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AVer Information Inc.

2022 Annual Report

Printed on April 30, 2023

(This English translation is prepared in accordance with the Chinese version and is for reference purposes only. If there are any inconsistencies between the Chinese version and this translation, the Chinese version shall prevail.)

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Auditors : Sabrina Liu and Steven Chien

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1. Letter to Shareholders

The global economy was originally expected to recover as the pandemic gradually eased in 2022. However, the recovery has been negatively affected by inflation and rising interest rates in the United States. Despite the uncertainties and challenges of the external competitive environment, AVer still adheres to the business philosophy of "Devote one's self, and serve the community." AVer has successively launched new products for distance learning and video collaboration applications to help people adapt to the new normal of life integrated with technology. In addition to continuing to deepen our core technologies such as video, audio and AI, AVer has actively developed the Intelligent Connected Health and OEM/ODM Service businesses to expand its business territory.

Regarding Integrated Presentation and Education business, notably, the budget implementation of K-12 was affected by inflation in the United States. Resultantly, the purchasing of IT equipment was squeezed, in turn, the sales performance of document cameras and charge carts was not as expected in the second half of 2022. Nevertheless, with increases in the development of distance learning, livestreaming and broadcasting applications, the demand for AI tracking cameras and PTZ cameras has increased, driving the sales of professional audio & video solutions to new highs.

Next, Video Conferencing business, the overall market growth was not as expected. In addition to adverse political and economic factors affecting the willingness of enterprises to make purchases, the demand for online video conferencing in the post-epidemic era was not as urgent as during the pandemic. Nonetheless, the applications of video conferencing have been widely implemented in all walks of life, people's dependence on video conferencing has not decreased and the market is expected to continue to grow in the future.

In July last year, we established two new business units, "Intelligent Connected Health" and "OEM/ODM" to expand our business territory. Intelligent Connected Health provides an integrated solution for medical grade PTZ cameras and management software to help hospitals build Tele-ICU. This solution substantially improves the quality and efficiency of nurse to patient care and also helps implement the applications of telemedicine. Regarding OEM/ODM business, we have established a dedicated team, providing more complete customization and technical services for strategic customers. This business is actively establishing strategic supply chain partnerships with upstream vendors, and is expected to show results this year.

On the operational side, we have implemented the second phase of our factory automation project and continue\ to introduce our own AI technologies into key

production processes. These steps will increase manufacturing accuracy and unit output while reducing labor requirements. In terms of ESG, AVer won three awards, notably the 2022 Commonwealth Magazine's Little Giant Excellence in Corporate Social Responsibility. This was followed by the 2022 Enlightened Growth Leadership Award from the Frost & Sullivan Institute and the Enterprise Classic Award from the New Taipei City Government. These awards are an affirmation of the company's tireless investment in ESG activities over the years.

Looking forward, AVer will continue to cultivate its core competencies and focus on them to strengthen existing businesses and develop new businesses. In terms of market expansion, in addition to continually increasing investment in marketing to strengthen service capabilities, we plan to set up new sales offices in Asia this year to deepen the potential market. Regarding Operations Management, we will expand the introduction of our Customer Relationship Management System, implement the third phase of the factory automation project, and obtain the ISO 27001 certification to further strengthen our operation and risk management capabilities. In terms of ESG, we have set the goal of carbon neutrality by 2030 and will achieve it step by step through energy-saving product design, the use of environmentally friendly materials and by increasing the proportion of green procurement.

I. 2022 Business Report

(I). Operation results and financial performance in 2022

Consolidated revenue is NT\$ 3,009,671 thousand in 2022, which is -18.37% growth compared to 2021; the net profit before income tax is NT\$ 353,330 thousand; the net profit after income tax is NT\$ 332,759 thousand which is -48.99% growth compared to 2021; the EPS is NT\$ 3.58 and the gross margin ratio is 52.35%.

(II). Financial Analysis

Item		2022	2021
Capital Structure	Debt to Asset Ratio	30.7%	30.2%
	Long-term Fund to Property, Plant and Equipment	231.3%	243.7%
Solvency	Current Ratio	193.0%	186.0%
	Quick Ratio	136.9%	123.6%
Profitability	Return to Total Assets	8.2%	14.8%
	Return on Equity	11.5%	21.1%
	Net Margin	11.1%	17.7%
	Earnings per Share (Dollar)	3.58	7.02

(III). Research & Development Status

AVer's core technologies are video, audio, camera lenses, AI related technologies and integration capabilities. We aim to innovate the ways people communicate and enhance their learning by developing related applications, such as educational and presentation technology, professional audio-video, video conferencing and intelligent healthcare solutions. We invested about 14% of revenue in R&D expenses in 2022, which is the highest in recent years. This investment is in response to the establishment of new businesses, in order to increase R&D capabilities and energy, prepare for future competitiveness, and raise the threshold of product competition. By the end of 2022, AVer obtained 326 product patents worldwide, and has 51 patents pending. In addition to product patents, AVer also protects and manages R&D results through intellectual property, knowledge management and trade secret systems to accumulate the important assets for corporate sustainability. We have identified more than 20 R&D related trade secrets.

In terms of Integrated Presentation and Education business, AVer is committed to helping schools create multi-level teaching experiences. AVer provides highly interactive and collaborative teaching equipment, promoting high quality experiences for both teachers and students, especially since hybrid classrooms have become the norm in the post-pandemic era. AVer's document cameras have not only won national and international design awards, but also our latest all-in-one multifunctional camera provides increased flexibility in hybrid teaching. Our charge carts, designed and developed in-house, played a key role in the digital transformation plan of Taiwan's Ministry of Education last year. The value-added software integrates teaching equipment from different platforms, as well as facilitating teachers' ease of use. This software also won the favor of Google, joining the Google Partner Advantage program and obtaining certifications as a Google for Education Partner and Google Cloud Partner. The auto-tracking camera is equipped with a new generation of AI algorithms that can track individual speaker's movements without losing them, making it the most accurate and stable camera in its class. Equipped with the latest AI intelligence, optical and image processing technologies, AVer's medical grade PTZ cameras can be used in telemedicine, telehealth and clinical medical live broadcast, reducing medical costs and improving medical efficiency and accuracy.

Regarding the Video Conferencing business, we continue to strengthen research and development of video conferencing, intensify audio technology and AI intelligent computing capabilities. Furthermore, we continue to develop dual-lens products, multi-camera integrated applications and 360-degree cameras to enhance

users' diverse video conferencing experiences. AVer's USB cameras have been certified by Microsoft Teams, Zoom, Google Meet and other cloud video platforms. With excellent audio and video performance and AI functions, we provide solutions for large and small conference rooms or informal meeting spaces, improving the quality of participants' communications. In addition to hardware, we have also developed a variety of user-friendly central control software including EZ Manager2 and PTZ App2, to help IT personnel to quickly control the settings and use status of conference devices and also eliminate problems. EZLive, an exclusive live broadcast function software, helping video conferencing cameras easily be used for live broadcasting.

(IV).Awards

1. AVer medical-grade PTZ camera MD330U series won the 2022 NAB Product of the Year Award, AV Technology Best of InfoComm 2022 Award and 2022 New Product Innovation Award from Frost & Sullivan.
2. AVer medical-grade PTZ camera MD330U series won the 2023 Taiwan Excellence Gold Award.
3. AVer DL10 distance learning tracking camera, CAM550 4K dual lens video conferencing camera and VB342 Pro 4K PTZ video bar won the 2023 Taiwan Excellence Award.
4. AVer CAM550 4K dual lens video conferencing camera won the 2022 Unified Communications Product of the Year Award and 2022 Communications Solutions Products of the Year Award from TMC.
5. AVer has been selected as a digital learning hardware partner by Holon IQ 2022 Taiwan EdTech 50 for the second year running.

II. 2023 Business Plan Outline

Hybrid work and hybrid teaching are the new normal in the post-pandemic era, AVer will continue to strengthen its core technologies, expand its market share in education and video conferencing, and actively develop the Intelligent Connected Health business and OEM/ODM business. Key business plans for 2023 are described below.

(I). Intelligent Connected Health Business : Through the internal incubator system and by cooperation with external organizations, we have chosen the Intelligent Connected Health Business as one of the key development directions in the future. With the core technologies accumulated over the years in video, audio, and AI, we provide solutions for clinical medical live broadcast, telemedicine and telecare. AVer is committed to developing medical-grade equipment that can be safely used in rigorous medical environments.

(II). OEM/ODM Business : Using the experience accumulated in cooperation with major international manufacturers over the past two years, we plan to expand and deepen relationships with strategic partners. This cooperation will provide solutions and technical services such as cameras, audio-video equipment and modules to meet the needs of different customers.

(III). Customer Relationship Management : AVer believes that providing the best customer service is one of the key factors for continuous business growth. We hope that by expanding the introduction of the Customer Relationship Management (CRM) system, we can grasp customer pain points, formulate strategies, and arrange service processes to enhance customer satisfaction and loyalty.

(IV). Factory Automation (Phase III) : We will continue applying AI technologies to optimize the manufacturing process and kick-off automatic storage management projects to continuously improve productivity and reduce labor demand.

(V). Information Security Governance : Information security has become one of the important issues of corporate governance and internal control. We plan to introduce ISO 27001 and obtain certification to enhance the capability of protecting company secrets and achieve the goal of sustainable operation.

III. Impacts from Business Environment

(I). Impact from the overall operating environment

According to the Global Economic Prospects Report released by the World Bank on January 10, 2023, it is estimated that the global economic growth rate will slow down sharply to 1.7%. Unfortunate factors such as inflation, rising interest rates, falling investment, resurgent Covid -19 and geopolitical tensions, may push the global economy into recession.

AVer's sales operation is export oriented, our market area covers more than 100 countries in Europe, America, Asia, Africa and Oceania and we shall remain abreast of and respond to changes in the economic, trade environment and politics of countries around the world.

(II). Impact from external competitive environment

In terms of Integrated Presentation and Education business, AVer mainly provides document cameras and charge carts in the primary and middle school market and has won the favor of customers due to its long-term devotion and excellent service. The global market share of document cameras continues to lead the world. Although sales to primary and secondary schools were affected in the short term due to a budget shift caused by a poor overall economic environment, due to the spread and importance of digital education and distance learning, demand is expected to rise. Hybrid distance learning is widely accepted in the professional audio-video market

and the higher education market, and its demand has not slowed down after the pandemic. It is expected to make up for the impact of the project budget shift in the primary and secondary education market. Following the trend of increasing medical demand but insufficient supply of medical manpower, governments of many countries have begun to prepare budgets to invest in the development of telemedicine. The market is estimated to have a compound annual growth rate of 24% from 2023 to 2030. AVer has selected telemedicine, tele-ICU, and clinical medicine applications as target markets, combined with our own core technologies, and expects to grow beyond the market in the next three years.

In the past two years, the demand for video conferencing business has exploded due to the Covid pandemic, which has attracted a substantial increase in competitors, including DELL, HP, Lenovo and other world-class brand companies and latecomers. Although the market competition is increasing, it also means that the video conferencing market still has room for growth and development in the medium and long term. According to the 2022 research report from Wainhouse Research, it is estimated that the compound annual growth rate of global video conferencing from 2022 to 2026 will be 6.1%. Revenue in this sector is expected to reach US\$ 5.5 billion by 2026. Facing direct competition from competitors, AVer is still in the leading group of competition, but must be cautious and continue to improve its competitiveness. We have focused on several major manufacturers and strengthened investment and business marketing plans for regional markets with weak competitiveness. As the only leading and made in Taiwan brand of video conferencing solutions, we actively cooperate with partners such as Microsoft, Zoom, and Google with the ambition of continuing to shine.

The US-China trade war has prompted companies that used to rely on China for manufacturing to seek suppliers in neighboring regions, and Taiwan is one of the options. Facing the diverse needs of OEM/ODM customers, AVer uses years of experience of integrating external strategic supply chain partners and internal R&D resources and manufacturing capabilities. AVer provides solutions and technical services such as cameras, audio-video equipment and modules to meet customers' requirements on cost performance ratio, which is expected to contribute more than 10% of the group's revenue in the future.

(III). Impact from the regulatory environment

The company follows government policies and regulations. The financial, audit and legal departments can accurately grasp important policy and regulation changes and adjust the internal systems and operating processes accordingly, to fully comply

with laws and regulations to ensure the smooth operation of the company.

AVer upholds our business philosophy which is "To be down to earth, create value, devote oneself, and serve people." We actively invest in core technical capabilities and product development, and provide products and services that meet customers' needs, so that the company can continue to grow and operate sustainably.

Sincere best regards.

Best wishes to all shareholders.

Peace and happiness to all of you.

Chairman : Chung-Song Kuo

CEO : Chi-Yue Hsi

CFO : Te-Pu Chiu

2. Company Profile

2.1 Overview

About AVer Information Inc.

Founded in January 2008, AVer is a leading developer and manufacturer of education technology and visual collaboration solutions. With a large portfolio of products ranging from visualizers and mobile device charge carts to HD video conferencing systems and conference cameras, AVer's products have a meaningful impact on the way we communicate and educate. At AVer we are determined to provide smart solutions that don't just satisfy the needs of our customers but exceed their expectations as well.

In recent years, AVer has stepped into the medical field and developed medical-grade PTZ cameras to meet applications of Telehealth, Telemedicine, Tele-ICU and OR Live Surgery Broadcast.

2.2 Innovative Market Leader

AVer's headquarters is located in New Taipei City, Taiwan. We currently employ nearly 630 people across the globe, with professional R&D staff representing 40% of our worldwide workforce. We have used this wealth of technical and design expertise to obtain over 316 patents for a comprehensive range of technologies. AVer has become a successful creator of smart solutions by satisfying clients through technological innovation and excellent quality. To date, AVer products have received numerous international awards, such as the iF Design Award and Red Dot Award from Germany, the CES Innovation Award from the U.S., the Worlddidac Award from Switzerland, the Taiwan Excellence Award, and the Good Design Award from Japan.

2.3 Global Presence and Service

From our headquarters in Taiwan, AVer is committed to providing and developing superior and innovative solutions for customers in every corner of the world. We have 12 international offices and local representatives on four continents around the globe, in the US, the Netherlands, the UK, Germany, France, Spain, Italy, Japan, Korea, Taiwan, Thailand and Vietnam. In addition, our extensive network of distribution channels allows us to provide useful and affordable education and video collaboration products to customers in over 100 countries. Our far-reaching international presence empowers us to serve customers on a global scale with unsurpassed service and support.

With a global company, comes global responsibility and thus AVer continuously strives to ensure a cleaner environment and to serve the needs of the local community wherever we are located. Situated in AVer's headquarters, our factory adopts cell-type lean production, allowing us to be highly flexible to change product lines quickly, making us ideally suited to manufacture a wide variety of low-volume products. AVer's production line engineers engage in NPI (New Product Introduction) activities during the early stages of product development and undertake corresponding preparations. Due to our in-house fixture-making capability, the engineers can be ready for mass production quickly and efficiently.

For excellent quality and operation control, AVer's production line implements the Six Sigma methodology allowing us to reduce waste and therefore costs. For complete traceability, production history is stored in the Shop Floor Information System. With all the necessary mechanisms readily implemented in the production system, we look forward to providing highly-efficient manufacturing services to our clients.

2.4 World-Class Quality Delivery

Our factory, located in New Taipei City, Taiwan, is ISO 9001, ISO 45001, OHSAS 18001, IECQ QC 080000, & Authorized Economic Operator (AEO), ISO 13485, RoHS Directive (2011/65/EU), WEEE 2002/96/EC, ErP 2009/125/EC and SONY Green Partner certified. Through the adoption of these strict standards, AVer strives to maintain its high-quality of operation, minimize waste and provide a safe working environment for its employees.

We exercise great control over the use of hazardous substances by only manufacturing products that are RoHS compliant. Moreover, our internal quality-control criteria are routinely updated to stay aligned with the most current international standards and to meet the demands of ever more environmentally conscious consumers.

2.5 Milestones

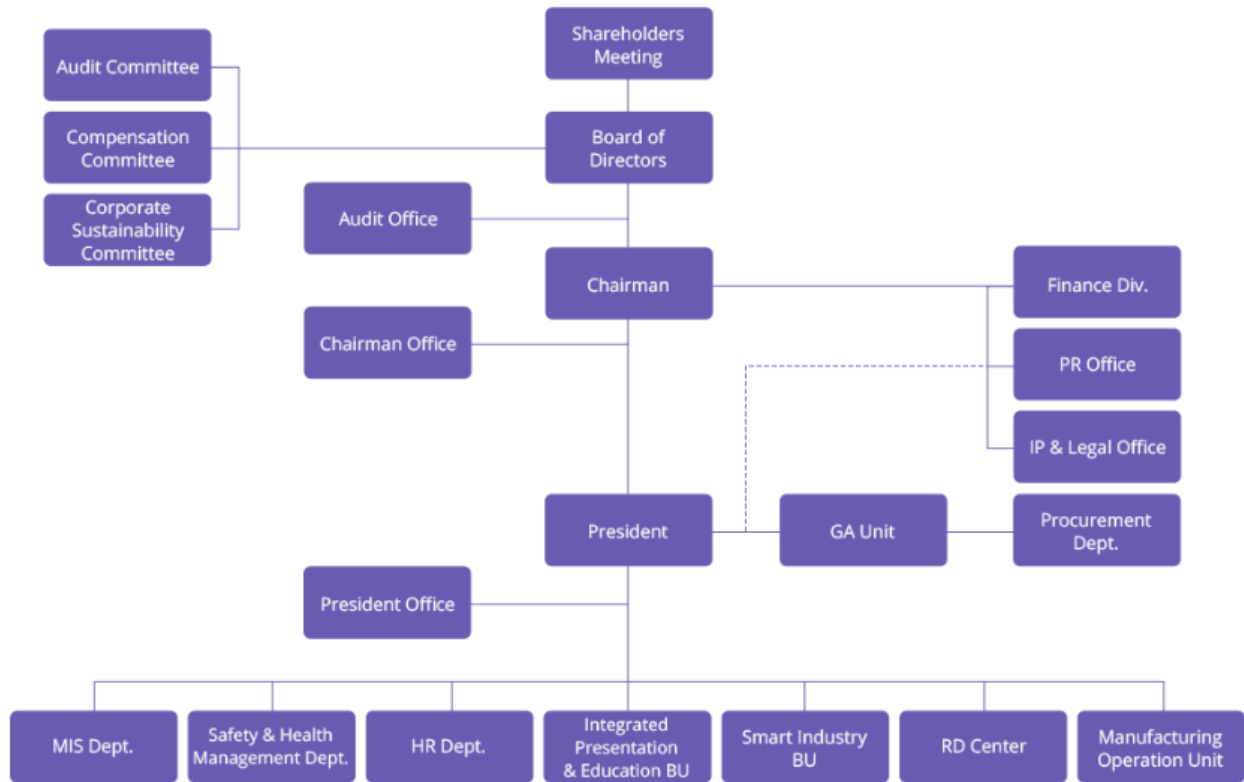
2008	AVer Information Inc. established AVer Information Europe B.V. established in Netherlands Obtained ISO 9001 Quality Management certification Obtained SONY Component Green Partner certification AVerVision SPB350 won Taiwan Excellence Gold Award
2009	AVer Information Inc. (Japan) established in Tokyo Obtained ISO 14001 Environmental Management certification Obtained OHSAS 18001 Occupational health and Safety certification
2010	Obtained SONY OEM Green Partner Certification Obtained certificate of IECQ QC080000 Hazardous Substance Process Management Launch first HD video conferencing system with direct recording and enter the field of video conferencing.
2011	Listed on the TW stock exchange (code 3669) AVer Tucheng Building began operating Post new English name AVer Information Inc. with corporate trademark AVer Completed ISO 14064-1:2006 Greenhouse Gas Verification
2012	Obtained Authorized Economic Operator (AEO) certification by Customs
2013	Ranked Taiwan's Top 50 Corporate Citizens in the medium-sized enterprises by Commonwealth Magazine
2014	Obtained ISO 13485:2003 Medical Devices Quality Management System certification Ranked as "Grade A+" in 12th Information Disclosure Evaluation by Securities and Futures Institute. AVer named one of the 20 Most Promising Education Technology Solution Providers of 2014 by CIO magazine
2015	AVer Received Tech & Learning's Stellar Service Award for 'Best Tech Support'
2016	AVer Received Tech & Learning's Stellar Service Award for 'Best Sales Support'.
2017	Set up Vietnam Office to serve local and neighboring Southeast Asian markets. AVer PTC500 Professional Auto Tracking Camera won Taiwan Excellence Gold Award
2018	AVer Information (Vietnam) Co., Ltd established in HCMC AVer Received Taiwan Excellence Achievement Award by the MOEA. AVer's CP3 Series Interactive Flat Panel won Tech & Learning's "Best of Show" at ISTE 2018
2019	AVerVision M15W (wireless visualizer) won Taiwan Excellence Gold Award
2020	AVer TR530 won Tech & Learning 2020 Awards of Excellence and ISTE2020 Best of Show Award. AVer VC520 Pro and CAM520 Pro Awarded in the 12th Annual 2020 Golden Bridge Business and Innovation Awards®
2021	AVer Ranks 8th in Brand Performance in Commonwealth Magazine's Taiwan Top 2000 Survey Bay Area News Group Names AVer Information Inc. a Winner of The Bay Area Top Workplaces

	2021 Award
2022	<p>AVer Received a Top 20 Placement in the 2022 Commonwealth Magazine's Little Giant Excellence in Corporate Social Responsibility</p> <p>AVer Received Holon IQ 2022 Taiwan EdTech 50</p> <p>AVer Received Frost & Sullivan Institute 2022 New Product Innovation Award and 2022 Enlightened Growth Leadership Award</p>
2023	Set up Korea Office

3. Corporate Governance Report

3.1 Organization

3.1.1 Organization Chart



3.1.2 Department Functions

Department	Main Responsibilities
Remuneration Committee	1. Design and periodically review the performance review and remuneration policy, system, standards, and structure for directors, supervisors and managerial officers. 2. Regularly evaluate the achievement of the performance goals of the company's directors, supervisors and managers, and determine the content and amount of their individual salaries.
Audit Committee	Responsible for supervising the company's operations and governance.
ESG Committee	Strengthen management functions and commit to the implementation of corporate social responsibility and sustainable management, take more action towards sustainable development of the company.
Audit Office	Overall supervision of the Company's management system, follow up and examine the effectiveness of such implementation.
Chairman Office	Responsible for the company's overall operating performance.
President	Responsible for BUs and R&D unit's operating performance.
Education BU 、 Smart Industry BU	1. In charge of the blueprint for the future development of the company's products. 2. Distribution of overseas selling locations and marketing resource planning. 3. Planning and implementation of branding strategies. 4. Setting up selling price and collecting competitor's product information. 5. Responsible for the market exploration and the achievement of sales goals. 6. Supporting and assisting overseas branches with product sales.
RD Center	1. Design and integration of product's hardware and software. 2. Planning and Innovation of new products. 3. Developing product verification test plan and providing the execution. 4. Offering analysis, solution and improvement of product abnormalities.
Manufacturing Operation BU	1. Planning and implementation of annual project and budget. 2. Long-term goal planning for engineering, production and production management and implementation supervision. 3. Responsible for factory personnel, equipment, plant and asset security.
HR Dept.	1. Overall management of human resources. 2. Setting up division's annual goals and collateral projects.
Safety and Health Management Dept.	Responsible for the planning and management of the company's safety and health system.
Procurement Dept.	Planning and execution of procurement business, material budget and inventory control.
MIS Dept.	1. Overall management of computers, internet and application system. 2. Setting up its annual goals and budget. 3. Promoting computerization to integrate information.
Finance Div.	1. In charge of company's finance, accounting, stock affairs, etc. 2. Setting up division's annual goals and collateral projects.

Department	Main Responsibilities
PR Office	In charge of all the relevant affairs between the company and stakeholders.
IP & Legal Office	Overall management of contract review, litigation and consulting.

3.2 Directors, Supervisors and Management Team

3.2.1 Directors

April 9, 2023

Title	Nationality or registered	Name	Gender & Age	Date Elected	Term	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Shareholding by Nominee Arrangement		Education	Selected Current Positions	Spouse or relative holding a position as Key Manager, Director or Supervisor			Notes
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman	Republic of China	AVerMedia Technologies, Inc	—	2022/06/08	3	2008/01/01	25,225,904	25.88	46,388,504	49.92	—	—	0	—	National Taiwan University, Ph.D. of International Business Chairman and CEO, AVerMedia Technology, Inc. Chairman and CEO, AVer Information, Inc.	Chairman, CEO and President, AVerMedia Technology, Inc. Director, CEO AVerMedia Technologies, Inc. (USA) Chairman, AVerMedia Technologies Europe B.V. Representative Director, AVerMedia Technologies, Inc. (Japan) Chairman, AVerMedia Technologies (Shanghai) Inc. CSO, AVer Information Inc. Director and CEO, AVer Information Inc. (USA) Director and Representative, AVer Information Europe B.V. Representative Director, AVer Information Inc. (Japan) Chairman, Yuan Chen Investment Co., Ltd Supervisor, Song Yu Investment Co., Ltd. Supervisor, Song Ci Investment Co., Ltd.	—	—	—	N/A
		Representative : Michael Kuo	Male 60~70			2008/01/01	2,148,470	2.31	2,301,623	2.48	0	—	0	—		None	None	None		

Title	Nationality or registered	Name	Gender & Age	Date Elected	Term	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Shareholding by Nominee Arrangement		Education	Selected Current Positions	Spouse or relative holding a position as Key Manager, Director or Supervisor			Not e
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Vice chairman	Republic of China	AVerMedia Technologies, Inc	—	2022/06/08	3	2008/01/01	25,225,904	25.88	46,388,504	49.92	—	—	0	—	National Taiwan University, MBA of International Business Vice President, International Channel Business Unit of AVer Information, Inc.	Director, AVerMedia Technology, Inc CEO and President, AVer Information, Inc.	—	—	—	N/A
		Representative: Andy Hsi	Male 50~60			2016/06/08	749,853	0.77	804,086	0.87	0	—	0	—		Director, AVer Information Inc. (USA) Director and Representative, AVer Information Europe B.V. Representative Director, AVer Information Inc. (Japan) Representative, AVer Information (Vietnam) Co., Ltd Director, Yuan Chen Investment Co., Ltd Representative, AVer Information, Inc. (Korean office)	None	None	None	
Director	Republic of China	AVerMedia Technologies, Inc	—	2022/06/08	3	2008/01/01	31,274,904	33.65	46,388,504	49.92	—	—	0	—	National Central University (Taiwan), Executive Master of Business Administration Accounting supervisor, AVer Information, Inc.	CFO, AVerMedia Technology, Inc. Representative, AVT Solutions GmbH Representative, AVerMedia Information (SPAIN) S.L. CFO, AVerMedia Technologies, Inc. (USA) Supervisor, AVerMedia Technologies (Shanghai) Inc. Supervisor, Yuan Chen Investment Co., Ltd	—	—	—	N/A
		Representative: Jesse Lin	Male 50~60			2020/02/21	962	0	962	0	0	0	0	0			None	None	None	

Title	Nationality or registered	Name	Gender & Age	Date Elected	Term	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Shareholding by Nominee Arrangement		Education	Selected Current Positions	Spouse or relative holding a position as Key Manager, Director or Supervisor			Not e
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Director	Republic of China	Wise Cap Limited Company	—	2022/06/08	3	2021/07/01	495,000	0.54	495,000	0.54	0	—	0	—	Executive MBA Training Program at National Chengchi University National Taiwan University, Master of Information Engineering COO, Business of Wistron Corp.	President, Client Products B.G and Global Supply Chain Management of Wistron Corp. Chairman, ISL International Standards Laboratory Corp. Director, ARBOR Technology Corp. Director, Formosa Prosonic Industries Berhad Director, Cowin Worldwide Corp. Director, Wistron InfoComm (Zhongshan) Corp. Director, Wistron Infocomm (Chengdu) Co., Ltd. Director, Wistron Infocomm (Kunshan) Co., Ltd. Director, Wistron Infocomm (Chongqing) Co., Ltd. Director, Wistron InfoComm (Vietnam) Co., Ltd Director, Wistron InfoComm Computer (Chengdu) Co., Ltd Director, WisVision Corp.	—	—	—	N/A
		Representative: Robert Lin(Note)	Male 50~60			2022/09/01	0	—	0	—	0	—	0	—			None	None	None	
Independent Director	Republic of China	Tony Tsao	Male 50~60	2022/06/08	3	2019/06/12	0	—	0	—	0	—	0	—	Illinois Institute of Technology, Master of Business Administration CEO and President, D-Link Corporation.	Chairman and CEO, GCR Global Channel Recourse Independent Director, Chenbro Micom Co., Ltd. Independent Director, Entrmax Technology Corporation Director, Faraday Motor Co., Ltd. Director, Octon Inc	None	None	None	—

Title	Nationality or registered	Name	Gender & Age	Date Elected	Term	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Shareholding by Nominee Arrangement		Education	Selected Current Positions	Spouse or relative holding a position as Key Manager, Director or Supervisor			Not
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Independent Director	Republic of China	Michael Chiang	Male 70~80	2022/06/08	3	2016/06/08	40,290	0	0	—	15,000	0.02	0	—	National Taiwan University (Taiwan), Bachelor of Geology Chairman and President, Zhifu Co., Ltd.	KANE Investment Co., Ltd	None	None	None	—
Independent Director	Republic of China	Yu-Tsung Chien	Male 60~70	2022/06/08	3	2016/06/08	0	—	0	—	0	—	0	—	Nagoya University, Japan, Doctor of Laws Assistant Professor, Law Institute, Kaohsiung First University of Science and Technology	Assistant Professor, Department of Finance and Law, Kaohsiung University	None	None	None	—

Note: Wise Cap Limited Company changed the Representative from Jeff Lin to Robert Lin on Sep. 1, 2022.

3.2.1.1 Major shareholders of the institutional shareholders

April 16, 2023

Name of Institutional Shareholders	Major Shareholders
AVerMedia Technologies, Inc	AVer Information, Inc. (11.99%), Song Yu Investment Co., Ltd. (5.11%), Han-Sen Hsiao (4.98%), Song Ci Investment Co., Ltd. (4.17%), Yu Tzu Investment Co., Ltd.(2.60%),CTBC Bank Trust Account (employee share ownership trust)(2.46%), Miao-Sheng Li (1.30%), Chung-Song Kuo (1.04%), Pei-Tzu Kuo (0.88%), Chuan-Chuan Kuo (0.87%)

December 31,2022

Name of Institutional Shareholders	Major Shareholders
Wise Cap Limited Company	Wistron Corp. (100%)

3.2.1.2 Major shareholders of the Company's major institutional shareholders

April 17,2023

Name of Institutional Shareholders	Major Shareholders
Wistron Corp.	Yuanta Taiwan Dividend Plus ETF (4.68%), Labor Pension Fund (2.47%), Acer Incorporated (1.89%), J.P. Morgan Securities PLC (1.63%), Fubon Taiwan high dividend 30 ETF (1.62%), Taipei Fubon Bank Trust Account (employee share ownership trust) (1.49%), BNP Paribas Arbitrage S.N.C. (1.49%), Hsien-Ming Lin (1.47%), Taipei Fubon Bank Trust Account (employee restricted stock awards) (1.38%), Fubon Life Insurance Co., Ltd. (1.38%),

April 09,2023

Name of Institutional Shareholders	Major Shareholders
AVer Information,Inc.	Please refer to "The List of Major Shareholders" on page 75

Name of Institutional Shareholders	Major Shareholders
Song Yu Investment Co., Ltd.	Chung-Song Kuo (61.82%), Yu-Ting Kuo (12.37%), Chin-Lan Kao (10.35%)
Song Ci Investment Co., Ltd.	Chung-Song Kuo (75.76%), Chin-Lan Kao (24.24%)
Yu Tzu Investment Co., Ltd.	Songlan Investment Co., Ltd. (100%)

3.2.2 Professional qualifications and independence analysis of directors

April 30,2023

Criteria Name	Professional Qualification and Experience	Independence Criteria	Number of other public companies in which the individual is concurrently serving as an independent director
AVerMedia Technologies, Inc Representative: Michael Kuo	1. For Directors' professional qualification and experience, please refer to "3.2.1 Information Regarding Board Members" on page 14~17 of this Annual Report. None of the Directors has been in or is under any circumstances stated in Article 30 of the Company Law. (Note 1) 2. The convener of the Audit Committee is Mr. Tony Cao, an independent director. He used to be the CEO and President, D-Link Corporation and has experience in directly supervising financial and accounting responsibilities. 3. None of the Directors has been in or is under any circumstances stated in Article 30 of the Company Law.	Not Applicable	0
AVerMedia Technologies, Inc Representative: Andy Hsi			0
AVerMedia Technologies, Inc Representative: Jesse Lin			0
Wise Cap Limited Company Representative: Robert Lin			0
Tony Tsao	All of the following situations apply to each and every of the Independent Directors: 1. Satisfy the requirements of Article 14-2 of "Securities and Exchange Act" and "Regulations Governing Appointment of Independent Directors and Compliance. Matters for Public Companies" (Note 2) issued by Taiwan's Securities and Futures Bureau 2. Independent Director (or nominee arrangement) as well as his/her spouse and minor children do not hold any TSMC shares. 3. Received no compensation or benefits for providing commercial, legal, financial, accounting services or consultation to the Company or to any its affiliates within the preceding two years, and the service provided is either an "audit service" or a "non-audit service".		2
Michael Chiang			0
Yu-Tsung Chien			0

3.2.2.1 Diversity Status of the composition of Directors

To strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, The "Code of Practice on Corporate Governance" and its "Board Member Diversity Policy" established in 2015 provide that diversity must be considered when formulating the composition of the Board of Directors. An appropriate diversity policy must be developed according to the Company's operations, operation types, and development needs, including, but not limited to, the standards under the following two major aspects:

- (1) Basic requirements and values: Gender, age, nationality, race, and culture.
- (2) Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

The Company has established a board policy member composition diversity policy in its "Code of Practice on Corporate Governance." According to Article 20 of the "Code of Practice on Corporate Governance," directors must possess the general knowledge, skills, and qualities necessary to perform their duties. The Board of Directors as a whole must possess the following capabilities to achieve the ideal corporate governance goals:

- A. Ability to make operational judgment.
- B. Ability to perform accounting and financial analysis.
- C. Ability to conduct management administration.
- D. Ability to conduct crisis management.
- E. Industrial knowledge.
- F. International market perspective.
- G. Ability to lead.
- H. Ability to make decisions.

The Company has adopted a nomination system for director candidates, whose qualifications and evaluations must satisfy the rigorous director member selection process. The background diversity, professional abilities, and experience of the candidates as well as their reputation for ethical conduct and leadership skills shall be duly considered. To increase directors with different professional backgrounds, members with legal and financial accounting professional backgrounds shall occupy at least one-third of the seats. The 7 members of the Company's Board of Directors all have rich experience in operation and management. Among them, 3 directors have legal or financial accounting expertise and can provide professional advice to the Company from different aspects. The Board Member Diversity Policy implementation status is as follows:

Summary table of board members' professional abilities and skills

Diversity items	Nationality	Gender	Independent directors' tenure			Age			Professional Skills and Experience						
Name			Below 3 years	3~9	Above 9 years	50~59	60~69	Above 70	Leadership and Decision making	Management administration	Risk/Crisis Management	Industry Experience	Accounting and financial	Law	Environmental Sustainability and Social Engagement
Michael Kuo	Republic of China	Male	—	—	—		V		V	V	V	V			V
Andy Hsi		Male	—	—	—	V			V	V	V	V			V
Jesse Lin		Male	—	—	—	V			V	V	V	V	V		V
Robert Lin		Male	—	—	—	V			V	V	V	V			V
Tony Tsao		Male		V		V			V	V	V	V	V		V
Michael Chiang		Male		V				V	V	V	V	V			V
Yu-Tsung Chien		Male		V			V		V	V	V	V		V	V

3.2.2.2 Board Diversity and Independence

The company re-elected all directors (including independent directors) in 2022. At present, there are 7 directors on the board of directors, 3 of whom are independent directors. The directors do not have any of the circumstances stipulated in Article 26-3, Item 3 and 4 of the Securities and Exchange Act.

3.2.3 Management Team

April 9, 2023

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education	Concurrent positions at other Companies	Spouses or Relative Within Two Degrees of Kinship Holding a Position as Manager			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
CSO	Republic of China	Michael Kuo	Male	2016/06/08	2,301,623	2.48	0	—	0	—	National Taiwan University, Ph.D. of International Business Chairman, President, and CEO, AVerMedia Technology, Inc. Chairman and CEO, AVer Information, Inc.	Chairman, CEO and President, AVerMedia Technology, Inc. Director, CEO AVerMedia Technologies, Inc. (USA) Chairman, AVerMedia Technologies Europe B.V. Representative Director, AVerMedia Technologies, Inc. (Japan) Chairman, AVerMedia Technologies (Shanghai) Inc. Chairman, AVer Information Inc. Director and CEO, AVer Information Inc. (USA) Director and Representative, AVer Information Europe B.V. Representative Director, AVer Information Inc. (Japan) Chairman, Yuan Chen Investment Co., Ltd Supervisor, Song Yu Investment Co., Ltd. Supervisor, Song Ci Investment Co., Ltd.	None	None	None	—

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education	Concurrent positions at other Companies	Spouses or Relative Within Two Degrees of Kinship Holding a Position as Manager			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
CEO and President	Republic of China	Andy Hsi	Male	2013/06/10	804,086	0.87	0	—	0	—	National Taiwan University, MBA of International Business Vice President, International Channel Business Unit of AVer Information, Inc.	Director, AVerMedia Technology, Inc Vice Chairman, AVer Information, Inc. Director, AVer Information Inc. (USA) Director and Representative, AVer Information Europe B.V. Representative Director, AVer Information Inc. (Japan) Representative, AVer Information (Vietnam) Co., Ltd Director, Yuan Chen Investment Co., Ltd Representative, AVer Information, Inc. (Korean office)	None	None	None	—
Vice President	USA	Arthur Pait	Male	2009/07/09	0	—	0	—	0	—	Missouri University of Science and Technology, Master	Director and President, AVer Information Inc. (USA)	None	None	None	—
Vice President	Republic of China	Joseph Chen	Male	2011/09/01	629,794	0.68	0	—	0	—	National Taiwan University, Master of Electrical Engineering	Director, Yuan Chen Investment Co., Ltd	None	None	None	—
Vice President	Republic of China	Kings Wang	Male	2017/02/24	57,292	0.06	0	—	0	—	Jiaotong University, Master of Information Science	Director, JIELIU Technology Co., Ltd.	None	None	None	—
Vice President	Republic of China	Alvin Cheng	Male	2019/12/27	333,751	0.36	10,000	0.01	0	—	Jiaotong University, Ph.D., Institute of Electrical and Control Engineering,	None	None	None	None	—
Vice President	Republic of China	Stanley Cheng	Male	2020/04/01	56,633	0.06	0	—	0	—	National Taiwan University, MBA of International Business	None	None	None	None	—

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education	Concurrent positions at other Companies	Spouses or Relative Within Two Degrees of Kinship Holding a Position as Manager			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Vice President	Republic of China	Jeff Lo	Male	2021/02/01	17,695	0.02	0	—	0	—	Central University Executive, Master of Business Administration	None	None	None	None	—
Officer of Finance, Accounting, and Corporate Governance	Republic of China	Dave Chiu	Male	2021/02/01	11,715	0.01	0	—	0	—	Cheng Kung University, Master of Accountancy	None	None	None	None	—

3.3 Compensation of Directors, Supervisors, President and Vice Presidents

3.3.1 Compensation of Directors

Unit: NT\$ thousands

Title	Name	Compensation								Amount and ratio of Total Compensation (A+B+C+D) to Net Income		Relevant Compensation Received by Directors Who are Also Employees								Amount and ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income		Compensation Paid to the President and Vice Presidents from an Invested Company other than the Company's Subsidiary or from Parent Company
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C) (Note1)		Allowances (D)				Salary, Bonuses, and Allowances (E) (Note2)		Severance Pay (F)		Employee Compensation (G)						
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company		All companies in the consolidated financial statements		The company	All companies in the consolidated financial statements	
Cash	Stock															Cash	Stock					
Director	AVerMedia Technologies, Inc Representative: Michael Kuo, Chairman	0	0	0	0	5,108	5,108	0	0	5,108	5,108	11,960	11,960	0	0	4,200	0	4,200	0	21,268	21,268	11,058
	AVerMedia Technologies, Inc Representative: Andy Hsi, Vice Chairman																					
	AVerMedia Technologies, Inc Representative: Jesse Lin																					
	Wise Cap Limited Company Representative: Robert Lin (Note:3)																					
Independent Director	Tony Tsao	0	0	0	0	2,554	2,554	0	0	2,554	2,554	0	0	0	0	0	0	0	0	2,554	2,554	None
	Michael Chiang																					
	Yu-Tsung Chien																					

1. Please describe the policy, system, standards and structure of independent directors' remuneration payment, and describe the relevance to the amount of remuneration according to the responsibilities, risks, time invested and other factors: According to the Company's "Articles of Incorporation" and "Director and Functional Committees Compensation and Payment Principles", except basic funds, the independent directors' compensation will be added according to the positions held by them in the functional committees, regardless of profit or loss.

Title	Name	Compensation								Amount and ratio of Total Compensation (A+B+C+D) to Net Income		Relevant Compensation Received by Directors Who are Also Employees								Amount and ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income		Compensation Paid to the President and Vice Presidents from an Invested Company other than the Company's Subsidiary or from Parent Company
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C) (Note1)		Allowances (D)				Salary, Bonuses, and Allowances (E) (Note2)		Severance Pay (F)		Employee Compensation (G)						
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements					

2.Except for the compensation listed in the above table, the compensation that directors received by offering services (such as serving as a consultant of parent company, all companies included in the financial statements and all invested companies instead of an employee) for companies in the financial statements is: None

Note 1 : 2022 Directors' compensation is NT\$ 7,662 thousand.

Note 2 : Include expenses for Company cars (The company NT\$ 561 thousand, All companies in the consolidated financial statements NT \$ 561 thousand).

Note 3 : Wise Cap Limited Company changed the Representative from Jeff Lin to Robert Lin on Sep. 1,2022.

