u>

December 31, 2020

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

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	Fiscal year 2021		Fiscal year 2020	
	Exchange rate	Net exchange l o s s e s	Exchange rate	Net exchange (loss) gains
USD	28.01 (USD : NTD)	(\$ 8,600)	29.55 (USD: NTD)	(\$ 22,098)
EUR	33.16 (EUR : NTD)	(36,811)	33.71 (EUR: NTD)	8,507
JPY	0.26 (JPY : NTD)	(24,106)	0.28 (JPY: NTD)	(3,028)
RMB	4.34 (RMB : NTD)	(860)	4.28 (RMB: NTD)	(1,680)
		(\$ 70,377)		(\$ 18,299)

30. SEPARATELY DISCLOSED ITEMS

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

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

(3) Information on investments in mainland China :

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gains or losses, carrying amount of the investment at the end of the reporting period, repatriation of investment gains or losses, and the limit on the amount of investment in the mainland China area : Table 8 (attached)
 2. Any of the significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses : None
- (4) Information on major shareholders : List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder : Table 9 (attached)

31. 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.

(1) Financial information by geographic location

The Company's revenue from external customers by location of operations and information as detailed below:

	Fiscal year 2021	Fiscal year 2020
<u>L o c a t i o n</u>	<u>R e v e n u e</u>	<u>R e v e n u e</u>
America	\$ 1,787,845	\$ 1,858,186
Asia	849,414	1,197,881
Europe	926,816	924,611
Others	122,921	87,543
	<u>\$ 3,686,996</u>	<u>\$ 4,068,221</u>

The Company's noncurrent assets by location of assets and information as detailed below:

L o c a t i o n	Fiscal year 2021	Fiscal year 2020
	A m o u n t	A m o u n t
Asia	\$ 1,908,408	\$ 1,295,737
America	37,970	50,535
Europe	8,730	1,330
	<u>\$ 1,955,108</u>	<u>\$ 1,347,602</u>

Noncurrent assets excluding deferred tax assets

(2) Major customers information

Individual customer representing at least 10% of net revenue of the Company is as follows:

	Fiscal year 2021		Fiscal year 2020	
	A m o u n t	%	A m o u n t	%
Customer A	\$ 696,322	19	\$ 911,049	22

Note: There was no other individual customer representing at least 10% of net revenue of the Company.

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

Table 1 (attached)

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

N o . (Note 1)	Endorsement/guarant ee P r o v i d e r	G u a r a n t e e d P a r t y		Provided to E a c h Guaranteed P a r t y Endorsement/ guarantee A m o u n t Limits (Note 3)	For the Period M a x i m u m B a l a n c e (N o t e 4)	E n d i n g B a l a n c e (Note 5)	A m o u n t A c t u a l l y D r a w n (Note 6)	Collateralized by Properties Amount of Endorsement/ guarantee	R a t i o o f Accumulated Endorsement /guarantee to net Equity per Latest Financial Statements (%)	Endorsement /guarantee Maximum A m o u n t allowable (Note 3)	Guarantee Provided by P a r e n t C o m p a n y (Note 7)	Guarantee Provided by a Subsidiary (Note 7)	Guarantee Provided to Subsidiaries in Mainland C h i n a (Note 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	\$ 93,762	\$ 45,281	\$ -	3.27	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.
December 31, 2021

Table 2 (attached)

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

Held Company Name	Marketable Securities Type and Name (Note 1)	Relationship With the Company (Note 2)	Financial Statement Account	End date of the Reporting Period				Note (Note 4)
				Unit (In Thousands)	Carrying Value (Note 3)	Percentage of Ownership	Fair Value	
The Company	<u>Beneficiary Certificates</u> <u>AVerMedia Technologies, Inc.</u>	Parent company of the Company	Financial assets at fair value through other comprehensive income – Non-current	17,366	\$ 555,699	11.25%	\$ 555,699	

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

Table 3 (attached)

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

Company N a m e	Marketable Securities Type and N a m e (N o t e 1)	Financial Statement A c c o u n t (N o t e 1)	Counterparty (Note 2)	Nature of 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)	E n d i n g B a l a n c e	
					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 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	-	-	-	\$ -	21,707	\$ 999,973	4,341	\$ -	\$ 43,414	\$ -	(\$400,860)	17,366	\$ 555,699

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 \$400,860.