Directors' compensation brackets table

Ranges of compensation paid to the Company's directors	Name of director			
	Sum of the first 4 items (A+B+C+D)		Sum of the first 7 items(A+B+C+D+E+F+G)	
	The company	All companies in the consolidated financial statements (H)	The company	All companies in the consolidated financial statements (I)
Under NT\$ 1,000,000	Director: AVerMedia Technologies, Inc Representative: Jesse Lin Wise Cap Limited Company Representative: Robert Lin Independent Director: Tony Tsao, Michael Chiang, Yu-Tsung Chien	Director: AVerMedia Technologies, Inc Representative: Jesse Lin Wise Cap Limited Company Representative: Robert Lin Independent Director: Tony Tsao, Michael Chiang, Yu-Tsung Chien	Director: AVerMedia Technologies, Inc Representative: Jesse Lin Wise Cap Limited Company Representative: Robert Lin Independent Director: Tony Tsao, Michael Chiang, Yu-Tsung Chien	Director: AVerMedia Technologies, Inc Representative: Jesse Lin Wise Cap Limited Company Representative: Robert Lin Independent Director: Tony Tsao, Michael Chiang, Yu-Tsung Chien
NT\$ 1,000,000~NT\$ 2,000,000	Director: AVerMedia Technologies, Inc Representative: Andy Hsi	Director: AVerMedia Technologies, Inc Representative: Andy Hsi	—	—
NT\$ 2,000,000~NT\$ 3,500,000	Director: AVerMedia Technologies, Inc Representative: Michael Kuo	Director: AVerMedia Technologies, Inc Representative: Michael Kuo	—	—
NT\$ 3,500,000~NT\$ 5,000,000	—	—	—	—
NT\$ 5,000,000~NT\$ 10,000,000	—	—	Director: AVerMedia Technologies, Inc Representative: Andy Hsi	Director: AVerMedia Technologies, Inc Representative: Andy Hsi
NT\$ 10,000,000~NT\$ 15,000,000	—	—	Director: AVerMedia Technologies, Inc Representative: Michael Kuo	Director: AVerMedia Technologies, Inc Representative: Michael Kuo
NT\$ 15,000,000~NT\$ 30,000,000	—	—	—	—
NT\$ 30,000,000~NT\$ 50,000,000	—	—	—	—
NT\$ 50,000,000~NT\$ 100,000,000	—	—	—	—
Over NT\$ 100,000,000	—	—	—	—
Total	7	7	7	7

3.3.2 Remuneration of the President and Vice Presidents

December 31, 2022 Unit: NT\$ thousands

Title	Name	Salary(A)		Severance Pay and Pensions (B)		Bonuses and Allowances (C) (Note)		Employee Compensation(D)				Total compensation (A+B+C+D) and the ratio of it to net income		Compensati on Paid to the President and Vice Presidents from an Invested Company other than the Company's Subsidiary or from Parent Company
		The company	All companies in the consolidat ed financial statements	The company	All companies in the consolidat ed financial statements	The company	All companies in the consolidat ed financial statements	The company		All companies in the consolidated financial statements		The company	All companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
CSO	Michael Kuo	27,998	41,693	0	0	1,289	1,289	8,200	0	8,200	0	37,487 11.27%	51,182 15.38%	7,648
CEO and President	Andy Hsi													
Vice President	Arthur Pait													
Vice President	Joseph Chen													
Vice President	Kings Wang													
Vice President	Alvin Cheng													
Vice President	Stanley Cheng													
Vice President	Jeff Lo													

Note : The company provides cars for managers to use, and the expenses is NT\$ 1,289 thousand.

The President and Vice Presidents remuneration brackets table

Range of Compensation	Names of President and Vice Presidents	
	The company	All companies in the consolidated financial statements (E)
Under NT\$ 1,000,000	—	—
NT\$ 1,000,000～NT\$ 2,000,000	—	—
NT\$ 2,000,000～NT\$ 3,500,000	—	—
NT\$ 3,500,000～NT\$ 5,000,000	Alvin Cheng, Stanley Cheng, Kings Wang, Jeff Lo	Alvin Cheng, Stanley Cheng, Kings Wang, Jeff Lo
NT\$ 5,000,000～NT\$ 10,000,000	Michael Kuo, Andy Hsi, Joseph Chen	Michael Kuo, Andy Hsi, Joseph Chen
NT\$ 10,000,000～NT\$ 15,000,000	—	Arthur Pait
NT\$ 15,000,000～NT\$ 30,000,000	—	—
NT\$ 30,000,000～NT\$ 50,000,000	—	—
NT\$ 50,000,000～NT\$ 100,000,000	—	—
Over NT\$100,000,000	—	—
Total	7	8

3.3.3 Names of managers entitled to employee compensation

December 31, 2022 Unit: NT\$ thousands

	Title	Name	Employee Compensation - in Stock	Employee Compensation - in Cash	Total	Ratio of Total Amount to Net Income (%)
Managers	CSO	Michael Kuo	0	8,817	8,817	2.65
	CEO and President	Andy Hsi				
	Vice President	Arthur Pait				
	Vice President	Joseph Chen				
	Vice President	Kings Wang				
	Vice President	Alvin Cheng				
	Vice President	Stanley Cheng				
	Vice President	Jeff Lo				
	Officer of Finance, Accounting, and Corporate Governance	Dave Chiu				

3.3.4 Comparison of Compensation for Directors, Supervisors, President and Vice Presidents in the Most Recent Two Fiscal Years and Compensation Policy for Directors, Supervisors, President and Vice Presidents

1. The total remuneration paid by the Company and all companies in the consolidated statements to this Company's directors, general managers, and deputy general managers in 2021 accounted for 14.72% of the net profit after tax. In 2022, the total remuneration paid to the Company's directors, general managers, and deputy general managers accounted for 17.68% of the net profit after tax.

2. The Company's remuneration policy, standard, and combination for directors as well as remuneration setting procedures are based on Article 20 of the Company's articles of association. The Company shall pay the directors' remunerations regardless of operating profit status. The remunerations shall be authorized by the Board of Directors according to the value of each director's participation and contribution to the Company while referencing the peer industry remuneration levels domestically and abroad. If the Company makes a profit during the year, it shall allocate between 5% and 20% for employees' remunerations and less than 2% for directors' remunerations according to Article 27 of the Company's articles of association. To regularly evaluate the remuneration of directors and managers, the remuneration of directors and managers shall comply with the organization's regulations and relevant methods of the Company's remuneration committee. The assessment items include risks involving directors and managers, such as improper internal management or personnel malpractice that negatively impact the company's image and achievement rates, such as financial indicators, profit rate, operating efficiency, and degree of contribution. These factors shall serve as the basis for evaluating, calculating, and allocating reasonable remuneration. The Remuneration Committee and the Board of Directors shall review the relevant performance appraisal and remuneration rationality. The remuneration system shall be reviewed at any time according to operating conditions and the applicable

laws and regulations.

3. The Company's policies, standards, combinations, and procedures for setting remunerations to managers shall comply with the Company's compensation and remuneration committee organization rules and related regulations. The overall rewards and remuneration of the managers shall be assessed regularly according to their performance evaluations. The peer industry standards for title, rank, academic experience, professional ability, or responsibilities shall be reviewed periodically to ensure salary competitiveness and retain and motivate talents. The relevant performance appraisal and remuneration rationality must also follow the distribution principle recommended by the Remuneration Committee. The chairperson shall approve the remunerations based on business performance, reviewed by the Remuneration Committee and the Board of Directors. The remuneration system shall be reviewed at any time according to operating conditions and relevant laws and regulations. The Company's overall operating performance and profit are an important basis for distribution, and the remuneration payment and operating performance must form a positive correlation.

3.4 Status of Corporate Governance

3.4.1 Board meeting attendance

The Board meetings held 6 times in 2022 :

Title	Name	Attendance in Person	Attendance by proxy	Rate of attendance in person (%)	Note
Chairman	AVerMedia technologies, Inc Representative: Michael Kuo, Chairman	6	0	100	Note
Vice Chairman	AVerMedia technologies, Inc Representative: Andy Hsi, Vice Chairman	6	0	100	Note
Director	AVerMedia technologies, Inc Representative: Jesse Lin	6	0	100	Note
Director	Wise Cap Limited company Representative: Jeff Lin	5	0	100	Note
Director	Wise Cap Limited company Representative: Robert Lin	1	0	100	Wise Cap Limited Company change the Representative from Jeff Lin to Robert Lin on Sep. 1, 2022.
Independent Director	Tony Tsao	6	0	100	Note
Independent Director	Michael Chiang	6	0	100	Note
Independent Director	Yu-Tsung Chien	6	0	100	Note

Note: The director was re-elected at the Annual Shareholders Meeting on June 8, 2022

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

(1) Matters referred to in Article 14-3 of the Securities and Exchange Act: Not applicable as the Company has already established an Audit Committee.

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

2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified

1. Jan. 18, 2022

1.1 Approval of the results of 2021 managers' salary structure.

Resolutions : Except for Michael Kuo and Andy Hsi's avoidance of motions in conflict of interest, the motion was passed without objection by the rest of directors present (acting chairman: Michael Chiang).

1.2 Approval of the proposal for 2021 managers' compensation.

Resolutions : Except for Michael Kuo and Andy Hsi's avoidance of motions in conflict of interest, the motion was passed without objection by the rest of directors present (acting chairman: Michael Chiang).

1.3 Approval of the proposal for 2022 managers' salary structure.

Resolutions : Except for Michael Kuo and Andy Hsi's avoidance of motions in conflict of interest, the motion was passed without objection by the rest of directors present (acting chairman: Michael Chiang).

2. Mar. 10, 2022

2.1 Approval of the proposal for 2022 managers' salary adjustment.

Resolutions : Except for Michael Kuo and Andy Hsi's avoidance of motions in conflict of interest, the motion was unanimously approved by the rest of directors present (acting chairman: Michael Chiang).

2.2 Approval of the proposal for 2021 directors' compensation

Resolutions : Except for Michael Kuo and Andy Hsi's avoidance of motions in conflict of interest, the motion was unanimously approved by the rest of directors present (acting chairman: Michael Chiang).

3. Apr. 28,2022

3.1 Approval of the amendment to 2021 managers' compensation.

Resolutions : Except for Michael Kuo and Andy Hsi's avoidance of motions in conflict of interest, the motion was unanimously approved by the rest of directors present (acting chairman: Michael Chiang).

4. Jun. 8,2022

4.1 Approval of the company's appointment of the CSO, CEO and President and the release of non-competition restrictions

Resolutions : Except for Michael Kuo and Andy Hsi's avoidance of motions in conflict of interest, the motion was unanimously approved by the rest of directors present (acting chairman: Tony Tsao).

5. Nov. 3,2022

5.1 Approval of the proposal for 2021 managers' special bonus.

Resolutions : Except for Michael Kuo and Andy Hsi's avoidance of motions in conflict of interest, the motion was unanimously approved by the rest of directors present (acting chairman: Michael Chiang).

3.A TWSE/TPEX listed company should disclose information such as the evaluation cycle and period, evaluation scope, methodology, and content of the board's self (or peer) evaluation, and complete schedule for the implementation of the board's evaluation.

Evaluation cycle	Evaluation period	Evaluation Scope	Evaluation Methodology	Evaluation Content
Once a year	2022.01.01~2022.12.31	Board of Directors	Internal assessment of the Board	A total of 48 items including the Involvement in the Company's operation, Enhancement of the quality of the board's decision-making (Functional Committees) Makeup and structure of the board, Election of board members and continuing knowledge development (Functional Committees), Directors appointment, training and Internal controls.
Once a year	2022.01.01~2022.12.31	Compensation committee, Audit Committee, ESG committee		
Once a year	2022.01.01~2022.12.31	The individual directors	Self-assessments by each board member	A total of 25 items including the Understanding of the Company's goals and mission, Awareness of director's duties, Involvement in the Company's operations, Internal relationship and communication, Director's professionalism and continuing knowledge development and Internal controls

4. The objectives of strengthening the functionality of the Board of Directors for the present year and the most recent year and assessment on the implementation :

4.1 In 2022, the Company has conducted a general self- or peer-evaluation of the Board of Directors, functional committees, and individual directors. All achievement items have been achieved, and all aspects are operating well. The board of directors' self-assessment results will continue to be strengthened to improve corporate governance performance.

4.2 This Company believes that a sound and efficient board of directors is the foundation of good corporate governance. The Company has established an Audit Committee and a Remuneration Committee under this principle, and each is composed of three independent directors. To strengthen the sustainability vision and corporate social responsibility (CSR), the Corporate Sustainability Development Committee, comprised of 3 directors (including 2 independent directors), was established under the Board of Directors in 2021. It aims to strengthen the Company's management functions and is committed to implementing CSR and sustainable management. Its functional committees are designed to assist the board of directors in performing their supervisory duties. Every time the independent directors attend the Board of Directors meetings in person, and major board of directors' proposals shall be disclosed to the Market Observation Post System for public access according to regulations.

3.4.2 Audit Committee

The Audit Committee held 6 meetings in 2022 with the attendance of the independence directors specified below :

Title	Name	Attendance in Person	By Proxy	Attendance rate in Person (%)	Note
Independent Directors Convener	Tony Tsao	6	0	100	Note
Independent Directors	Michael Chiang	6	0	100	Note
Independent Directors	Yu-Tsung Chien	6	0	100	Note

Note: The director was re-elected after the Annual Shareholders Meeting on June 8, 2022.

Other noteworthy items:

1.If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee, all independent directors' opinions and the Company's response to the Audit Committee's opinion should be specified.

The review items of audit committee in 2022, please refer to the company website.

1.1 Matters referred to in Article 14-5 of the Securities and Exchange Act :

Board Meeting	Subject Matter and follow-up processing	Matters referred to in Article 14-5 of the Securities and Exchange Act	matters which were not approved by the Audit Committee but were approved by two- thirds or more of all directors
Jan. 18,2022	Approval of the proposal for extending the credit line granted by Cathay United Bank	Yes	No
Resolution of the Audit Committee : The Audit Committee passed the motion without objection. The Company's response to the Audit Committee's opinion : All directors present pass the motion without objection			
Mar. 10,2022	1.Approval of Internal Control System Statement of 2021	Yes	No
	2.Approval of the parent-company-only and consolidated financial statements of 2021	Yes	No
	3. Approval of the amendments to the "Procedures of Asset Acquisition and Disposal".	Yes	No
	4.Approval of the appointment of external auditor for the fiscal year of 2022	Yes	No
Resolution of the Audit Committee : The Audit Committee approved the motion unanimously. The Company's response to the Audit Committee's opinion : All directors present approved the motion unanimously.			
Apr. 28,2022	1.Approval of the change of CPA, due to internal adjustment within Deloitte	Yes	No
	2.Approval of consolidated financial statements of 2022Q1	Yes	No
	3.Approval of the proposal for releasing non-competition restrictions on newly-elected directors	Yes	No
Minutes of Audit Committee : All attendees of Independent Directors have no Objection. The Company reaction base on the opinion of Audit Committee : All attendees of Directors have no objection.			
Aug. 10,2022	1.Approval of consolidated financial statements of 2022Q2	Yes	No
	2.Approval of the proposal for extending the credit line granted by CTBC and E.SUN bank	Yes	No
	3.Approval of the proposal for acquisition of automatic storage equipment	Yes	No
	4.Approval of the proposal for acquisition of securities	Yes	No

Minutes of Audit Committee : All attendees of Independent Directors have no objection. The Company reaction base on the opinion of Audit Committee : All attendees of Directors have no objection.			
Nov. 3,2022	1 Approval of consolidated financial statements of 2022Q3	Yes	No
	2.Approval of the proposal for disposing of real estate	Yes	No
Minutes of Audit Committee : All attendees of Independent Directors have no Objection. The Company reaction base on the opinion of Audit Committee : All attendees of Directors have no objection			
1.2 Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.			
2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified :			
2.1 August 10,2022 of Board Meeting			
2.1.1 Approval the company signed an industry-university cooperation and academic feedback mechanism contract with National Kaohsiung University.			
Resolutions : Except for directors Yu-Tsung Chien avoided the interests of directors, the case was passed without objection by the chairman after discussion with other directors present.			
3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.) :			
3.1 The audit supervisor and accountant may contact the independent directors as needed, and the communication is good.			
3.2 In addition to submitting the audit report to the independent directors by email every month, the Company's internal audit opinions shall be recorded at least every quarter. The implementation status, internal control operation, internal operation matters, major internal and external audit opinions, and their improvement status shall be reported to the independent directors and CPA at a separate meeting each year. The audit report results and their tracking report implementation status shall be communicated with the committee members. If major violations are discovered, or the Company is likely to suffer major damage, a report shall be made immediately, and each independent director shall be notified.			
3.3 A CPA shall participate in the Audit Committee at least once a year and report the financial status of the Company, the financial and overall operation of subsidiaries at home and abroad, and the internal control review results to the independent directors at a separate meeting. The CPA must also share whether there is any significant entry adjustment or law amendments that may affect accounting.			

3.4.3 Corporate Governance Status and Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons

Items of Evaluation	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summaries	
1.Does Company follow “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” to establish and disclose its corporate governance practices?	V		The Company insists on operating transparency, pays attention to shareholders' rights, and believes that a sound and efficient board of directors is the foundation of good corporate governance. The Company has established an Audit Committee and a Remuneration Committee under this principle and referenced the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” to establish the “Code of Practice on Corporate Governance,” which was approved by the Board of Directors Resolution on 2015.02.26. Please refer to pages 33~67 of this annual report for the Company's corporate governance operations.	No discrepancy
2.Shareholding Structure & Shareholders' Rights				
(1) Does Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly?	V		(1) To ensure the rights and interests of shareholders, the Company has established a statement system where the spokesperson handles the shareholders' suggestions, doubts, and disputes.	
(2) Does Company possess a list of major shareholders and beneficial owners of these major shareholders?	V		(2) The Company has kept track of the main shareholders and their final list based on the shareholder register provided by the stock agency.	
(3) Has the Company built and executed a risk management system and “firewall” between the Company and its affiliates?	V		(3) The Company has established appropriate risk management mechanisms and firewalls according to the Transaction Procedures between Group Enterprises and Related Parties, Group Loan and Endorsement Guarantee, Processing Procedures for Asset Acquisition or Disposal, or other relevant internal measures.	
(4) Has the Company established internal rules prohibiting insider trading on undisclosed information	V		(4) The Company has established the “Insider Trading Prevention Management Method,” stipulating that directors, managers, and employees shall not disclose any internal material information to others.	
3.Composition and Responsibilities of the Board of Directors				
(1) Has the Company established a diversification policy for the composition of its Board	V		(1) For the Company's diversity implementation status, please refer to the Company's official website	No discrepancy

Items of Evaluation	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summaries	
of Directors and has it been implemented accordingly (2) Other than the Compensation Committee and the Audit Committee which are required by law, does the Company plan to set up other Board committees?	V		and pages 21~22 of this annual report. (2) According to the law, the company has established a Remuneration Committee and an Audit Committee. These committees are composed of all independent directors. In November 2021, a Corporate Sustainability Development Committee composed of the President and 2 independent directors was established. It shall report the implementation results and future work plans to the Board of Directors at least twice a year. The operation status for 2022 is detailed in Note 1. Various other functional committees will be established in the future according to needs.	
(3) Has the Company established a methodology for evaluating the performance of its Board of Directors, performed evaluations on an annual basis, submitted the results of the performance evaluation to the board, and use it as a reference for individual directors’ remuneration and renomination?	V		(3) The Company has formulated the performance evaluation measures and methods for the Board of Directors and conducted a performance evaluation yearly. Please refer to page 34 of this annual report for this year’s performance evaluation of the Board of Directors.	
(4) Does the Company regularly evaluate its external auditors’ independence?	V		(4) The Company's Finance Department has evaluated the independence and suitability of the CPA annually according to the evaluation mechanism formulated by code No. 10 of the ROC Certified Public Accountants Code of Ethics. In addition to requesting the CPA to provide the “Declaration of Independence Letter,” and "AQIs stands for Audit Quality Indicators" the assessment shall be made according to the standard stipulated in Note 2 and 13 AQI indicators to verify that the CPA and the Company have no other financial interests and business relationship except for the expenses for certification or fiscal and tax cases. After confirming that the CPA’s family members also meet the independence requirements, based on the AQI indicator information, the accountant and firm have confirmed that their experience in auditing and training hours are above	

Items of Evaluation	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summaries	
			industry average. In addition, they will continue to introduce audit innovation tools to improve audit quality the evaluation results shall be reported to the Audit Committee and the Board of Directors. The latest evaluation was reviewed and passed by the Audit Committee on April 28, 2022, and approved and resolved by the Board of Directors on April 28, 2022. This year's CPA has met the independent assessment criteria and is qualified to serve as the CPA of the Company.	
4. Has a TWSE/TPEX listed company appointed an appropriate number of suitable corporate governance personnel, and designated a corporate governance officer to be in charge of corporate governance affairs (including, but not limited to, providing directors and supervisors with the information necessary to execute business, assisting directors and supervisors in complying with laws, handling matters related to board meetings and shareholders meetings in accordance with the laws, processing corporate registration and amendment registration, and preparing minutes of board meetings and shareholders meetings)?	V		<p>On April 28, 2022, the Company passed a Board of Directors resolution to appoint a senior director of finance division to serve as the corporate governance officer for this Company. The primary responsibilities of this position include assisting with pertinent matters such as holding Board of Directors, Audit Committee, Remuneration Committee, or shareholders' meetings in a legally compliant manner; managing director appointments and continuing with education-related issues (Note 3); giving directors the information they need to carry out their duties; and assisting directors in complying laws and regulations.</p> <p>1. The Board of Directors shall be notified of the meeting agenda 7 days in advance, convene the meeting, and provide meeting materials. In case of conflicts of interest, provide notice in advance, and the minutes shall be completed within 20 days after the Board of Directors meeting.</p> <p>2. Each year, register the shareholders' meeting date according to the prescribed time limit; prepare and report the meeting notice, procedure manual, and minutes before the deadline; and register the changes after the articles of association amendment or director reelection.</p> <p>3. Each year, conduct internal performance evaluations on the overall operations as well as the individual members of the Board of Directors and the functional committees.</p>	No discrepancy

Items of Evaluation	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summaries	
			4.Organize refresher courses for board members and assess the purchase of liability insurance for directors. 5.Hold unscheduled communication meetings with CPAs, independent directors, auditors, and accounting executives to implement the internal audit and internal control system. For details, please refer to the Company's website for communication meetings.	
5. Whether the company has established channels of communication with Stakeholders (including but not limited to shareholders, employees, customers and suppliers), and open the Stakeholders section on the company's website, and respond appropriately to Stakeholders’ interests/ concerns regarding corporate social responsibility	V		The Company has established a stakeholder area on its website at http://tw.aver.com/page/corporate-social-responsibility#stakeholder and set up full-time units and personnel to communicate smoothly with stakeholders, keep track of information, and maintain the legitimate and reasonable interests of the parties.	No discrepancy
6. Has the Company appointed a professional registrar for its Shareholders’ Meetings?	V		The Company has commissioned “SinoPac Securities Co., Ltd.” to handle the shareholders’ meeting-related matters for the Company.	No discrepancy
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status?	V		(1) The relevant Chinese and English versions of the Company’s product information, financial operation, corporate governance implementation, and the latest news are fully disclosed on the Company's website (http://tw.aver.com).	No discrepancy
(2) Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	V		(2) The Company has set up a company website to provide relevant information in both Chinese and English for reference by shareholders and stakeholders and assigned dedicated personnel to collect and disclose information. A public relations office is also in charge of maintaining communication channels with the media. Its goal is to promptly and appropriately disclose material information related to shareholders and stakeholders and execute the spokesperson system as a bridge for external communication.	
(3) Does the Company announce and report the annual financial report within two months of the fiscal year end, and announce and report the financial reports for the first, second and third quarter and each month’s operating performance ahead of the required deadline	V		(3) The Company’s 1st, 2nd, and 3rd quarter financial reports are announced and reported within the prescribed time limit, and a Company website has been established to disclose relevant information and monthly revenue.	

Items of Evaluation	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summaries	
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?	V		<p>(1) Implementation status for employee rights and care: Please refer to page 104~111 of this annual report.</p> <p>(2) Investor relations: The Company has held a shareholders' meeting annually according to the Company Act, given shareholders ample opportunities to ask questions or make proposals, and established a spokesperson system to deal with shareholders' suggestions, doubts, or disputes. The Company has handled relevant information announcements and declarations according to the competent authorities' regulations and immediately provided the various information that may affect investors' decision-making.</p> <p>(3) Rights of interested parties: The Company has maintained smooth communication channels with banks, employees, consumers, and suppliers; respected and safeguarded their legitimate rights and interests, and established a stakeholder zone and a spokesperson system to answer the stakeholders’ relevant questions and suggestions regarding implementation status. The goal is to provide investors and stakeholders with transparent financial and business information.</p> <p>(4) Continual education status for directors: Please refer to page 43 of this annual report.</p> <p>(5) Implementation status for risk management policies, risk metrics, and customer policy: Please refer to page 125~131 of this annual report.</p> <p>(6) The company's director liability insurance purchase status: The Company has purchased liability insurance for directors and submitted the annual report to the Board of Directors on the material contents of the liability insurance, such as the insurance amount, coverage, and premiums.</p>	No discrepancy
9. Please indicate the improvement of the results of the corporate governance evaluation issued by the Company's Center for Corporate Governance in the last year of the TWSE and provide priority measures and measures for those who have not yet improved : The Company attaches great importance to corporate governance and established a corporate governance structure and internal control system according to laws and regulations. The goal is to execute the implementation provisions to improve management performance, protect shareholders' rights and interests, and strengthen communication with stakeholders. According to the results of the 9th Corporate Governance Evaluation issued by the Corporate Governance Center, the Company ranks among the top 21%~35% of all listed companies.				

Items of Evaluation	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summaries	
The Company will continue strengthening its information disclosure in English and consider the feasibility of promoting items that have not been scored based on practical operation considerations.				

Note 1: Corporate Sustainability Development Committee implementation status.

The goal of the Company's Corporate Sustainability Development Committee is to strengthen management functions as well as implement CSR and sustainable management. Its responsibilities include:

- (1) Formulate CSR and sustainable development directions and goals and formulate the relevant management policies and specific promotion plans.
- (2) Promote and implement the Company's integrity and risk management-related operations.
- (3) Track, review, and revise the Company's sustainable development implementation results.
- (4) The committee shall handle other matters resolved by the Board of Directors.

Tenure of the 1st ESG Committee: June 8, 2022 to June 7, 2025. The committee convened 2 times in 2022, attendance are as follows:

Title	Name	Attendance in Person	Professional Qualification	By Proxy	Attendance Rate (%)
Convener	Andy Hsi	2	Operations Management, Human Resources	—	100
Member (Independent Director)	Tony Tsao	2	Operations Management, Financial Accounting	—	100
Member (Independent Director)	Michael Chiang	2	Operations	—	100

Note 2 : Items for assessment of the CPA's independence are shown below.

Evaluation Items	Evaluation Result	Compliant with Independence?
1. Does the CPA have a direct or significant/ indirect relations with the Company in financial interests?	No	Yes
2. Does the CPA have financing or guarantee with the Company or its directors?	No	Yes
3. Does the CPA has a close business relationship and potential employment relationship with the company	No	Yes
4. Does the CPA or members of the audit team hold the posts in the Company, such as the director, supervisor and officer or occupied a key position with significant influence on the auditing process?	No	Yes
5. Does the CPA offer non-audit service which could impact the auditing process for the Company?	No	Yes
6. Does the CPA act as a broker for the shares or other securities issued by the Company?	No	Yes
7. Does the CPA act as the Company's defense attorney or represent the Company to negotiate with any third party over any dispute?	No	Yes
8. Does the CPA have kinship with the Company's director, supervisors, or officers or any post with significantly on the auditing work?	No	Yes

Training of Directors

Title	Name	Date	Organizer	Course name	Hours
Director	Michael Kuo	2022.05.12	Taiwan Corporate Governance Association	Corporate Governance Summit Forum	2
		2022.11.15		Competition for management rights and prevention Strategies analysis	3
		2022.11.14	Taiwan Stock Exchange	2022 Cathay Sustainable Finance and Climate Change Summit	3
Director	Andy Hsi	2022.04.21	Taiwan Academy of Banking and Finance	Policy and compliance of Information Security in Taiwan	3
		2022.07.20	Taiwan Stock Exchange	Sustainable Development Roadmap Course	2
		2022.11.08	Taiwan Academy of Banking and Finance	Discussion on Family Holding Company Structure and Inheritance from the Perspective of Governance	3
Director	Jesse Lin	2022.02.25	Accounting Research and Development Foundation	Enterprises cooperate with accountants to audit: identify and assess the risk of "material misrepresentation"	3
		2022.03.09		Relevant regulations and common mistakes in the preparation of corporate financial reports	3
		2022.08.24		Concept Analysis of ISSB SI Standards "General Requirements for Disclosure of Sustainability-Related Financial Information"	3
Director	Robert Lin	2022.09.30	Taiwan Corporate Governance Association	2030/ 2050 green industrial revolution	3
				Public relations handling principles for corporate legal events	3
Independent Director	Tony Tsao	2022.06.28	Taiwan Academy of Banking and Finance	The responsibility of directors and supervisors for business secrets	3
		2022.07.14		Capital strategy thinking	3
Independent Director	Michael Chiang	2022.07.26	Accounting Research and Development Foundation	Disputes over management rights viewed from the perspective of corporate governance and shareholder structure	3

Title	Name	Date	Organizer	Course name	Hours
		2022.09.06	Securities and Futures Institute	Global Risk Awareness – Opportunities and Challenges in Next Decade	3
		2022.11.10	Taiwan Academy of Banking and Finance	Family Holding Company Structure and Inheritance from the Perspective of Governance	3
Independent Director	Yu-Tsung Chien	2022.09.20	Accounting Research and Development Foundation	Competition for management rights and case analysis for Corporate Governance	3
		2022.09.30	Taiwan Corporate Governance Association	International Order Variables and Corporate Governance Responses	3
Corporate Governance officer	Dave Chiu	2022.05.04	Taiwan Stock Exchange	Corporate Governance Summit Forum	2
		2022.10.14	Securities and Futures Institute	2022 Seminar on Insider Trading Prevention	3
		2023.04.12	Taiwan Academy of Banking and Finance	2023 Corporate Governance Course	3

3.4.4 Composition, Responsibilities and Operations of the Compensation Committee

3.4.4.1 Compensation Committee

Criteria Name Title		Professional Qualification and Experience	Independence Status	Number of other public companies in which the individual is concurrently serving as a compensation committee member
Independent Director (Convener)	Michael Chiang	1. Professional Qualification and Experience, please refer to “3.2.1 Information Regarding Board Members” on page 14~17 of this Annual.	All the Compensation Committee members meet any of the following situations: 1. Satisfy the requirements of Article 14-6 of “Securities and Exchange Act” and the requirements of “Regulations Governing the Appointment and Exercise of Powers by the Compensation Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange” (Note) issued by Taiwan’s Securities and Futures Bureau. 2. Independent Director (or nominee arrangement) as well as his/her spouse and minor children do not hold any TSMC shares. 3. Received no compensation or benefits for providing commercial, legal, financial, accounting services or consultation to the Company or to any its affiliates within the preceding two years, and the service provided is either an “audit service” or a “non-audit service”.	0
Independent Director	Tony Tsao			2
Independent Director	Yu-Tsung Chien			0

3.4.4.2 Compensation Committee Meeting Status

- (1) The Compensation Committee consists of three members.
- (2) Tenure of the Compensation Committee: June 8, 2022 to June 7, 2025. The committee convened four times in 2022 :

Title	Name	Attendance in Person	Professional Qualification	Attendance Rate (%)	Note
Convener	Michael Chiang	4	—	100	Note
Member	Tony Tsao	4	—	100	Note
Member	Yu-Tsung Chien	4	—	100	Note

Note: The director was re-elected after the Annual Shareholders Meeting on June 8, 2022

Other noteworthy items :

1. If the board of directors declines to adopt or modifies a recommendation of the compensation committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company’s response to the compensation committee’s opinion (eg. the compensation passed by the Board of Directors exceeds the recommendation of the compensation committee, the circumstances and cause for the difference shall be specified): None.
2. Resolutions of the compensation committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members’ opinions and the response to members’ opinion should be specified: None.
3. Periodic salary review

The Remuneration Committee includes three members who are all independent directors , Its function is to evaluate the company's directors and managers' remuneration policies and systems in a professional and objective position and holds at least two regular meetings each year. Meetings may be held at any time as needed to make recommendations to the Board of Directors for reference in its decision-making.

Responsibilities of the Compensation Committee

The Remuneration Committee shall exercise the care of a good administrator, faithfully fulfill the following function and power and submit recommendations to the Board of Directors for discussion:

2.1 Design and periodically review the performance review and remuneration policy, system, standards, and structure for directors, supervisors and managerial officers.

2.2 Periodically evaluate and determine the remuneration of directors, supervisors, and managerial officers.

4. The latest annual Remuneration Committee meeting information :

The company's remuneration committee has met, reviewed and evaluated the company's salary and remuneration information in the past year as follows:

Date	Proposal Contents and follow-up processing	Resolutions	Response to the Opinions of Members
2022.01.18	1. Approval of the result of 2021 manager's salary structure	The Compensation Committee members passed the motion without objection.	The motion was submitted to the board; all the attending passed the motion without objection.
	2.Approval of the proposal for 2021 managers' compensation		
	3.Approval of the proposal for 2022 manager salary structure	The Compensation Committee members unanimously consented to passing the motion	The motion was submitted to the board; all the attending directors unanimously consented to passing the motion
	4.Approval of the proposal for 2022 directors' compensation structure		
2022.03.10	1.Approval of the proposal for 2022 managers' salary adjustment	The Compensation Committee members unanimously consented to passing the motion	The motion was submitted to the board; all the attending directors unanimously consented to passing the motion
	2. Approval of the proposal for 2021 directors' compensation		
2022.04.28	1.Approval of the amendment to 2021 managers' compensation	The Compensation Committee members unanimously consented to passing the motion	The motion was submitted to the board; all the attending directors unanimously consented to passing the motion
	2.Approval of amendment to 2022 managers' salary adjustment		
2022.11.03	1.Approval of the proposal of 2021 managers' special bonus	The Compensation Committee members unanimously consented to passing the motion	The motion was submitted to the board; all the attending directors unanimously consented to passing the motion

3.4.5 Implementation of sustainable development and Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons :

Item of Execution	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summaries	
1. Does the company establish a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to boost sustainable development, which top management team is authorized by the board of directors to handle, and supervised by the board of directors?	V		<p>1.To fulfill the Company’s vision and mission for sustainable development, the Board of Directors established the “Corporate Sustainability Development Committee” in November 2021 as the Company's highest-level sustainable development decision-making center. This committee comprises 3 directors from different fields (including 2 independent directors). Its mission is to review the Company's core operating capabilities and formulate medium- and long-term sustainable development plans.</p> <p>2.The Company's internal ESG executive team is a vertical and horizontal cross-departmental communication platform. The team’s mission is to hold ESG meetings and implement tasks according to the topic set, identify sustainable issues that are relevant to the Company's operations and stakeholders' concerns, formulate corresponding strategies and work policies, prepare relevant budgets, plan and implement annual plans, and track the implementation results to ensure that the sustainable development strategy is fully implemented according to the Company's operations.</p> <p>3.The chairperson of the “Corporate Sustainability Development Committee” shall report the sustainable development implementation results and future work plans to the Board of Directors every 6 months. The content should include: (1) The identified sustainable issues that require attention and the countermeasures to deal with them.</p> <p>(2)Goals related to Sustainability Related Issues and policy revisions.</p> <p>(3) Supervise the implementation of sustainable operation-related topics and evaluate the execution status.</p> <p>A total of 2 meetings were held in 2022.</p> <p>The Board of Directors regularly</p>	No discrepancy

Item of Execution	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summaries	
			reviews the management team's reports (including ESG reports) and proposes Company strategies. It also evaluates strategic feasibilities, reviews strategy progresses, and prompts the management team to make adjustments when necessary.	
2. Does the Company conduct risk assessments of environmental, social and corporate governance issues related to the company's operations and formulate relevant risk management policies or strategies in accordance with the materiality principle?	V		<p>1.This disclosure information covers the Company's sustainable development performance on its main bases from January 2022 to December 2022. The risk assessment boundary is mainly based on the head office and includes the Tainan R&D Center. The Asian, American, and European branches/subsidiaries are also included according to their relevance to the core operations and the degree of impact on major topics.</p> <p>2.The ESG team shall conduct a sustainability report analysis based on the principle of materiality and communicate with internal and external stakeholders. The team also reviews domestic and foreign research reports and literature and integrates the evaluation data of the various departments and subsidiaries to assess material ESG issues. Its goal is to formulate risk management policies for effective identification, measurement, assessment, monitoring, and control; and adopt specific action plans to reduce the impacts of related risks.</p> <p>3.The relevant risk management strategies were formulated based on the risks assessed (Note 1).</p>	No discrepancy

Item of Execution	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summaries	
3. Environmental Issues				
(1) Has the Company set an Environmental management system designed to industry characteristics?	V		(1) The Company has established an environmental management system according to ISO14001 and continued to pass third-party audits and also conducted an annual greenhouse gas inventory according to the ISO14064-1 standards and received the verification of greenhouse gas emissions inventory based on the requirements of ISO 14064-1: 2018 in 2022., tracked the emission reduction results, and disclosed the information publicly in the sustainability reports and the official website. (https://tw.aver.com/page/corporate-social-responsibility#management-policy)	No discrepancy
(2) Is the company committed to improving energy efficiency and to the use of renewable materials with low environmental impact?	V		(2) The Company has actively promoted various energy reduction measures, selected equipment with high energy efficiency and conservation designs, reduced the energy consumption of enterprises and products, and gradually increased the use of renewable energy. The Company also plans to install renewable energy power generation equipment and purchase green power to increase its renewable energy efficiency each year. The raw materials used by the Company comply with the EU RoHS and REACH specifications. The goal is to reduce pollution from the manufacturing process, give preference to using recyclable packaging materials, and meet the product regulations of various countries such as ErP and Energy Star to reduce the environmental impact. Regarding green	

Item of Execution	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summaries	
(3) Does the company assess the current and future potential risks and opportunities of climate change for the company and take measures in reaction to related issues?	V		<p>manufacturing, the Company has reduced unnecessary resource wastes, developed waste reduction and recycling technologies, and joined forces with the upstream and downstream to achieve packaging material recycling. Regarding product R&D, the Company has conducted tests on low energy consumption and recycled materials with a low environmental impact.</p> <p>(3) The Corporate Sustainability Development Committee is the Company’s highest climate change management organization. The CEO chairs it, and its missions are to review the Company’s climate change strategy and goals, manage climate change risks and opportunities, review the implementation status and discuss future plans, and report the results to the board of directors every year. The Company has also identified feasible opportunities and developed countermeasures to reduce the risk factors. The Company has developed green operations, energy management, carbon information disclosure, and other related projects in terms of climate change mitigation. The Company has implemented measures to strengthen the basic countermeasures and build sustainable operation capabilities regarding climate change adaptation. Showcase the development and promotion of video conference and distance teaching solutions to improve human communication and learning, reduce traffic mileage and carbon emissions, and mitigate climate change impacts. A detailed</p>	

Item of Execution	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons																		
	Yes	No	Summaries																			
(4)Has the company counted greenhouse gas emissions, water consumption, and total weight of waste in the past two years, and formulated policies for greenhouse gas reduction, water consumption or other waste management?	V		<p>description of the Company's climate change risk and opportunity analysis has been disclosed in the Company's Sustainability Report, page 56 of this annual report (Note 2), and the Company's official website.</p> <p>(https://tw.aver.com/page/corporate-social-responsibility#management-policy)</p> <p>(4)</p> <p>1.The company adopted ISO 14064 reasonable assurance and AA1000AS then entrusted the third-party verification agency to conduct audits on GHG emission, including water consumption and waste generation for managing the environmental impact from the company operation and practicing responsible production. The related information is provided on the Company's official website and page 56 of this annual report and Fulfill corporate citizen responsibilities by improving energy conservation, carbon reduction, water reduction, and waste management projects.</p> <p>2.Greenhouse Gas Reduction in Taiwan's Factory</p> <table><tr><th>Items⁽¹⁾</th><th>2021⁽²⁾</th><th>2022⁽²⁾</th></tr><tr><td>Greenhouse gas emission volume (CO₂e, ton)⁽³⁾</td><td>2,387.03⁽⁴⁾</td><td>2,180.35⁽⁴⁾</td></tr><tr><td>Electricity consumption (kWh)⁽³⁾</td><td>4,589,200⁽⁴⁾</td><td>4,283,600⁽⁴⁾</td></tr><tr><td>Waste (ton)⁽³⁾</td><td>77.59⁽⁴⁾</td><td>76.04⁽⁴⁾</td></tr><tr><td>Hazardous commercial waste (ton)⁽³⁾</td><td>10.607⁽⁴⁾</td><td>6.900⁽⁴⁾</td></tr><tr><td>Water consumption (M³)⁽³⁾</td><td>16,444⁽⁴⁾</td><td>18,180⁽⁴⁾</td></tr></table>	Items ⁽¹⁾	2021 ⁽²⁾	2022 ⁽²⁾	Greenhouse gas emission volume (CO ₂ e, ton) ⁽³⁾	2,387.03 ⁽⁴⁾	2,180.35 ⁽⁴⁾	Electricity consumption (kWh) ⁽³⁾	4,589,200 ⁽⁴⁾	4,283,600 ⁽⁴⁾	Waste (ton) ⁽³⁾	77.59 ⁽⁴⁾	76.04 ⁽⁴⁾	Hazardous commercial waste (ton) ⁽³⁾	10.607 ⁽⁴⁾	6.900 ⁽⁴⁾	Water consumption (M ³) ⁽³⁾	16,444 ⁽⁴⁾	18,180 ⁽⁴⁾	
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4. Social Issues (1)Does the company set policies and procedures in compliance with regulations and internationally recognized human rights principles.	V		<p>(1)The Company has established guidelines that are superior to those provided by the labor-related regulations to provide employees with a clear direction to follow by adhering to the "Universal Declaration of Human Rights," "International Labor Convention," and other pertinent international human rights conventions.</p>	No discrepancy																		

Item of Execution	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summaries	
(2) Has the company established and implemented a reasonable employee benefit policy (including remuneration, vacation and other benefits, etc.) where operating performance or results are appropriately reflected in employee compensation?	V		<p>The Company has improved labor conditions to enhance the quality of life for workers and adhered to the principles of “respect for human rights” and “appropriate talent retention” according to labor-related regulations, the Gender Work Equality Act, and other national laws and regulations to build a healthy and safe operating environment. Please refer to the Company's official website at https://tw.aver.com/page/join-aver-information#human-rights-policy.</p> <p>(2) To ensure that salaries and benefits adhere to market standards and internal/external fairness, the Company has regularly conducted industry salary surveys, adjusted salaries, and granted various bonuses in response to changes in the external environment and the Company's annual operating conditions and individual performance. The Company has established internal “Performance Management Methods,” “Reward and Punishment Regulations,” and set reward and punishment goals. The goal is to implement target management and connect the reward system with individual performance appraisal. Please refer to page 105 of this annual report and the Company's official website at https://tw.aver.com/page/join-aver-information#compensation-and-benefits.</p>	
(3) Does the company provide employees with a safe and healthy working environment, with regular safety and health training?	V		<p>(3) 1. The Company has passed the international certification of the ISO45001 occupational safety and health management system, established a safety and health management unit to implement relevant safety and health matters, and regularly conducted audits to maintain system effectiveness. Please refer to page 107 of this annual report.</p>	
(4) Has the Company established effective career development training plans?	V		<p>(4) The Company offers internal and external training for employees. After a newcomer arrives, the newcomer will be assigned to an</p>	

Item of Execution	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summaries	
<p>(5) Does the company comply with relevant laws, regulations and international standards on issues such as customer health and safety, customer privacy, and marketing and labeling of products and services, and develop relevant consumer or customer protection policies and complaint procedures?</p>	V		<p>exclusive mentor to serve as a teacher and friend at work. Internal training is divided into 3 categories: new personnel training, professional training, and promotion training. There are corresponding training courses for different phases to assist colleagues in career development and self-improvement. A total of 523 people completed the 2022 career training, with a total of 5,604 hours.</p> <p>(5) The Company has followed the relevant laws and regulations of various countries and international standards to establish a comprehensive customer service and post-sales service system. The goal is to establish a full-time customer service unit, clarify customer complaints and service procedures, protect consumers' rights and interests, and improve service quality. There are several communication channels designed to serve customers and protect the rights and interests of consumers. They include online video services, dedicated hotlines, Internet mailboxes, and customer testing services.</p>	
<p>(6) Has the company formulated a supplier management policy that requires suppliers to follow relevant guidelines on issues such as environmental protection, occupational safety and health or labor rights, and their implementation?</p>	V		<p>(6) The Company has established the "supplier and business partner evaluation management operation" to screen suppliers based on environmental protection, human rights, health and safety, and sustainable development. The goal is to define our requirements and expectations for suppliers regarding environmental and health risks, the prohibition of child labor, and ethical standards. The Company's supplier coaching method includes selection, audit coaching, evaluation, and training. The goal is to embed sustainable requirements into supply chain management through mutual cooperation. The Company's 2022 suppliers are 100% in compliance. Please refer to the Company's official website</p>	
<p>5. Does the company refer to internationally accepted reporting standards or guidelines for compiling reports on corporate non-</p>	V		<p>The Company has formulated the “Aver Information Sustainability Report” according to the Global</p>	No discrepancy

Item of Execution	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summaries	
financial information such as corporate social responsibility reports? Has the aforementioned report obtained an assurance opinion of a third-party verification organization?			Reporting Initiatives (GRI) Standards. The SGS Taiwan was commissioned to perform the first moderate assurance level verification category under the AA1000AS v3 Assurance Standard, and the results were published on the Company’s official website. https://tw.aver.com/page/corporate-social-responsibility#management-policy	
<p>6. If the company has established its sustainable development code of practice according to “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies,” please describe the operational status and differences : No discrepancy</p> <p>7. Other important information to facilitate better understanding of the company’s implementation of sustainable development :</p> <p>The Company’s sustainable development-related corporate governance, corporate commitment to stakeholders, environmental protection, and social participation-related issues are included in the annual KPI implementation, assessment, and review by the relevant units. They are supervised and managed by the president’s office. Information can be obtained from the following links:</p> <p>Annual Report : http://tw.aver.com/page/investor-relations#financial-information</p> <p>Website : http://tw.aver.com</p> <p>Investor-relations website : http://tw.aver.com/page/investor-relations</p> <p>ESG website : http://tw.aver.com/page/corporate-social-responsibility</p>				

Note 1: Risk assessment and prevention

The Company has conducted risk assessments on important issues and formulated the relevant risk management policies based on the assessed risks according to the principle of materiality in sustainable development:

Material Issues	Risk Assessment Items	Risk Management Policy
Environment	Environmental Impact and Management	<p>1. The Company has continued to monitor climate change trends, incorporated energy conservation concepts into product design and manufacturing processes and formulated the risk and contingency measures for the Company's operations. We have also prioritized recyclable packaging consumables and adhered to national product regulations such as the ErP or Energy Star for energy consumption. The goal is to reduce pollution emissions and environmental impacts through process safety management and standardized management cycles.</p> <p>2. The Company has obtained the ISO 14001 international environmental protection certification, imported parts that meet the EU Restriction of Hazardous Substances (RoHS) requirements for lead-free and non-toxic parts clean production, successively passed the green partner certification by major manufacturers worldwide, complied with the EU Waste Electrical and Electronic Equipment (WEEE) directive, and conducted regular audits to maintain system operation performance.</p> <p>3. The Company has constructed the TCFD framework for its</p>

Material Issues	Risk Assessment Items	Risk Management Policy
		<p>climate risk identification process. Cross-departmental discussions were held to identify climate risks and opportunities.</p> <p>4. The company has introduced ISO14064-1 to assess the impact of its operations since 2013. According to the carbon inventory results, the Company will keep implementing carbon reduction measures to reduce the risk of Scope 1 emissions and Scope 2 GHG indirect emissions from electricity use.</p> <p>5. The annual internal audit plan has been formulated according to the relevant environmental regulations, and each operation process has been audited to ensure regulation compliance.</p>
Society	Occupational Safety	<p>1. The Company has passed the ISO45001 occupational safety and health management system international certification, established a safety and health management unit to implement relevant safety and health matters, and regularly conducted audits to maintain system operation effectiveness.</p> <p>2. "Employee safety" is our key priority. We aim to achieve zero disaster at the workplace by conducting various safety and health inspections regularly to ensure employee safety. We have also conducted regular fire drills and organized education and training annually to cultivate the employees' emergency response capabilities.</p>
	Product Safety	<p>1. The Company primarily engages in export sales. Our products do not contain hazardous substances and comply with the importing countries' safety and service laws and the EU RoHS specifications. The products must pass the strict quality control system to give customers excellent and stable quality.</p> <p>2. The Company has established an on-site service, service line, communication website, post-sales service satisfaction survey, etc., to ensure service quality and enhance customer experience. We also rely on customer feedback for product and service development and improvement.</p>
Corporate Governance	Socioeconomic and Legal Compliance	<p>1. The Company has established a governance organization and implemented an internal control mechanism to ensure that all personnel and operations duly comply with relevant laws and regulations.</p> <p>2. The Company has applied for domestic and foreign patents for its R&D products to protect the Company's rights and interests.</p>
	Strengthen the Directors' Functions	<p>1. Plan relevant training topics for directors to keep the directors abreast of the latest regulations, system development, and policies every year.</p> <p>2. Purchase liability insurance for directors to protect them from lawsuits or claims.</p>
	Stakeholder Communication	<p>1. The company analyzes the important concerns of stakeholders every year to prevent the stakeholders from taking a different stance against the Company's positions, which may result in misunderstandings or litigations between the stakeholders and the Company.</p> <p>2. Establish various communication channels to actively communicate and reduce confrontation or misunderstanding. The spokesperson is in charge of responding to investor mailboxes that have been established.</p>

Note 2:

The Company attaches great importance to the global climate change crisis and has taken actions to strengthen the climate resilience adjustment. The goal is to prevent and reduce the enterprise's operational risks due to natural disasters. The Company has also complied with various domestic and foreign environmental protection regulations and customer requirements and extended the concept of environmental protection to the product design source. We aim to establish and maintain management systems and organizations to ensure quality, environment, safety and health, hazardous substance control, as well as cargo and supply chain safety. The Company has also responded to climate change by promoting a comprehensive environmental management system. Its risk identification, countermeasures, and related strategies are as follows:

Risk Categories	Climate Change Risk Identification	Countermeasures
Energy	<ul style="list-style-type: none"> International climate change mitigation conventions or agreements. Government energy policies and statutes. 	<ul style="list-style-type: none"> Pay attention to international climate change issues and how to deal with them. In terms of greenhouse gas inventory and reduction, we have used 2021 as the benchmark year to reduce emissions by 10% yearly. The goal is to achieve zero net greenhouse gas emissions at all operating sites by 2030. Priority is given to energy-saving equipment during equipment replacements in response to the government's energy-saving policy. Office energy saving measures.
Natural Disasters	<ul style="list-style-type: none"> Natural disasters such as typhoons, earthquakes, floods, and plagues may affect supply chains, manufacturing, or shipments. 	<ul style="list-style-type: none"> Decentralized procurement areas or manufacturing sites. Establish emergency response procedures.
Product & Services	<ul style="list-style-type: none"> Products Customer Services 	<ul style="list-style-type: none"> Extend the environmental protection concept to product design sources. Provide product services, save energy, and reduce risks for clients. Remote video conferencing, distance teaching, smart medical care, etc.

Strategy, Goals, and Execution

Strategy	Sustainable Development Goals (SDGs)	2022 Implementation Status
Supplier Management	<ul style="list-style-type: none"> Suppliers must comply with the "Green Environmental Protection Chemical Substances Control Standards" and receive regular assessments. Stipulate the anti-bribery clauses and strictly prohibit the transfer of benefits. 	<ul style="list-style-type: none"> All cooperating suppliers have signed the "Green Product Purchasing Specification" and are subject to regular assessments (including on-site audits and coaching).
Greenhouse Gas Reduction	<ul style="list-style-type: none"> The Company introduced ISO14064-1 to comprehensively audit its greenhouse gas emissions in 2013 and will continue to 	<ul style="list-style-type: none"> Please refer to page 51 of this annual report.

	promote the greenhouse gas reduction policy.	
Waste Reduction	<ul style="list-style-type: none"> The goal is to reduce the total cleaning solvents by 40% in 2023. Five manufacturers have gained ISO certification for waste removal, treatment, and reuse. 	
Water Resource Conservation	<ul style="list-style-type: none"> Very few water resources are used from the Company's production process, and the main water consumption is by offices. The Company has adopted water-saving equipment and recycled rainwater for environmental landscape maintenance. 	

3.4.6 Ethics Management Performance and Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons

Items of Evaluation	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
			Summaries	
<p>1.Establishment of Corporate Conduct and Ethics Policy and Implementation Measures</p> <p>(1) Has the Company formulated a policy of ethical management approved by the board of directors, and clearly state, in the bylaw and external documents, the policies and practices of ethical anagement and the commitment of the board and senior management to actively implement the operating policy?</p>	V		<p>(1)The Company has adhered to the relevant laws and regulations, implemented the principle of integrity management, formulated the "Integrity Management Code" to guide all employees, and published relevant reports to explain the Company's integrity management policies as well as the Board of Directors and management level commitment implementation status. Integrity and ethics are the most critical values of the Company's culture. The Company has always engaged all business activities with integrity and strictly requires every employee to fulfill the integrity policy. The board of directors and management also pledge to actively implement business integrity. The Company has formulated the “Rules of Procedure for Board of Directors Meetings” to stipulate directors' conflict of interest recusal system. Those or their representatives with a conflict of interest to the meeting agendas that may harm the Company's interests shall be recused from the discussion and voting. The “Insider Trading Prevention Management Method” also stipulates that directors, managers, and employees shall not disclose internal</p>	No discrepancy

Items of Evaluation	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
			Summaries	
<p>(2) Has the Company established a mechanism for evaluating the risk of unethical behavior, regularly analyzed and evaluated business activities with a higher risk of unethical behavior in the business scope, and formulated a plan, which covers at least the precautionary measures in the second paragraph of Article 7 of “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies”, to prevent unethical behavior?</p> <p>(3) Has the Company clearly defined the operating procedures, behavior guidelines, punishment and appeal systems for violations in the unethical conduct prevention plan, and does it implement and regularly review and revise the aforementioned plan?</p>	V		<p>material information to others.</p> <p>(2) The Company has constructed effective internal control and accounting systems, advised, and educated personnel, and deployed auditors to routinely monitor system compliance and prevent unscrupulous behaviors. Each new employee shall attend education and training courses on the Company's core values and system compliance. Any violations shall be punished according to the "Work Rules."</p>	
	V		<p>(3) “Aver Information Employee Code of Conduct” contains provisions to standardize the principle of fair trade, forbid using the position to seek illegal benefits, ban bribe/accept bribes, and conflict of interest recusal. It also stipulates training, publicity, reporting, and punishment-related provisions. In addition to regulating relevant high-risk dishonest behaviors, we have established a reporting hotline and a dedicated unit to encourage employees to report illegal behaviors to the Company.</p>	
<p>2.Ethic Management Practice</p> <p>(1) Does the Company assess the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?</p> <p>(2) Has the Company established a unit affiliated with the board to promote corporate ethical management, and regularly (at least once a year) report to the board its ethical management policies and plans to prevent unethical conduct and monitor implementation?</p>	V		<p>(1) The Company’s contracts, such as "procurement contracts," contain integrity management policy compliance provisions and stipulate that a contract may be terminated or canceled at any time if the transaction counterparty engages in dishonest behaviors.</p>	No discrepancy
	V		<p>(2) To improve integrity management, the Company has a dedicated human resources unit in charge of coordination with other functional units to promote the formulation and supervision of integrity management policies and prevention plans. The human resources unit shall report the implementation status to the Board of Directors once a year within 6 months after the end of the year. The human resources unit reported its implementation status to the Board of Directors on April 26, 2023.</p> <p>The Company’s integrity management policy implementation status in 2022 is as follows:</p>	

Items of Evaluation	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
			Summaries	
(3) Does the Company establish policies to prevent conflict of interests, provide appropriate communication and complaint	V		<p>1.Assist in integrating integrity and ethical values into the company's business strategy, promote the “integrity and ethical” corporate culture themes in 2022, comply with laws and regulations to formulate the relevant anti-corruption measures to ensure honest management, publish the “Code of Integrity Management” on the Company's EIP homepage for employees to read and inquire at any time.</p> <p>2.Formulate plans to prevent dishonest behavior and establish business-related standard operating procedures and behavior guidelines in each plan: The contents of the Company's procurement contracts stipulate that suppliers must abide by our Company's integrity management policy. All contracts may be terminated or canceled if the transaction counterparty engages in dishonest behaviors. In 2022, 100% of the Employee Integrity Commitment in the employee employment contracts have been signed. Relevant requirements are also included in the work rules and labor contracts to rigorously forbid dishonest actions and stipulate the legal obligation to expose all such violations.</p> <p>3.Promotion and coordination of integrity policy advocacy training sessions: The Company has promoted the organizational culture of honesty and integrity during new employee training sessions. In 2022, 343 employees received online or in person training for a total time of 556 hours. Regularly disclose integrity management-related information on the Company's website.</p> <p>4.Design a whistleblower system to ensure implementation effectiveness: In addition to establishing a reporting hotline, the Company has also set up a reporting area on its website for internal employees and external stakeholders to file complaints. A whistleblower can directly provide the reported matter to the human resources unit, and dedicated personnel will be deployed to handle the matter properly. No case has been reported in 2022.</p> <p>(3) The Company has established the “Code of Integrity Management,” “Rules of Procedure for Board of Directors Meetings,” and “AVer Information</p>	

Items of Evaluation	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
			Summaries	
(2)Has the Company established standard operating procedures for investigating the complaints received, take corresponding measures after investigation, and ensuring such complaints are handled in a confidential manner? (3)Does the Company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?	V		receive appropriate rewards according to the "Work Rules." (2)The Company has stipulated the relevant regulations for reporting operations in the "Employee Code of Conduct." To prevent unfair treatment, the human resources unit shall properly keep the complainant/whistleblower's data confidential and redacted. (3)The relevant persons shall keep the complaint/report handling process confidential and be disciplined if any leaked information. Those who retaliated against the complainant/whistleblower shall be strictly punished according to regulations.	
4. Information Disclosure Does the Company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and Market Observation Post System (“MOPS”)?	V		The Company has disclosed business integrity-related information in the CSR area of its website. Such information is also regularly disclosed on other company website areas.	No discrepancy
5. If the Company has established corporate governance policies based on TSE Corporate Conduct and Ethics Best Practice Principles, please describe any discrepancy between the policies and their implementation. No discrepancy.				
6.Other important information to facilitate better understanding of the company’s corporate conduct and ethics compliance practices (e.g., review the company’s corporate conduct and ethics policy). The Company complies with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and other relevant laws and regulations as the basis for integrity management.				

3.4.7 Inquiry on corporate governance principles and related regulations of this Company:

To establish a good corporate governance system, the Company has referenced the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” to formulate the “Code of Practice on Corporate Governance.” This code has been uploaded to the corporate governance area of the Market Observation Post System and the Company’s website for investor reference.

3.4.8 Other information material to the understanding of corporate governance within the Company:

The Company has established the “Internal Critical Information Processing Procedures” to serve as the Company's material information processing and disclosure mechanism, and the procedures are reviewed irregularly to meet the needs of current laws and practical management. Moreover, the Company and the relevant financial information transparency personnel have obtained the relevant licenses as follows:

Passed the Taiwan CPA Qualification Examination: 3 people from the Finance Department.

3.4.9 Internal Control System Execution Status

3.4.9.1 Statement on Internal Control:

[Translation]

Attachment 4: (Form 1 under Article 24 of the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets) Applicable to a statement by a securities exchange, over-the-counter securities exchange, futures exchange, central securities depository, or credit rating agency, after completing its annual self-assessment of its internal control system, attesting to the effectiveness of both the design and operation of its internal control system - where the portions of the statement concerning compliance with laws, regulations, and bylaws extend to all laws, regulations, and bylaws

Statement on Internal Control System of a Securities Exchange, Over-the-Counter Securities Exchange, Futures Exchange, Central Securities Depository, or Credit Rating Agency (Stating the Effectiveness of Both Design and Operation)

(This Statement is applicable in cases where the portions of the statement concerning compliance with laws, regulations, and bylaws extend to all laws, regulations, and bylaws)

AVer Information Inc. (or Exchange) Statement on Internal Control System

Date: 2023.02.14

Based on the findings of self-assessment, the Company (the Exchange) states the following with regard to its internal control system during the fiscal year 2022:

1. The Company (the Exchange) is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. The Company (the Exchange) has established such a system aiming at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), the reliability, timeliness, and transparency of reporting, and compliance with applicable norms and applicable laws, regulations, and bylaws.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three objectives mentioned above. Furthermore, the effectiveness of an internal control system may be subject to change along with changes in environment or circumstances. The internal control system of the Company (the Exchange) contains self-monitoring mechanisms, however, and the Company (the Exchange) takes remedial actions as soon as a deficiency is identified.
3. The Company (the Exchange) evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control

Systems by Service Enterprises in Securities and Futures Markets (hereinbelow, the "Regulations"). The criteria adopted by the Regulations identify five key components based on the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communications, and (5) monitoring activities. Each component also includes several items. Please refer to the Regulations for details.

4. The Company (the Exchange) has assessed the design and operating effectiveness of its internal control system according to the aforesaid criteria.

5. Based on the findings of the assessment mentioned in the preceding paragraph, the Company (the Exchange) believes that as of 2022.12.31 (date) ^{Note 2} its internal control system (including its supervision and management of subsidiaries and its overall implementation of information security), encompassing internal controls for understanding the degree of achievement of operational effectiveness and efficiency objectives,

the reliability, timeliness, and transparency of reporting, and compliance with applicable norms and applicable laws, regulations, and bylaws, is-with the exception of the matters, if any, specifically listed in the Appendix- effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.

6. The legal liability under this Statement is as specifically indicated below according to the nature and type of the company:

(1) Securities exchange, over-the-counter securities exchange, central securities depository, or credit rating agency:

(i) If it is a non public offering company (not a public company), any falsehood, concealment, or other illegality in the content of this Statement will entail legal liability under Article 174 of the Securities and Exchange Act.

(ii) If it is a public company, this Statement will become a major part of the content of the Company's Annual Report and Prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

(2) Futures exchange: Any falsehood, concealment, or other illegality in the content of this Statement will entail legal liability under Article 115 of the Futures Trading Act. (If the futures exchange is a public company, the following shall additionally be specified: This Statement will become a major part of the content of the Company's Annual Report and Prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.)

7. This Statement has been passed by the Board of Directors Meeting of the Company (the Exchange) held on 2023.02.14 (date), where 0 of the 7 attending directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

AVer Information Inc (Exchange)

Chairman: Michael Kuo

President: Andy Hsi

Note 1: If during the fiscal year there has existed any material deficiency in the design and operation of the internal control system of the securities or futures industry service enterprise, an explanatory section shall be added after paragraph 4 of the Statement on Internal Control System, listing and explaining any material deficiencies found in the self-assessment, and the remedial actions and status of corrections taken by the company up to the balance sheet date.

Note 2: The date of the statement is the fiscal year end date.

Note 3: The over-the-counter securities exchange (Taipei Exchange) should use its discretion to adjust the relevant organizational name(s) in the form above as appropriate.

3.4.9.2 if CPA was retained to conduct a special audit of the internal control system, disclose the audit report : None.

3.4.10 Legal penalties by competent authority to the Company or its employees, and the Company's punishment on its employees for violation of internal control system, major deficiencies and improvement measures in the most recent year and as of the publishment of this annual report : None.

3.4.11 Major Resolutions of Shareholders' Meeting and Board Meetings

3.4.11.1 Major Resolutions of Shareholders' Meeting and Implementation Status

AVer held its 2022 shareholders' meeting on June 8, 2022.

The resolutions and implementation status are listed below:

Date	Important resolution
2022.06.08	<p>1. Ratification of 2021 Business Report and Financial Statements as proposed.</p> <p>2. Ratification of the proposal for distribution of 2021 profits as proposed. Implementation Status: The base date of distribution was set on June 29, 2022, and the date of distribution was on July 20, 2022, with the cash dividend per share of NT\$3.8, and all payments had been distributed.</p> <p>3. Approval of the amendments to the ‘Procedures of Asset Acquisitions and Disposal’ Implementation Status: The amendments were announced on the Company’s website and implemented accordingly.</p> <p>4. The election of the Company’s 7th Board of Directors (including Independent Directors) Election Results: Directors: AVerMedia Technologies, Inc Representative: Chung-Song Kuo; Chi-Yue Hsi; Chao-Hsiang, Lin Wise Cap Limited Company Representative: Chien-Hsun Lin Independent Directors: An-Ban Tsao; Ying-Tsun Chiang; Yu-Tsung Chien The registration was approved by the Ministry of Economic Affairs on June 23, 2022 and announced on the Company’s website.</p> <p>5. Approval of the proposal for releasing non-competition restrictions on newly-elected directors and their corporate representatives as proposed. Implementation Status: The resolution entered into force upon passage in the shareholders’ meeting.</p>

3.4.11.2 Major Resolutions of Board Meetings of 2022

Date	Important resolution	Resolutions
2022.01.18	<p>1. Approval of the business plan of 2022.</p> <p>2. Approval of the proposal for extending the credit line granted by CTBC.</p> <p>3. Approval of the proposal for 2021 employees’ compensation.</p> <p>4. Approval of the result of 2021 managers’ salary structure.</p> <p>5. Approval of the proposal for 2021 managers’ compensation.</p> <p>6. Approval of the proposal for 2022 managers’ salary structure.</p> <p>7. Approval of the proposal for 2022 directors’ compensation structure.</p>	Resolved
2022.03.10	<p>1. Approval of Internal Control System Statement of 2021.</p> <p>2. Approval of the parent-company-only and consolidated financial statements of 2021.</p> <p>3. Approval of the business report of 2021.</p> <p>4. Approval of the amendment to 2021 managers’ compensation.</p> <p>5. Approval of the proposal for 2021 earnings distribution.</p> <p>6. Approval of the amendments to the ‘Procedures of Asset Acquisitions and Disposal’.</p> <p>7. Approval of the proposal for the election of the 7th Directors, including Independent Directors.</p>	Resolved

Date	Important resolution	Resolutions
	8.Approval of the amendments to the “Practice for Sustainable Development”. 9.Approval of the proposal for the time, venue and agenda of 2022 general shareholders’ meeting. 10.Approval of the appointment of external auditors for the fiscal year of 2022. 11.Approval of the proposal for 2022 managers’ salary adjustment. 12.Approval of the proposal for 2021 directors’ compensation.	
2022.04.28	1.Approval of the change of CPA, due to internal adjustment within Deloitte. 2.Approval of consolidated financial statements of 2022Q1. 3.Approval of the candidates for the Company’s 7th Board of Directors (including Independent Directors). 4.Approval of the proposal for releasing non-competition restrictions on newly-elected directors. 5.Approval of the appointment of Corporate Governance Officer. 6.Approval of the appointment of CISO. 7.Approval of the “Rules for Issuance of Restricted Stock Awards”. 8.Approval of the amendment to 2021 managers’ compensation. 9.Approval of amendment to 2022 managers’ salary adjustment.	Resolved
2022.06.08	1.Approval of election the Chairman and Vice Chairman of the Company’s 7th Board of Directors. 2. Approval of appointment of the CSO, CEO and President, and the release of non-competition restrictions. 3.Approval of the election of members of 5th Compensation Committee and the convener. 4.Approval of the election of members of 2nd Sustainable Development Committee and the convener.	Resolved
2022.08.10	1.Approval of consolidated financial statements of 2022Q2. 2.Approval of the proposal for extending the credit line granted by CTBC and E.SUN bank. 3 Approval of the list of matters authorized by the Board of Directors to be decided by the Chairman. 4. Approval of the proposal for acquisition of automatic storage equipment. 5. Approval of the proposal for acquisition of securities.	Resolved
2022.11.03	1. Approval of 2023 Annual Audit Plans. 2. Approval of consolidated financial statements of 2022Q3 3.Approval of the proposal for disposing of real estate. 4.Approval of the” Disclosure of Material Information of Companies with Listed Securities”. 5.Approval of the amendments to the” Procedures for Preventing Insider Trading”. 6.Approval of the amendments to the” Audit Committee Charter”. 7.Approval of the amendments to the “Rules and Procedures of Board of Directors Meeting.” 8.Approval of the proposal for 2021 managers’ special bonus.	Resolved

3.4.11.3 Major Resolutions of Board Meetings of 2023

Date	Important resolution	Resolutions
2023.02.14	1.Approval of Internal Control System Statement of 2022. 2.Approval of the amendments to the internal control policy. 3.Approval of the business plan of 2023. 4. Approval of the proposal for extending the credit line granted by Cathay United Bank. 5.Approval of the result of 2022 managers' salary structure. 6.Approval of the proposal for 2022 managers' special bonus. 7.Approval of the proposal for 2023 managers' salary structure. 8.Approval of the proposal for 2023 directors' compensation structure.	Resolved
2023.03.17	1.Approval of the parent-company-only and consolidated financial statements of 2022. 2.Approval of the business report of 2022. 3.Approval of the proposal for 2022 employees' compensation. 4.Approval of the proposal for 2022 earnings distribution. 5.Approval of the proposal for early re-election of the Board of Directors. 6.Approval of the proposal for the time, venue and agenda of 2023 general shareholders' meeting 7.Approval of the proposal for 2023 managers' salary adjustment.	Resolved
112.04.26	1.Approval of Audit Fee of 2023. 2.Approval of the" Pre-approval Policy for Non-Assurance Services". 3.Approval of consolidated financial statements of 2023Q1 4.Approval of the candidates for the Company's 8th Board of Directors (including Independent Directors). 5.Approval of the proposal for releasing non-competition restrictions on newly-elected directors. 6.Approval of the proposal for 2022 managers' compensation.	Resolved

3.4.12 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors : None.

3.13 Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit , Corporate governance officer and R&D : None.

3.5 Information Regarding the Company's Audit Fee and Independence

Unit : NT\$ thousands

Accounting Firm	Name of CPA		Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Remarks
Deloitte & Touche	Sabrina Liu	Steven Chien	2022/1/1-2022/12/31	2,500	95	2,595	Non-audit Fee is reviewing the Issuance of Restricted Stock Form 60 thousand and Tax consulting service fee 35 thousands
	Tiana Hsu	—		0	280	280	TP report

3.5.1 If a change of accounting firm has taken place during the year, please divide the audit period and disclose audit and non-audit fee in chronological order. Please also state the reason for such changes in the Remarks column : None.

3.5.2 If audit fee is reduced by 10% or more from the previous year, the amount, percentage, and reason for reduction must be disclosed : None.

3.6 Replacement of CPA :

3.6.1 Former CPAs

Date of Change	Approved by BOD on April 28, 2022		
Reasons and Explanation of Changes	Based on the Deloitte & Touche on rotation, the co-signing partner Yu- Janice Wang and Cindy Kao will be replaced by Sabrina Liu and Steven Chien starting from 2022		
State Whether the Appointment is Terminated or Rejected by the Consignor or CPAs	Client	CPA	Consignor
	Status		
	Appointment terminated automatically	Not available	
	Appointment rejected (discontinued)		
The Opinions Other than Unmodified Opinion Issued in the Last Two Years and the Reasons for the Said Opinions	None		
Is There Any Disagreement in Opinion with the Issuer	Yes		Accounting principle or practice
			Disclosure of financial statements
			Auditing scope or procedures
			Others
	No		
	Explanation	None	
Supplementary Disclosure (Disclosures Specified in Article 10.6.1.4~7 of the Standards)	None		

3.6.2 Successor CPAs

Accounting Firm	Deloitte & Touche
CPA	Sabrina Liu and Steven Chien
Date of Engagement	Approved by BOD on April 28, 2022
Prior to the Formal Engagement, Any Inquiry or Consultation on the Accounting Treatment or Accounting Principles for Specific Transactions, and the Type of Audit Opinion that Might be Rendered on the Financial Report	None
Written Opinions from the Successor CPAs that are Different from the Former CPA's Opinions	None

3.6.3 The reply of former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Standards : None.

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

3.8 Share transfer by directors, supervisors, managers, and shareholders holding more than 10% interests and changes to share pledging by them in the past year and up to the date of report.

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

Unit: Shares

Title	Name	2022		As of Apr. 30, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Representative/ Chairman / CSO	Michael Kuo	153,153	—	—	—
Director/ Major shareholder	AVerMedia Technologies, Inc	—	—	—	—
Representative/ Vice chairman/ CEO/ President	Andy Hsi	93,067	—	—	—
Representative	Jesse Lin	—	—	—	—
Director	Wise Cap Limited Company	—	—	—	—
Representative	Jeff Lin (Note)	—	—	—	—
Representative	Robert Lin (Note)	—	—	—	—
Independent Director	Michael Chiang	—	—	—	—
Independent Director	Yu-Tsung Chien	—	—	—	—
Independent Director	Tony Tsao	—	—	—	—
Vice President	Arthur Pait	—	—	—	—
Vice President	Joseph Chen	50,116	—	—	—
Vice President	Kings Wang	37,292	—	—	—
Vice President	Alvin Cheng	25,393	—	—	—
Vice President	Stanley Cheng	38,208	—	—	—
Vice President	Jeff Lo	17,695	—	—	—
Officer of Finance, Accounting, and Corporate Governance	Dave Chiu	11,715	—	—	—

Note : Wise Cap Limited Company changed the Representative from Jeff Lin to Robert Lin on Sep. 1, 2022.

3.8.2 Shares Trading and Pledge with Related Parties : None.

3.9 Relationship among the Top Ten Shareholders

April 9, 2023 ; Unit: Shares

Name	Current Shareholding		Spouse's/ minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
AVerMedia Technologies, Inc	46,388,504	49.92	—	—	0	—	Chung-Song Kuo Chi-Yue Hsi	Chairman,CEO,President Director	
AVer Information, Inc. Representative : Chung-Song Kuo	2,301,623	2.48	0	—	0	—	AVerMedia Technologies, Inc	Chairman,CEO and President	
Chung-Song Kuo	2,301,623	2.48	0	—	0	—	AVerMedia Technologies, Inc	Chairman,CEO and President	
Yung-Che Chang	2,113,799	2.27	0	—	0	—	None	None	
Chi-Yue Hsi	804,086	0.87	0	—	0	—	AVerMedia Technologies, Inc	Director	
Yu-Mei Su	666,000	0.72	0	—	0	—	None	None	
Kun-Chou Chen	629,794	0.68	0	—	0	—	None	None	
Yu Tzu Investment Co., Ltd.	605,000	0.65	0	—	0	—	None	None	
Yu Tzu Investment Co., Ltd. Representative: Chin-Lan Kao	0	—	0	—	0	—	None	None	
Wise Cap Limited Company	495,000	0.53	0	—	0	—	None	None	
Wise Cap Limited Company Representative: Fu-Chien Lin	0	—	0	—	0	—	None	None	
Taiwan Land Bank is entrusted with the custody of DXN Digital Age Securities Investment Trust Fund Special Account	420,000	0.45	0	—	0	—	None	None	

Name	Current Shareholding		Spouse's/ minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Taiwan Land Bank is entrusted with the custody of DXN Digital Age Securities Investment Trust Fund Special Account Representative: Fan-Feng Lin	0	—	0	—	0	—	None	None	
Hsien-Wen Cheng	333,751	0.36	10,000	0.01	0	—	None	None	

3.10 The number of shares of the same invested company held by the Company, the Company's directors, supervisors, and executive officers, and the businesses controlled directly or indirectly by the Company, and the consolidated shareholding ratio.

Dec 31,2022 ; Unit : Share

Information on investees (Note1)	Ownership by the Company		Direct or Indirect Ownership by Directors/ Supervisors/ Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
AVer Information Inc. (USA)	6,990,000	100	0	0	6,990,000	100
AVer Information Europe B.V.	(Note2)	100	0	0	(Note2)	100
AVer Information Inc. (Japan)	1,400	100	0	0	1,400	100
AVer Information (Vietnam) Co., Ltd.	(Note2)	100	0	0	(Note2)	100
Yuan Chen Investment Co., Ltd	50,000	100	0	0	50,000	100

Note1 : Long-term equity investment of the Company calculated according to the equity method.

Note2 : The invested company has not issued shares, so there are no shares held.

4. Company Shares and Fund Raising

4.1 Capital and Shares

4.1.1 Changes in share capital

Unit : Shares (K) ; Amount (NT\$ thousands)

Month/Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2008.01	12.5	80,000	800,000	56,000	560,000	Consideration to purchase assets from AVerMedia	None	Note1
2008.02	12.5	80,000	800,000	56,800	568,000	New issuance of Shares	None	Note2
2009.04	34.5	130,000	1,300,000	66,468	664,681	New issuance of Shares	None	Note3
2009.04	10.0	130,000	1,300,000	74,090	740,900	New issuance of Shares	None	Note3
2010.07	10.0	130,000	1,300,000	82,899	828,990	New issuance of Shares	None	Note4
2011.07	10.0	130,000	1,300,000	88,444	884,440	New issuance of Shares	None	Note5
2011.09	43.0	130,000	1,300,000	98,237	982,370	New issuance of Shares	None	Note6
2016.05	20.7	130,000	1,300,000	97,482	974,820	cancellation of the second treasury stocks 7,550 thousand	None	Note7
2018.08	18.07	130,000	1,300,000	92,920	929,200	cancellation of the third treasury stocks 45,620 thousand	None	Note8
2019.07	-	150,000	1,500,000	92,920	929,200	-	None	Note9

Note1 : Jan. 14,2008 No. 09701002380 issued by the Ministry of Economic Affairs, R.O.C.

Note2 : Apr. 3,2008 No. 09701082210 issued by the Ministry of Economic Affairs, R.O.C. (Application for correction of registered documents).

Note3 : May 1,2009 No. 09801087320 issued by the Ministry of Economic Affairs, R.O.C.

Note4 : Jul. 2,2010 No. 09901138930 issued by the Ministry of Economic Affairs, R.O.C.

Note5 : Jul. 25,2011No. 10001170030 issued by the Ministry of Economic Affairs, R.O.C.

Note6 : Sep. 5,2011 No. 10001203390 issued by the Ministry of Economic Affairs, R.O.C.

Note7 : Mar. 21,2016 No. 10501051170 issued by the Ministry of Economic Affairs, R.O.C.

Note8 : Aug. 20,2018 No. 10701102970 issued by the Ministry of Economic Affairs, R.O.C.

Note9 : Jun. 17,2019 No. 10801074390 issued by the Ministry of Economic Affairs, R.O.C.(revise the registration documents to approve the amount of share capital)

Unit: shares

Type of Stock	Authorized Share Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common Stock	92,919,950	57,080,050	150,000,000	Stock option 10,000,000 shares

Information for Shelf Registration: Not applicable

4.1.2 Shareholding Structure

April 9, 2023 ; Unit: shares

Category Number	Government Institution	Financial Institution	Other Institution	Individual	Foreign Institutional Shareholders and Individuals	Total
Number of Shareholders	4	3	25	9,875	33	9,940
Shareholding (shares)	67,458	187,000	48,380,518	43,112,939	1,172,035	92,919,950
Percentage (%)	0.07	0.20	52.06	46.40	1.27	100.00

4.1.3 The Distribution of Shareholdings

4.1.3.1 Distribution Profile of Common Shares Ownership

April 9, 2023 ; Unit: shares

Category by shareholdings	No. of Shareholders	Number of Shares	Percentage (%)
1 ~ 999	949	147,312	0.15
1,000 ~ 5,000	7,626	14,691,089	15.81
5,001 ~ 10,000	795	6,333,539	6.82
10,001 ~ 15,000	217	2,787,133	3.00
15,001 ~ 20,000	122	2,276,880	2.45
20,001 ~ 30,000	95	2,380,962	2.56
30,001 ~ 40,000	26	927,865	1.00
40,001 ~ 50,000	30	1,349,744	1.45
50,001 ~ 100,000	44	3,149,059	3.39
100,001 ~ 200,000	22	3,109,126	3.35
200,001 ~ 400,000	5	1,343,435	1.45
400,001 ~ 600,000	2	915,000	0.98
600,001 ~ 800,000	3	1,900,794	2.05
800,001 ~ 1,000,000	1	804,086	0.87
1,000,001 and above	3	50,803,926	54.67
Total	9,940	92,919,950	100.00

4.1.3.2. Dispersion of Preferred Share Ownership : Not applicable

4.1.4 The List of Major Shareholders

April 9, 2023 ; Unit: shares

Shares Name	Number	Percentage (%)
AVerMedia Technologies, Inc	46,388,504	49.92
Chung-Song Kuo	2,301,623	2.48
Yung-Che Chang	2,113,799	2.27
Chi-Yue Hsi	804,086	0.87
Yu-Mei Su	666,000	0.72
Kun-Chou Chen	629,794	0.68
Yu Tzu Investment Co., Ltd.	605,000	0.65
Wise Cap Limited Company	495,000	0.53
Taiwan Land Bank is entrusted with the custody of DXN Digital Age Securities Investment Trust Fund Special Account	420,000	0.45
Hsien-Wen Cheng	333,751	0.36

4.1.5 Market Price Per Share, Net Value, Earnings & Dividends for Latest Two Years

Unit : Shares (K) ; Amount (NT\$ thousands)

Item \ Period		2021	2022	2023 (As of April 30) (Note1)
Market Price Per Share	Highest	97.80	72.40	48.75
	Lowest	45.60	35.30	42.60
	Average	69.75	48.48	45.62
Net Value Per Share	Before Distribution	32.00	30.33	30.31
	After Distribution	28.20	(Note2)	(Note2)
Earnings Per Share	Weighted Average Share Numbers	92,920	92,920	92,920
	Before adjustment	7.02	3.58	(0.22)
	After adjustment		(Note2)	(Note2)
Dividend Per Share	Cash Dividend	3.80	1.43	—
	Stock Dividend			
	Retained Earning (%)	—	—	—
	Capital Surplus (%)	—	—	—
	Accumulated unpaid dividends	—		—
Return on Investment Analysis	P/E Ratio	10	14	—
	P/D Ratio	18.36	(Note2)	—
	Cash Dividend Yield	0.05	(Note2)	—

Note1 : For the net value per share and earnings per share has been reviewed by certified public accountant in the Latest quarter (March 31,2023); for the other columns, data was for up to the printing date (April 30, 2023) of the Annual Report in the current year.

Note2 : The Company's 2022 earnings have not yet been approved by the shareholders' meeting.

4.1.6 Dividend Policy and Implementation Status

4.1.6.1 Dividend Policy

The Company shall appropriate no less than 5% and no more than 20% of the current year's profit as employee bonuses by cash or shares upon approval of the Board of Directors. Employee bonuses may be issued to employees of subordinate companies that meet certain criteria. The Company may appropriate no more than 2% of the above profit as directors' remuneration upon approval of the Board of Directors. The allocation of employees' Bonus and Directors' remuneration shall be reported to the shareholders' meeting. However, if the Company has accumulated losses, the amount shall be set aside to cover the deficit, and then distributed to employees and Directors in accordance with the aforementioned percentage ; Any earnings remaining after closure of the current financial year are first subject to income tax and reimbursement of previous losses, followed by a 10% provision for statutory reserve as required by regulations. However, no further provision shall be made once the statutory reserve reaches the amount of the Company's paid-in capital. Any excessive balance may be provided or reversed of special reserve pursuant to relevant laws. Any remaining balance in retained earnings may be appropriated as dividends in accordance with a proposal for earning distribution as approved by the Board of Directors and submit it to the shareholders' meeting for distribution of shareholder dividends. In consideration of the Company's long-term financial plans and satisfying the need of shareholders for incoming cash flow, the cash dividends shall account for no less than 10% of the total amount of dividends distributed for the current year. In the absence of other special circumstances, the amount of surplus to be distributed for the current year shall not be less than 50% of the distributable surplus for the current year.

4.1.6.2 Proposed Distribution of Dividend

The shareholders' meeting has not yet resolved the Company's 2022 earnings distribution plan. According to the dividend distribution approved by the Board of Directors on March 17, 2023: a cash dividend of NT\$1.43 per share is proposed, totaling NT\$132,875,529 (rounded off to the dollar). The Employee Welfare Committee shall bear the distribution of fractional dividends under one dollar.

4.1.6.3 There is not a material change in dividend policy is expected.

4.1.7 Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting.

The shareholders' meeting has not yet resolved the Company's 2022 earnings distribution plan. According to the dividend distribution approved by the Board of Directors on March 17, 2023, there is no stock dividend distribution proposed.

4.1.8 Compensation to Employees and to Directors

4.1.8.1 Percentages or ranges of remuneration of employees and directors under the Articles of Incorporation

The Company shall appropriate no less than 5% and no more than 20% of the current year's profit as employee bonuses ; However, if the Company has accumulated losses, the amount shall be set aside to cover the deficit, and then distributed to employees and Directors in accordance with the aforementioned percentage.