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 December 31, 2021

Table 4 (attached)

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

Purchase (Sale) C o m p a n y	Related Party	N a t u r e o f Relationship	T r a n s a c t i o n D e t a i l s				A b n o r m a l T r a n s a c t i o n Condition and Reason (Note 1)		Notes, Accounts Receivable (P a y a b l e)		Note (Note 2)
			Purchase (S a l e)	A m o u n t	Percentage to T o t a l P u r c h a s e (S a l e) (%)	Payment Term	Unit Price	Payment Term	E n d i n g B a l a n c e	% to Total N o t e s , A c c o u n t R e c e i v a b l e (P a y a b l e) (%)	
The Company	AVer Information Inc. (USA)	Subsidiary	Sales	\$ 1,146,354	(40)	90 days after the goods were shipped	\$ -	—	\$ 165,556	34	
	AVer Information EUROPE B.V.	Subsidiary	Sales	799,873	(28)	90 days after the goods were shipped	-	—	180,824	38	
	AVer Information Inc. (Japan)	Subsidiary	Sales	141,269	(5)	90 days after the goods were shipped	-	—	29,366	6	

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

December 31, 2021

Table 5 (attached)

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

Company Name	R e l a t e d P a r t y	Relationship	R e l a t e d P a r t y E n d i n g B a l a n c e	Turnover R a t e (Times/ Y e a r)	O v e r d u e		A m o u n t s Received in Subsequent Period (Note)	Provision of Allowance for Impairment Loss
					A m o u n t	Action Taken		
The Company	AVer Information Inc. (USA)	Subsidiary	Accounts Receivable \$ 165,556	3.87	\$ -	-	\$ 122,578	\$ -
	AVer Information EUROPE B.V.	Subsidiary	Accounts Receivable 180,824	3.66	-	-	68,299	-

Note: The amount recovered as of March 10, 2022.

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

Table 6 (attached)

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

N o	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	% to Total 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	\$ 1,146,354	Note 4	31%
		AVer Information EUROPE B.V.	1	Accounts receivable	165,556	Note 5	4%
				Sales revenue	799,873	Note 4	22%
		AVer Information Inc. (Japan)	1	Accounts receivable	180,824	Note 5	4%
				Sales revenue	141,269	Note 4	4%
		AVer Information (Vietnam) Co., Ltd	1	Accounts receivable	29,366	Note 5	1%
				Sales revenue	22,419	Note 4	1%
				Accounts receivable	8,130	Note 5	-

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 account, it will be calculated as the ending balance as a percentage of the consolidated total assets; if it is a profit and loss account, 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 December 31, 2021

Table 7 (attached)

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

Investor Company	Investee Company (Note 1, 2)	Main Locations	Main Businesses	Original Investment Amount		Balance at the End of the Period			Investee Company Net Income (Loss) of the Period (Note 2(2))	Share of Profit (Loss) (Note 2(3))	Note
				End date of the Reporting Period	End date of the Previous Period	Shares	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	\$ 110,626	\$ 102,112	\$ 102,112	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	(42,814)	(10,797)	(10,797)	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	(16,895)	(7,110)	(7,110)	Subsidiary
	AVer Information (Vietnam) Co.,Ltd	Vietnam	Sales of computer system equipment, presentation and video conferencing systems	10,710 (VND 8,172,000)	10,710 (VND 8,172,000)	(Note 4)	100	14,977	4,224	4,224	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 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 December 31, 2021

Table 8 (attached)

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

Investees in mainland C h i n a	Main Businesses	Paid-in capital (N o t e 5)	Investment m e t h o d (N o t e 1)	Beginning of the current period From Taiwan Accumulated Outflow of Investment	I n v e s t m e n t F l o w s (Outflow/Inflow) in the current p e r i o d		End date of the 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)	\$ 1,783,991

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

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

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

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

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

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

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

Note 6: The accounting closing date of AVer Information Inc. (ShangHai) is March 26, 2019.As of December 31, 2021, the investment amounts authorized by Investment Commission, MOEA is not cancelled yet.

AVer Information Inc.
Major Shareholders Information
December 31, 2021

Table 9 (attached)

Unit: Share

Main Shareholders Information	S h a r e s	
	Number of Shares	Percentage of Ownership
AVerMedia Technologies, Inc.	46,388,504	49.92%

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.