4.1.8.2 The Basis for estimating the amount of remuneration of employees and directors, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period

The Company's remuneration estimates for employees and directors to be distributed according to the Company Act and the Company's articles of association are shown in 4.8.1. above. The number of shares distributed to employees is calculated based on the net value of the latest financial report audited by a CPA. However, if there is a discrepancy between the actual distribution amount and the estimated amount as resolved by the shareholders meeting subsequently and shall be regarded as a change in accounting estimates and listed as the distribution of current profit and loss.

4.1.8.3 Remuneration approved by the board of directors

4.1.8.3.1 Employee and directors' remuneration will be distributed in cash or stocks. discrepancies if any

from the amount of employees' bonus and directors and supervisors' remuneration previously recognized, and the causes and treatments for the discrepancies :

The remuneration for employees and directors of the company in 2022 was approved by the

board of directors on March 17, 2022. The amount of employee cash remuneration was NT\$38,501,027, and the amount of director remuneration was NT\$7,661,704. The amount of remuneration of employees and directors approved by the board of directors had no difference from the figures estimated in the 2022 financial statements.

4.1.8.3.2 The amount of employee bonus to be paid in stocks out of the current company-level financial report in terms of the sum of net profit after tax and employee bonus: Not applicable.

4.1.8.4 Actual distribution of employee bonus and remuneration of board directors and supervisors in the previous year (including dividend shares, amount and stock price), discrepancies if any from the amount of employees' bonus and directors and supervisors' remuneration previously recognized, and the causes and treatments for the discrepancies.

The Company's estimated employee compensation in 2021 was NT\$86,136,097, and the compensation to directors was NT\$17,141,083. There is no difference between the estimated amount and the actual amount distributed.

4.1.9 Repurchases already completed during the latest year and up to the printing date of this annual report :
None

4.1.10 Any repurchase still in progress during the latest year and up to the printing date of this annual report :
None

4.2 Issuance of corporate bonds : None.

4.3 Issuance of preferred shares : None.

4.4 Issuance of global depositary receipts (GDR) : None.

4.5 Issuance of employee stock options : None.

4.6 Issuance of new restricted employee shares : None.

4.7 Mergers, acquisitions or issuance of new shares for acquisition of shares of other companies : None.

4.8 Financing plans and implementation : None.

5. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

5.1.1.1 Main areas of business operations

- (1) Electrical Appliances and Audiovisual Electronic Products Manufacturing and trading
- (2) Wired Communication Mechanical Equipment Manufacturing and trading
- (3) Wireless Communication Mechanical Equipment Manufacturing and trading
- (4) Electronics Components Manufacturing and trading

5.1.1.2 Revenue distribution

Item	Percentage of sales revenue (%)
Integrated education and Video conferencing systems products	100.00

5.1.1.3 Current Main Products and Services

- (1) Integrated presentation & laptop and mobile device charge carts

AVer offers a wide variety of high-quality document cameras including USB, flexible arm, mechanical arm, and wireless document cameras, with 13 models in the existing portfolio. In addition, our products are aligned with future classroom technologies; we developed 4K output for high-definition pictures and Peer-to-Peer (P2P) Wi-Fi technology, creating a direct Wi-Fi connection to laptops and Chromebooks for maximum performance and reliability without interfering with the existing school or work Wi-Fi or Ethernet connection(s). With a growing demand for remote teaching/learning during the pandemic, we offer a USB document camera with a foldable and grab-and-go design to let educators start online courses in mere moments.

Furthermore, the demand for smart tools for hybrid learning has increased in the post-pandemic world; many content creators have started offering teaching apps/platforms, which presents us with opportunities. Our document cameras and teaching cameras are highly integrated with the teaching software through different platforms, allowing educators to give students assignments. In 2022, we introduced our first all-in-one teaching camera. It is the first in the industry to feature a document camera, web camera, microphone, and speaker in one device to meet different teaching scenarios to continue giving AVer an innovative advantage in the document camera market.

AVer laptop and mobile device charge carts and cabinets offer intelligent, convenient and secure charging and storage solutions to manage a classroom and student tablet, Chromebook or laptop devices. With a variety of options from 12 slots, up to 42, teachers can accommodate any number of

students in their class at any given time. Additionally, our devices are designed with child safety, sturdiness, energy saving and durability in mind. With a round angle design, schools can provide students with a child-safe learning environment.

Most solutions include intelligent charging capabilities which eliminate the potential for under and over charging. The industrial-grade metal design can also provide a high level of protection against vandalism and security to keep devices secure when they are charging or being stored while not in use. In 2022, we offer a DIY charging station for digitizing education as digital learning has increased in the post-pandemic world. With an easy open door, even the youngest of students can easily access educational devices at any time for learning.

(2) Video Conference System

Since the outbreak of the global epidemic in 2019, video conferencing cameras have become an indispensable weapon for domestic and foreign companies, among all devices which USB cameras that are easy to operate with plug and play are the most in demand. With many years of research in video communication, AVer has full products whether you work at home or in office. Not only the design concept is innovative, but also the functional quality has been certified by cloud software giants such as Microsoft and Zoom. AVer's versatile options have successfully assisted global enterprises in deploying remote working plan.

In addition to launching the industry's first dual-purpose 4K camera with antibacterial coating and intelligent-light function during the epidemic like CAM130 and the VB130 4K video bar, which comes with noise isolation technology. With established engineering capabilities in electronics, mechanical, optics, software and firmware, along with deep cultivated user behavior research and AI algorithm, AVer can continuously deliver cameras for medium and large conference rooms. In addition to the high-quality video cameras, like CAM520 Pro2 and VC520 Pro2, which built with 12X optical zoom and innovative daisy-chained technology, AVer had also launched CAM550 in 2022, which is the industry's first 4K dual-lens video camera. What's more, AVer launched the CAM570 flagship model with the industry's first built-in sound sensor that can activate the audio tracking function in PTZ camera, setting the highest standard for video cameras and providing users with the best meeting experience. At the same time, considering the needs of business owners for different commercial spaces, the All-in-One integrated design of 4K video conferencing system, e.g. the VB342 Pro is also launched; and it's the first videobar integrated optical zoom lens and audio fence feature for small and medium-sized conference spaces. The latest all-in-one conference system provides a user experience that exceeds the industry standard, and it has won attention and favor at home and abroad as soon as it was launched.

In addition to hardware, AVer knows that providing an excellent central management can help enterprise IT personnel and users to have a better managerial experience and strengthen AVer's brand value. Since launch in 2021, AVer's new central management software EZManager 2, which facilitates IT personnel to quickly monitor and control device status of each USB device in the

meeting room, and IT staff can easily remotely control, check device usage status, address exceptional tasks. Since its launch, AVer has worked with global customers to deal with different scaled scenarios. Through in-depth interaction with customers, we provide customers with superior service quality, and maximize the value of AVer software and hardware integration. Meanwhile, in response to the hybrid work trend, how to provide Equal Meeting Experience for participants inside and outside the conference room has been widely discussed in the video conferencing industry. In addition to becoming partners in the ecosystem with world-renowned companies (ex: Microsoft, Zoom), AVer further improved PTZApp 2 – AVer designed, free software -- to achieve the function of Smart Gallery, and applied AI and virtual camera technology to automatically frame and divide each participant and present them with the same size. Capture participants' facial expressions and gestures in head or half-portrait mode, bringing a more natural video conferencing experience. What's more, how to enable remote participants to clearly and instantly understand the interaction in the meeting room is also the goal of AVer. Hence, AVer has developed the Preset Link function to integrate third-party microphones such as Shure®, Sennheiser®, and Yamaha® through PTZApp 2, so that our pure camera products can also enjoy audio tracking to provide the best audio-visual experience. PTZApp 2 not only supports camera image settings, but it has also further provided excellent conference experience such as Smart Gallery and Preset Link, AVer extends hardware value through software value-added services.

In general, since AVer enters the video conferencing territory, we're striving to integrate electromechanical and firmware to create excellent hardware products, and also root in software and AI capabilities to develop software like PTZApp 2, EZManager 2, which those developed, we're taking into account details and breadth of product coverage and further improves the satisfaction of users and IT managers inside and outside the meeting room.

(3) Professional PTZ cameras & auto tracking cameras

AVer found out that it is inconvenient for end-users to adjust the position and angle of professional cameras according to different scenarios. When the scene is changed, end-users need to readjust the appropriate camera parameters. Based on our imaging technology and software computing strength, we develop a new generation of auto tracking system.

The first single - lens AI tracking Camera PTC 300 series with 3G-SDI, HDMI, USB output, and also supports 1080p H.264 dual-stream output, which can be live streams in the real time or upload to cloud storage. Our AI functions can support presenter mode, zone mode and hybrid mode tracking, which can easily detect and capture human forms and moving objects in seconds.

(4)In addition, as online teaching has become a new normal with for many educators around the world, high image quality would be a major consideration. Meanwhile, lightweight and portable has also become one of the standards when educators make a purchase as well. We not only provide 12X and 30X optical zoom tracking cameras, but also offer a world-leading auto tracking camera – DL

10. Featuring a Full HD 1080p resolution and 3X optical zoom to present teaching content as well as a new gesture control function to adapt to different classroom scenarios, allowing teachers to focus on teaching without worry and fully move about the room while the camera automatically follows to engage both in-class and remote learners equally.

5.1.1.4 New products and Services development

(1) Integrated presentation & laptop and mobile device charge carts

A. Document camera

Our development and enhancement of new document camera products focus on the integration of software and hardware, and also make an investment in AI algorithms. In addition, we have joined Google Cloud Partner Advantage Program as a Build Partner, which enables AVer to continue to align and evolve current and future education solutions with Google standards. The future development will continue to develop towards an educational solution provider. Furthermore, we also required highly compatible with IFP (Interactive Flat Panel) which strengthened our ability to deliver an educational solution to end-users.

Meanwhile, with the emerging needs for distance learning and hybrid learning in the pandemic, we need to help educators to teach anywhere and design our new products to bridge the learning gap between virtual and in-person classes. Through AVerTouch Software, one touch connects a document camera with iPad, Chromebook or laptop devices to stream live images, and easy content sharing to engage students online and offline.

B. AVerTouch software function enhancement

In order to closely integrate AVer document cameras and integrated presentation tools, we continuously deliver the valuable integration of AVerTouch software to simplify complex settings, especially for wireless document cameras. Educators can plug and play or use one touch-connect to easily connect our document camera in the classroom, or from home. On the user interface, we provide a complete solution for supporting interactive touch design to enhance the teaching experience.

In addition, with a growing demand for distance learning and hybrid learning in the post-pandemic world, AVerTouch now can capture live physical curriculum and, present live through Google Meet, or record and upload to a school's Google Classroom for absent students, for future lesson review.

C. Audio and video integration enhancement

In response to the epidemic to accelerate digital learning, the attention span of audio in the classroom has changed dramatically. The need for audio is not nice-to-have, but a must-to-have now.

As digital learning becomes more and more popular in the post-pandemic world, whether sound can be heard clearly has become the key. We have started to make investments into the development of the audio area, by bundling video products and audio products as a solution, thereby building the AVer education ecosystem in the education market to strengthen our ability to deliver better solutions to our end-users.

(2) Video Conference System

Since the global epidemic began in 2019, video conferencing has been completely changed -- from a high-end, niche demand to a universal demand in the worldwide workplace. Together with the rising trend of Hybrid Work abroad, video conferencing has become a must-have tool instead of a nice-to-have bonus for enterprise. No doubt, followed by the outbreak of demand is a fiercer competition. Therefore, how to maintain the leading strength in video conferencing products is the key to AVer. As a global company, AVer leverages front-line feedback, production, marketing R&D capabilities, and integrates with the industry ecosystem to strengthen our product development in order to keep leading position.

AVer extends the existing video conferencing system to fulfill different scenarios, scales of environments, and also considers different vertical markets, like business, education, medical... and others. It's expected to develop products for the following:

With the rapid growth of cloud video conferencing, plug-and-play USB video conferencing system which is based on cloud platforms has replaced traditional point-to-point (end to end) closed conference systems, and USB series products have become mainstream in industry. Based on years of experience in developing traditional video conferencing systems, AVer not only masters electronics, firmware, optics, mechanism – in general the camera optical system technologies, but also strengthens AI development, so that the electro-optical capability plus AI power can make AVer a better solution provider. Additionally, along with the convenient USB plug-and-play interface, AVer has introduced intelligent functions such as automatic frame, meeting analysis, audio fence (noise isolation), and intelligent fill-in light. AVer is also again the first in the industry to launch a dual-lens 4K video camera with on-demand PIP (picture-in-picture) display. The dual-lens intelligently detects and reframes new attendees in meeting. Besides, in order to meet the needs of diversified environments, we also support multiple interfaces at the same time – to have simultaneous streaming output (USB, HDMI and IP) for different enterprise-grade applications. As for the great number of participants in medium and large conference rooms, AVer acts as leader to introduce the audio tracking function into the conference camera. By adding sound detection components, the camera can automatically track the speaker and provide clear images brought by optical zoom lens. Through functions such as 4K dual cameras, picture-in-picture (PIP), audio tracking, and real-time multiple streaming, AVer has built technical barriers in 2022. Looking to the future, how to use the deep and wide advantages of dual-lens cameras such as wide-angle lenses and optical zoom lenses and extend the features of the software-style

Smart Gallery, be supplemented by audio tracking, to provide more intuitive and natural camera switching, picture-in-picture presentation, and ecosystem applications are the focus of AVer. Moreover, gesture control can meet the safety requirements of Zero-Touch after the epidemic, through the development of gesture functions, AVer will deepen the user-oriented design, and will gradually explore technologies such as voice control to assist enterprise to gain business opportunities via clear communication.

To continue our leading edge, AVer is committed to developing the next generation of Collaboration Bar (all-in-one 4K ultra-wide-angle conference system), following the VB130, which focuses on personal and small and medium-sized meeting rooms, and AVer has launched a smart-frame enabled plus 3X optical zoom lens, and audio fence (noise isolation) videobar – the VB342Pro conference system in 2022. Therefore, how to make the Collaboration Bar with integrated design for maintaining both functions and easy installation to be available in larger conference spaces is another goal of AVer. The All-in-One conference system combines lens, speaker, and microphone design, and can be easily installed with the existing equipment in the conference room through accessories such as wall mounts or TV mounts, which greatly saves installation costs and time for users. Utilizing signal conversion functions such as USB to HDMI, users can connect conference equipment with pure a USB from laptop. In response to user behavior and market information, AVer will also transform the skills accumulated in the camera, synchronous 4K dual-lens design, gesture control, etc. on the integrated machine; at the same time, to develop the audio quality specifically designed for medium and large conference rooms, to break the electro-acoustic structure constraints in the limited internal space, so that the integrated video conferencing system can have the same audio quality as the separated design. All these are AVer's efforts towards the needs of enterprises; by doing so, AVer is maintaining our leading-edge strength.

(3) Tracking camera

The development of tracking cameras focuses on the algorithm improvements and improved image quality. We continue to train and modify the algorithm to address a different type of installation environment to adapt different scenarios and behavior. With AI functions, we will make investment in new AI technologies such as our gesture control allows the teacher to use intuitive gestures to turn on and off tracking, adjust shooting angles for bodies, etc. without touching the screen or using the keyboard, mouse, or remote control to enhance customer experience. In addition, video streaming technology has been enhanced, and we can provide customers convenient and simple architecture diagram. We offer existing streaming technologies, such as RTSP and NDI, and also build a partnership with audio streaming alliances to implement more video streaming protocols and expand the system compatibility of tracking camera.

(4) Others

A. Intelligent Speakerphone

"Voice control will be the computer interface of the future," Amazon chief technology officer Werner Vogels said at the developer conference. Through the integration of voice control and cloud information, users can guide the direction of large offices, report equipment usage problems, place orders for daily necessities, check office calendars, and join remote conferences through calling functions. AVer has been deeply involved in video conferencing solutions for many years, and has accumulated a solid technical foundation for video, audio, and network know-how. With the development of smart speakers and microphones, AVer can make the existing USB video conferencing products being more comprehensive.

- B. Accelerate the R&D of new products and technologies and invest in computerized management to create intellectual property protection and knowledge management systems.
- C. Starting July this year, a new strategic OEM business division was established with dedicated resource including international business development, R&D and product/project management teams. The purpose is to provide and fulfill OEM/ODM design and service to different customers' inquiries as well as requirements. The product scope consists of three categories: camera (PTZ camera, panoramic camera, and tracking camera), all-in-one device (video soundbar, speaker phone and conference microphone), and module/services (camera module, audio module and video/audio complex module).

5.1.2 Industry Overview

5.1.2.1 Progress and Development of the Industry

(1) Document camera

The education sector is still the largest demand-generating segment for our document cameras, but document cameras can also be used in business presentations, government departments, the medical sector, etc. The function is to combine the image processing technology of projectors, laptops, or mobile devices with AVerTouch software, integrating information into teaching to overcome some teaching contents that are not easy to present, such as 3D objects and chemical experiments, so as to improve the effectiveness of teaching as well as interactive discussions between teachers and students.

In addition, the pandemic has created new demand for document cameras where teachers find them helpful in sharing images, documents, children's work and actions in the new hybrid learning environment of teaching children at home as well as in the classroom. As a result, hybrid learning has become part of the new normal, and it is expected there will be strong demand for document cameras in the education market in the future. Furthermore, schools are back to in-person teaching. IFPs (interactive Flat Panel) are now popular because learning lessons are becoming digital and online. How to integrate our document cameras with IFP (Interactive Flat Panel) will be a key development direction as well.

(2) Laptop and mobile device charge carts

Laptop and mobile devices as teaching/learning tools are becoming a common part of the education experience in classrooms; AVer offers an array of laptop and mobile device charge carts and cabinets to manage a classroom and student tablet. Through intelligent charging technology, different brand devices can be charged in a smart way, eliminating the potential for under and overcharging. Teachers can focus on teaching instead of spending some time managing devices.

In addition, the major factor driving the market's growth is government funding for education technology. For instance, during COVID-19, many governments around the world have made a mad dash to 1-to-1 computing, 1-to-1 now is a signature feature of classrooms in the post-pandemic world, driving the charging cart market as a result. Going forward, the charging cart market will enter a state of market saturation in the following years after large tenders in the previous years. Longer-term the market is forecast to drop back towards normal volume unless new tender opportunities emerge.

(3) Professional PTZ tracking cameras & auto tracking cameras

The future development directions will focus on the improvement image quality, AI tracking technologies and new application technologies. In addition, the integration with other products in the ecosystem will also one of the focuses of future development, because professional PTZ tracking cameras and auto tracking cameras are part of the overall solution in the audio-visual market. With video streaming integration, we are able to ensure compatibility of different devices. For example, our professional tracking cameras and auto tracking camera can integrate with Shure®, Sennheiser®, Yamaha, ClearOne®, Nuvera® and other speaker and microphone systems through PTZ link software, providing users new application for tracking and better audio and video experience, which is also an example of ecosystem integration.

(4) Video Conferencing System

Relying on the momentum of the epidemic to fundamentally change workplace, the global video conferencing market revenue will increase by as much as 23.9% in compound annual growth rate (CARG) from 2022 to 2027, according to market research report by the highly respected market research agency Frost Sullivan Research, it means the sales revenue will reach about USD 11.25 billion in 2027, with sales volume 15.3% of CAGR. In addition to personal video equipment, this growth is mainly due to the trend that the corporate is gradually oriented towards video-first communication. It is expected to install more than one video camera (including audio equipment) in conference rooms; at the same time, in response to the multi-office models (working style) introduced by the uncertainty of the global economy and the epidemic, and more flexible commercial space arrangements are also the focus of enterprises while considering the construction of asset equipment, thereby driving the growth of demand for video equipment.

On the other hand, Wainhouse Market Research, which focuses on enterprise research, also pointed out in a report earlier in 2022 that only looking at the demand for enterprise video

conferencing, by 2026, there will be more than 2.4 million devices dedicated to enterprise meeting space use per year from 1.75 million units in 2021, with a compound annual growth rate of about 6.6%; and the market size in 2026 will reach more than 5.5 billion US dollars per year, which is much larger than the 4.1 billion US dollar market in 2021. Although the evaluation bases of the two market research agencies are not exactly the same, it is obvious that the video conferencing market shows high growth momentum no matter from the perspective of hybrid work or conference room design.

In detail, the demand for video conferencing has not only come from mid-large room, huddle room, or phone booth, but to flexible space and multi-functional space (All-Hands Room) and other diversified meeting spaces – and those drive a high growth rate. In response to this change, product development has also become more specialized to meet the needs of different conference types and installations. For example, in order to satisfy the needs of medium and large conference rooms, functions such as multi-lens, high magnification zoom, smart frame selection, and audio tracking are the current market trend; in the future, there will be more than one camera, multiple cameras switching, integration, 360-degree cameras, etc. to further meet the various but equal meeting experience of participants. As for small, medium-sized meetings, the wide Angle, noise isolation, integral molding, etc. can accelerate enterprise deployment will be preferred. Needless to say, whether it can be closely integrated with the application side (UC Platform, ex: Microsoft, Zoom) is a major factor to distinguish market leading brands from other brands. Only brands that can synchronize with cloud applications can maintain long-term competitive advantages.

(5) OEM/ODM market and business opportunities

With the increasing demands of video conferencing and streaming trend, more brand vendors joined this market. This includes PC and peripheral giants such as Dell, HP, Lenovo and others. Also, HP acquired (Poly) one leading brand in video conferencing space in 2022 Q3.

With the continuous battle for China-US trade war, the demands for non-China made vendors are increasing dramatically. AVer brings high awareness in OEM/ODM space as AVer effectively leverages the made-in-Taiwan manufacture advantage to proactive engage with rebrand customers with mature technologies in Video- and Audio-related design and manufacture capability.

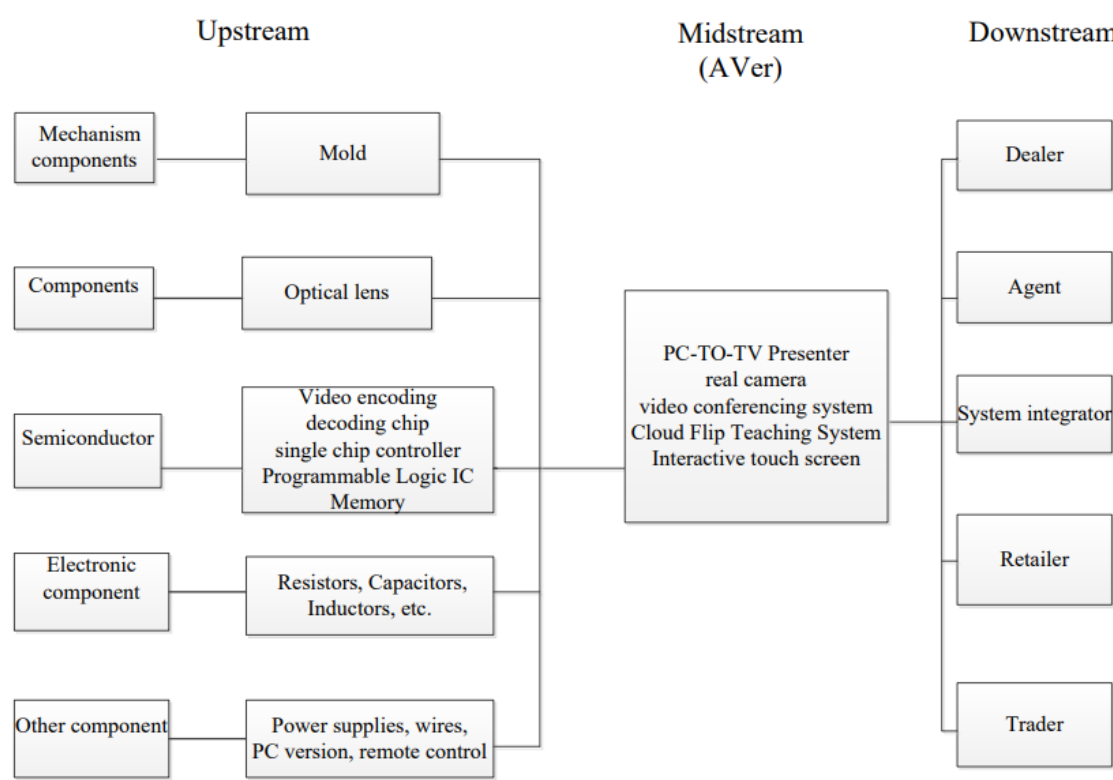
(6) Market Sales in Recent Years

AVer Information mainly sells its proprietary brands through exports. To improve the supply and post-sales service to clients, we have established sales and service bases in key markets such as the United States, Germany, Britain, Spain, France, the Netherlands, Thailand, Russia, Japan, and mainland China. The goal is to adopt localized marketing and services according to the different cultures of different countries. The Company has also strengthened its marketing network worldwide, made market demand forecasts according to client orders, and provided clients with the most immediate and satisfactory post-sales services while quickly shipping products to clients worldwide. The AVer brand has established a considerable reputation and professional image in the

United States, Europe, Asia, the Middle East, Oceania, and mainland China. Its marketing area covers thousands of bases in over 100 countries worldwide.

5.1.2.2 Correlation of the industry supply chain

The Company is a midstream R&D and manufacturing supplier.



5.1.2.3 Product Trends and Competition

(1) Integrated presentation & laptop and mobile device charge carts

We will continue to focus on the education market in the short and medium-term strategy. Keep developing new technologies and products, and enhancing our existing product portfolios, such as document cameras, wireless document cameras, laptop and mobile device charge carts, and AVerTouch software. Through AVerTouch software or apps to show the potential of the AVer document cameras, allowing teachers and students to work closely. In addition, we will also consider different teaching environments as the development direction of future products according to a new normal after the pandemic. With medium and long-term strategy, we will focus on new market exploration of existing document cameras and laptops and mobile charge carts to fulfill the potential market need.

Professional tracking cameras will continue to focus on channels and research and development investment, continuously expand AI algorithm implantation, and improve image quality and clarity. We provide high- resolution, real-time and smooth video streaming products. In

addition, we will also expand our PTZ management software to support setups from 16 devices to 200 devices. It can reduce management costs and increase the popularity of online teaching.

(2) Video Conferencing

Since the outbreak of the epidemic in 2019, it has completely affected the trend of video conferencing systems. New working style such as remote work and hybrid work have strengthened the status of video communication in daily work. Video conferencing is no longer exclusive to specific industries or niche jobs. At the same time, how to reduce video fatigue (ex: Zoom Fatigue), effectively manage, balance teams at different times, build consensus, and maintain high productivity under high-frequency video communication has become a new task for global enterprises in recent years. For example:

A. Collaboration Bar

The All-in-One Collaboration Bar video conferencing system will be very prominent in the future. Both AVer and competitors launch a variety of products. The All-in-One video conferencing system (Collaboration Bar) integrates a large viewing angle (FOV) and 4K image quality. The lens, microphone and speaker with the best sound quality. Because it is an All-in-One design, it can be quickly installed under or above the screen. Eliminates the complicated installation of lens and microphone cables, increases the simplicity of the conference table, and beautifies the environment of the conference room.

B. Smart Gallery / Intelligent Camera

Smart Gallery/Intelligent Camera respectively created a new application that has been and is expected to be promoted for Zoom and Microsoft in the near future. Through advanced algorithms, the participants gathered in the same conference room are assigned to separate video grids. Through this experience, people can be in the same room with different grids. On the one hand, it allows remote participants to clearly see individual participants speaking, and at the same time reduces loneliness and increases team integration. As remote hybrid work is the trendy, video mode similar to "smart gallery" is bound to become the key to software and hardware applications in the future. With years of technology exploration, AVer is exclusively launch a video effect that achieves intelligent segmentation through software calculations, allowing business users no matter what they use All kinds of communication software can enjoy a consistent experience.

C. Intelligent Meeting (Audio Tracking/Noise Reduction)

The essence of video conferencing is the combination of video and audio. In addition to gradually improving the hardware (ex: 4K video, beamforming has become the mainstream of first-tier products) to achieve better audio and video quality, how to smoothly transmit the conference situation to the remote site, so that the remote team being able to act like you are on the scene is

even more remarkable in competition. For example, through intelligent audio tracking, it is possible to quickly identify who is speaking among the participants and switch the focus to deliver a natural and smooth conference video to the participants, as if there is a live broadcaster operating. Moreover, larger or established conference rooms often have established audio systems, and "how to integrate newly purchased video devices with existing equipment to achieve maximum synergy" is also an important issue for brand owners to break through barriers. At the same time, the intelligent noise reduction and noise blocking in the all-in-one equipment will distinguish the integration strength of the industry's audio-visual and intelligent algorithms. In this regard, AVer's years of intensive cultivation have yielded results. It has outstanding performance in intelligent tracking, intelligent framing, and intelligent noise isolation. What is even more commendable is that it has obtained authorization from international audio companies (Shure/ Sennheiser/Yamaha) across borders. Through AVer's exclusive software AVer Preset Link can be set to perfectly integrate with its ceiling mount microphone to achieve precise sound tracking, improve conference efficiency, and maximize corporate investment.

D. Multi-Camera/Intelligent Director

One of the main goals of video conferencing is to achieve instant communication regardless of regions. With the rapid development of the market, product applications are also evolving from a single device to multi-lens, multi-camera or panoramic camera, the fundamental purpose is to capture the real-time expressions of different participants in different perspectives in a more real-time manner, so that remote users can also feel the non-verbal communication atmosphere in the conference room and get a true conference equal experience. Accompanying this is not only hardware development, but also software integration and switching. Expectedly, world-renowned companies such as Zoom and Microsoft have launched similar functions in their video conferencing software, such as Intelligent Director, Intelligent Camera, etc., to compete for enterprises. Users adopt their software.

Looking at the needs of the industry, it is an unbreakable trend for video conferencing to maintain high growth. In this state, how to create video software and hardware that meet team communication and interaction, integrate with world-renowned companies such as Microsoft and Zoom, and help enterprises achieve "unified communication" (Communication)" function will be the key to the success of future video conferencing products.

5.1.2.4 Competition

The education market is competitive due to interactive teaching; future classroom and hybrid teaching are popular in the education market. As a result, camera manufacturers, electronic whiteboard manufacturers and interactive flat panel manufacturers can be regarded as our competitors. Our competitiveness depends upon our ability to integrate different products into an education solution as well as camera image quality, which is different from our competitors' strength in hardware or software

capabilities. For instance, we bundle our 4K document camera, AVerTouch software, and interactive flat panel to compete with our competitors as a total education solution provider. In addition, document camera technology is complex and professional compared with projectors. Projector manufacturers are therefore unable to compete. This means that the existing manufacturer such as AVer is still able to gain a competitive advantage over our rivals in the education market.

On the one hand, making significant investments in the new market is not that easy for those manufacturers. If they don't understand the market before investing, they will not be able to develop new products in the education market, although they have their core competencies. On the other hand, we welcome healthy competition in this niche market, every competitor can benefit from the competition as it is healthy for growth, innovation, and quality of products and services in our business.

According to the latest reports from global market research agencies such as Frost Sullivan Research and Wainhouse Research, global video conferencing equipment will still reach an annual market demand of at least 5.5 billion US dollars in 2026 under the high base period of explosive growth in 2020. Such explosive market potential has attracted many competitors to join in the treacherous timing of the epidemic's impact on business conditions. Whether it comes from cost-oriented low-price competition, or the transformation of digital cameras, security monitoring, etc., competitors are swarming; however, the essence of video conferencing is a "money-making tool" that promotes enterprise productivity. Low-price competition or only applying hardware specifications, ignore the needs of promoting integrated communication, so the current leading video equipment manufacturers are still dominated by long-term global brands, such as: Logitech, Poly, both in market share, software and hardware integration, ecosystem development, brand visibility, etc. It is the first choice for customer; however, as Poly is acquired by HP, the competitive dynamics will inevitably be adjusted. At the same time, China's Yealink, which started with traditional SIP phones, has been actively entering the cloud video field in recent years, or European start-up Neat, which has invested in angel funds such as Zoom, are all competitors that cannot be ignored. Nevertheless, as a local company, AVer has been listed as a competitor of video products by Logitech since 2018, relying on years of R&D strength and deep brand cultivation. It is also an affirmation of AVer's competitive strength to be named by its opponents in the fierce battlefield; At the same time, as a leading brand in Taiwan, AVer is actively expanding its global operations, and has continued to make gains in markets such as Europe, New Zealand, Australia, and Southeast Asia. It has become the basis for continued growth in addition to Taiwan and the United States; more importantly, through entering the ecosystem of Google, Zoom and Microsoft are on an equal footing with major international manufacturers in terms of product development and brand visibility. AVer takes strong technical capital to create excellent products, and adhere to a user-first attitude, adding value to software and firmware. maximize the benefits of enterprise users; as a global brand, by using the two-pronged approach to maintain R&D and Services, and building smart factories as production bases to avoid supply chain instability and keeping growth momentum and competition barriers with a virtuous cycle of production, sales, and R&D.

5.1.3 Research and Development

5.1.3.1 Research and Development Expenses in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

(NT\$ thousands)

Item \ Year	2022	2023 (As of April 30)
R&D Expenses	420,385	141,885

5.1.3.2 Successfully developed technologies or products.

Imaging products require a high proportion of R&D funds and workforce in average annual investment. Despite the ever-changing information industry, AVer Information insists on creating the mainstream instead of following the trend. The Company has established a solid foundation in the briefing, tablet charging and storage carts, and video conferencing industries. We have the most advanced technology, the most comprehensive product line, and the most abundant experience in the industry. The Company can only maintain competitiveness in this fiercely competitive environment via continuous technological innovation and market planning.

AVer Information has won numerous breakthroughs and awards in technology and innovation. The representative technologies and/or products are as follows:

Year	R & D results
2022	<ol style="list-style-type: none"> 1.AVer E12 DIY charging cabinet was mass-produced in the first quarter. 2.The F50+ document camera was mass-produced in the second quarter. It provides the clear image with 10 times optical zoom for teaching. 3.The F17+ document camera was mass-produced in the third quarter, providing true 4K resolution with gooseneck arm on the market. 4.A30 all-purpose document camera was mass-produced in the fourth quarter. This product combines the functions of video and audio to fulfill the audio needs in the distance learning environment. 5.The DL10 teaching auto tracking camera was mass-produced in the first quarter. This product combines the automatic tracking function to create a seamless teaching tracking environment for teachers. 6.The MD330U/MD330UI medical-grade PTZ camera was mass-produced in the third quarter. Its detachable camera head and medical-grade certification make medical treatment more accurate. 7.CaptureShare launched enhanced AI function, transparent mode and OCR function to assist teachers in teaching activities. 8.The PTZ Link Premium version is officially launched in second quarter, supporting microphones from partner brands, USB virtual cameras, MTR and Zoom Rooms. 9.Strengthen the integration of PTZ camera/PTC camera with NDI technology. And launch new integrated models successively in 2022. 10.2022/01 AVer CAM130 Content Camera, the 1st Microsoft dual-certified camera in AVer was available in market. 11.2022/03 AVer revealed CAM550, the 4K dual-lens camera supports wider FOV and optical zoom, established PIP (picture-in-picture) application in video conferencing. 12.2022/Q1, AVer introduced VB342Pro, integrating optical zoom lens into all-in-one videobar to enhance small-middle room meeting experience. 13.2022/Q2, AVer VC550 released to market for advanced needs in mid-to-large room participants. 14.2022/Q2 PTZApp 2 supported Smart Gallery feature to AVer USB conferencing camera, fulfilling meeting equity to hybrid working place. 15.2022/Q3, AVer CAM570, the flagship 4K dual-lens PTZ camera with voice-tracking embedded revealed to market, raising the bar of mid-large room camera in market. 16.2022/Q4, CAM520Pro 2/VC520Pro 2 supported Preset Link which integrated with leading microphone brands (Shure, Sennheiser, Yamaha) for preset audio tracking.

5.1.4 Long-Term and Short-Term Business Development Plans

5.1.4.1 Short-Term Development Plan

(1) Product R&D and Patents

In 2022, the Company has invested over 14% of its turnover in R&D expenses to actively develop short-, medium-, and long-term core technical capabilities. The goal is to accelerate the development of new products and technologies and provide products that meet the needs of the markets and consumers. Deeply cultivate various product lines and market segments to maximize product value. While maintaining technological leadership, the Company has also paid significantly to intellectual property protection and knowledge management. The Company's R&D unit will have obtained at least 9 invention patents in Europe, the United States, Japan, and other countries by the end of 2022. We have continued to invest in R&D resources to develop proprietary technologies to raise the entry threshold of the digital video industry and embrace intellectual property protection rights to maintain our R&D results and the leading technology position.

Integrated presentation products focus on the education market, and will continue to develop, with high image quality, wireless document cameras, AVerTouch software, and integration with IFP (Interactive Flat Panel), projectors to establish the connection between document cameras and networking. In addition, we will continue to develop remote teaching/hybrid teaching cameras to meet different teaching scenarios and become a total education solution provider in the future. At the same time, we will also explore the new applications of document cameras in adjacent markets.

Thanks to the continuous expansion of the 1-to-1 computing program in K-12 schools, AVer's laptop and mobile device charge carts product line has achieved a 20% market share in the US market within three years. Not only the U.S. government, but many governments around the world also spend their education budgets on 1-to-1 programs, so we expect the continued demand for the charging cart market. In 2022, the Taiwan government hammered out the digital education initiative program to ensure that middle and elementary schools would have computers and internet, and educators would have the techniques to teach pupils how to learn online, which will also drive our charging cart business. Our strategy is to continue to develop more energy-saving, intelligent charging, child-safe, sturdy, and durable products to meet market demand.

Under the global trend, video conferencing products continue to serve as an important engine for AVer's growth and profitability. Continue to intensively cultivate medium and large conference room products to create more intelligent products that meet user needs, such as: launching a video camera with dual lenses, real-time panoramic capture of conference scenes, audio tracking, smart gallery, noise reduction, and audio fence (sound insulation). all-in-one video conferencing equipment. Looking forward to the future, transplanting the experience of 4K dual-lens cameras to the all-in-one video bar, and creating audio products that meet the needs of large spaces are the development directions for building AVer's audio-visual capabilities. Likewise, through cooperation with major audio manufacturers (ex: Shure/Sennheiser/Yamaha), business users can use PTZApp 2

free value-added software to integrate AVer cameras and audio equipment from major manufacturers to achieve audio tracking functions. In addition to ROI optimization, it also demonstrates the determination of AVer to deepen the development of audio and software, enhance user experience through various value-added services and build up R&D capabilities. In the future, it will aim to strengthen the development of the ecosystem and become the world's software giant (Communication) preferred hardware partners (Hardware Partnership) as the target.

The short-term business plan for OEM/ODM division is to provide design and engineering service based on product with currently existing technology, focusing on key brand customers in video conferencing vertical. For mid- to long-term business plan, OEM/ODM division will diversify market verticals and applications such as smart industry, smart retail, smart transportation, etc. Leveraging AVer's core technology in audio and video related field. Furthermore, OEM/ODM division will innovate and develop new business model(s). For example, to self-design and provide key components to strengthen supply chain advantage and positioning.

(2) Talent Development

Recruit and train outstanding international professionals in R&D, marketing, business, and management. Regularly conduct 180-degree management satisfaction surveys, establish a talent and succession database, and promote outstanding talents to maintain the company's international competitiveness.

(3) Business Marketing and Global Thinking

The Company focuses on international commerce. To expand the global market and serve overseas customers, we have successfully established several overseas subsidiaries/branches, marketing bases, and regional operation centers in Europe. We have adopted the global localization policy, deeply cultivating the local markets of various countries, quickly integrated subsidiaries/branches, and evaluated the responses of local business representatives and distributors regarding information, technology, and local markets. We will continue to develop novel digital video products and open up new market opportunities to meet the global market trend.

(4) Operation Management

Use information technology to construct e-management for collaborative operation with industry peers and improve organizational performance. Use the computer information system to quickly provide the reference information the decision-making managers need and help them grasp the opportunities and make the best decisions.

(5) Financial Performance

Follow government policies, improve the financial structure, ensure simultaneous revenue and profit growth, and create maximum profits for shareholders.

(6) Strategy Integration and Cost Management

To focus on how the Company's resources, strategies, and organizational goals are used to create the most value for all shareholders, the Company has established causal relationship quantitative indicators for departments and individuals in the finance, client, internal process, and learning and growth aspects. The goal is to formulate implementation plans for all employees to execute and accomplish the Company's missions. In response to the competition and challenges of the globalization era and to improve overall performance, the Company has closely linked costs and operations to assess corporate operating value creation and cost control. The goal is to improve operational efficiency and management strategies.

(7) Enhance AVer's brand image, and ingrain goodwill in consumers' hearts.

AVer Information's proprietary brand, AVer, is sold in over 100 countries worldwide. We focus on the online video communication field and the briefing product market, and we aim to provide technological innovations and customer satisfaction services. We have participated in professional exhibitions and won recognitions and awards in production, government, academic, research, and other fields. The Company has continued to maintain the leading position of AVer's physical cameras in the European and American markets, strengthened its global brand image, and won over the hearts of users and consumers.

(8) Strengthen the Competitive Advantages and Strive for International Valuable ODM/OEM Strategic Partners

Attract international professionals, enhance R&D competitiveness and improve the product manufacturing process, form strategic alliances with major global manufacturers to jointly launch digital video products with the latest specifications, strive for valuable ODM/OEM orders, achieve economic scale to reduce costs, and accelerate quality improvement to meet the international standards and green product requirements.

(9) Strengthen the Operational Capability of the Electronic Service System and Improve Operational

Efficiency Programmatically improve the electronic operating system of each process to shorten R&D/manufacturing time, improve service efficiency, reduce inventory, and accelerate production turnover.

5.1.4.2 Medium- and Long-term Business Development Plans

(1) Deeply Cultivate various Product Lines and Market Segments to Maximize the Product Value

Implement marketing promotion strategies for product lines and market segments to maximize product value.

(2) Grasp the Market Trend and Expand the Competitive Advantage

Our business marketing and product management team collects and integrates the market and

industry information from various subsidiaries/branches and distributors worldwide to provide a future reference for the Company's product R&D. The goal is to meet the needs of the education market, video conferencing market, and the industry and business circles by expediting new product launches and winning market opportunities. In addition, a wide range of subsidiaries/branches and offices will be established to support the increasingly rich product lines and customization capabilities. The goal is to meet regional or local needs, deepen customer service, and popularize video conferencing and presentation products.

(3) Technological Innovation, Development, and New Product Lines Related to Imaging Technology

Continue to focus on core technology development as well as R&D of innovative product lines related to imaging technology to expand businesses and strengthen performance.

(4) Practice the “Do Everything Right the First Time to Satisfy Internal and External Clients of the Company” Policy

Implementing the upstream and downstream "process" should be regarded as the clients' concept. We aim to implement comprehensive quality management to strengthen the quality and efficiency of each department. Our goal is to provide clients with satisfactory services and products, give shareholders reasonable profits and remuneration, offer employees perfect care packages, fulfill their social responsibilities as corporate citizens, and protect the environment.

5.2 Market, Production and Sales

5.2.1 Market Analysis

1. Sales Areas for Main Products

AVer Information mainly sells its proprietary brands through exports. To improve the supply and post-sales service to clients, we have established sales and service bases in key markets such as the United States, Germany, Britain, Spain, France, the Netherlands, Japan, Korea, Thailand, Russia, and mainland China. The goal is to adopt localized marketing and services according to the different cultures of different countries. The Company has also strengthened its marketing network worldwide, made market demand forecasts according to client orders, and provided clients with the most immediate and satisfactory post-sales services while quickly shipping products to clients worldwide.

2. Market Share & Competition Status

Although there is currently no impartial organization to conduct market share surveys for the Company's online video, video conferencing, and presentation series products in the industry, the Company has achieved a good reputation and gained a foothold in the industry with the stable education market development in recent years. However, the competition has also become increasingly fierce. In light of increasingly fierce global competition, the Company has actively devoted itself to R&D and innovation. It has continued to adopt the dual-track marketing strategy for

its proprietary and valuable ODM. The Company plans to continue to seize a relatively high market share by launching products with excellent quality and innovative functions that are superior to those from top competitors and selling them globally under the "AVer" brand.

5.2.1.3 Future Market Supply and Demand and Future Growth

On one hand, IDC's reports a slight 0.5% year-over-year increase in laptop and mobile device shipments in the second quarter thanks to educational projects and end-of-season sales, which is better than expected. On the other hand, global shipment fell by 51.4% year-over-year in the second quarter, as the peak shipment of educational projects (government projects) in Europe, the USA and Japan has passed. However, IDC still believes that the education demand has not completely dropped off. In some markets, the affordable 2-in-1 detachable mobile devices can be used as lower-cost PC alternative products to drive demand. In addition, although Chromebook shipments have shown a declining trend in recent quarters, IDC expects to maintain a high level of shipment pre-pandemic. As a result, we expect laptops and mobile devices will still drive the demand for charging carts as still need charging carts to store and secure in some situations.

In terms of document camera products, in response to distance learning and hybrid teaching trend as a new normal in the education sector, this will be a new factor driving the market when the document camera market is saturated. As a result, document camera has become a necessary product for remote communication. In addition, after school resumes and back to in-person learning, whether we can support remote student learning is still a key focus. AVer will continue to expand our innovative advantages of document cameras to present high-definition physical content to students to meet different teaching scenarios at the same time.

In recent years, with the outbreak of COVID-19, video conferencing has become a prominent, from the American start-up company Zoom Inc. becoming the darling of Wall Street, to Microsoft's Teams service acquiring tremendous success in the corporate, education and government. For hardware manufacturers, according to Wainhouse, a market research company, the annual output of video products has been 1.56 million units since 2010 and is expected to exceed 2 million units per year in 2023 and reach 2.4 million units per year in 2026. The annual sales(revenue) can also surge from 4.2 billion US dollars to more than 5.5 billion US dollars; another market research agency Frost Sullivan Research boldly predicts that the overall market size of video conferencing (including individual users) in 2027 will exceed 11.2 billion US dollars. Looking forward to the future, with the development of the Internet and the trend of mixed work, the video conferencing system has a strong room for growth in terms of quality and quantity, and it will be a must for all manufacturers.

5.2.1.4 Competitive Niche

(1) Professional R&D and Product Design Capabilities

AVer Information has image-processing software and hardware development capabilities, providing high compatibility, stability, professionalism, and performance video conferencing and presentation-related products. In particular, the demands for the education market and the video conferencing market are different from the general consumer market. It requires years of experience to create briefing products that meet the needs of the application market and clients. AVer Information has been focusing on image processing technology for many years. It is one of the few manufacturers with video conferencing system design experience, software, and hardware development capabilities, as well as institutional and optical integration. These factors give Company A an important competitive advantage over PC manufacturers, Netcom manufacturers, and system integrators. Its product design can truly meet the needs of the education market, and the company also has higher R&D capabilities for customized needs. AVer Information's professional management offers the capacity to continuously invest in product revision and follow-up services and is the key to winning the client's favor.

(2) Global Proprietary Brand Management

The education, industrial, and commercial markets pay high attention to the stability and durability of the products. Since the establishment of the Company, AVer Information has marketed and sold its proprietary brand AVer worldwide. Meanwhile, AVer Information's products are all designed and manufactured in Taiwan, which can better assure overseas clients of its manufacturing quality and product stability. This is an advantage that many of its peers lack.

(3) R&D and Innovation of Environmental Protection & Energy Conservation Products

Global environmental protection awareness continues to develop, and many safety regulations are gradually being implemented. Since its established, AVer Information has established a quality, environmental safety, and health management system. The Company has also continued to obtain safety certifications that have exceeded the product development safety standards required by various government agencies. We care about more than just ensuring product compliance. Our green products are produced with environmental friendliness as the main consideration, and they are dedicated to the environmental protection of the earth.

5.2.1.5 Advantages and Unfavorable Factors to Long-Term Development and Responding Measures

(1) Advantages

A. Market growth

According to the DIGITIMES research (2020), laptops and mobile devices are still having growing demand in the global K-12 market, and more and more teachers and students will use laptops and mobile devices for classroom teaching/learning. This will also change the teacher's behavior and student learning environment. Laptops and mobile devices are more and more common parts of the educational experience in classrooms and will be a future trend around the

world. Not only in the USA but also in Europe and Asia. The evolution of classroom technology will change and drive the market of charging cart market as well as become a new factor driving the market when the document camera market is saturated. In addition, the wireless document camera category will also become a growth driver for shipments.

The video conferencing system is still very explosive. The current shipments are about 1.55 million units. After the epidemic, remote work has become the norm, and hybrid work has become mainstream solutions in the industry. It is expected to reach about 2.4 million units per year by 2026. At the same time, as video conferencing has become a high-frequency activity, the requirements of enterprises for video conferencing equipment are increasing day by day. Relying on hardware specifications or only using a single algorithm provided by the original IC factory (turn-key solution) can no longer meet the needs of enterprises' real needs, so brands that have cultivated software and firmware technology for a long time, introduced intelligent calculations, researched and responded to user behavior, paid attention to customer service, mastered the production and supply chain, and closely integrated with the ecosystem have a chance to maintain their success.

B. Improvement of image compression technology

As video compression technology has been continued improved, video streaming has become the mainstream of the market, and related equipment manufacturers have also formed a rich and complete solution for users. On one hand, it can reduce installation costs. On the other hand, it can also reduce the overall required products' costs. It is expected to stimulate users' installation needs and become a growth driver of the professional camera.

C. Technology-oriented Technology Company

AVer Information has comprehensive software and hardware R&D capabilities. In 2022, our R&D expenses accounted for 14% of the turnover, and the proportion of R&D personnel exceeded 37%. We are committed to technological innovation, functional integration, as well as electromechanical, optoelectronics, software, and hardware patent applications. We aim to seize the opportunities in every specification change and continue to improve the brand image and sales advantages of our leading technologies.

D. Well-balanced Organization

AVer Information Technology attaches great importance to the balanced development of the organization to succeed via technology. The Company has also established the AVer international brand in addition to perfecting its R&D, manufacturing, and quality. In addition, internal management, auditing, education and training, and the balanced growth of each department has always been the goal pursued by the Company's policy. AVer Information has completed the construction of a lead-free and non-toxic production environment in response to the green trend. Our production process conforms to the RoHS environmental protection regulatory requirements. Our

products have passed the ISO9001 (quality management), ISO14001 (environmental management), ISO 45001 (safety management), IECQ QC080000 (hazardous substance management), and other certifications. We also conform to the Authorized Economic Operator (AEO) & ISO 28000 (Supply Chain Security Management) implementation rules to manage the relevant goods and provide supply chain security. The Company has also organized an independent greenhouse gas inventory according to ISO 14064-1, and our products have passed the PAS2050 carbon footprint certification. AVer Information has obtained green partner certification from numerous world-class computer manufacturers. All of these efforts are geared to ensure supply quality and green commitment.

AVer Information gradually laid a solid technical foundation and deployed marketing channels. It is necessary to combine a variety of design specialties to overcome the threshold of numerous components and complex processes because most video products combine digital, analog, software, and hardware technologies with the know-how of electromechanical integration. Therefore, the threshold for large factories to enter this field is high, and the technical obstacles for smaller factories are even greater.

(2) Unfavorable Factors and Countermeasures

A. Rise and Competition of Regional Consciousness

Nations worldwide are affected by financial turmoil, resulting in the rise of regional awareness and export obstacles. On the other hand, the exchange rate volatility is also a challenge for Taiwanese manufacturers in the international arena. In light of this obstacle, AVer Information has moved rapidly towards internationalization. The Company's main base is in Taiwan. Still, it has deeply cultivated the local markets of various countries, established an international brand, and obtained local recognition to avoid becoming just another OEM manufacturer. These efforts have enhanced AVer Information's brand value and reduced the exchange rate risks.

B. Competition for Low-priced Products

Master the core product technologies and client needs, quickly launch high-value-added products to differentiate from low-price market competition and implement proprietary technology development and process improvement to reduce costs. On the other hand, strengthen the advantages of AVer's own brand to expand the market share in the global market and constantly use the local market feedback mechanism to help enhance the product functions and technological innovations.

C. Niche Product vs. Consumer Product

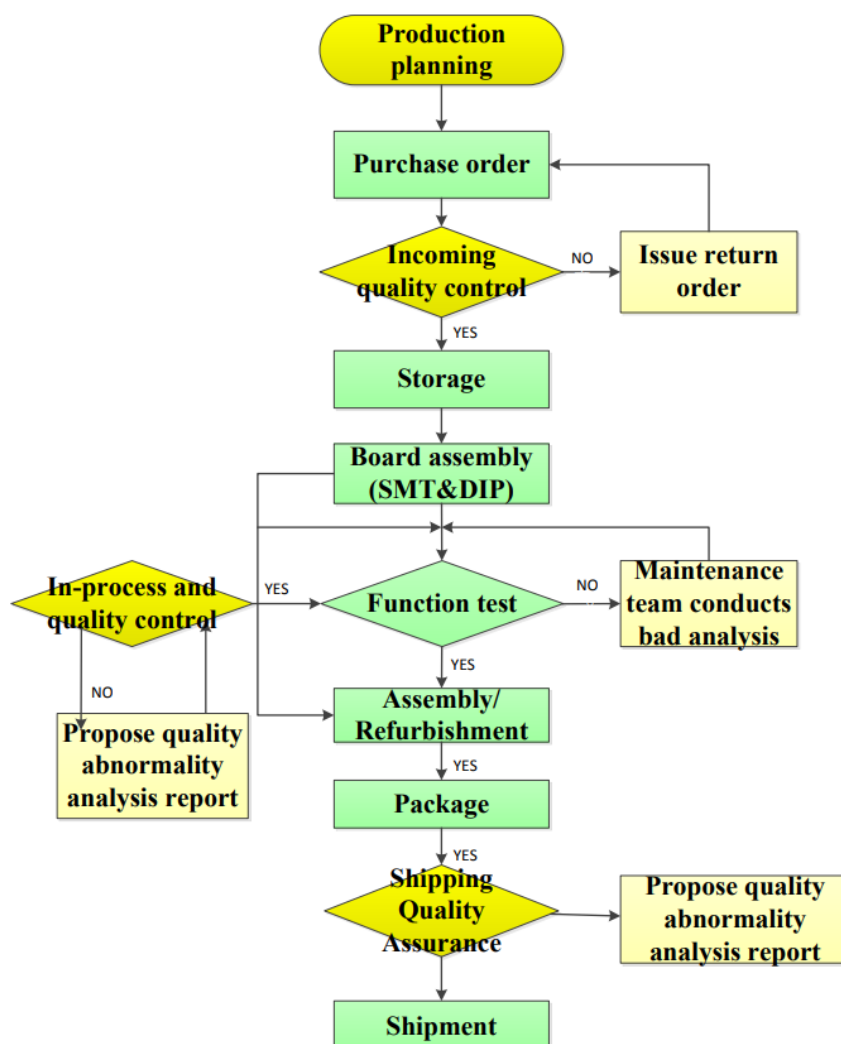
Compared to mass-produced consumer products, a small number of diverse niche products cannot be rapidly or vigorously expanded due to the relatively limited Company resources or restricted operating scale and capital operations. Some profit opportunities may also be lost as a result.

5.2.2 Core Applications of Major Products and Manufacturing Processes

5.2.2.1 Core Applications of Major Products

Product	The main purpose
Presentations and Tablet Charging Devices	School computer teaching, business presentations, company internal meetings, window display, education and training, video tape production, securities market/mass communication/video wall in public places, etc.
Video conference product and professional video camera	Cross-regional internal and external meetings, business briefings, education and training, and operational communication between governments/organizations and companies; remote teaching use by schools, government agencies and groups; telemedicine; various event recording and live broadcast applications.

5.2.2.2 Manufacturing Processes



5.2.3 Availability Status for Main Raw Materials

The Company mainly focuses on the professional management of education and video conferencing product series. Our products' main raw materials are integrated circuits (IC), transistors, resistors, capacitors, and plastic casings, and the upstream industry is the supplier of these raw materials.

The main raw materials are as follows:

Major Materials	description of raw materials
Mechanism components	mold
Optical element	Optical lens, LCD panel
IC semiconductor	Video encoding, decoding chips, single-chip controllers, programmable logic IC memory
Electronic component	Resistors, Capacitors, Inductors, etc
Other component	Power supply, wires, PC version, remote control, etc

5.2.4 Names of customers who accounted for more than 10% of the sales in the last two years, and sales as a percentage of total sales

5.2.4.1 Major suppliers' information in the Most Recent Two Years

Unit: NT\$ thousand

Item	2021				2022				2023 (As of March 31)			
	Name	Amount	As a percentage of total purchase (%)	Relationship with issuer	Name	Amount	As a percentage of total purchase (%)	Relationship with issuer	Name	Amount	As a percentage of total purchase (%)	Relationship with issuer
1	A	129,326	10.14	—	A	196,146	22.16	—	A	1,296	1.06	—
2	B	120,976	9.48	—	B	70,195	7.93	—	B	17,990	14.72	—
	Others	1,025,528	80.38	—	Others	618,691	69.91	—	Others	102,890	84.22	—
	Total Net Procurement	1,275,830	100	—	Total Net Procurement	885,032	100	—	Total Net Procurement	122,176	100	—

Note : Increase and decrease of the amount was due to business demand.

5.2.4.2 Major customers' information in the Most Recent Two Years

Unit: NT\$ thousand

Item	2021				2022				2023 (As of March 31)			
	Name	Amount	As a percentage of total purchase (%)	Relationship with issuer	Name	Amount	As a percentage of total purchase (%)	Relationship with issuer	Name	Amount	As a percentage of total purchase (%)	Relationship with issuer
1	a	696,322	18.89	—	a	458,854	15.25	—	a	59,470	10.97	—
2	b	63,232	1.72	—	b	355,274	11.80	—	b	5,934	1.09	—
	Others	2,927,442	79.39	—	Others	2,195,543	72.95	—	Others	476,642	87.94	—
	Net sales	3,686,996	100.00	—	Net sales	3,009,671	100.00	—	Net sales	542,046	100.00	—

Note : Reasons for increase or decrease - changes in sales product mix and market environment.

5.2.5 Production Value in the Most Recent Two Years

Unit: PCS; NT\$ thousands

Year/Production Value/ Major Product	2021			2022		
	Capacity	Quantity	Value	Capacity	Quantity	Value
Integrated education and Video conferencing systems products	435,539	365,051	3,762,440	254,334	208,473	2,920,848

5.2.6 The Sales Value in the Most Recent Two Years

Unit: PCS; NT\$ thousands

Year/Sales Value/ Major Product	2021				2022			
	Domestic		Export		Domestic		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Integrated education and Video conferencing systems products	11,346	167,169	310,204	3,519,827	30,020	435,047	168,933	2,574,624

5.3 Taiwan Employee Data during the Past Two Years

Year		2021	2022	As of April 30, 2023
Employee Number	Direct labor	108	83	78
	Indirect labor	417	450	458
	Total shares	525	533	536
average age		38.3	39.5	39.5
average seniority		6.44	6.99	6.90
Distribution of Education	Doctor	1%	1%	1%
	Master	36%	35%	38%
	Bachelor's Degree	45%	46%	45%
	High School	14%	14%	11%
	High School Below	4%	4%	5%

5.4 Environmental Protection Expenditure

5.4.1 The loss or penalty caused by environmental pollution during the latest year and up to the printing date of this annual report and Countermeasures and possible disbursements to be made in the future.

1. The loss or penalty caused by environmental pollution during the latest year and up to the printing date of this annual report : None.
2. Countermeasures and possible disbursements to be made in the future : None.
3. The Company has not been subject to an audit by the environmental protection agency or received any fines due to environmental pollution incidents since it established the Tucheng headquarters. We have

also collaborated with the Tucheng Industrial Park Service Center on policies and measures to manage and monitor the surrounding environment and possible pollution caused by the Company. We also adhere to the spirit of ISO 14001 environmental policy to prevent pollution, improve resource use efficiency, and become a sustainable enterprise.

5.5 Labor Relations

5.5.1 List the Company's various employee welfare measures, continuing education and training, retirement systems, labor-management agreements, and employee rights protection measures.

1. Employee Benefit Measures

(1) Insurance

In addition to enjoying labor and health insurance according to government regulations, we have also purchased group insurance for employees. The contents of group insurance include term life insurance, accident insurance, cancer medical insurance, hospital medical insurance, occupational accident insurance, medical cash payment, and hospital medical insurance to protect the life of employees and their families.

(2) Employee Education and Training Status

- A. The Company has a comprehensive education and training system. The courses include orientation, professional skill, and managerial training, and all of them are incorporated into the ISO system for tracking and management.
- B. AVer Information has introduced a talent training and online learning system to integrate all training-related information and cultivate the talents needed to follow the Company's development.
- C. In 2022, the total number of employee training hours was 5,604, with an average of 10.7 hours per employee, and the total amount cost was NT\$508,626. Employees' continuous learning and growth are imperative to ensure the company's long-term development and sustainable operation.

The Company's 2022 education and training results are as follows:

Course	Frequency	Total number of people	Total hours	Total cost (NTD)
Profession Training	139	1,581	3,864	508,626
Skill Management	27	27	1,448	
New Employee Training	9	93	232	
Self-inspiration	9	9	60	
Total	184	1,710	5,604	

(3) Labor-management Agreement

- A. The Company's work rules comply with the provisions of the Labor Standards Act.
- B. An employee remuneration system is adopted to attract and retain outstanding talents, enable employees to become part of the Company's operations, and establish a bond between the parties based on honor and profit sharing. The corporate governance and operation management policy not only aims to achieve substantive operating results, but it also combines the sustainability indicators at the management level, the departmental work objectives, and the individual performances, and references the CSR project practices providing to provide competitive salaries and rewards to attract and retain talents. We focus on the duties and responsibilities of colleagues and consider the performance of the Company, units, and individuals to conduct salary surveys and construct a reasonable and competitive salary system. We also offer incentive bonuses. Besides measuring various key indicators, we also combine other indicators, such as volunteer hours and quality, to continue integrating social responsibility into the Company's operations. The goal is to achieve sustainable operations and ensure that the reward system is linked to the organization's operation strategy and performance.
- C. Create a people-oriented work environment.
- D. Staff meetings are held regularly to increase teamwork spirit and improve work efficiency.
- E. There is performance bonus, annual group travel allowance, community activity subsidies, three festival bonuses, birthday parties, wedding prizes, funeral condolences, and annual physical health exams.

(4) Code of Conduct or Ethics for Company Employees

The Company has formulated many relevant measures and regulations regarding the code of conduct and ethics for employees so that employees at all levels can abide by the ethical concepts, rights, obligations, and behaviors. The relevant measures are briefly described as follows:

- A. Work duties of each department: Stipulate each unit's control and organizational functions.
- B. Expense approval authority: Delegate clear expense approval authority to supervisors at all levels, improve work efficiency, strengthen hierarchical responsible management, and formulate effective regulations.
- C. Employee work rules: Clearly stipulate the employee attendance methods, leave methods, code of conduct, immediate rewards, punishment methods, etc. Improve the attendance system, maintain good employee discipline, ensure employees abide by the leave and vacation times, and reward or punish employees' behaviors or actions that may lead to profit or loss for the Company.

- D. Employee performance appraisal system: The annual employees' work and performance appraisal results are used as the basis for salary adjustment, promotion, bonus payment, as well as education and training course arrangements.
- E. Club management: Advocate legitimate leisure activities and regulate the rights and obligations of clubs within the Company.
- F. Employee grievance procedure policy: In order to manage the opinions of colleagues in the company well, then develop a good employee relationship and a friendly workplace environment.
- G. Business secret maintenance regulations: Protect the Company's business secrets, ensure business interests and competitiveness, and avoid damage caused by leakage.
- H. Employee Code of Conduct: Enable all employees to act according to the highest standards of personal and professional conduct and comply with all applicable legal requirements, regulations, and company policies. Each of us is responsible for our actions while accepting a company position or assignment. Each employee must comply with the laws, this Code of Conduct, and the rules, policies, and procedures established by the Company's business units.

(5) Welfare Facilities

- A. Staff restaurant.
- B. Exercise and leisure area.
- C. Sky garden on the top floor.
- D. Nursing room.

(6) Other Welfare Facilities

- A. Vehicle or motorcycle parking spaces and shuttle bus.
- B. Employee wedding, funeral, and maternity subsidies.
- C. Employees shall enjoy employee discounts when purchasing the Company's products.
- D. Annual domestic and foreign travel subsidies, game-based activities, appointed store discounts, etc.
- E. R&D incentives, patent incentives, and sales breakthrough bonuses.
- F. Service doctor in the factory.
- G. Massage services by a disability.
- H. On the second Friday of every month, individuals can flexibly leave work 1 hour earlier depending on their job completed quo.

- I. Set up a suggestion box and hold quarterly company-wide opinion communication meetings.
- J. Add sports equipment.

2. Retirement System and Implementation Status

The Labor Pension Act with the fixed allocation system came into effect on July 1, 2005. The Company had settled the working years before the Labor Pension Act went into effect with the employees via the labor-management agreement. The monthly employee pension contribution rate shall not be lower than the legal standard of 6%, and white-collar professional foreign employees shall retire according to Chapter 6 of the Labor Standards Act. Subsidiaries in overseas regions shall follow the various social insurance scheme according to local government regulations.

3. Various Employee Rights Protection Measures

The Company is people-oriented and aims to protect laborers' rights and interests. The goal is to strengthen the labor-employer relationship to establish a safe and healthy work environment free from overwork and workplace violence. The Company has received the ISO 45001 occupational safety and health management system international certification and conducted regular audits to maintain the operation system effectiveness and ensure the implementation of safety and health policies. The Company had no occupational injury case in 2022, and the relevant implementation status is as follows:

(1) Health and Safety Management

- A. The Company has passed the ISO 45001 occupational health and safety management system.
- B. Develop a work safety and health code for employees to follow.
- C. Set up a safety and health committee as well as a safety and health management department to supervise, formulate, and implement relevant safety and health matters.
- D. Education & training: Internal education and training - 3 hours of safety and health education and training are implemented for new employees before they start on the job. External education and training - according to laws and regulations, the Company shall provide 6 hours of external training every 3 years for hazardous work supervisors, 3 hours of external training every 3 years for dangerous machinery operators and emergency personnel, 12 hours of training for occupational safety and health managers every 2 years, 12 hours of external training every 3 years labor health service personnel, and 6 hours of external training every 2 years for safety and health operation supervisor.
- E. The factory implements access control management to ensure personnel safety.
- F. According to the Fire Services Act, staff emergency response and fire drills are conducted every 6 months.

- G. Formulate a hazard communication plan, provide safety data sheets, list hazardous chemicals for operators to inquire about, and implement hazardous chemicals labeling and control.
- H. Conduct hazardous chemical assessment and hierarchical management, formulate allowable exposure standards for chemicals, implement hierarchical management and implement hazard prevention measures according to the hierarchical evaluation results.
- I. Set up an infirmary and contract doctors and full-time nurses to provide health services in the factory. Hold regular labor health inspections and classification management annually.
- J. Health forums and promotion activities are held each quarter. For many years, the Company has received the "Healthy Workplace-Health Promotion Mark" from the Health Promotion Administration, MOHW.
- K. Participate in the accident-free working hours statistics system of the Occupational Safety and Health Administration, Ministry of Labor, since 2015. The cumulative number of non-disaster working hours is expected to reach 6,908,995 by December 2022.

(2) Facility Safety

- A. Designated a fire protection manager to formulate fire protection plans, conduct fire equipment inspections every six months, and report to the competent authority to maintain the fire protection system's effectiveness.
- B. All machinery and equipment must be equipped with safety protection devices and certified according to the regulations to ensure the safety of operating personnel.
- C. Established an automatic inspection plan to require each unit to implement daily, weekly, monthly, quarterly, and annual machinery and equipment inspections according to the plan.
- D. Established safety protective gear management guidelines for compliance by each unit.
- E. Regular maintenance for lift equipment as well as passenger and freight elevators.
- F. Regular electrical equipment inspections.

(3) Environment Hygiene

- A. Inspect the operating environment every 6 months according to the monitoring plan and announce the results to the staff.
- B. Conduct water quality measurements for drinking fountains every quarter to ensure drinking water safety for personnel.

(4) Environmental Management

AVer Information pays attention to the environmental crisis caused by abnormal global climate changes, which pose challenges to the sustainable development of human beings and enterprises. By extending the environmental protection concept to the product design source, the Company

can implement carbon management through "energy-saving design," "product carbon footprint," "greenhouse gas inventory," and other energy-saving plans for the products. The Company introduced the "Greenhouse Gas Inventory" in 2012 to regularly announce the GHG inventory records and provide a reference for customers and relevant stakeholders. The efforts have also helped the Company to assess carbon risks and potential opportunities in regulatory, physical, or other aspects. The Company's environmental protection practices are as follows:

A. Green Management

Establish Environmental Management System

The Company introduced the ISO 14001 environmental management system in early 2008 via the "Plan, Do, Check, Act" model. The goal is to continue to promote environmental performance improvements through annual audits.

B. Green Manufacturing

Promote the "green building" and "green factory" concepts.

The Company built its new Tucheng plant via the green building concept. The plant can meet the green factory standard by combining the green factory building concepts with clean production mechanisms.

Continue to improve the plant's environmental performance in response to climate changes and promote company-wide GHG inventory and reduction.

C. Green Products

Produce Green Products

The Company established the IECQ QC 080000 hazardous substance management system in 2010. The objectives are to consider the product life cycle, reduce the environmental impact at each stage, and ensure that the products comply with international regulations and customer requirements for hazardous substances.

D. Green Promotion

Strengthen Internal and External Environmental Education

The Company has strengthened the employees' environmental protection concepts via internal training courses and various publicity activities and selflessly shared the water and energy conservation experience with its peers in the industry.

Establish a Green Supply Chain Mechanism

The Company has established a continuous evaluation system for upstream and downstream suppliers. The goal is to jointly fulfill CSR by requiring and urging suppliers to maintain and

improve environmental protection, safety and health, and execute risk management and operation sustainability plans.

(5) Environmental Protection

A. Waste Management

Control and treat various pollutions to minimize their impacts and ensure the production processes can comply with domestic and foreign environmental protection regulations. Establish a comprehensive pollution control system and comply with clients' green product requirements and regulations.

Recyclable waste disposal:

a. General Commercial Waste

Pay attention to waste sorting and recycling for recyclable and reusable materials, reduce the use of non-recyclable materials to achieve energy conservation and carbon reduction goals, and implement regular waste transport and disposal.

b. Domestic Waste Treatment

Implement garbage classification for recyclable resources, transfer domestic waste with reuse value to the recyclable process for treatment, and regularly transport and dispose of waste.

c. Hazardous Commercial Waste Disposal

The Company's hazardous industrial waste mainly comprises printed circuit boards and waste solvents. They are stored, treated, and disposed of according to environmental protection regulations and are outsourced to qualified contractors for removal and disposal.

B. Carbon Management

Greenhouse gas emissions are the main cause of global warming. In response to this issue and to fulfill its responsibilities as a corporate citizen, the Company has received the verification of greenhouse gas emissions inventory based on the requirements of ISO 14064-1: 2018 in 2022. Types of GHGs include seven major categories of greenhouse gas: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆) and nitrogen trifluoride (NF₃). The total greenhouse gas emissions in 2021 were 87,950.295 tons of CO₂e.

C. Energy Saving Measures

Specific measures for energy saving and environmental protection:

a. The air conditioning temperature control is set to 26~28 degrees.

- b. Turning off the lights when not in use is instructed, and some lamps and lanterns are changed to inductive control.
- c. Turn off the computer screen when you leave your seat.
- d. Elevator peak/off-peak control, encourage colleagues to use the stairs as often as possible.
- e. Strengthen water conservation promotion and control the flow of water.
- f. Electronic processes (paperless).

4. Safe and Healthy Workplace

- (1) The Safety and Health Committee meeting is held quarterly to formulate and review safety and health-related issues.
- (2) Employee health exam is implemented yearly, and hierarchical management and tracking are implemented.
- (3) Arrange two in-patient clinic and health consultations per month.
- (4) Develop safety and health work codes with labor representatives for employees to follow.

5.5.2 The losses suffered due to labor disputes in the most recent year and up to the publication date of this annual report (including labor inspection results that violate the Labor Standards Act, the date, scale, case number, the statute violated, the content of violation, and the content of punishment), and disclose the estimated amount that may occur at present and in the future as well as the corresponding measures: None.

5.6 Information Security Management

5.6.1 Information Security Governance Responsibility

AVer Information has fulfilled its information security governance responsibility and controlled information security and enterprise risk management to implement the operators' responsibility, promote business performance, and protect the rights and interests of investors. The goal is to protect the Company's R&D results, strategies, contract documents, intellectual property, information systems, and other important corporate assets. We aim to implement an information security strategy and internal control and will continue to improve information security governance and strengthen protection capabilities to ensure the Company's sustainable operation.

5.6.2 Information Security Strategies

Our information security strategies are based on 3 core values: strengthen the foundation of information security, implement institutional norms, and enhance information technology applications. The goal is to comply with the internal information communication safety management measures, proactively report information security risk events through information technology, and comprehensively enhance information security awareness at the personnel and organization levels.

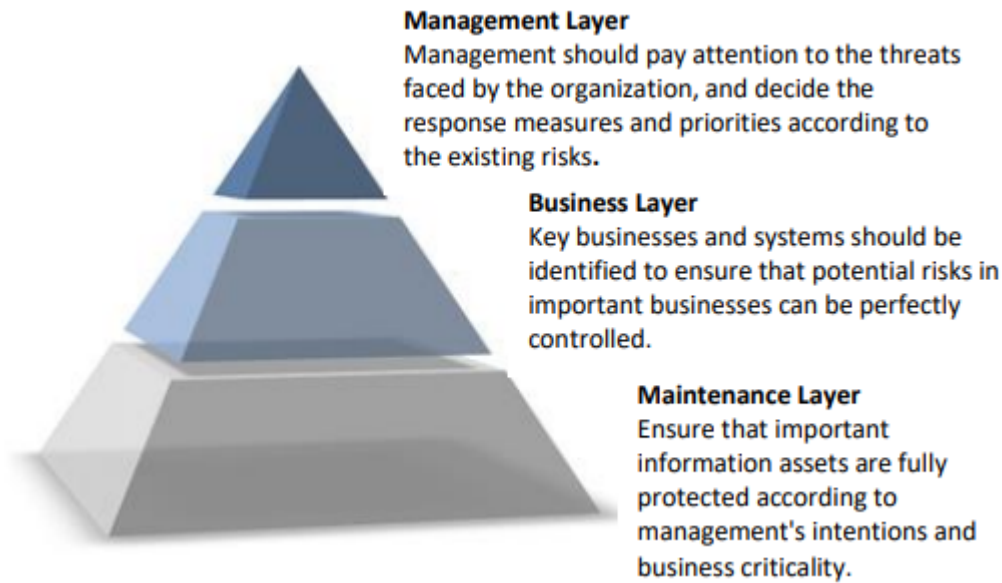
Information Security Strategies

Strengthen the Foundation of Information Security	Regularly review and upgrade the network infrastructure environment, continuously patch potential internal system weaknesses, and regularly rehearse the disaster recovery mechanism. Implement personnel information security education and training courses to comprehensively strengthen the basic information security defense.
Implement System Specifications	Formulate the Company's information security management system, regularly review and inspect the information security and internal control implementation performance, comply with international information security standards, and implement the information security control mechanism operations.
Information Technology Applications	Continue to introduce information security equipment and information security technology applications. Use real-time alarm systems, endpoint protection systems, vulnerability scanning, intrusion detection and joint defense, and other technologies to grasp the information risk status in advance and improve the information security defense and adaptability.



5.6.3 Information Security Governance Framework

AVer Information uses the information security governance framework to guide and control the organization's information security activities. The goal is to ensure that the information security objectives and strategies follow the organization's operational objectives and strategies. We want to ensure that the information security strategies are consistent with the business goals and the information security governance structure is continuously fed back to the top executives to reduce information security risks.



5.6.4 Information Security Governance Organization

The Company's information security management implementation comprises the chief information security officer and supervisors working together to establish, implement, and supervise the PDCA mechanism. The goal is to protect information assets' confidentiality, integrity, and availability. We aim to keep improving through daily maintenance and supervision, provide the organization with reassessment feedback, implement the information security management mechanism, communicate upward via the governance structure, and respond to the organization's strategy requirements.



5.6.5 Information Security Risk Management Mechanism

The information security risk management mechanism includes the following four aspects:

1. Internal control system specification:

The Company has formulated several internal information security standards and systems to regulate its personnel's information security behavior. The relevant systems are regularly reviewed each year to ensure they are in line with the operating environment changes and adjustments are timely made according to needs.

2. Execute Information Security Promotion:

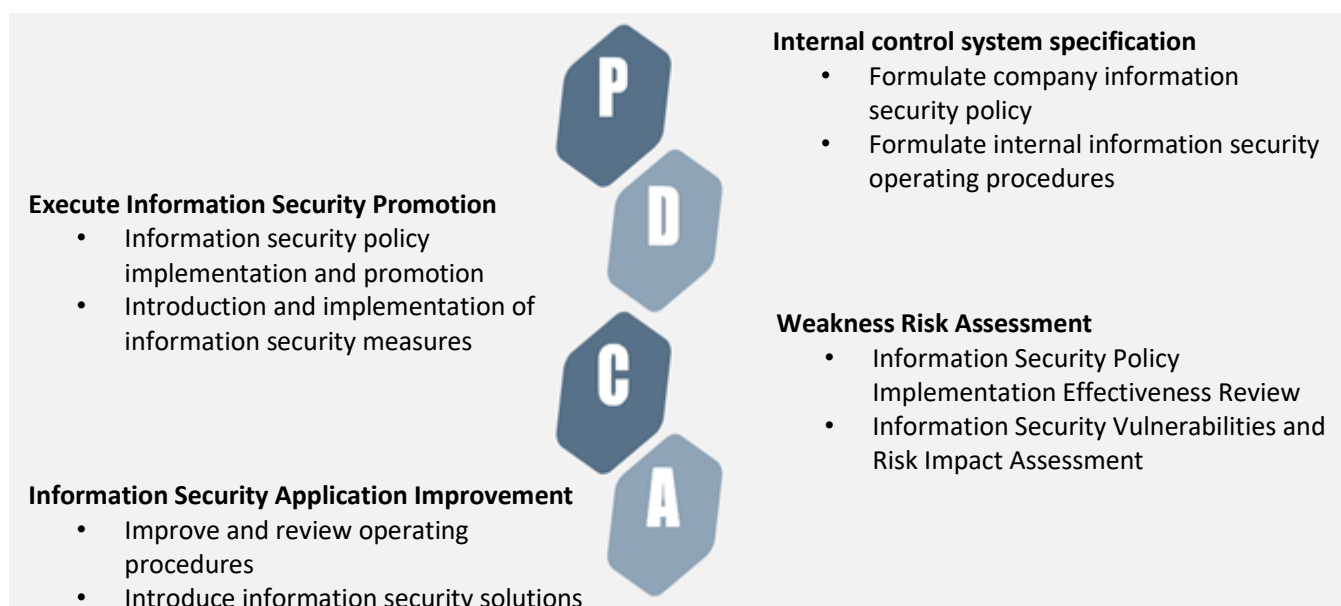
Implement the Company's ISO procedures and various information security standard systems, manage and monitor the security events and status of all operating systems and network services, and evaluate and introduce information technology and security equipment applications.

3. Weakness Risk Assessment:

Regularly review internal information security. Analyze the internal risk level according to asset value, weakness, threat, and influence. Formulate security measures based on the risk assessment results to strengthen the projects. Improve and enhance the overall information security environment.

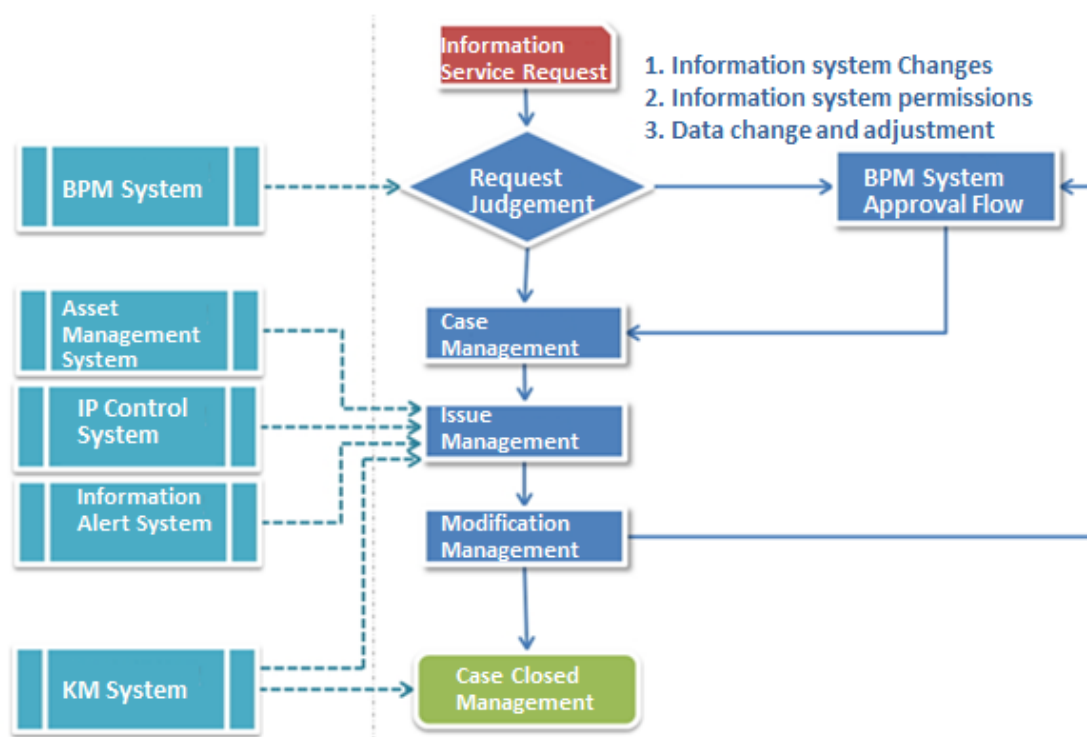
4. Information Security Application Improvement

The Company has adopted a multi-layer network architecture design and built various information security protection systems to prevent various external information security threats and improve security for the overall information environment. Moreover, the Company has designed operation procedures and introduced information security system tools to implement personnel information security management measures and ensure that the operation behavior of internal personnel conforms to the Company's system specifications.

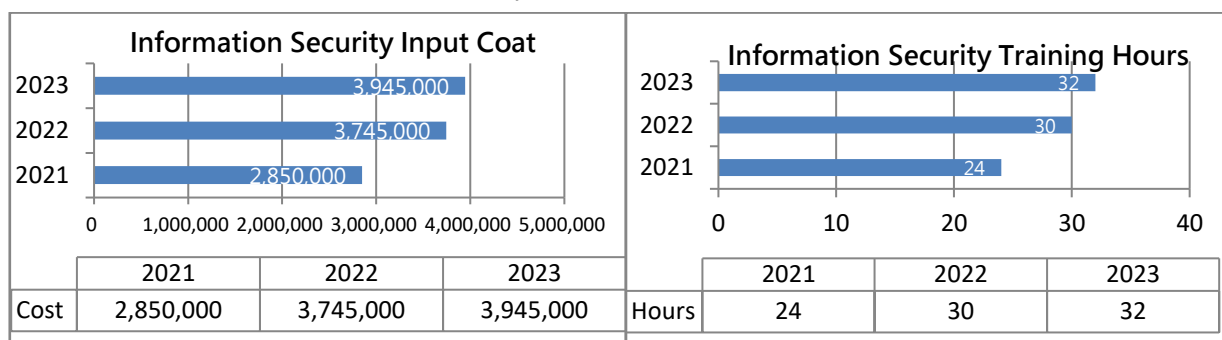


5.6.6 Information Security Service Processing Flow

From the information service demand to the case closure, the Company has reviewed and assessed each link in the overall process according to the company's information management regulations and case management procedures. The goal is to analyze, manage, record, and apply information system assistance to effectively control the management of information cases and reduce information risks in advance.



Resources Invested in Information Security



5.6.7 In the most recent year, and as of the printing date of the annual report, if the damages, possible effects, and response measures of major information security incidents cannot be reasonably estimated, the reason for being unable to provide a reasonable estimation should be explained : None.

5.7 Important contracts

Nature of Contract	Contracting parties	Commencement date/expiration date	Content	Limitation clauses
Engineering contract	Taiwan Kumagai CO., LTD.	2009/10/29~	AVer's new plant civil engineering	None (The warranty period will end in October 2016, and the warranty period will be extended according to the agreement on the implementation of the leakage project)

6. Financial Standing

6.1 Most Recent 5-Year Concise Financial Information

6.1.1 Concise Consolidated Balance Sheet

Unit: NT\$ thousands

Period Item		Most recent 5-Year Financial Information (Note1)					2023 (As of March 31)
		2018	2019	2020	2021	2022	
Current assets		1,560,861	1,639,924	3,237,552	2,223,972	2,258,898	2,196,101
Net property, plant and equipment		1,222,496	1,210,192	1,212,272	1,231,277	1,226,780	1,211,850
Intangible assets		2,953	6,122	8,268	24,696	20,173	25,311
Other assets		136,998	210,037	221,093	778,417	562,142	561,009
Total assets		2,923,308	3,066,275	4,679,185	4,258,362	4,067,993	3,994,271
Current Liabilities	Before Distribution	430,491	481,357	1,344,496	1,195,725	1,170,435	1,098,620
	After Distribution	467,659	527,817	1,809,096	1,548,821	(Note2)	(Note2)
Non-current liabilities		41,326	122,326	135,214	89,319	79,251	79,698
Total Liabilities	Before Distribution	471,817	603,683	1,479,710	1,285,044	1,249,686	1,178,318
	After Distribution	508,985	650,143	1,944,310	1,638,140	(Note2)	(Note2)
Equity attributable to owners of the Company		—	—	—	—	—	—
Common stock		929,200	929,200	929,200	929,200	929,200	929,200
C a p i t a l s u r p l u s		735,120	735,120	735,120	735,120	735,120	735,120
Retained Earnings	Before Distribution	788,363	800,480	1,542,217	1,729,954	1,709,617	1,688,810
	After Distribution	751,195	754,020	1,077,617	1,376,858	(Note2)	(Note2)
Other equity		(1,192)	(2,208)	(7,062)	(420,956)	(555,630)	(537,177)
Treasury stock		—	—	—	—	—	—
Non-controlling interests		—	—	—	—	—	—
Stockholders' Equity	Before Distribution	2,451,491	2,462,592	3,199,475	2,973,318	2,818,307	2,815,953
	After Distribution	2,414,323	2,416,132	2,734,875	2,620,222	(Note2)	(Note2)

Note1: The above financial information audited by CPA.

Note2: Pending shareholders' approval

6.1.2 Concise Balance Sheet for Parent-company-only

Unit: NT\$ thousands

Item \ Period		Most recent 5-Year Financial Information (Note1)				
		2018	2019	2020	2021	2022
Current assets		1,445,315	1,567,762	2,982,737	2,012,813	1,887,040
Net property, plant and equipment		1,212,789	1,202,661	1,205,983	1,223,076	1,219,399
Intangible assets		2,820	6,009	8,193	24,661	19,832
Other assets		270,180	162,098	374,468	804,234	750,796
Total assets		2,931,104	2,938,530	4,571,381	4,064,784	3,877,067
Current Liabilities	Before Distribution	320,749	331,667	999,693	991,342	1,002,152
	After Distribution	357,917	378,127	1,462,293	1,344,438	(Note2)
Non-current liabilities		158,864	144,271	372,213	100,124	56,608
Total Liabilities	Before Distribution	479,613	475,938	1,371,906	1,091,466	1,058,760
	After Distribution	516,781	522,398	1,836,506	1,444,562	(Note2)
Common stock		929,200	929,200	929,200	929,200	929,200
Capital surplus		735,120	735,120	735,120	735,120	735,120
Retained Earnings	Before Distribution	788,363	800,480	1,542,217	1,729,954	1,709,617
	After Distribution	751,195	754,020	1,077,617	1,376,858	(Note2)
Other equity		(1,192)	(2,208)	(7,062)	(420,956)	(555,630)
Treasury stock		—	—	—	—	—
Non-controlling interests		—	—	—	—	—
Stockholders' Equity	Before Distribution	2,451,491	2,462,592	3,199,475	2,973,318	2,818,307
	After Distribution	2,414,323	2,416,132	2,734,875	2,620,222	(Note2)

Note1: The above financial information audited by CPA.

Note2: Pending shareholders' approval.

6.1.3 Concise Consolidated Statement of Comprehensive income

Unit: NT\$ thousands

Item \ Period	Most Recent 5-Year Financial Information (Note1)					2023 (As of March 31)
	2018	2019	2020	2021	2022	
Operating revenue	2,109,636	2,141,375	4,068,221	3,686,996	3,009,671	542,046
Gross profit	982,948	1,039,356	2,150,072	1,943,711	1,575,505	297,567
Operating income	53,710	66,733	960,108	740,781	291,596	(16,305)
Non-operating income and expenses	16,835	12,862	1,173	44,592	61,734	(4,159)
Profit before tax	70,545	79,595	961,281	785,373	353,330	(20,464)
Net income for continuing operations	46,066	73,304	788,197	652,337	332,759	(20,807)
Income from discontinued operations, net of income tax effect	—	—	—	—	—	—
Net income	46,066	73,304	788,197	652,337	332,759	(20,807)
Other comprehensive income for the year, net of tax	5,373	(1,016)	(4,854)	(413,894)	(134,674)	18,453
Total comprehensive income for the year	51,439	72,288	783,343	238,443	198,085	(2,354)
Profit attributable to owners of the Company	46,066	73,304	788,197	652,337	332,759	(20,807)
Profit attributable to non-controlling interests	—	—	—	—	—	—
Total comprehensive income attributable to owners of the Company	51,439	72,288	783,343	238,443	198,085	(2,354)
Total comprehensive income attributable to non-controlling interests	—	—	—	—	—	—
EPS	0.50	0.79	8.48	7.02	3.58	(0.22)

Note1: The above financial information audited by CPA.

6.1.4 Concise Statement of Comprehensive income For Parent-company-only

Unit : NT\$ thousands

Item \ Period	Most Recent 5-Year Financial Information (Note1)				
	2018	2019	2020	2021	2022
Operating revenue	1,688,959	1,610,829	3,507,026	2,835,151	2,106,554
Gross profit	609,235	596,852	1,582,071	1,255,957	829,975
Operating income	113,269	144,059	737,108	650,043	241,791
Non-operating income and expenses	(48,846)	(52,411)	211,290	108,041	97,058
Profit before tax	64,423	91,648	948,398	758,084	338,849
Net income for continuing operations	46,066	73,304	788,197	652,337	332,759
Income from discontinued operations, net of income tax effect	—	—	—	—	—
Net income	46,066	73,304	788,197	652,337	332,759
Other comprehensive income for the year, net of tax	5,373	(1,016)	(4,854)	(413,894)	(134,674)
Total comprehensive income for the year	51,439	72,288	783,343	238,443	198,085

Note1: The above financial information audited by CPA.

6.1.5 CPAs and Their Opinions for Most Recent 5-Year

Year	Accounting Firm	Name of CPA	Auditor's Opinion
2018	Deloitte & Touche	Jamie Lee and Peter Fan	An Unmodified Opinion
2019	Deloitte & Touche	Janice Wang and Jamie Lee.	An Unmodified Opinion
2020	Deloitte & Touche	Janice Wang and Jamie Lee	An Unmodified Opinion
2021	Deloitte & Touche	Janice Wang and Cindy Kao	An Unmodified Opinion
2022	Deloitte & Touche	Sabrina Liu and Steven Chien	An Unmodified Opinion

6.2 Most Recent 5-Year Financial Analysis

6.2.1 Financial Analysis-For Consolidated Report

Item \ Period		Most recent 5-Year Financial Information (Note 1)					2023 (As of March 31)
		2018	2019	2020	2021	2022	
Financial ratio (%)	Total liabilities to total assets	16.14	19.69	31.62	30.18	30.72	29.50
	Long-term debts to net property, plant and equipment	203.91	213.60	275.08	243.68	231.31	238.94
Ability to payoff debt (%)	Current ratio	362.58	340.69	240.80	185.99	193.00	199.90
	Quick Ratio	253.89	268.24	180.10	123.57	136.88	145.65
	Interest protection	—	16.72	205.30	126.46	40.91	(6.69)
Ability to operate	A/R turnover (times)	9.65	8.07	9.83	8.65	10.28	6.64
	A/R turnover days	37.82	45.22	37.11	42.19	35.49	54.93
	Inventory turnover (times)	3.47	3.23	3.39	2.27	2.13	1.56
	Account payable turnover (times)	7.00	6.14	7.86	8.63	14.24	8.08
	Days sales outstanding	105.18	113.00	107.67	160.79	171.36	233.97
	Fixed assets turnover (times)	1.69	1.76	3.36	2.99	2.4	1.76
	Total assets turnover (times)	0.74	0.72	1.05	0.83	0.72	0.53
Earning ability	Return on assets (%)	1.61	2.60	20.45	14.76	8.22	(0.25)
	Return on equity attributable to shareholders of the parent (%)	1.89	2.98	27.84	21.14	11.49	(2.87)
	PBT to pay-in capital(%)	7.59	8.57	103.45	84.52	38.03	(8.81)
	Net income ratio (%)	2.18	3.42	19.37	17.69	11.06	(3.84)
	EPS (NTD)	0.50	0.79	8.48	7.02	3.58	(0.22)
Cash flow (%)	Cash flow ratio	6.56	55.86	58.12	41.00	48.93	(Note2)
	Cash flow adequacy ratio	60.96	80.37	110.87	85.54	108.10	15.12
	Cash reinvestment ratio	(Note2)	7.32	20.28	0.75	6.38	(Note2)
Leverage	Operating leverage	12.59	10.96	1.86	2.16	4.18	(13.10)
	Financial leverage	1.00	1.08	1.00	1.01	1.03	0.86
<p>The reasons for all financial ratio changes within the most recent two years are as follows (exempt from analysis less than 20%):</p> <ol style="list-style-type: none"> 1. Account payable turnover increase mainly from the decrease of purchase. 2. Fixed assets turnover decrease mainly from the investments in factory equipment and mold equipment in past 2 years. 3. Cash flow adequacy ratio and Cash reinvestment ratio increase mainly from cash inflow from operating activities. 4. Interest protection, Earning ability and Operating leverage decrease mainly from lower revenue for reduced market demand. 							

Note:1 The above financial information audited by CPA.

Note 2: The analysis of negative cash flow from operating activities is meaningless.

6.2.2 Financial Analysis-For Parent-company-only

Item \ Period		Most recent 5-Year Financial Information (Note 1)				
		2018	2019	2020	2021	2022
Financial ratio (%)	Total liabilities to total assets	16.09	16.20	30.01	30.63	27.31
	Long-term debts to net property, plant and equipment	214.45	216.76	296.24	263.92	235.76
Ability to payoff debt (%)	Current ratio	450.61	472.69	298.37	203.04	188.30
	Quick Ratio	360.38	409.00	241.54	148.97	148.64
	Interest protection	—	11,082.94	1,347.44	236.28	52.85
Ability to operate	A/R turnover (times)	4.40	3.75	4.90	3.88	5.05
	A/R turnover days	82.90	97.26	74.44	93.98	72.29
	Inventory turnover (times)	7.06	5.18	4.99	2.87	2.75
	Account payable turnover (times)	6.69	5.63	7.89	7.82	12.77
	Days sales outstanding	51.67	70.46	73.15	127.10	132.69
	Fixed assets turnover (times)	1.36	1.33	2.91	2.31	1.72
	Total assets turnover (times)	0.59	0.55	0.93	0.64	0.52
Earning ability	Return on assets (%)	1.61	2.50	21.01	14.79	8.30
	Return on equity attributable to shareholders of the parent (%)	1.89	2.98	27.84	21.14	11.49
	PBT to pay-in capital(%)	6.93	9.86	102.07	81.58	36.47
	Net income ratio (%)	2.73	4.55	22.47	23.01	15.80
	EPS (NTD)	0.50	0.79	8.48	7.02	3.58
Cash flow (%)	Cash flow ratio	26.31	70.31	43.12	73.29	59.48
	Cash flow adequacy ratio	136.90	147.17	120.93	106.59	117.84
	Cash reinvestment ratio	3.86	6.21	9.94	7.12	7.29
Leverage	Operating leverage	13.34	10.10	4.44	4.71	7.84
	Financial leverage	1.00	1.00	1.00	1.00	1.01
The reasons for all financial ratio changes within the most recent two years are as follows (exempt from analysis less than 20%):						
<ol style="list-style-type: none"> 1. Account payable turnover increase mainly from the decrease of purchase. 2. Lower average account receivable cause more turnover times and fewer turnover days. 3. Fixed assets turnover decrease mainly from the investments in factory equipment and mold equipment in past 2 years. 4. Interest protection, Earning ability and Operating leverage decrease mainly from lower revenue for reduced market demand, 						

Note:1 The above financial information audited by CPA.

Note 2: The analysis of negative cash flow from operating activities is meaningless.

1. Financial Ratio

(1) Total liabilities to Total assets = Total liabilities / Total assets

(2) Long-term fund to property, plant and equipment = (Net equity + Non-current liabilities) / Net property, plant and equipment

2. Ability to Pay off Debt

(1) Current ratio = Current Assets / Current liability

(2) Quick ratio = (Current assets — Inventory — Prepaid expenses) / Current liability

(3) Interest protection = Net income before income tax and interest expense / Interest expense

3. Ability to Operate

(1) Account receivable (including account receivable and notes receivable from operation) turnover = Net sales / the Average of account receivable (including account receivable and notes receivable from operation)

balance

(2) A/R turnover day = $365 / \text{account receivable turnover}$

(3) Inventory turnover = $\text{Cost of Goods Sold} / \text{the average of inventory}$

(4) Account payable (including account payable and notes payable from operation) turnover = $\text{Cost of goods sold} / \text{the average of account payable (including account payable and notes payable from operation) balance}$

(5) Inventory turnover day = $365 / \text{Inventory turnover}$

(6) Fixed assets turnover = $\text{Net sales} / \text{Net Fixed Assets}$

(7) Total assets turnover = $\text{Net sales} / \text{Total assets}$

4. Earning Ability

(1) Return on assets = $[\text{PAT} + \text{Interest expense} \times (1 - \text{effective tax rate})] / \text{the average of total assets}$

(2) Return on Equity Attributable to Shareholders of the Parent = $\text{Net Income Attributable to Shareholders of the Parent} / \text{Average Equity Attributable to Shareholders of the Parent}$

(3) Net income ratio = $\text{PAT} / \text{Net sales}$

(4) EPS = $(\text{Profit attributable to owners of the Company} - \text{Dividend from prefer stock}) / \text{weighted average outstanding shares}$

5. Cash Flow

(1) Cash flow ratio = $\text{Cash flow from operating activities} / \text{Current liability}$

(2) Cash flow adequacy ratio = $\text{Most recent 5-year Cash flow from operating activities} / \text{Most recent 5-year (Capital expenditure} + \text{the increase of inventory} + \text{cash dividend})$

(3) Cash investment ratio = $(\text{Cash flow from operating activities} - \text{cash dividend}) / (\text{Gross property, plant and equipment} + \text{long-term investment} + \text{other non-current assets} + \text{working capital})$

6. Leverage

(1) Operating leverage = $(\text{Net revenue} - \text{variable cost of goods sold and operating expense}) / \text{operating income}$

(2) Financial leverage = $\text{Operating income} / (\text{Operating income} - \text{interest expenses})$

6.3 Audit Committee's Report for The Most Recent Year

AVer Information Inc.
Audit Committee's Report

To

The 2023 Annual Shareholders' Meeting of the Company

The Board of Directors has prepared the 2022 business report, the Consolidated Financial Statements, the Parent Company Only Financial Statements, and the proposal of earnings distribution. The Consolidated and Parent Company Only Financial Statements have been audited with Independent Auditor's Report by Certified Public Accountant I-Ching Liu and Ming-Yen Chien of Deloitte & Touche. The aforementioned report, financial statements, and proposal have been reviewed by the Audit Committee, and no instances of noncompliance were found. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, it is hereby submitted for your review.

Chairman of the Audit Committee: An-Bang Tsao

March 17, 2023

6.4 Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021, and

Independent Auditors' Report : Please refer to the attachment on page 138-209 of this Annual Report.

6.5 Parent company only Financial Statements for the Years Ended December 31, 2022 and 2021, and

Independent Auditors' Report : Please refer to the attachment on page 210-277 of this Annual Report

6.6 The Company should disclose the financial impact to the Company if the Company and its affiliated companies have incurred any financial or cash flow difficulties in 2022 and as of the date of this Annual Report: None.

7. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Analysis of Financial Status

2022 vs. 2021 financial analysis

Unit: NT\$ thousands

Item \ Year		2022	2021	Difference	
				Amount	%
Current	assets	2,258,898	2,223,972	34,926	1.57
Net property, plant and equipment		1,226,780	1,231,277	(4,497)	(0.37)
Intangible	assets	20,173	24,696	(4,523)	(18.31)
Other	assets	562,142	778,417	(216,275)	(27.78)
Total	assets	4,067,993	4,258,362	(190,369)	(4.47)
Current	liabilities	1,170,435	1,195,725	(25,290)	(2.12)
Non-current	liabilities	79,251	89,319	(10,068)	(11.27)
Total	liabilities	1,249,686	1,285,044	(35,358)	(2.75)
Common	stock	929,200	929,200	0	—
Capital	surplus	735,120	735,120	0	—
Retained	earnings	1,709,617	1,729,954	(20,337)	(1.18)
Other	equity	(555,630)	(420,956)	(134,674)	31.99
Total	equity	2,818,307	2,973,318	(155,011)	(5.21)
Effect of changes on the company's financial condition (deviation over 20% and difference amount over NT\$ 10 million) and related impact :					
1. Other assets decrease mainly from financial assets at fair value through other comprehensive income.					
2. Other equity decrease mainly from unrealized loss on investments in equity instruments at fair value through other comprehensive income.					

7.2 Analysis of Financial Performance

2022 vs. 2021 operating result analysis

Unit: NT\$ thousands

Item	2022	2021	Increasing (decreasing) amount	Change percentage (%)
Net revenues	3,009,671	3,686,996	(677,325)	(18.37)
Cost of sales	1,434,166	1,743,285	(309,119)	(17.73)
Gross profit	1,575,505	1,943,711	(368,206)	(18.94)
Operating expenses	1,283,909	1,202,930	80,979	6.73
Operating income	291,596	740,781	(449,185)	(60.64)
Non-operating income and expenses	61,734	44,592	17,142	38.44
Profit before tax	353,330	785,373	(432,043)	(55.01)
Income tax expenses	20,571	133,036	(112,465)	(84.54)
Net profit	332,759	652,337	(319,578)	(48.99)
Effect of changes on the company's financial condition (deviation over 20% and difference amount over NT\$ 10 million) and related impact :				
1. Operating income and Income tax expenses decrease mainly from lower revenues.				
2. Non-operating income and expenses mainly from net foreign exchange gains.				

7.3 Cash Flow Analysis

7.3.1 Analysis of cash liquidity

Analysis of cash liquidity in 2022

Unit: NT\$ thousands

Cash beginning balance	Cash flow from operating activities	Cash Outflow	Cash ending balance	Leverage of Cash Deficit	
(1)	(2)	(3)	(1+2-3)	Investment Plans	Financing Plans
1,003,914	586,184	501,983	1,088,115	None	None

Analysis of changes in cash flow in the most recent year:

1. NT\$572,699 thousands net cash generated by operating activities : mainly from the cash inflow from operating activities.
2. NT\$121,560 thousands net cash used in investing activities : mainly from acquisition of mold equipment.
3. NT\$380,423 thousands net cash used in financing activities : mainly from the cash dividend payment.

7.3.2 Analysis of cash liquidity in the coming year

Unit: NT\$ thousands

Cash beginning balance	Estimated Net Cash Flow from Operating Activities	Cash Outflow	Cash ending balance	Leverage of Cash Deficit	
(1)	(2)	(3)	(1+2-3)	Investment Plans	Financing Plans
1,088,115	426,502	346,385	1,168,232	None	None

Analysis of changes in cash flow in the coming year:

1. Operating activities : mainly from cash inflow from operating activities
2. Investing activities : mainly caused by the increase in fix asset acquisition.
3. Financing activities : mainly from the cash dividend payment.

7.4 Effect of major capital spending on financial position and business operations: None.

7.5 Investment policy in the most recent fiscal year, profit/loss analysis, improvement plan, and investment plan for the coming year

The company does not have any investment currently. We will continue focusing on the growth of core business, and prudently exploring investment opportunities related to our core business.

7.6 Analysis of Risk Management

7.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

1. Interest Rate

The Company has short-term financing of NT\$600,000 thousand, which is used to pay suppliers. It has no significant impact on interest expenses.

2. Exchange rate

As the proportion of our foreign sales is over 90%, the Company's businesses are mainly conducted in US dollars and foreign currencies, and foreign currency exchange rate risks are unavoidable. The Company's response method is to increase the price of raw materials, adopt the USD pricing method, and collect accounts payable in foreign currency to absorb part of the foreign currency position. The Company also continues to expand globally and has established subsidiaries in Europe, Japan, and Vietnam to reduce the risk of receiving a single foreign currency. The Company has also assigned dedicated personnel to monitor exchange rate changes, timely adjust foreign currency positions, and execute appropriate hedging transactions to reduce exchange rate risks.

3. Inflation

Even though global inflation has eased in recent years, the Company still pays attention to market price changes to adjust the purchased quantity or prepares policy materials appropriately according to the price level and negotiate the price with the original raw material suppliers. The Company's internal R&D department also continues to reduce product costs through product innovation (such as developing self-made ASICs, changing the appearance and function design of the organization, etc.) to cope with the inflation risks caused by the economic cycles.

7.6.2 Policies of engaging in high-risk, high-leverage investments, lending to others, providing endorsement and guarantee, and derivatives transactions, profit/loss analysis, and future response measures

Under the philosophy of business prudence and pragmatism, the Company does not engage in high-risk and high-leverage investments outside its main business areas. The Company mainly holds idle funds in the form of fixed deposits, and a small part is invested in money market funds. As of March 31, 2023, the Company's outstanding transaction amounts in derivative financial products were 0. Since the Company's sales and purchases are mainly denominated in foreign currencies, the Company has signed forward foreign exchange contracts with banks to avoid the risks arising from foreign currency claims and liabilities due to exchange rate changes. The transaction counterparts are domestic financial institutions with good credit, and the transaction processes are handled according to the processing procedures. The main purpose of such a transaction is to avoid exchange rate fluctuation risks, and it is deemed a normal financial risk-avoiding foreign exchange operation.

The subject of the Company's fund lending and endorsement in the most recent year is limited to the company's 100%-owned subsidiaries, and no loss has occurred. The Company's derivative financial product transaction policy is implemented according to the methods prescribed by the Company, and the traded positions are fully within the scope of business generation. The goal is to avoid most of the market prices. The company has formulated internal management measures and operating procedures based on sound finance and operations according to the relevant laws and regulations promulgated by the Financial Supervisory Commission. Such measures and procedures include "Procedures for Engaging in Derivative Commodity Transactions," "Operating Procedures for Loans to Others," "Asset Acquisition or Disposal Methods," and "Endorsement Guarantee Methods." These operations are handled according to the relevant regulations of the competent authority and the Company. Regular audits, announcements, and declarations are conducted according to the law.

7.6.3 Future R&D projects and expected R&D expenses:

The Company has maintained its leadership position in the industry by constantly transcending

the limits of advanced technology and simultaneously focusing on short-term product development and long-term investment in core technical capabilities. The Company's latest core technologies are image signal processing, optical processing, image conversion, image compression, electromechanical integration technology, industrial design, human-machine interface design, etc. The Company has applied these technologies to presentation teaching and video conferencing related product series to maintain its competitive advantage. In 2021 and 2022, our R&D expenses reached 11% and 14% of the turnover, respectively. In the future, we will continue developing new products and improving existing ones to lay the foundation for sustainable development. As of March 31, 2022, the Company has obtained 333 product patents worldwide, and another 47 patents are under review. Our product research focuses on an in-depth understanding of each briefing market to differentiate the special needs of user groups, develop human-machine interfaces that meet user habits, and invest in several basic research on electromechanical and optoelectronics. The goal is to extend different product lines to meet the needs of various application markets. In the online video conferencing market, we have continued to innovate software and hardware functions related to multi-point conferences, lenses, and speakerphones. We have also launched different product lines with higher integration and performance to fulfill market needs better.

In the future, the Company will continue to focus on developing core technologies and R&D on innovative product lines related to audio and video network technologies. In 2023, we expect to maintain a higher R&D ratio than the previous years and invest in core value R&D to enhance its competitive advantage.

R&D project	Project Description	Progress	Expected time	Additional budget required	Key factors for project success
Intelligent tracking system of camera driven by multiple types of voice sources	Through AVer info. own self development process and algorithm, collaborate with well-known microphone manufacturers, AVer has enabled our Pro AV camera to use voice localization data from microphone audio systems to accurately and smoothly manipulate the camera to the speaking position, significantly improving the overall conversation experience.	70%	2023 Q3	NTD 35,000 thousand	Own and master key technologies (knowhow)
Development and integration of dual-lens videobar and touch controller as video conference system	<p>Developed two modes of operation:</p> <p>1. Standalone mode: allowing users to start a meeting through the touch device while entering meeting room (without connection to PC)</p> <p>2. Connect to the personal computer via USB(BYOD): users can easily start a video conference with the video conferencing software used/installed in their laptop without installing any driver software (just plug and play).</p> <p>The dual operation modes can support various scenarios or different conference room setups and enhance the applicability and convenience of the different users' needs.</p>	70%	2023/Q3	NTD 15,600 thousand	Own and master key technologies (knowhow)

7.6.4 Major changes in government policies and laws at home and abroad and the impact on the Group's financial position and business activities:

The Company primarily sells to the export market-based in the United States, Asia, and the European Union. Some of our raw materials are imported, and the production base is in New Taipei City. Therefore, important policy and legal changes at home and abroad may impact the Company. The countermeasure includes setting up subsidiaries for important sales markets, paying close attention to market trends, and keeping track of local government laws and regulations changes. Establishing subsidiaries can also help the Company to reduce the risk of single or concentrated regional sales. The Company has established full-time legal and intellectual property personnel in the nation to keep track of important domestic and foreign policies and legal changes at any time, propose countermeasures, and comply with domestic and foreign laws and regulations to reduce legal compliance risks.

7.6.5 Impacts of technological changes (including information security risks) and industry changes on company financials and response measures:

The Company mainly sells presentation and video conference system products used in the education market, which is considered relatively niche and systematic. The changes in technology are primarily caused by optical development impacts. The Company's competition in the market has become increasingly fierce due to the increasing number of alternative products and new competitors. The Company's main countermeasures include establishing product managers to plan future product directions and cooperate with technical product managers to respond to changes in the technological environment, accelerate the R&D of new products and develop new technologies, and continue to invest in the R&D of future technologies. The Company has cultivated the market for many years and has a high degree of grasp on market demands and changes. The Company can adjust its business strategy in response to industry changes, maintain competitiveness, and reduce the impact on finance and business. In response to external changes and the ever-changing attack methods, the Company will continue to review and evaluate its information security rules and procedures, pay attention to new information security information and technologies, and update the defense or management methods to prevent further attacks effectively. The goal is to ensure the appropriateness and effectiveness of information service resilience and the reduced impact on operations.

7.6.6 Impact of corporate image change on risk management and response measures

Since its establishment, the Company has always taken honesty, integrity, and sustainable management as its development objectives. The Company has continued to focus on promoting its proprietary brand in addition to the core industry developments. We aim to strictly ensure product quality and good customer services, establish a good market reputation, and continue investing in relevant public welfare activities. We are also committed to maintaining our corporate image and abiding by the relevant laws and regulations. So far, there has been no adverse incident that may affect our corporate image.

7.6.7 Expected benefits and potential risks of merger and acquisition

In the most recent year and as of the publication date of this annual report, the company has no plans to carry out mergers and acquisitions. But if there are plans to carry out mergers and acquisitions in the future, the Company will uphold a prudent assessment attitude and consider whether the merger can bring

specific synergies to ensure the protection of the rights and interests of the original shareholders.

7.6.8 Expected benefits and potential risks of capacity expansion

The Company completed its factory building construction in 2011, which is sufficient to meet the needs of the company's long-term future development of office space and production capacity. There is no plan to expand the factory shortly.

7.6.9 Risks associated with over-concentration in purchase or sale and response measures:

1. Sales

The Company's largest sales client in 2022 accounted for 15% of the year's net revenue. This client has cooperated with local distributors for a long time and established good distribution relationships. It has jointly promoted and held product road shows with several local global well-known distribution partners and promoted the Company's physical camera and tablet charging vehicle products to the education market. This client does not have the concentrated sales risk with a single distributor locally. Since the Company focuses on international marketing, it has established several overseas subsidiaries and European regional operation centers to expand the global market, serve overseas customers, and reduce the risk of confined sales in a single region. The objectives are to cultivate the local markets of various countries; quickly integrate the information, technologies, and local market responses of subsidiaries and distributors in multiple countries; continue to develop novel digital video products; and open up new market opportunities to reduce the sales concentration risks.

2. Procurement

The Company has maintained over two qualified suppliers for key components. We always pay close attention to market trends to maintain supply stability, quality, price, and delivery time. In addition to paying on time to gain the trust of suppliers and maintaining good relationships with buyers, the Company has partnered with high-quality suppliers to operate the global market. The Company will continue to improve R&D and design in the future and develop domestic and foreign suppliers to reduce the centralized purchase risks.

7.6.10 Impact of mass transfer of equity by or change of directors, supervisors, or shareholders holding more than 10% interest on the Company, associated risks and response measures:

The Company has not had any a large amount of share transfer or change of the Company's shareholdings from directors and major shareholders with more than 10% shares in the most recent year and as of the printing date of the annual report.

7.6.11 The effects that changes in management has on the Company as well as risk and responding measures : None.

7.6.12 For litigious or non-litigious matters, state the major litigation, non-litigation or administrative litigation proceedings that has been determined or is still in litigation of the Company and the Company's directors, supervisors, presidents, de facto responsible person, major shareholders with more than 10% shares, and subordinate companies. If the result may have material impacts on shareholders' equity or stock price, disclose the facts of the dispute, the amount of the subject matter, the commencement date of the lawsuit, the parties involved in the proceedings, and the handling as of the printing date of the annual report: None.

7.6.13 Other major risks and response measures : None.

7.7 Other important matters : None.

7.7.1 Risk Management Organization Structure

The management of the Company's various operational risks is divided into the relevant management units according to the nature of operations. The audit office has formulated the annual audit plan according to the risks of each operation. The powers and responsibilities of each risk management unit are as follows:

1. President

Responsible for the business performance of all product operation units, evaluating long-term investment benefits, and reducing strategic risks.

2. Finance Div.

Responsible for financial scheduling and application and establishing a hedging mechanism to reduce financial risks.

3.Sales and Marketing

Responsible for marketing strategies, product promotion, and mastering market trends to reduce business operational risks.

4. Manufacturing Operation

Responsible for enhancing production efficiency, improving yield, and effectively controlling production costs to reduce manufacturing risks.

5.R&D

Responsible for controlling R&D resources, improving R&D results, and enhancing technology to reduce product development risks.

6. MIS Dept

(1) Responsible for network planning, construction, maintenance, and contently measuring network

quality to reduce network operation risks.

- (2) Responsible for network information security control and protection measures to reduce information security risks.

7. Audit Office

Responsible for revising and promoting the internal control system to strengthen internal control functions, ensure their continuous performance, achieve financial reporting reliability, ensure operational effectiveness and efficiency, and monitor legal compliance.

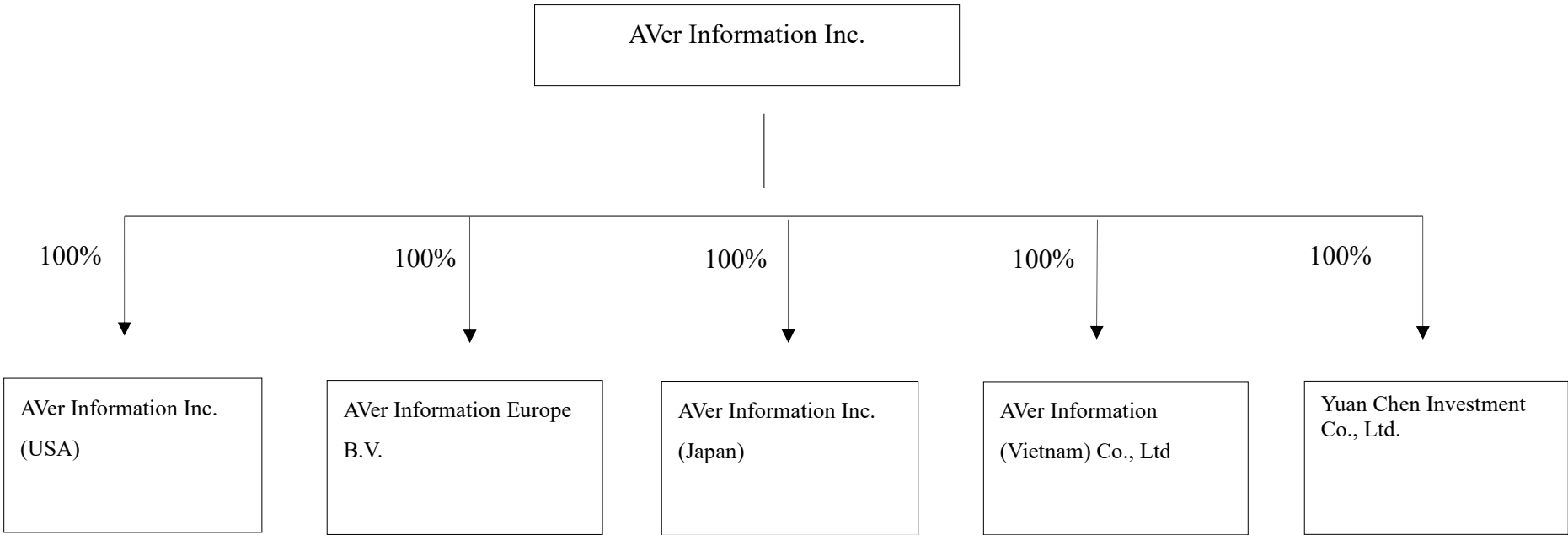
8. Legal Office

Responsible for legal risk management, compliance with government supervision policies, and handling contract and litigation disputes to reduce legal risks.

8. Special Disclosure

8.1 Summary of Affiliated Companies

8.1.1 Organizational chart



8.1.2 Backgrounds of affiliated enterprises

Name of Company	Established Date	Location	Paid in Capital	Main Business or Products/ Business Scope	Remark
AVer Information Inc.	2008.01.07	8F., No. 157, Da'an Road, Tucheng District, New Taipei City, Taiwan, R. O. C.	NTD 929,199,500	selling, manufacturing, researching, and developing of related products including computer system equipment and presentation and video conferencing systems	
AVer Information Inc. (USA)	1991.11.21	668 Mission Court Fremont, CA94539 USA	USD 6,000,000	Selling of related products including computer system equipment and presentation and video conferencing systems	
AVer Information Europe B.V.	2008.02.12	Westblaak 134, Rotterdam 3012KM, The Netherlands	EUR 3,000,000	Selling of related products including computer system equipment and presentation and video conferencing systems	
AVer Information Inc. (Japan)	2009.11.12	Tachibana Shinjuku Building 7F, 3-2-26 Nishi-Shinjuku, Shinjuku-ku, Tokyo	JPY 70,000,000	Selling of related products including computer system equipment and presentation and video conferencing systems	
AVer Information (Vietnam) Co., Ltd.	2018.03.22	5F, No. 596 Nguyen Dinh Chieu St., Ward 3, District 3, HCM City, Vietnam	VND 8,172,000,000	Selling of related products including computer system equipment and presentation and video conferencing systems	
Yuan Chen Investment Co., Ltd.	2015.07.31	8F., No. 157, Da'an Road, Tucheng District, New Taipei City, Taiwan, R. O. C.	NTD 500,000	Investment activities	

8.1.3 Common Shareholders among Controlling and Controlled Entities : None.

8.1.4 Information on investees (April 9, 2023)

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

Name of Company	Title	Name or Representative	Shares held	
			stock	Shareholding ratio
AVer Information Inc.	Chairman	AVerMedia Technologies, Inc Representative: Michael Kuo	46,388,504	49.92
	Director	AVerMedia Technologies, Inc Representative: Andy Hsi	46,388,504	49.92
	Director	AVerMedia Technologies, Inc Representative: Jesse Lin	46,388,504	49.92
	Director	Wise Cap Limited Company Representative: Robert Lin	495,000	0.53
	Independent Director	Tony Tsao	0	—
	Independent Director	Michael Chiang	0	—
	Independent Director	Yu-Tsung Chien	0	—
	President,	Andy Hsi	804,086	0.87
AVer Information Inc. (USA)	Director, CEO	Michael Kuo	6,990,000	100.00
	President, Director	Arthur Pait		
	Director	Andy Hsi		
AVer Information Europe B.V. (Note1)	Director, Representative	Michael Kuo	Note1(Capital Stock EUR 3,000)	100.00
	Director, Representative	Andy Hsi		
AVer Information, Inc. (Japan)	Representative Director	Michael Kuo	1,400	100.00
	Representative Director	Andy Hsi		
	director	Show Chen		
AVer Information (Vietnam) Co., Ltd. (Note 1)	Representative	Andy Hsi	Note1(Capital Stock VND 8,172,000)	100.00
Yuan Chen Investment Co., Ltd	Chairman	Michael Kuo	50,000	100.00
	Director	Andy Hsi		
	Director	Joseph Chen		
	Supervisor	Jesse Lin		

Note 1: AVer Information Europe B.V, and AVer Information (Vietnam) Co., Ltd. Only the investment amount is displayed on the company business license with no record of shares recorded

8.1.5 Operational Highlights of The Company Subsidiaries

The Company and Investor Company (December 31, 2022)

Unit: NT\$ thousands, except EPS (NT\$)

Company Name	Capital Stock	Assets	Liabilities	Net Worth	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	Basic Earnings (Loss) Per Share
AVer Information Inc. (USA)	USD 6,000 (NTD 217,848)	USD 17,396 (NTD 534,228)	USD 6,950 (NTD 213,425)	US 10,446 (NTD 320,803)	USD 42,758 (NTD 1,274,407)	USD 1,045 (NTD 31,132)	USD 527 (NTD 15,721)	USD 0.08 (NTD 2.25)
AVer Information Europe B.V.	EUR 3,000 (NTD 131,089)	EUR 7,824 (NTD 255,997)	EUR 5,402 (NTD 176,755)	EUR 2,422 (NTD 79,242)	EUR 21,427 (NTD 671,962)	EUR 458 (NTD 14,372)	EUR 383 (NTD 12,023)	—
AVer Information, Inc. (Japan)	JPY 70,000 (NTD 24,828)	JPY 255,075 (NTD 59,280)	JPY 262,633 (NTD 61,036)	-JPY 7,557 (-NTD 1,756)	JPY 693,082 (NTD 157,676)	JPY 6,327 (NTD 1,439)	JPY 17,245 (NTD 3,923)	JPY 12,318 (NTD 2,802)
AVer Information (Vietnam) Co., Ltd.	VND 8,172,000 (NTD 10,710)	VND 28,621,640 (NTD 36,779)	VND 13,082,085 (NTD 16,888)	VND 15,478,839 (NTD 19,890)	VND 27,888,998 (NTD 34,973)	VND 1,526,346 (NTD 1,914)	VND 1,281,073 (NTD 1,606)	—
Yuan Chen Investment Co., Ltd	NTD 500	NTD 434	NTD 0	NTD 434	NTD 0	(NTD 0)	(NTD 0)	—

8.1.6 Consolidated Financial Statements Covering Affiliated Enterprises, please refer to page 139 of this Annual Report.

8.1.7 Reports on Affiliations : N/A.

8.2 Private Placement Securities in the Most Recent Years : None.

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

8.4 Other matters that require additional description : None.

9. If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report : None.

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AVer Information Inc. and
Subsidiaries

Consolidated Financial
Statements and Independent
Auditor's Report
2022 and 2021 Fiscal Years

Address : 8F., No. 157, Da'an Road, Tucheng District,
New Taipei City 236042, Taiwan, R. O. C.
Tel : (02)22698535

Representation Letter

The entities that are required to be included in the consolidated financial statements of AVer Information Inc. for the fiscal year of 2022 (from January 1, 2022 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

Chung-Song Kuo

Chairman

March 17, 2023

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, 2022 and 2021 , 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, 2022 and 2021. 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, 2022 and 2021 and its consolidated financial performance and its consolidated cash flows from January 1 to December 31, 2022 and 2021 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. 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 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for AVer Group's consolidated financial statements for the fiscal year of 2022 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 and inspected the achievement of sales forecast after the reporting period 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 2022 and 2021 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 on auditing of 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 professional skepticism throughout the audit as part of an audit in accordance with the standards on auditing of 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 evidence 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 2022. 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 I-Ching Liu and Ming-Yen Chien.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 24, 2023

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, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

C o d e	A	S	S	E	T	S	December 31, 2022		December 31, 2021	
							A m o u n t	%	A m o u n t	%
	CURRENT ASSETS									
1100	Cash (Note 6)						\$ 1,088,115	27	\$ 1,003,914	24
1110	Financial assets at fair value through profit or loss (Note 7)						-	-	445	-
1136	Financial assets at amortized cost(Notes 9 and 28)						145,018	4	136,219	3
1150	Notes receivable						3,524	-	3,413	-
1170	Account receivable (Notes 10 and 27)						273,494	7	304,857	7
1200	Other receivable (Note 27)						8,974	-	9,920	-
1220	Income tax assets for current period						76,779	2	17,979	1
130X	Inventories (Note 11)						617,037	15	730,156	17
1479	Other current assets						45,957	1	17,069	-
11XX	Total current assets						2,258,898	56	2,223,972	52
	NONCURRENT ASSETS									
1517	Financial assets at fair value through other comprehensive income (Note 8)						385,516	9	555,699	13
1600	Property, plant, and equipment (Notes 13 and 28)						1,226,780	30	1,231,277	29
1755	Right-of-use assets (Note 14)						25,868	1	40,799	1
1760	Investment property (Note 15)						66,399	2	67,245	1
1780	Intangible assets						20,173	-	24,696	1
1840	Deferred income tax assets (Note 23)						70,690	2	79,282	2
1990	Other noncurrent assets						13,669	-	35,392	1
15XX	Total noncurrent assets						1,809,095	44	2,034,390	48
1XXX	TOTAL ASSETS						\$ 4,067,993	100	\$ 4,258,362	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	15	\$ 600,000	14
2120	Financial liabilities at fair value through profit or loss (Note 7)						804	-	-	-
2170	Accounts payable (Note 27)						109,642	3	91,766	2
2200	Other payables (Notes 17 and 27)						336,179	8	347,952	8
2230	Income tax liabilities for current period						5,545	-	12,672	-
2280	Capital lease liabilities (Note 14)						25,837	1	25,012	1
2365	Refund liability (Note 5)						80,421	2	104,503	3
2399	Other current liabilities (Note 18)						12,007	-	13,820	-
21XX	Total current liabilities						1,170,435	29	1,195,725	28
	NONCURRENT LIABILITIES									
2550	Provision (Note 18)						48,531	1	38,879	1
2570	Deferred income tax liabilities (Note 23)						4,340	-	4,319	-
2580	Capital lease liabilities (Note 14)						10,366	-	31,072	1
2670	Other noncurrent liabilities						16,014	1	15,049	-
25XX	Total noncurrent liabilities						79,251	2	89,319	2
2XXX	Total Liabilities						1,249,686	31	1,285,044	30
	EQUITY (Note 20)									
3110	Capital - common stock						929,200	23	929,200	22
3200	Capital surplus						735,120	18	735,120	17
	Retained earnings									
3310	Appropriated as legal reserve						367,304	9	302,070	7
3320	Appropriated as special reserve						420,956	10	7,062	-
3350	Unappropriated earnings						921,357	23	1,420,822	34
3300	Total retained earnings						1,709,617	42	1,729,954	41
3400	Other equity						(555,630)	(14)	(420,956)	(10)
3XXX	Total equity						2,818,307	69	2,973,318	70
	TOTAL						\$ 4,067,993	100	\$ 4,258,362	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, 2022 and 2021

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

Code		Fiscal year 2022		Fiscal year 2021	
		A m o u n t	%	A m o u n t	%
	REVENUE (Note 21, 27 and 32)				
4000	Revenue	\$ 3,009,671	100	\$ 3,686,996	100
	COST OF REVENUE (Note 11, 22 and 27)				
5000	Cost of goods sold	<u>1,434,166</u>	<u>47</u>	<u>1,743,285</u>	<u>47</u>
5900	GROSS PROFIT	<u>1,575,505</u>	<u>53</u>	<u>1,943,711</u>	<u>53</u>
	OPERATING EXPENSES (Note 22)				
6100	Marketing	760,886	25	710,153	19
6200	General and administrative	102,638	4	109,651	3
6300	Research and development	<u>420,385</u>	<u>14</u>	<u>383,126</u>	<u>11</u>
6000	Total operating expenses	<u>1,283,909</u>	<u>43</u>	<u>1,202,930</u>	<u>33</u>
6900	INCOME FROM OPERATIONS	<u>291,596</u>	<u>10</u>	<u>740,781</u>	<u>20</u>
	NON-OPERATING INCOME AND EXPENSES (Note 22, 27)				
7100	Interest revenue	3,302	-	1,141	-
7010	Other revenues	16,684	-	87,026	2
7020	Other gains and losses	50,600	2	(37,315)	(1)
7050	Finance cost	(<u>8,852</u>)	-	(<u>6,260</u>)	-
7000	Total non-operating income and expenses	<u>61,734</u>	<u>2</u>	<u>44,592</u>	<u>1</u>

(Continued)

<u>Code</u>		<u>Fiscal year 2022</u>		<u>Fiscal year 2021</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	353,330	12	785,373	21
7950	INCOME TAX EXPENSE (Note 23)	<u>20,571</u>	<u>1</u>	<u>133,036</u>	<u>4</u>
8200	NET INCOME OTHER	<u>332,759</u>	<u>11</u>	<u>652,337</u>	<u>17</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	(\$ 170,183)	(5)	(\$ 400,860)	(11)
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences arising on translation of foreign operations	<u>35,509</u>	<u>1</u>	<u>(13,034)</u>	<u>-</u>
8300	Other comprehensive loss for the year (net of income tax)	<u>(134,674)</u>	<u>(4)</u>	<u>(413,894)</u>	<u>(11)</u>
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 198,085</u>	<u>7</u>	<u>\$ 238,443</u>	<u>6</u>

(Continued)

Code		Fiscal year 2022		Fiscal year 2021	
		A m o u n t	%	A m o u n t	%
	NET INCOME				
	ATTRIBUTABLE TO:				
8610	Shareholders of the Company	<u>\$ 332,759</u>	<u>11</u>	<u>\$ 652,337</u>	<u>18</u>
8710	Shareholders of the Company	<u>\$ 198,085</u>	<u>7</u>	<u>\$ 238,443</u>	<u>6</u>
	Earnings per share (Note 24)				
9710	Basic	<u>\$ 3.58</u>		<u>\$ 7.02</u>	
9810	Diluted	<u>\$ 3.54</u>		<u>\$ 6.91</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	T o t a l e q u i t y
				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	\$ 223,250	\$ 2,208	\$ 1,316,759	\$ 1,542,217	(\$ 7,062)	\$ -	\$ 3,199,475
	Appropriation and distribution of year 2020 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
	Appropriation and distribution of prior year's earnings									
B1	Legal reserve	-	-	65,234	-	(65,234)	-	-	-	-
B3	Special reserve	-	-	-	413,894	(413,894)	-	-	-	-
B5	Cash dividends to shareholders - NT\$3.8 per share	-	-	-	-	(353,096)	(353,096)	-	-	(353,096)
D1	Net income in 2022	-	-	-	-	332,759	332,759	-	-	332,759
D3	Other comprehensive income (loss) in 2022, net of income tax	-	-	-	-	-	-	35,509	(170,183)	(134,674)
D5	Total comprehensive income (loss) in 2022	-	-	-	-	332,759	332,759	35,509	(170,183)	198,085
Z1	BALANCE,DECEMBER 31, 2022	\$ 929,200	\$ 735,120	\$ 367,304	\$ 420,956	\$ 921,357	\$ 1,709,617	\$ 15,413	(\$ 571,043)	\$ 2,818,307

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, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

<u>C o d e</u>		<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax of the fiscal year	\$ 353,330	\$ 785,373
A20010	Adjustments for:		
A20100	Depreciation expense	137,074	120,291
A20200	Amortization expense	11,565	5,884
A20300	Expected credit impairment loss (Reversal)	18	(7)
A20400	Net benefit on financial instruments at fair value through profit or loss	1,425	(31,202)
A20900	Finance cost	8,852	6,260
A21200	Interest revenue	(3,302)	(1,141)
A21300	Dividend income	(2,537)	(43,414)
A22500	Gains on disposal and write-off of property, plant and equipment	24	(3,287)
A23700	Provision of inventory valuation loss and stock obsolescence	(32,569)	2,451
A24100	Unrealized gross profit on foreign exchange	10,071	19,330
A29900	Provision of liability reserve	14,678	3,880
A29900	Amortization of advance payments for goods and services	-	2,101
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	11,141	29,953
A31130	Notes receivable	(111)	(2,209)
A31150	Accounts receivable	49,023	211,793
A31180	Other receivables	986	8,329
A31200	Inventories	178,766	36,800

(Continued)

<u>C o d e</u>		<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
A31240	Other current assets	(\$ 27,812)	\$ 3,830
A32110	Financial liability held for trading	(11,317)	(12,770)
A32150	Accounts payable	739	(171,667)
A32180	Other payables	(7,150)	(63,304)
A32200	Provision of liability	(4,123)	(5,295)
A32230	Other current liabilities	(2,941)	3,029
A32990	Refund liability	(33,775)	(81,936)
A32990	Other noncurrent liabilities	<u>519</u>	<u>(1,076)</u>
A33000	Cash generated from operations	652,574	794,306
A33300	Payment of interest expenses	(8,165)	(2,984)
A33500	Payment of income tax	<u>(71,710)</u>	<u>(301,076)</u>
AAAA	Net cash inflow from operating activities	<u>572,699</u>	<u>490,246</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	(159,574)	(256,219)
B00050	Proceeds from disposal of financial assets at amortized cost	136,219	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	(96,006)	(174,173)
B02800	Proceeds from sales of property, plant and equipment	41	3,300
B03700	Increase of refundable deposit	(1,062)	(75)
B04500	Acquisition of intangible assets	(7,033)	-
B07500	Interest received	3,318	1,157
B07600	Dividends received	2,537	43,414
B09900	Proceeds from return of capital by investees	<u>-</u>	<u>43,414</u>
BBBB	Net cash used in investing activities	<u>(121,560)</u>	<u>(1,167,868)</u>

CASH FLOWS FROM FINANCING
ACTIVITIES

(Continued)

<u>C o d e</u>		<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
C00100	Increase in short-term loans	-	400,000
C03000	Guarantee deposits received	277	-
C04020	Payments of lease liabilities	(27,604)	(24,416)
C04500	Cash dividends paid	(<u>353,096</u>)	(<u>464,600</u>)
CCCC	Cash inflow (outflow) from financing activities	(<u>380,423</u>)	(<u>89,016</u>)
DDDD	Effect of changes in foreign exchange rates on cash	<u>13,485</u>	(<u>30,001</u>)
EEEE	Net increase in cash and cash equivalents	84,201	(796,639)
E00100	Cash at beginning of year	<u>1,003,914</u>	<u>1,800,553</u>
E00200	Cash at end of year	<u>\$ 1,088,115</u>	<u>\$ 1,003,914</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, 2022 and 2021
(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 17, 2023.

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.

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

- (2) The IFRSs endorsed by the FSC, applicable starting from 2023.

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
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

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

Note 2: The amendments will be 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 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

As of the date of issuance of the consolidated financial statements, the consolidated Company assessed that the aforementioned amendments of the standards or interpretations, will not have material impact on the financial position and 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 a n d i n t e r p r e t a t i o n s	E f f e c t i v e D a t e Announced by IASB (N o t e 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
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023

Newly issued/revised/amended standards a n d i n t e r p r e t a t i o n s	E f f e c t i v e D a t e Announced by IASB (N o t e 1)
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, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

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 above 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 and Table 6 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 fully disposes of the equity of the foreign operations, or partially disposes of them with loss of control, 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.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

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.

Computer software is amortized according to the useful life of 2 years.

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, Investment properties 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, Investment properties 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. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

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 investments in equity instruments at FVTOCI.

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. 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, financial asset at amortized cost, accounts receivable and refundable deposits) are measured at amortized cost, which equals the gross carrying amount determined using the

effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

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. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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 Internal or external information shows that the debtor is unlikely to pay its creditors that a financial asset is in default.

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. On derecognition of an investment in a debt instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2. Equity instruments

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

3. Financial liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method, except the Derivative financial instruments.

(2) Derecognition of financial liabilities

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

4. 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 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 repair service and revenue are recognized when services are 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 attaching 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 Group with no future related costs are recognized in profit or loss in the period in which they become 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.

3. Current and deferred taxes

Current and deferred taxes are recognized in profit or loss.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Company considers the recent development of the pandemic and its economic environment implications when making its critical accounting estimates in cash flow projections growth rate, discount rate, profitability, etc. 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

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.

6. CASH

	December 31, 2022	December 31, 2021
Cash on hand and Petty cash	\$ 1,107	\$ 971
Checking accounts and demand deposits	<u>1,087,008</u>	<u>1,002,943</u>
	<u>\$ 1,088,115</u>	<u>\$ 1,003,914</u>

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

	December 31, 2022	December 31, 2021
Bank deposits	0.001%~3.60%	0.001%~0.17%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2022	December 31, 2021
<u>Financial assets — current</u>		
Mandatorily measured at FVTPL		
Derivative (not hedged)		
— Forward foreign exchange contracts	<u>\$ -</u>	<u>\$ 445</u>
<u>Financial liability — current</u>		
Held for trading		
Derivative (not hedged)		
— Forward foreign exchange contracts	<u>\$ 804</u>	<u>\$ -</u>

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

December 31, 2022

	Currency	Maturity date	Contract amount (in T h o u s a n d s)
Forward	Euro to New	2023.1.19~	EUR 2,276/ NTD 73,583
foreign	Taiwan	2023.2.24	
exchange sold	Dollar		

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	2022.1.25	USD 1,000/NTD 28,136

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Non-current</u>		
equity investments		
Publicly traded stocks	<u>\$ 385,516</u>	<u>\$ 555,699</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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Domestic instruments		
Time deposits with original maturities of more than 3 months	<u>\$ 145,018</u>	<u>\$ 136,219</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Time deposits	0.001%	0.001%

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

10. ACCOUNTS RECEIVABLE

	December 31, 2022	December 31, 2021
At amortized cost		
Gross carrying amount	\$ 273,548	\$ 304,890
Less: Loss allowance	(<u>54</u>)	(<u>33</u>)
	<u>\$ 273,494</u>	<u>\$ 304,857</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, 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, 2022

	Not past d u e	Past due 1 ~ 3 3 0 D a y s	Past due 1 ~ 3 9 0 D a y s	Past due 1 ~ 9 1 8 0 D a y s	T o t a l
Gross carrying amount	\$ 218,952	\$ 49,363	\$ 5,146	\$ 87	\$ 273,548
Loss allowance (lifetime expected credit loss)	(54)	-	-	-	(54)
Amortized cost	<u>\$ 218,898</u>	<u>\$ 49,363</u>	<u>\$ 5,146</u>	<u>\$ 87</u>	<u>\$ 273,494</u>

December 31, 2021

	Not past d u e	Past due 1 ~ 3 3 0 D a y s	Past due 1 ~ 3 9 0 D a y s	Past due 1 ~ 9 1 8 0 D a y s	T o t a l
Gross carrying amount	\$ 262,182	\$ 40,175	\$ 1,958	\$ 575	\$ 304,890
Loss allowance (lifetime expected credit loss)	(33)	-	-	-	(33)
Amortized cost	<u>\$ 262,149</u>	<u>\$ 40,175</u>	<u>\$ 1,958</u>	<u>\$ 575</u>	<u>\$ 304,857</u>

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

	Fiscal year 2022	Fiscal year 2021
Balance at January 1	\$ 33	\$ 38
Add : Impairment losses	18	-

(Continued)

	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
Less : Impairment losses reversed	-	(7)
Foreign exchange gains and losses	<u>3</u>	<u>2</u>
Balance at September 30	<u>\$ 54</u>	<u>\$ 33</u>

11. INVENTORIES

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Finished goods	\$ 300,146	\$ 273,877
Work in progress	49,650	70,228
Raw materials	<u>267,241</u>	<u>386,051</u>
	<u>\$ 617,037</u>	<u>\$ 730,156</u>

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

	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
Cost of inventories sold	\$ 1,466,735	\$ 1,740,834
Provision (reversal) of inventory valuation and obsolescence loss	(<u>32,569</u>)	<u>2,451</u>
	<u>\$ 1,434,166</u>	<u>\$ 1,743,285</u>

The loss on write-down of inventories to net realizable value, the gain on recovery of net realizable value of inventories, and the reversal of provision for consumption of obsolete inventories were included in the cost of revenue.

12. SUBSIDIARIES

- (1) The Company and Subsidiaries both are included in the consolidated financial statements

Main content of the consolidated financial statements:

<u>I n v e s t o r</u>	<u>I n v e s t e e</u>	<u>N a t u r e o f A c t i v i t i e s</u>	<u>% o f O w n e r s h i p</u>	
			<u>2022</u>	<u>2021</u>
			<u>December 31</u>	<u>December 31</u>
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%

(Continued)

Investor	Investee	Nature of Activities	% of Ownership	
			2022 December 31	2021 December 31
	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%

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, 2022	\$ 373,218	\$ 1,045,000	\$ 161,494	\$ 10,165	\$ 71,476	\$ 15,444	\$ 63,265	\$ 15,438	\$ 1,755,500
Addition	-	13,591	36,089	-	7,427	-	43,007	6,640	106,754
Disposal	-	-	(18,624)	-	(2,176)	-	(20,488)	-	(41,288)
Reclassified as other noncurrent assets	-	9,634	139	-	-	-	4,332	(10,781)	3,324
Net exchange difference	-	-	201	-	3,515	1,448	-	-	5,164
BALANCE, DECEMBER 31, 2022	<u>\$ 373,218</u>	<u>\$ 1,068,225</u>	<u>\$ 179,299</u>	<u>\$ 10,165</u>	<u>\$ 80,242</u>	<u>\$ 16,892</u>	<u>\$ 90,116</u>	<u>\$ 11,297</u>	<u>\$ 1,829,454</u>
<u>Accumulated depreciation</u>									
BALANCE, January 1, 2022	\$ -	\$ 367,552	\$ 57,507	\$ 6,450	\$ 42,145	\$ 13,326	\$ 37,243	\$ -	\$ 524,223
Depreciation expense	-	40,765	31,236	1,180	12,213	434	29,291	-	115,119
Disposal	-	-	(18,624)	-	(2,111)	-	(20,488)	-	(41,223)
Net exchange difference	-	-	202	-	2,938	1,415	-	-	4,555
BALANCE, DECEMBER 31, 2022	<u>\$ -</u>	<u>\$ 408,317</u>	<u>\$ 70,321</u>	<u>\$ 7,630</u>	<u>\$ 55,185</u>	<u>\$ 15,175</u>	<u>\$ 46,046</u>	<u>\$ -</u>	<u>\$ 602,674</u>
NET VALUE, December 31, 2022	<u>\$ 373,218</u>	<u>\$ 659,908</u>	<u>\$ 108,978</u>	<u>\$ 2,535</u>	<u>\$ 25,057</u>	<u>\$ 1,717</u>	<u>\$ 44,070</u>	<u>\$ 11,297</u>	<u>\$ 1,226,780</u>
<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	-	(537)	(125)	-	(18,747)	-	(4,579)	-	(23,988)
Reclassified as other current and noncurrent assets	-	12,338	78,061	2,250	8,263	-	21,091	(175,966)	(53,963)
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>\$ 15,438</u>	<u>\$ 1,755,500</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>\$ 677,448</u>	<u>\$ 103,987</u>	<u>\$ 3,715</u>	<u>\$ 29,331</u>	<u>\$ 2,118</u>	<u>\$ 26,022</u>	<u>\$ 15,438</u>	<u>\$ 1,231,277</u>

For the year ended December 31 of 2022 and 2021, 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	3-10 years
Transportation equipment	5 years
Office equipment	3-5 years
Leasehold improvements	3 years
Other equipment	2-3 years

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

14. LEASE ARRANGEMENTS

(1) Right-of-use assets

	December 31, 2022	December 31, 2021
Right-of-use assets carrying amount		
Buildings	<u>\$ 25,868</u>	<u>\$ 40,799</u>
	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
Additions of right-of-use assets	<u>\$ 3,070</u>	<u>\$ 19,280</u>
Depreciation of right-of-use assets		
Buildings	<u>\$ 21,109</u>	<u>\$ 19,878</u>

For the period of January 1 to December 31 of 2022 and 2021, 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, 2022	December 31, 2021
Lease liability carrying amount		
Current	<u>\$ 25,837</u>	<u>\$ 25,012</u>

	December 31, 2022	December 31, 2021
Noncurrent	<u>\$ 10,366</u>	<u>\$ 31,072</u>

Range of discount rates for lease liabilities was as follows:

	December 31, 2022	December 31, 2021
Buildings	0.001%~5.70%	0.001%~5.70%

(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 2022	Fiscal year 2021
Total cash outflow for leases	<u>(\$ 29,825)</u>	<u>(\$ 27,400)</u>

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 thousand for the year ended on December 31 of 2022 and 2021.

Accumulated depreciation

Balance, January 1, 2021	\$ 10,998
Depreciation expense	<u>846</u>
Balance, December 31, 2021	11,844
Depreciation expense	<u>846</u>
Balance, December 31, 2022	<u>\$ 12,690</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\$201,897 thousand and NT\$146,600 thousand for the year ended on December 31, 2022

and 2021. 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 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Within 1 year	\$ 4,140	\$ 5,900
1 to 5 years	-	3,460
	<u>\$ 4,140</u>	<u>\$ 9,360</u>

16. SHORT-TERM LOANS

	December 31, 2022	December 31, 2021
Unsecured loans	\$ 400,000	\$ 400,000
Annual interest rate (%)	1.46%~1.48%	0.85%~0.87%
Maturity date	2023/1/26	2022/2/26

	December 31, 2022	December 31, 2021
Secured loans	\$ 200,000	\$ 200,000
Annual interest rate (%)	1.27%~1.28%	0.70%~0.86%
Maturity date	2023/1/26	2022/1/28

17. OTHER PAYABLES

	December 31, 2022	December 31, 2021
Salary and bonus payable	\$ 162,778	\$ 115,283
Payable for employees' compensation and remuneration of directors	46,163	103,277
Vacation pay payable	41,011	37,201
Insurance payable	10,109	9,551
Payable for equipment	8,339	17,630
Freight payable	4,257	7,679
Others	63,522	57,331
	<u>\$ 336,179</u>	<u>\$ 347,952</u>

18. PROVISION OF LIABILITY

	December 31, 2022	December 31, 2021
Current – warranty (classified under other current liabilities)	\$ 7,426	\$ 6,515
Noncurrent – warranty	<u>48,531</u>	<u>38,879</u>
	<u>\$ 55,957</u>	<u>\$ 45,394</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, 2022	December 31, 2021
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, 2022	December 31, 2021
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 for 2021 and 2020 had been approved in the meetings of the shareholders of the Company held on June 8, 2022 and July 1, 2021, respectively. The appropriations and dividends per share were as follows:

	A p p r o p r i a t i o n s o f E a r n i n g s		D i v i d e n d s P e r S h a r e (N T \$)	
	Fiscal year 2021	Fiscal year 2020	Fiscal year 2021	Fiscal year 2020
Appropriated as legal reserve	\$ 65,234	\$ 78,820		
Appropriations (Reversal) in respect of special reserve	413,894	4,854		
Cash dividends	353,096	464,600	\$ 3.8	\$ 5.0

The appropriation of earnings for 2022 that had been proposed by the Company's Board of Directors on March 17, 2023 was as follows:

	A p p r o p r i a t i o n s o f E a r n i n g s	D i v i d e n d s P e r S h a r e (N T \$)
Appropriated as legal reserve	\$ 33,276	
Appropriated as special reserve	134,674	
Cash dividends	132,876	\$ 1.43

The appropriation of earnings for 2022 will be resolved in the shareholders' meeting to be held on June 7, 2023.

21. REVENUE

	Fiscal year 2022	Fiscal year 2021
Revenue from contracts with customers		
sale of goods	\$ 2,956,929	\$ 3,655,632
services and other	52,742	31,364
	<u>\$ 3,009,671</u>	<u>\$ 3,686,996</u>

Disaggregation of Revenue from contracts with customers – Type of goods

	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
Video conferencing systems products	\$ 1,871,425	\$ 2,099,047
Integrated education products	1,101,045	1,537,167
Others	<u>37,201</u>	<u>50,782</u>
	<u>\$ 3,009,671</u>	<u>\$ 3,686,996</u>

22. ADDITIONAL INFORMATION OF NET INCOME

(1) Other income

	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
Rental income	\$ 5,900	\$ 6,230
Dividends received	2,537	43,414
Government grants income	-	27,690
Others	<u>8,247</u>	<u>9,692</u>
	<u>\$ 16,684</u>	<u>\$ 87,026</u>

(2) Other gains and losses

	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
Financial assets mandatorily measured at FVTPL	(\$ 1,425)	\$ 31,201
Net foreign exchange gains (losses)	52,983	(70,724)
Gains on disposal and write-off of property, plant, and equipment	(24)	3,287
Other losses	<u>(934)</u>	<u>(1,079)</u>
	<u>\$ 50,600</u>	<u>(\$ 37,315)</u>

(3) Finance costs

	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
Interest on bank loans	\$ 6,527	\$ 3,211
Interest on lease liabilities	2,221	2,984
Other interest expenses	<u>104</u>	<u>65</u>
	<u>\$ 8,852</u>	<u>\$ 6,260</u>

(4) Depreciation and amortization

	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
Property, plant, and equipment	\$ 115,119	\$ 99,567
Right-of-use assets	21,109	19,878
Investment properties	846	846
Intangible assets	<u>11,565</u>	<u>5,884</u>
	<u>\$ 148,639</u>	<u>\$ 126,175</u>

	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
An analysis of depreciation by function		
Cost of revenue	\$ 58,623	\$ 55,290
Operating expenses	77,605	64,155
Other gains and losses	<u>846</u>	<u>846</u>
	<u>\$ 137,074</u>	<u>\$ 120,291</u>
An analysis of amortization by function		
Cost of revenue	\$ 4,504	\$ 1,691
Marketing	440	678
General and administrative	6,390	3,119
Research and development	<u>231</u>	<u>396</u>
	<u>\$ 11,565</u>	<u>\$ 5,884</u>
(5) Employee benefits expense		
	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
Post-employment benefits		
Defined contribution plans	\$ 27,243	\$ 25,177
Short-term benefits		
Salary expense	847,934	816,479
Insurance expense	78,566	74,717
Others	<u>18,730</u>	<u>19,451</u>
Total employee benefits expense	<u>\$ 972,473</u>	<u>\$ 935,824</u>
An analysis of employee benefits expense by function		
Cost of revenue	\$ 148,450	\$ 157,792
Operating expenses	<u>824,023</u>	<u>778,032</u>
	<u>\$ 972,473</u>	<u>\$ 935,824</u>

(6) Employees' compensation and remuneration of directors

In compliance with the Articles of Incorporation, the Company accrued employees' compensation and remuneration of directors at the rate of 5% ~ 20% and no more than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. For the fiscal years of 2022 and 2021, the accrued employees' compensation and the remuneration of directors approved by the Board of Directors were as follows:

Accrual rate

	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
Compensation of employees	10%	10%
Remuneration of directors	1.99%	1.99%

Amount (NT\$)

	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
Compensation of employees		
— Cash	\$ 38,501	\$ 86,136
Remuneration of directors	<u>7,662</u>	<u>17,141</u>
	<u>\$ 46,163</u>	<u>\$103,277</u>
Recognized amount in consolidated financial statements	<u>\$ 46,163</u>	<u>\$ 103,277</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 2022</u>	<u>Fiscal year 2021</u>
Current income tax		
In respect of the current year	\$ 26,444	\$ 121,725
Income tax on unappropriated earnings	-	3,167
Adjustments in respect of prior years	(<u>18,824</u>)	(<u>1,835</u>)
	<u>7,620</u>	<u>123,057</u>
Deferred tax		
In respect of the current year	<u>12,951</u>	<u>9,979</u>
Income tax expenses recognized in profit or loss	<u>\$ 20,571</u>	<u>\$ 133,036</u>

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

	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
Income before income tax	<u>\$ 353,330</u>	<u>\$ 785,373</u>
Income tax expense calculated at the statutory rate (20%) of the parent company	\$ 70,666	\$ 157,075
Income tax on unappropriated earnings	-	3,167
Non-deductible expenses in determining taxable income	563	155
Tax-exempt income and other	(1,070)	(8,968)
Unrecognized loss deduction and deductible temporary differences	(30,741)	(25,743)
Investment tax credit in current year	(12,737)	(17,083)
Adjustments of prior years' income tax expenses added to current year	(18,824)	(1,835)
Tax effect of different applicable tax rates for individual consolidated entities	<u>12,714</u>	<u>26,268</u>
Income tax expenses recognized in profit or loss	<u>\$ 20,571</u>	<u>\$ 133,036</u>

The applicable tax rate of the Company's subsidiary in the U. S. region is 28% for 2022 and 2021. In other jurisdictions, the Company measures taxes by using the applicable tax rate for each individual jurisdiction.

(2) Deferred tax assets and liabilities

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

Fiscal year 2022

	<u>O p e n i n g</u> <u>b a l a n c e</u>	<u>Recognized</u> <u>i n p r o f i t o r</u> <u>l o s s e s</u>	<u>Exchange</u> <u>d i f f e r e n c e</u>	<u>C l o s i n g</u> <u>b a l a n c e</u>
<u>Deferred tax assets</u>				
Temporary differences				
Property, plant and equipment	\$ 1,626	\$ 44	\$ 180	\$ 1,850
Deferred income	3,311	252	45	3,608
Refund liability	27,843	(9,854)	2,748	20,737
Bonus payable	2,330	(543)	238	2,025
Provision of liability	9,080	2,054	(2)	11,132
Inventory valuation losses	18,308	(7,972)	624	10,960
Vacation pay payable	4,441	4,211	425	9,077
Unrealized gross profit of sales between affiliated companies	3,396	(1,481)	1	1,916
Others	<u>8,825</u>	<u>(3,548)</u>	<u>461</u>	<u>5,738</u>
	79,160	(16,837)	4,720	67,043
Loss deduction	<u>122</u>	<u>3,454</u>	<u>71</u>	<u>3,647</u>
	<u>\$ 79,282</u>	<u>(\$ 13,383)</u>	<u>\$ 4,791</u>	<u>\$ 70,690</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Deferred state tax	\$ 4,227	(\$ 343)	\$ 453	\$ 4,337
Others	<u>92</u>	<u>(89)</u>	<u>-</u>	<u>3</u>
	<u>\$ 4,319</u>	<u>(\$ 432)</u>	<u>\$ 453</u>	<u>\$ 4,340</u>

Fiscal year 2021

	<u>O p e n i n g</u> <u>b a l a n c e</u>	<u>Recognized</u> <u>i n p r o f i t o r</u> <u>l o s s e s</u>	<u>Exchange</u> <u>d i f f e r e n c e</u>	<u>C l o s i n g</u> <u>b a l a n c e</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

(Continued)

	<u>Opening balance</u>	<u>Recognized in profit or losses</u>	<u>Exchange difference</u>	<u>Closing balance</u>
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>
Deferred tax liabilities				
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>
(3) Income tax assessments				

The Company's tax returns through 2020 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 2022</u>	<u>Fiscal year 2021</u>
Net profits used in the computation of basic earnings and diluted earnings per share	<u>\$ 332,759</u>	<u>\$ 652,337</u>
<u>Number of shares</u>		Unit: in Thousands
	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</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>966</u>	<u>1,418</u>
The weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>93,886</u>	<u>94,338</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, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>T o t a l</u>
<u>Financial assets at</u>				
<u>FVTOCI</u>				
Investments in equity instruments				
Publicly traded stocks	\$ 385,516	\$ -	\$ -	\$ 385,516
<u>Financial liabilities at</u>				
<u>FVTPL</u>				
Derivative – forward foreign exchange contracts	\$ -	\$ 804	\$ -	\$ 804

December 31, 2021

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

There were no transfer between Level 1 and Level 2 in the year of 2022 and 2021.

- 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.

- Categories of financial instruments

	December 31, 2022	December 31, 2021
<u>Financial assets</u>		
Fair value through profit or loss		
Mandatorily measured at FVTPL	\$ -	\$ 445
Amortized cost (Note 1)	1,531,187	1,468,746
Financial assets at FVTOCI	385,516	555,699
<u>Financial liability</u>		
Fair value through profit or loss		
Held for trading	804	-
Amortized cost (Note 2)	776,183	782,820

Note 1: The balances included financial liabilities measured at amortized cost, which comprise cash, 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, interest rates, 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 2022		Fiscal year 2021
USD	\$ 25,024		\$ 23,005
EUR	9,838		21,680
JPY	7,666		8,930

(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, 2022	December 31, 2021
Fair value interest rate risk		
—Financial assets	\$ 145,018	\$ 136,219
—Financial liabilities	636,203	656,084
Cash flow interest rate risk		
—Financial assets	981,225	907,806

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 2022 and 2021 would increase/decrease by NT\$2,453 thousand and NT\$2,270 thousand, respectively.

(3) Other price risks

The Company was exposed to price risk due to having listed marketable securities.

Price sensitivity analysis

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

If the listed marketable securities equity prices had been increased/decreased by 10%, the Company's comprehensive income for the fiscal years of 2022 and 2021 would increase/decrease by NT\$38,552 thousand and 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.

3. Liquidity risk

The Company finances its operations and mitigates the effects of fluctuations in cash flows through controlling and maintaining sufficient cash. 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, 2022 and 2021, 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, 2022

	On Demand			
	o			
	Less than 1		3 months-1	
	M o n t h	1-3 months	y e a r	1-5 years
<u>Non-derivative</u>				
<u>financial liability</u>				
Non-interest				
bearing	\$ 87,171	\$ 82,601	\$ 4,620	\$ -
Lease liability	2,310	4,924	19,622	10,564
Fixed interest				
instruments	<u>600,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$689,481</u>	<u>\$ 87,525</u>	<u>\$ 24,242</u>	<u>\$ 10,564</u>

December 31, 2021

	On Demand			
	o			
	Less than 1	1 t o 3	3 months to	
	M o n t h	m o n t h s	1 y e a r	1-5 years
<u>Non-derivative</u>				
<u>financial liability</u>				
Non-interest				
bearing	\$ 98,516	\$ 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>\$600,610</u>	<u>\$172,853</u>	<u>\$ 24,309</u>	<u>\$ 31,467</u>

(2) Financing amount

	December 31, 2022	December 31, 2021
Unsecured bank financing amount		
– Amount used	\$ 400,000	\$ 400,000
– Amount unused	<u>400,000</u>	<u>400,000</u>
	<u>\$ 800,000</u>	<u>\$ 800,000</u>
Secured bank financing amount		
– Amount used	\$ 200,000	\$ 200,000
– Amount unused	<u>580,000</u>	<u>580,000</u>
	<u>\$ 780,000</u>	<u>\$ 780,000</u>

27. TRANSACTIONS WITH RELATED PARTIES

The parent company of the Company is AVerMedia Technologies, Inc. (AVerMedia) that holds 49.92% of ordinary shares of the Company directly and indirectly on December 31, 2022 and 2021 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
AVERMEDIA TECHNOLOGIES EUROPE B.V.	Fellow subsidiary
AVerMedia Technologies (Shanghai) Inc.	Fellow subsidiary

(2) Operating income

<u>L i n e I t e m s</u>	<u>R e l a t e d P a r t y C a t e g o r y</u>	<u>F i s c a l y e a r 2022</u>	<u>F i s c a l y e a r 2021</u>
Sales revenue	Parent company	\$ 33,504	\$ 48,118
	Fellow company	<u>12</u>	<u>115</u>
		<u>\$ 33,516</u>	<u>\$ 48,233</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 2022</u>	<u>Fiscal year 2021</u>
Parent Company	<u>\$ 5,664</u>	<u>\$ 8,222</u>

(4) Receivables from related parties

<u>Line Items</u>	<u>Related Party Category</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable	Parent company	<u>\$ 9,437</u>	<u>\$ 9,333</u>
Other Accounts receivables	Parent company	\$ 3,392	\$ 3,571
		<u>446</u>	<u>157</u>
	Fellow company	<u>\$ 3,838</u>	<u>\$ 3,728</u>

The outstanding trade receivables from related parties are unsecured. For the fiscal years of 2022 and 2021, 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, 2022</u>	<u>December 31, 2021</u>
Accounts payable	Parent company	<u>\$ 1,483</u>	<u>\$ 1,094</u>
Other payables	Parent company		
	AVerMedia Technologies, Inc.	\$ 686	\$ 689
	Fellow company	<u>281</u>	<u>225</u>
		<u>\$ 967</u>	<u>\$ 914</u>

(6) Others

<u>Line Items</u>	<u>Related Party Category / Item</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other revenues	Fellow company		
	AVerMedia Technologies, Inc.	<u>\$ 3,161</u>	<u>\$ 3,161</u>

The outstanding trade payables from related parties are unsecured.

(7) Compensation of key management personnel

	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
Short-term benefits	\$ 61,430	\$ 98,823
Post-employment benefits	<u>640</u>	<u>621</u>
	<u>\$ 62,070</u>	<u>\$ 99,444</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:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Pledged certificates of deposits (classified under financial assets measured at amortized cost)	\$ 145,018	\$ 136,219
Houses and buildings - net value	<u>118,448</u>	<u>121,393</u>
	<u>\$ 263,466</u>	<u>\$ 257,612</u>

29. SUBSEQUENT EVENTS

On March 20, 2023 the Company disposed of buildings and parking (classified under investment property) located at Zhonghe District, New Taipei City, for NT\$ 203 million. The amount of gain on this disposal will not be confirmed until all the relevant taxes and expenses are paid.

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, 2022

	<u>F o r e i g n</u>	<u>E x c h a n g e</u>	<u>C a r r y i n g</u>
	<u>c u r r e n c y</u>	<u>r a t e</u>	<u>a m o u n t</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 19,742	30.71 (USD: NTD)	\$ 606,285
EUR	6,014	32.72 (EUR: NTD)	196,769
JPY	659,735	0.23 (JPY: NTD)	153,323
			<u>\$ 956,377</u>
<u>Financial liability</u>			
<u>Monetary items</u>			
USD	3,445	30.71 (USD: NTD)	\$ 105,808
RMB	425	4.41 (RMB: NTD)	1,873
			<u>\$ 107,681</u>

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>

For the years ended December 31, 2022 and 2021, the net foreign exchange gains were NT\$ 52,983 thousand and net foreign exchange losses NT\$ 70,724 thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of the foreign currency.

31. SEPARATELY DISCLOSED ITEMS

(1) Information on significant transactions :

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

32. SEGMENTS INFORMATION

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

(1) Financial information by geographic location

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

<u>L o c a t i o n</u>	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
	<u>R e v e n u e</u>	<u>R e v e n u e</u>
America	\$ 1,283,974	\$ 1,787,845
Asia	939,224	849,414
Europe	674,534	926,816
Others	111,939	122,921
	<u>\$ 3,009,671</u>	<u>\$ 3,686,996</u>

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

<u>L o c a t i o n</u>	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
	<u>A m o u n t</u>	<u>A m o u n t</u>
Asia	\$ 1,311,879	\$ 1,348,574
America	21,917	32,373
Europe	7,030	8,040
	<u>\$ 1,340,826</u>	<u>\$ 1,388,987</u>

Noncurrent assets excluding deferred tax assets and financial instruments.

(2) Major customers information

Customers representing at least 10% of net revenue of the Company are detailed as follows:

	Fiscal year 2022		Fiscal year 2021	
	A m o u n t	%	A m o u n t	%
Customer A	\$ 458,854	15	\$ 696,322	19
Customer B	355,274	12	63,232	2

Note: Revenue amount of the other customers less than 10% of net revenue of the Company

AVer Information Inc. and subsidiaries
Endorsements/guarantees provided
January 1 to December 31, 2022

Table 1 (attached)

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

N o .	Endorsement/guarantee Provider	G u a r a n t e e d P a r t y		Provided to Each Guaranteed Party Endorsement/guarantee Amount Limits	For the Period Maximum Balance	E n d i n g B a l a n c e	Amount Actually Drawn	Collateralized by Properties Amount of Endorsement/guarantee	Ratio of Accumulated Endorsement/guarantee to net Equity per Latest Financial Statements (%)	Endorsement/guarantee Maximum Amount allowable	Guarantee Provided by Parent Company (N o t e)	Guarantee Provided by a Subsidiary (N o t e)	Guarantee Provided to Subsidiaries in Mainland China (N o t e)	Note
		N a m e	N a t u r e o f Relationship											
0	The Company	AVer Information Inc. (USA)	Subsidiary	50% of paid-in capital to be \$464,600	\$ 109,124 (USD 3,387)	\$ 104,026 (USD 3,387)	\$	\$ -	3.69	50% of paid-in capital to be \$464,600	Y	N	N	

Note : 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, 2022

Table 2 (attached)

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

Held Company Name	Marketable Securities Type and Name	Relationship With the Company	Financial Statement Account	End date of the Reporting Period				Note
				Unit (In Thousands)	Carrying Value	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	\$ 385,516	10.97%	\$ 385,516	

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, 2022

Table 3 (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)		N o t e
			Purchase (S a l e)	A m o u n t	Percentage to T o t a l Purchase (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 Receivable (Payable) (%)	
The Company	AVer Information Inc. (USA)	Subsidiary	Sales	\$ 672,479	(32)	90 days after the goods were shipped	\$ -	—	\$ 72,143	20	Note
	AVer Information Europe B.V.	Subsidiary	Sales	394,577	(19)	90 days after the goods were shipped	-	—	136,525	39	Note
	AVer Information Inc. (Japan)	Subsidiary	Sales	108,645	(5)	90 days after the goods were shipped	-	—	45,488	13	Note

Note: All the amounts above have been eliminated upon consolidation.

AVer Information Inc. and subsidiaries

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

December 31, 2022

Table 4 (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 (N o t e 1)	Turnover R a t e (Times / Y e a r)	O v e r d u e		A m o u n t s R e c e i v e d i n S u b s e q u e n t P e r i o d (Note2)	Provision of Allowance for Impairment Loss
					A m o u n t	Action Taken		
The Company	AVer Information Inc. (USA)	Subsidiary	Accounts Receivable \$ 72,143	5.66	\$ -	-	\$ 103,043	\$ -
	AVer Information Europe B.V.	Subsidiary	Accounts Receivable 136,525	2.49	-	-	135,219	
	AVer Information Inc. (Japan)	Subsidiary	Accounts Receivable 45,488	2.90			18,375	

Note 1: All the amounts above have been eliminated upon consolidation.

Note 2: The amount recovered as of March 24, 2023.

AVer Information Inc. and subsidiaries
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
January 1 to December 31, 2022

Table 5 (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 1)	T r a n s a c t i o n D e t a i l s			
				Financial Statement A c c o u n t s	A m o u n t	Payment Terms	% t o T o t a l R e v e n u e s o r A s s e t s
0	The Company	AVer Information Inc. (USA)	1	Sales revenue	\$ 672,479	Note 2	22
				Accounts receivable	72,143	Note 3	2
		AVer Information Europe B.V.	1	Sales revenue	394,577	Note 2	13
				Accounts receivable	136,525	Note 3	3
		AVer Information Inc. (Japan)	1	Sales revenue	108,645	Note 2	4
				Accounts receivable	45,488	Note 3	1
		AVer Information (Vietnam) Co., Ltd	1	Sales revenue	33,605	Note 2	1
				Accounts receivable	14,315	Note 3	-

Note 1: (1) from the parent company to the subsidiary.
(2) from the subsidiary to the parent company.
(3) between two subsidiaries

Note 2: Payment terms are similar to those of general customer and specified based on the local market conditions.

Note 3: 90 days after the goods were shipped.

AVer Information Inc. and subsidiaries
INFORMATION ON INVESTEES
January 1 to December 31, 2022

Table 6 (attached)

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

Investor Company	I n v e s t e e C o m p a n y	Main Locations	M a i n B u s i n e s s e s	Original Investment Amount		Balance at the End of the Period			Investee Company Net Income (Loss) of the Period	S h a r e o f P r o f i t (L o s s)	N o t e
				End date of the Reporting Period	End date of the Previous Period	S h a r e s	Percentage (%)	Carrying Amount (Note 2 and 3)			
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	\$ 228,373	\$ 15,721	\$ 16,749	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 1)	100	25,580	12,023	12,023	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	(6,275)	3,923	3,923	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 1)	100	13,395	1,607	1,607	Subsidiary
	Yuan Chen Investment Co., Ltd.	Taiwan	Investment	500	500	50,000	100	434	1	1	Subsidiary

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

Note 2: Carrying amount is the net amount after unrealized sales profit is deducted.

Note 3: All the amounts above have been eliminated upon consolidation.

AVer Information Inc.
Major Shareholders Information
December 31, 2022

Table 7 (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.

AVer Information Inc.

Parent Company Only
Financial Statements and
Independent Auditors' Report

2022 and 2021 Fiscal Years

Address : 8F., No. 157, Da'an Road, Tucheng District,
New Taipei City 236042, Taiwan, R. O. C.
Tel : (02)22698535

Independent Auditors' Report (translated from Chinese)

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

Opinion

We have audited the accompanying parent company only financial statements of AVer Information Inc. (the Company), which comprise the balance sheets as of December 31, 2022 and 2021, and related statements of comprehensive income, changes in equity, cash flows, and notes to parent company only financial statements (including summary of significant accounting policies) from January 1 to December 31, 2022 and 2021. The independent auditors have completed the audits of these statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of AVer Information Inc. as of December 31, 2022 and 2021 and its financial performance and its cash flows from January 1 to December 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of AVer Information Inc. for the fiscal year of 2022. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for AVer Information Inc.'s parent company only financial statements for the fiscal year of 2022 as stated as follows:

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

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

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

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

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

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

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

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

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

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

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

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

or the override of internal control.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of AVer Information Inc. for the fiscal year of 2022 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 I-Ching Liu and Ming-Yen Chien.

Deloitte & Touche

Taipei, Taiwan

Republic of China

March 24, 2023

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China. For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China.

If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

AVer Information Inc.
BALANCE SHEETS
December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

C o d e	A	S	S	E	T	S	December 31, 2022		December 31, 2021		
							A m o u n t	%	A m o u n t	%	
	CURRENT ASSETS										
1100	Cash (Note 6)						\$ 905,116	24	\$ 848,922	21	
1110	Financial assets at fair value through profit or loss (Note 7)						-	-	445	-	
1136	Financial assets at amortized cost(Note 9 and 27)						145,018	4	136,219	4	
1150	Notes receivable						3,524	-	3,413	-	
1170	Accounts receivable (Notes 10)						72,209	2	84,164	2	
1180	Accounts receivable - related parties (Notes 10 and 26)						277,908	7	393,209	10	
1200	Other receivables (Note 26)						8,528	-	9,823	-	
1220	Income tax assets for current period(Notes 22)						49,837	1	-	-	
130X	Inventories (Notes 11)						396,019	10	532,141	13	
1470	Other current assets						28,881	1	4,477	-	
11XX	Total current assets						1,887,040	49	2,012,813	50	
	NONCURRENT ASSETS										
1517	Financial assets at fair value through other comprehensive income (Note 8)						385,516	10	555,699	14	
1550	Investment using the equity method (Note 12)						267,782	7	126,035	3	
1600	Property, plant, and equipment (Notes 13 and 27)						1,219,399	31	1,223,076	30	
1755	Right-of-use assets						-	-	623	-	
1760	Investment property (Note 14)						66,399	2	67,245	2	
1780	Intangible assets						19,832	-	24,661	-	
1840	Deferred income tax assets (Note 22)						28,291	1	28,839	1	
1990	Other Noncurrent assets						2,808	-	25,793	-	
15XX	Total noncurrent assets						1,990,027	51	2,051,971	50	
1XXX	TOTAL ASSETS						\$ 3,877,067	100	\$ 4,064,784	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 15)						\$ 600,000	16	\$ 600,000	15	
2120	Financial liabilities at fair value through profit or loss (Note 7)						804	-	-	-	
2170	Accounts payable (Note 26)						108,228	3	91,756	2	
2200	Other payables (Notes 16 and 26)						283,299	7	283,529	7	
2230	Income tax liabilities for current period (Note 22)						-	-	5,081	-	
2280	Lease liabilities						-	-	627	-	
2399	Other current liabilities (Note 17)						9,821	-	10,349	-	
21XX	Total current liabilities						1,002,152	26	991,342	24	
	NONCURRENT LIABILITIES										
2550	Provision (Note 17)						48,531	1	38,879	1	
2570	Deferred income tax liabilities (Note 22)						-	-	89	-	
2670	Other noncurrent liabilities (Note 12)						8,077	-	61,156	2	
25XX	Total noncurrent liabilities						56,608	1	100,124	3	
2XXX	Total Liabilities						1,058,760	27	1,091,466	27	
	EQUITY (Note 19)										
3110	Capital - common stock						929,200	24	929,200	23	
3200	Capital surplus						735,120	19	735,120	18	
	Retained earnings										
3310	Appropriated as legal reserve						367,304	9	302,070	7	
3320	Appropriated as special reserve						420,956	11	7,062	-	
3350	Unappropriated earnings						921,357	24	1,420,822	35	
3300	Total retained earnings						1,709,617	44	1,729,954	40	
3400	Other equity						(555,630)	(14)	(420,956)	(10)	
3XXX	Total equity						2,818,307	73	2,973,318	73	
	TOTAL LIABILITIES AND EQUITY							\$ 3,877,067	100	\$ 4,064,784	100

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

AVer Information Inc.

STATEMENTS OF COMPREHENSIVE INCOME

January 1 to December 31, 2022 and 2021

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

Code		Fiscal year 2022		Fiscal year 2021	
		A m o u n t	%	A m o u n t	%
	REVENUE (Notes 20 and 26)				
4000	Sales revenue	\$ 2,106,554	100	\$ 2,835,151	100
	COST OF REVENUE (Notes 11, 21, 26)				
5000	Cost of goods sold	<u>1,276,579</u>	<u>61</u>	<u>1,579,194</u>	<u>56</u>
5900	GROSS PROFIT	829,975	39	1,255,957	44
5920	REALIZED (UNREALIZED) PROFIT OF THE SUBSIDIARY	<u>125,369</u>	<u>6</u>	<u>49,616</u>	<u>2</u>
5950	REALIZED GROSS PROFIT	<u>955,344</u>	<u>45</u>	<u>1,305,573</u>	<u>46</u>
	OPERATING EXPENSES (Note 21)				
6100	Marketing	190,529	9	162,752	6
6200	General and administrative	102,639	5	109,652	4
6300	Research and development	<u>420,385</u>	<u>20</u>	<u>383,126</u>	<u>13</u>
6000	Total operating expenses	<u>713,553</u>	<u>34</u>	<u>655,530</u>	<u>23</u>
6900	INCOME FROM OPERATIONS	<u>241,791</u>	<u>11</u>	<u>650,043</u>	<u>23</u>
	NON-OPERATING INCOME AND EXPENSES (Note 21,26)				
7100	Interest revenue	3,290	-	1,405	-
7010	Other revenues	13,600	1	58,396	2

(Continued)

Code		Fiscal year 2022		Fiscal year 2021	
		A m o u n t	%	A m o u n t	%
7020	Other gains and losses	52,400	2	(36,967)	(1)
7050	Finance cost	(6,535)	-	(3,222)	-
7070	Share of profits and losses on equity method subsidiaries	34,303	2	88,429	3
7000	Total non-operating income and expenses	97,058	5	108,041	4
7900	INCOME BEFORE INCOME TAX	338,849	16	758,084	27
7950	INCOME TAX EXPENSE (Note 22)	6,090	-	105,747	4
8200	NET INCOME	332,759	16	652,337	23
	OTHER COMPREHENSIVE INCOME (LOSS)				
8310	Items that will not be reclassified subsequently to profit or loss				
8316	Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(170,183)	(8)	(400,860)	(14)
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations	35,509	1	(13,034)	(1)

(Continued)

<u>Code</u>		<u>Fiscal year 2022</u>		<u>Fiscal year 2021</u>	
		<u>A m o u n t</u>	<u>%</u>	<u>A m o u n t</u>	<u>%</u>
8300	Other comprehensive loss for the year (net after income tax)	(<u>134,674</u>)	<u>(7)</u>	(<u>413,894</u>)	<u>(15)</u>
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 198,085</u>	<u>9</u>	<u>\$ 238,443</u>	<u>8</u>
	Earnings per share (Note 23)				
9710	Basic	<u>\$ 3.58</u>		<u>\$ 7.02</u>	
9810	Diluted	<u>\$ 3.54</u>		<u>\$ 6.91</u>	

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

AVer Information Inc.
STATEMENTS OF CHANGES IN EQUITY
January 1 to December 31, 2022 and 2021
(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 l e g a l r e s e r v e	Appropriated as s p e c i a l r e s e r v e	Unappropriated e a r n i n g s	T o t a l			
A1	BALANCE, January 1, 2021	\$ 929,200	\$ 735,120	\$ 223,250	\$ 2,208	\$ 1,316,759	\$ 1,542,217	(\$ 7,062)	\$ -	\$ 3,199,475
	Appropriation and distribution of year 2020 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
	Appropriation and distribution of prior year's earnings									
B1	Legal reserve	-	-	65,234	-	(65,234)	-	-	-	-
B3	Special reserve	-	-	-	413,894	(413,894)	-	-	-	-
B5	Cash dividends to shareholders - NT\$3.8 per share	-	-	-	-	(353,096)	(353,096)	-	-	(353,096)
D1	Net income in 2022	-	-	-	-	332,759	332,759	-	-	332,759
D3	Other comprehensive income (loss) in 2022, net of income tax	-	-	-	-	-	-	35,509	(170,183)	(134,674)
D5	Total comprehensive income (loss) in 2022	-	-	-	-	332,759	332,759	35,509	(170,183)	198,085
Z1	BALANCE, DECEMBER 31, 2022	\$ 929,200	\$ 735,120	\$ 367,304	\$ 420,956	\$ 921,357	\$ 1,709,617	\$ 15,413	(\$ 571,043)	\$ 2,818,307

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

AVer Information Inc.
STATEMENTS OF CASH FLOWS
January 1 to December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

<u>C o d e</u>		<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax of the fiscal year	\$ 338,849	\$ 758,084
A20010	Adjustments for:		
A20100	Depreciation expense	113,289	97,943
A20200	Amortization expense	11,493	5,850
A20400	Net benefit on financial instruments at fair value through profit or loss	1,425	(31,202)
A20900	Finance cost	6,535	3,222
A21200	Interest revenue	(3,290)	(1,405)
A21300	Dividend income	(2,537)	(43,414)
A22400	Share of profits and losses on equity method subsidiaries	(34,303)	(88,429)
A22500	Losses (Gains) on disposal of property, plant and equipment	17	(3,287)
A23700	Provision of inventory valuation loss and stock obsolescence	(17,781)	1,686
A24000	Realized profit of the subsidiaries	(125,369)	(49,616)
A24100	Unrealized gross profit on foreign exchange	13,406	19,290
A29900	Provision of liability reserve	14,418	5,437
A29900	Amortization of advance payments for goods and services	-	2,101
A30000	Net changes of operating assets and liabilities		
A31115	Financial assets at fair value enforced through profit or loss	11,141	29,953

(Continued)

C o d e		Fiscal year 2022	Fiscal year 2021
A31130	Notes receivable	(\$ 111)	(\$ 2,209)
A31150	Accounts receivable	129,127	496,835
A31180	Other receivables	1,309	8,031
A31200	Inventories	153,903	33,845
A31240	Other current assets	(24,404)	5,634
A32110	Financial liability held for trading	(11,317)	(12,770)
A32150	Accounts payable	17,150	(220,230)
A32180	Other payables	8,365	(16,218)
A32200	Provision of liability	(4,123)	(5,294)
A32230	Other current liabilities	(1,171)	387
A32990	Other noncurrent liabilities	<u>11</u>	<u>1</u>
A33000	Cash inflow generated from operations	596,032	994,225
A33300	Payment of interest	(5,856)	(3,181)
A33500	Payment of income tax	(<u>60,549</u>)	(<u>264,522</u>)
AAAA	Net cash inflow from operating activities	<u>529,627</u>	<u>726,522</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	(159,574)	(256,219)
B00050	Proceeds from disposal of financial assets at amortized cost	136,219	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	(94,088)	(168,765)
B02800	Proceeds from disposal of property, plant and equipment	-	3,300
B03700	Increase of refundable deposit	(378)	(76)
B04500	Acquisition of intangible assets	(6,664)	-
B07500	Interest received	3,290	1,421
B07600	Dividends received	2,537	43,414
B09900	Proceeds from return of capital by investees	<u>-</u>	<u>43,414</u>
BBBB	Net cash outflow of investing activities	(<u>118,658</u>)	(<u>1,162,197</u>)

(Continued)

<u>Code</u>		<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term loans	-	400,000
C03000	Guarantee deposits received	277	-
C04020	Payments of lease liabilities	(627)	(610)
C04500	Cash dividends paid	(353,096)	(464,600)
CCCC	Cash inflow (outflow) from financing activities	(353,446)	(65,210)
DDDD	Effect of changes in foreign exchange rates on cash	(1,329)	(15,690)
EEEE	Net increase (decrease) in cash	56,194	(516,575)
E00100	Cash at beginning of year	<u>848,922</u>	<u>1,365,497</u>
E00200	Cash at end of year	<u>\$ 905,116</u>	<u>\$ 848,922</u>

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

AVer Information Inc.
Notes to Parent Company Only Financial Statements
January 1 to December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars, unless otherwise specified)

1. GENERAL

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the Board of Directors on March 17, 2023.

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

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

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

- (2) The IFRSs endorsed by the FSC, applicable starting from 2023.

<u>Newly issued/revised/amended standards a n d i n t e r p r e t a t i o n s</u>	<u>Effective Date issued by I A S B</u>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

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

Note 2: The amendments will be 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 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

As of the date of issuance of the financial statements, the Company assessed that the aforementioned amendments of the standards or interpretations will not have material impact on the financial position and performance.

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

<u>Newly issued/revised/amended standards a n d i n t e r p r e t a t i o n s</u>	<u>E f f e c t i v e D a t e Announced by IASB (N o t e 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023

Newly issued/revised/amended standards a n d i n t e r p r e t a t i o n s	E f f e c t i v e D a t e Announced by IASB (N o t e 1)
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, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of above standards and interpretations will have on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

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

(2) Basis of preparation

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

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

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

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

(3) Classification of current and noncurrent assets and liabilities

Current assets include:

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

Current liabilities include:

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

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

(4) Foreign currencies

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

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

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when their fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslated of non-monetary items in respect of which gains and losses are classified as other comprehensive income; in which cases, the exchange differences are also recognized in other comprehensive income.

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

For the purpose of presenting the parent company only financial statements, the functional currencies of assets and liabilities of its foreign operations (including subsidiaries that operate in countries or use currencies different from the Company) are translated into the New Taiwan dollars, 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 fully disposes of the equity of the foreign operations, or partially disposes of them with loss of control, all accumulated exchange

differences related to the foreign operations will be reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

(5) Inventories

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

(6) Investment in subsidiaries

The Company processes investments in subsidiaries using the equity method.

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

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

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

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

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

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

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

(7) Property, plant and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

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

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

(8) Investment properties

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

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

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

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

(9) Intangible assets

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

Computer software is amortized according to the useful life of 2 years.

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, Investment property, right-of-use asset and intangible assets

At the end of each reporting period, the Company reviews its property, plant and equipment, right-of-use asset, Investment property 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. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

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

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

(11) Financial instruments

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

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

1. Financial assets

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

(1) Measurement categories

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

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. Further measurements on interests or losses are recognized in other gains and losses. Please refer to Note 25 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, financial asset at amortized cost, accounts receivable and refundable deposits) are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

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. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

For internal credit risk management purposes, without taking into account any collateral held by the Company, the Company determines the Internal or external information shows that the debtor is unlikely to pay its creditors that a financial asset is in default.

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. On derecognition of an investment in a debt instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2. Equity instruments

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

3. Financial liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method, except the held derivative.

(2) Derecognition of financial liabilities

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

4. 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 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 obligation.

Warranty

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

(13) Revenue recognition

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

1. Revenue from the sale of goods

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

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

2. Revenue from the rendering of services

Revenue from the rendering of services comes from the repair service and revenue are recognized when services are provided.

(14) Leases

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

1. The Company as lessor

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

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

2. The Company as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, less lease incentives received, and plus initial direct costs 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 parent company only balance sheets.

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

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

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

(15) Employee benefits

1. Short-term employee benefits

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

2. Retirement benefits

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

(16) Taxation

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

1. Current income tax

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

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

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

2. Deferred income tax

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

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer

probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previous unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized as an increase of adjustment to the carrying amount, to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

3. Current and deferred taxes

Current and deferred taxes are recognized in profit or loss.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Company considers the recent development of the pandemic in Taiwan and its economic environment implications when making its critical accounting estimates in cash flow projections growth rate, discount rate, profitability, etc. The management will review the estimates and underlying assumptions on an ongoing basis. Revisions to accounting estimates are recognized in the current period in which the estimates are revised if the

revisions affect only that period or in the period of revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

Assessment on sales allowances of AVer Information Inc. (USA)

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

6. CASH

	December 31, 2022	December 31, 2021
Cash on hand and Petty cash	\$ 922	\$ 762
Checking accounts and demand deposits	904,194	848,160
	<u>\$ 905,116</u>	<u>\$ 848,922</u>

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

	December 31, 2022	December 31, 2021
Bank deposits	0.001%~3.60%	0.001%~0.17%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2022	December 31, 2021
<u>Financial assets - current</u>		
Mandatorily measured at FVTPL		
Derivative (not hedged)		
— Forward foreign exchange contracts	\$ -	\$ 445

(Continued)

	December 31, 2022	December 31, 2021
<u>Financial liability – current</u>		
Held for trading		
Derivative (not hedged)		
– Forward foreign		
exchange contracts	\$ <u>804</u>	\$ <u>-</u>

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

December 31, 2022

	<u>C u r r e n c y</u>	<u>M a t u r i t y d a t e</u>	Contract amount (in <u>T h o u s a n d s)</u>
Forward	Euro to New	2023.1.19~	EUR 2,276/ NTD 73,583
foreign	Taiwan	2023.2.24	
exchange sold	Dollar		

December 31, 2021

	<u>C u r r e n c y</u>	<u>M a t u r i t y d a t e</u>	Contract amount (in <u>T h o u s a n d s)</u>
Forward	US Dollar to	2022.1.25	USD 1,000/ NTD 28,136
foreign	New Taiwan		
exchange sold	Dollar		

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31, 2022	December 31, 2021
<u>Non-current</u>		
equity investments		
Publicly traded stocks	\$ <u>385,516</u>	\$ <u>555,699</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, 2022	December 31, 2021
<u>Current</u>		
Domestic instruments		
Time deposits with original maturities of more than 3 months	\$ 145,018	\$ 136,219

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

	December 31, 2022	December 31, 2021
Time deposits	0.001%	0.001%

The Company pledged the assets as collateral for bank borrowing. Please refer to Note 27.

10. ACCOUNTS RECEIVABLE

	December 31, 2022	December 31, 2021
At amortized cost		
Gross carrying amount – Non-related parties	\$ 72,209	\$ 84,164
Gross carrying amount – Related parties	<u>277,908</u>	<u>393,209</u>
	<u>\$350,117</u>	<u>\$477,373</u>

The Company provides 30~90 days for the average credit period of sales of goods within which interests on the accounts receivable are waived. In order to minimize credit risks, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring

procedures to ensure that the follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

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

The Company has purchased credit insurance for the accounts receivable of major customers outside the Group. 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, and there is no realistic prospect of recovery of the receivable. For accounts receivables that have been written off, the Company will continue to engage in enforcement activity in attempt to recover the receivables which are due. When recoveries are made, they are recognized in profit or loss.

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

December 31, 2022

		Not past d u e	Past due 1~30 days	Past due 31~90 days	T o t a l
Gross carrying amount		\$ 337,985	\$ 8,726	\$ 3,406	\$ 350,117
Loss allowance (lifetime expected credit loss)		-	-	-	-
Amortized cost		\$ 337,985	\$ 8,726	\$ 3,406	\$ 350,117

December 31, 2021

		<u>Not past d u e</u>	<u>Past due 1~30 days</u>	<u>Past due 31~90 days</u>	<u>T o t a l</u>
Gross carrying amount		\$ 466,255	\$ 11,033	\$ 85	\$ 477,373
Loss allowance (lifetime expected credit loss)		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost		\$ 466,255	\$ 11,033	\$ 85	\$ 477,373

11. INVENTORIES

	December 31, 2022	December 31, 2021
Finished goods	\$ 79,128	\$ 75,862
Work in progress	49,650	70,228
Raw materials	<u>267,241</u>	<u>386,051</u>
	<u>\$396,019</u>	<u>\$532,141</u>

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

	Fiscal year 2022	Fiscal year 2021
Cost of inventories sold	\$ 1,294,360	\$ 1,577,508
Provision (reversal) of inventory valuation and obsolescence loss	(<u>17,781</u>)	<u>1,686</u>
	<u>\$ 1,276,579</u>	<u>\$ 1,579,194</u>

The loss on write-down of inventories to net realizable value, the gain on recovery of net realizable value of inventories, and the reversal of provision for consumption of obsolete inventories were included in the cost of revenue.

12. INVESTMENT USING THE EQUITY METHOD

	December 31, 2022	December 31, 2021
<u>Investee</u>		
Unlisted (non-public) company		
AVer Information Inc. (USA)	\$228,373	\$110,626
AVer Information Europe B.V.	25,580	(42,814)
AVer Information Inc. (Japan)	(6,275)	(16,895)
AVer Information (Vietnam) Co., Ltd	13,395	14,976
Yuan Chen Investment Co., Ltd.	434	433
	<u>261,507</u>	<u>66,326</u>
Add : The credit balance of investments using equity method reclassified as other non-current liabilities	<u>6,275</u> <u>\$267,782</u>	<u>59,709</u> <u>\$126,035</u>

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

	December 31, 2022	December 31, 2021
AVer Information Inc. (USA)	100%	100%
AVer Information Europe B.V.	100%	100%
AVer Information Inc. (Japan)	100%	100%
AVer Information (Vietnam) Co., Ltd	100%	100%
Yuan Chen Investment Co., Ltd.	100%	100%

13. PROPERTY, PLANT AND EQUIPMENT

	L a n d	Houses and buildings	Machinery equipment	Transportation equipment	O f f i c e equipment	O t h e r equipment	Construction in progress a n d Equipment pending acceptance	T o t a l
<u>Cost</u>								
BALANCE, January 1, 2022	\$ 373,218	\$ 1,045,001	\$ 159,632	\$ 10,166	\$ 38,197	\$ 63,264	\$ 15,438	\$ 1,704,916
Addition	-	13,590	36,089	-	5,510	43,007	6,640	104,836
Disposal	-	-	(18,624)	-	(1,753)	(20,488)	-	(40,865)
Reclassified as other noncurrent assets	-	9,634	139	-	-	4,332	(10,781)	3,324
BALANCE, DECEMBER 31, 2022	<u>\$ 373,218</u>	<u>\$ 1,068,225</u>	<u>\$ 177,236</u>	<u>\$ 10,166</u>	<u>\$ 41,954</u>	<u>\$ 90,115</u>	<u>\$ 11,297</u>	<u>\$ 1,772,211</u>
<u>Accumulated depreciation</u>								
BALANCE, January 1, 2022	\$ -	\$ 367,553	\$ 55,660	\$ 6,452	\$ 14,933	\$ 37,242	\$ -	\$ 481,840
Depreciation expense	-	40,764	31,221	1,180	9,364	29,291	-	111,820
Disposal	-	-	(18,624)	-	(1,736)	(20,488)	-	(40,848)
BALANCE, DECEMBER 31, 2022	<u>\$ -</u>	<u>\$ 408,317</u>	<u>\$ 68,257</u>	<u>\$ 7,632</u>	<u>\$ 22,561</u>	<u>\$ 46,045</u>	<u>\$ -</u>	<u>\$ 552,812</u>
NET VALUE, December 31, 2022	<u>\$ 373,218</u>	<u>\$ 659,908</u>	<u>\$ 108,979</u>	<u>\$ 2,534</u>	<u>\$ 19,393</u>	<u>\$ 44,070</u>	<u>\$ 11,297</u>	<u>\$ 1,219,399</u>

(Continued)

	<u>L a n d</u>	<u>Houses and buildings</u>	<u>Machinery equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Construction in progress and equipment pending acceptance</u>	<u>T o t a l</u>
<u>Cost</u>								
BALANCE, January 1, 2021	\$ 373,218	\$ 1,033,199	\$ 81,697	\$ 7,916	\$ 35,490	\$ 46,753	\$ 23,850	\$ 1,602,123
Addition	-	-	-	-	-	-	167,555	167,555
Disposal	-	(537)	(125)	-	(5,556)	(4,580)	-	(10,798)
Reclassified as other current and noncurrent assets	-	12,339	78,060	2,250	8,263	21,091	(175,967)	(53,964)
BALANCE, DECEMBER 31, 2021	<u>\$ 373,218</u>	<u>\$ 1,045,001</u>	<u>\$ 159,632</u>	<u>\$ 10,166</u>	<u>\$ 38,197</u>	<u>\$ 63,264</u>	<u>\$ 15,438</u>	<u>\$ 1,704,916</u>
<u>Accumulated depreciation</u>								
BALANCE, January 1, 2021	\$ -	\$ 326,556	\$ 29,972	\$ 4,887	\$ 12,191	\$ 22,534	\$ -	\$ 396,140
Depreciation expense	-	41,534	25,802	1,565	8,296	19,288	-	96,485
Disposal	-	(537)	(114)	-	(5,554)	(4,580)	-	(10,785)
BALANCE, DECEMBER 31, 2021	<u>\$ -</u>	<u>\$ 367,553</u>	<u>\$ 55,660</u>	<u>\$ 6,452</u>	<u>\$ 14,933</u>	<u>\$ 37,242</u>	<u>\$ -</u>	<u>\$ 481,840</u>
NET VALUE, December 31, 2021	<u>\$ 373,218</u>	<u>\$ 677,448</u>	<u>\$ 103,972</u>	<u>\$ 3,714</u>	<u>\$ 23,264</u>	<u>\$ 26,022</u>	<u>\$ 15,438</u>	<u>\$ 1,223,076</u>

For the year ended on December 31, 2022 and 2021, no indication of an impairment loss of the Company's property, plant and equipment was present, and therefore, no impairment assessment was performed.

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

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

Property, plant and equipment pledged as collateral for bank borrowings by the Company are set out in Note 27.

14. INVESTMENT PROPERTY

The Company has investment properties of plants and parking areas located at Zhonghe District, New Taipei City, Taiwan, R.O.C., for the purpose of business leasing. The cost of book value is NT\$79,089 thousand for the year ended on December 31 of 2022 and 2021.

<u>Accumulated depreciation</u>	
Balance, January 1, 2021	\$ 10,998
Depreciation expense	<u>846</u>
Balance, December 31, 2021	11,844
Depreciation expense	<u>846</u>
Balance, December 31, 2022	<u>\$ 12,690</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\$201,897 thousand and NT\$146,600 thousand for the year ended on December 31, 2022 and 2021 respectively. The valuation is estimated by the management of the Company in reference to the recent transaction prices of properties in the neighboring districts.

The total amounts of lease payments to be received in the future for the lease of the investment property in 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Within 1 year	\$ 4,140	\$ 5,900
1 to 5 years	-	3,460
	<u>\$ 4,140</u>	<u>\$ 9,360</u>
15. <u>SHORT-TERM LOANS</u>		
	December 31, 2022	December 31, 2021
Unsecured loans	<u>\$ 400,000</u>	<u>\$ 400,000</u>
Annual interest rate (%)	1.46%~1.48%	0.85%~0.87%
Maturity date	2023/1/26	2022/2/26
secured loans	<u>\$ 200,000</u>	<u>\$ 200,000</u>
Annual interest rate (%)	1.27%~1.28%	0.70%~0.86%
Maturity date	2023/1/26	2022/1/28
16. <u>OTHER PAYABLES</u>		
	December 31, 2022	December 31, 2021
Salary and bonus payable	\$145,652	\$ 94,328
Payable for employees' compensation and remuneration of directors	46,163	103,277
Vacation pay payable	22,763	20,965
Insurance payable	8,588	8,165
Payable for equipment	8,339	17,630
Others	<u>51,794</u>	<u>39,164</u>
	<u>\$283,299</u>	<u>\$283,529</u>

17. PROVISION OF LIABILITY

	December 31, 2022	December 31, 2021
Current – warranty (classified under other current liabilities)	\$ 7,001	\$ 6,358
Noncurrent – warranty	<u>48,531</u>	<u>38,879</u>
	<u>\$ 55,532</u>	<u>\$ 45,237</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.

18. RETIREMENT BENEFIT PLANS

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

19. EQUITY

(1) Capital - common stock

	December 31, 2022	December 31, 2021
Number of shares authorized (in thousands of shares)	<u>150,000</u>	<u>150,000</u>
Shares authorized	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
Number of shares issued (in thousands of shares)	<u>92,920</u>	<u>92,920</u>
Shares issued	<u>\$ 929,200</u>	<u>\$ 929,200</u>

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

(2) Capital surplus

	December 31, 2022	December 31, 2021
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 each year.

(3) Retained earnings and dividends policy

In accordance with the Company's Articles of Incorporation, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous year, setting aside a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations; and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which shall be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors stated by the Company's Articles of Incorporation, please refer to "Employees' compensation and remuneration of directors" in Note 21 (7).

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

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

The appropriations of earnings for 2021 and 2020 had been approved in the meetings of the shareholders of the Company held on June 8, 2022 and July 1, 2021, respectively. The appropriations and dividends per share were as follows:

	The appropriation of earnings		Dividends per Share (NT\$)	
	Fiscal year 2021	Fiscal year 2020	Fiscal year 2021	Fiscal year 2020
Appropriated as legal reserve	\$ 65,234	\$ 78,820		
Appropriated as special reserve	413,894	4,854		
Cash dividends	353,096	464,600	\$ 3.8	\$ 5.0

The appropriation of earnings for 2022 subject to the resolution of the shareholders' meeting to be held on March 17, 2023 is as follows:

	The proposed appropriation of earnings	Dividends per Share (NT\$)
Appropriated as legal reserve	\$ 33,276	
Appropriated as special reserve	134,674	
Cash dividends	132,876	\$ 1.43

The appropriation of earnings for 2022 will be resolved in the shareholders' meeting to be held on June 7, 2023.

20. REVENUE

	Fiscal year 2022	Fiscal year 2021
Revenue from contracts with customers		
sale of goods	\$ 2,033,524	\$ 2,616,382
services and other	73,030	218,769
	<u>\$ 2,106,554</u>	<u>\$ 2,835,151</u>

Disaggregation of Revenue from contracts with customers – Type of goods

	Fiscal year 2022	Fiscal year 2021
Video conferencing systems products	\$ 1,248,917	\$ 1,553,593
Integrated education products	818,199	1,227,396
Others	39,438	54,162
	<u>\$ 2,106,554</u>	<u>\$ 2,835,151</u>

21. ADDITIONAL INFORMATION OF NET INCOME

(1) Other revenues

	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
Rental income	\$ 5,900	\$ 6,230
Dividends received	2,537	43,414
Others	<u>5,163</u>	<u>8,752</u>
	<u>\$ 13,600</u>	<u>\$ 58,396</u>

(2) Other gains and losses

	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
Financial assets mandatorily measured at FVTPL	(\$ 1,425)	\$ 31,201
Net foreign exchange losses	54,688	(70,377)
(Losses) Gains on disposal and write-off of property, plant and equipment	(17)	3,287
Other losses	<u>(846)</u>	<u>(1,078)</u>
	<u>\$ 52,400</u>	<u>(\$ 36,967)</u>

(3) Finance cost

	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
Interest on bank loans	\$ 6,527	\$ 3,211
Interest on lease liabilities	<u>8</u>	<u>11</u>
	<u>\$ 6,535</u>	<u>\$ 3,222</u>

(4) Depreciation and amortization

	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
Property, plant and equipment	\$111,820	\$ 96,484
Right-of-use assets	623	613
Investment properties	846	846
Intangible assets	<u>11,493</u>	<u>5,850</u>
	<u>\$124,782</u>	<u>\$103,793</u>
An analysis of depreciation by function		
Cost of revenue	\$ 58,623	\$ 55,290
Operating expenses	53,820	41,807
Other gains and losses	<u>846</u>	<u>846</u>
	<u>\$113,289</u>	<u>\$ 97,943</u>
An analysis of amortization by function		
Cost of revenue	\$ 4,504	\$ 1,691
Marketing	368	644
General and administrative	6,390	3,119
Research and development	<u>231</u>	<u>396</u>
	<u>\$ 11,493</u>	<u>\$ 5,850</u>

(5) Employee benefits expense

	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
Post-employment benefits		
Defined contribution plans	\$ 21,969	\$ 20,261
Short-term benefits		
Salary expense	554,905	547,354
Insurance expense	43,319	41,567
Others	<u>16,767</u>	<u>17,752</u>
Total employee benefits expense	<u>\$ 636,960</u>	<u>\$ 626,934</u>
An analysis of employee benefits expense by function		
Cost of revenue	\$ 148,450	\$ 157,792
Operating expenses	<u>488,510</u>	<u>469,142</u>
	<u>\$ 636,960</u>	<u>\$ 626,934</u>

(6) Employees' compensation and remuneration of directors

In compliance with the Articles of Incorporation, the Company accrued employees' compensation and remuneration of directors at the rate of 5% ~ 20% and no more than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. For the fiscal years of 2022 and 2021, the accrued employees' compensation and the remuneration of directors approved by the Board of Directors were as follows:

Accrual rate

	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
Compensation of employees	10%	10%
Remuneration of directors	1.99%	1.99%

Amount (NT\$)

	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
Compensation of employees		
— Cash	\$ 38,501	\$ 86,136
Remuneration of directors	<u>7,662</u>	<u>17,141</u>
	<u>\$ 46,163</u>	<u>\$ 103,277</u>
Recognized amount in parent company only financial statements	<u>\$ 46,163</u>	<u>\$ 103,277</u>

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

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

22. INCOME TAX

(1) Income tax recognized in profit or loss

Major components of income tax expense as follows:

	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
Current income tax		
In respect of the current year	\$ 24,353	\$102,190
Income tax on Unappropriated earnings	-	3,167
Adjustments in respect of prior years	(<u>18,722</u>)	<u>2,732</u>
	<u>5,631</u>	<u>108,089</u>
Deferred income tax		
In respect of the current year	<u>459</u>	(<u>2,342</u>)
Income tax expenses recognized in profit or loss	<u>\$ 6,090</u>	<u>\$105,747</u>

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

	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
Income before income tax	<u>\$ 338,849</u>	<u>\$ 758,084</u>
Income tax expense calculated at the statutory rate based on the profit before tax	67,770	151,616
Income tax on unappropriated earnings	-	3,167
Non-deductible expense in determining taxable income	32	32
Tax-exempt income	(1,070)	(9,097)

(Continued)

	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
Unrecognized deductible temporary differences	(29,183)	(25,620)
Investment tax credit in current year	(12,737)	(17,083)
Adjustments of prior years' income tax expenses added to current year	(<u>18,722</u>)	<u>2,732</u>
Income tax expenses recognized in profit or loss	<u>\$ 6,090</u>	<u>\$105,747</u>
(2) Deferred tax assets and liabilities		

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

Fiscal year 2022

	<u>O p e n i n g b a l a n c e</u>	<u>R e c o g n i z e d i n p r o f i t o r l o s s</u>	<u>C l o s i n g b a l a n c e</u>
<u>D e f e r r e d t a x a s s e t s</u>			
Temporary differences			
Provision of liability	\$ 9,048	\$ 2,058	\$ 11,106
Inventory valuation losses	10,234	(3,556)	6,678
Unrealized gross profit of sales between affiliated companies	5,626	(2,508)	3,118
Others	<u>3,931</u>	<u>3,458</u>	<u>7,389</u>
	<u>\$ 28,839</u>	<u>(\$ 548)</u>	<u>\$ 28,291</u>
<u>D e f e r r e d t a x l i a b i l i t i e s</u>			
Temporary differences			
Others	<u>\$ 89</u>	<u>(\$ 89)</u>	<u>\$ -</u>

Fiscal year 2021

	<u>O p e n i n g b a l a n c e</u>	<u>R e c o g n i z e d i n p r o f i t o r l o s s</u>	<u>C l o s i n g b a l a n c e</u>
<u>D e f e r r e d t a x a s s e t s</u>			
Temporary differences			
Provision of liability	\$ 9,019	\$ 29	\$ 9,048
Inventory valuation losses	9,897	337	10,234

(Continued)

	<u>O p e n i n g</u> <u>b a l a n c e</u>	<u>R e c o g n i z e d</u> <u>i n p r o f i t o r</u> <u>l o s s</u>	<u>C l o s i n g</u> <u>b a l a n c e</u>
Unrealized gross profit of sales between affiliated companies	6,618	(992)	5,626
Others	<u>2,896</u>	<u>1,035</u>	<u>3,931</u>
	<u>\$ 28,430</u>	<u>\$ 409</u>	<u>\$ 28,839</u>
<u>Deferred tax liabilities</u>			
Temporary differences			
Others	<u>\$ 2,022</u>	<u>(\$ 1,933)</u>	<u>\$ 89</u>

(3) Income tax assessments

The Company's tax returns through 2020 have been assessed by the tax authorities.

23. EARNINGS PER SHARE

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

NET INCOME

	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
Net profits used in the computation of basic earnings and diluted earnings per share	<u>\$332,759</u>	<u>\$652,337</u>

Number of shares

Unit: in Thousands

	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</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	966	1,418
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>93,886</u>	<u>94,338</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.

24. 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 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.

25. FINANCIAL INSTRUMENTS

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

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

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

1. Fair value hierarchy

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>T o t a l</u>
<u>Financial assets at</u>				
<u>FVTPL</u>				
Investments in equity				
instruments	<u>\$ 385,516</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 385,516</u>
Publicly traded				
stocks				
Publicly traded				
stocks				
<u>Financial liabilities at</u>				
<u>FVTPL</u>				
Derivative —				
forward foreign				
exchange				
contracts				
	<u>\$ -</u>	<u>\$ 804</u>	<u>\$ -</u>	<u>\$ 804</u>

December 31, 2021

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

There was no transfer between Level 1 and Level 2 in the year of 2022 and 2021.

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, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Fair value through profit or loss		
Mandatorily measured at FVTPL	\$ -	\$ 445
Amortized cost (Note 1)	1,413,504	1,476,574
Financial assets at FVTOCI	385,516	555,699
<u>Financial liability</u>		
Fair value through profit or loss		
Held for trading	804	-
Amortized cost (Note 2)	764,026	976,732

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

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

(4) Financial risk management objectives and policies

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

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

1. Market risk

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

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

(1) Foreign currency risk

The Company uses forward foreign exchange contracts to manage the foreign currency risk of accounts receivable that are not denominated in functional currency created from export sales. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of reporting period are set out in Note 29.

Sensitivity analysis

The Company is mainly influenced by the USD, EUR and JPY.

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

	P r o f i t	o r l o s s
	Fiscal year 2022	Fiscal year 2021
USD	\$ 26,465	\$ 24,128
EUR	9,838	21,680
JPY	7,666	8,930

(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, 2022	December 31, 2021
Fair value interest rate risk		
— Financial assets	\$ 145,018	\$ 136,219
— Financial liabilities	600,000	600,627
Cash flow interest rate risk		
— Financial assets	904,194	711,941

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 2022 and 2021 would increase/decrease by NT\$2,260 thousand and NT\$1,780 thousand, respectively.

(3) Other price risk

The Company is exposed to price risk due to having listed marketable securities.

Price sensitivity analysis

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

If the listed marketable securities equity prices had been increased/decreased by 10%, the Company's comprehensive income for the fiscal years of 2022 and 2021 would increase/decrease by NT\$38,552 and 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 the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. Therefore, the management of the Company concluded that the Company does not have significant credit risk.

3. Liquidity risk

The Company finances its operations and mitigates the effects of fluctuations in cash flows through controlling and maintaining sufficient cash. 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, 2022 and 2021, the Company had available un-utilized financing amount set out as following descriptions of the financing amounts in (2).

(1) Liquidity and interest rate risk tables

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

December 31, 2022

	On Demand		
	o	r	
	Less than 1	3 months-1	
	<u>M o n t h</u>	<u>1-3 months</u>	<u>y e a r</u>
<u>Non-derivative</u>			
<u>financial liability</u>			
Non-interest			
bearing	\$ 75,037	\$ 82,578	\$ 4,620
Fixed interest			
instruments	<u>600,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 675,037</u>	<u>\$ 82,578</u>	<u>\$ 4,620</u>

December 31, 2021

	On Demand		
	o	r	
	Less than 1	3 months-1	
	<u>M o n t h</u>	<u>1-3 months</u>	<u>y e a r</u>
<u>Non-derivative</u>			
<u>financial liability</u>			
Non-interest			
bearing	\$ 109,957	\$ 68,070	\$ 3,591
Lease liabilities	53	106	476
Fixed interest			
instruments	<u>500,000</u>	<u>100,000</u>	<u>-</u>
	<u>\$ 610,010</u>	<u>\$ 168,176</u>	<u>\$ 4,067</u>

(2) Financing amount

	December 31, 2022	December 31, 2021
Unsecured bank		
financing amount		
— Amount used	\$ 400,000	\$ 400,000
— Amount		
unused	<u>400,000</u>	<u>400,000</u>
	<u>\$ 800,000</u>	<u>\$ 800,000</u>
Secured bank		
financing amount		
— Amount used	\$ 200,000	\$ 200,000
— Amount		
unused	<u>580,000</u>	<u>580,000</u>
	<u>\$ 780,000</u>	<u>\$ 780,000</u>

26. TRANSACTIONS WITH RELATED PARTIES

The parent company of the Company is AVerMedia Technologies, Inc. (AVerMedia) that holds 49.92% of ordinary shares of the Company directly and indirectly on December 31, 2022 and 2021 respectively.

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows.

(1) Related party name and relationship with the Company

<u>R e l a t e d P a r t y N a m e</u>	<u>R e l a t i o n s h i p w i t h t h e C o m p a n y</u>
AVerMedia Technologies, Inc.	Parent company
AVerMedia Technology Inc. (ShangHai)	Fellow subsidiary
AVer Information Inc. (USA)	Subsidiary
AVer Information Europe B.V.	Subsidiary
AVer Information Inc. (Japan)	Subsidiary
AVer Information (Vietnam) Co., Ltd.	Subsidiary
Yuan Chen Investment Co., Ltd.	Subsidiary

(2) Operating income

<u>L i n e I t e m s</u>	<u>R e l a t e d P a r t y C a t e g o r y / I t e m</u>	<u>F i s c a l y e a r 2 0 2 2</u>	<u>F i s c a l y e a r 2 0 2 1</u>
Revenue	Parent company	<u>\$ 33,504</u>	<u>\$ 48,118</u>
	Fellow company	<u>12</u>	<u>115</u>
	Subsidiary		
	AVer Information Inc. (USA)	672,479	1,146,354
	AVer Information Europe B.V.	394,577	799,873
	AVer Information Inc. (Japan)	108,645	141,269
	Other	<u>33,605</u>	<u>22,419</u>
		<u>1,209,306</u>	<u>2,109,915</u>
		<u>\$ 1,242,822</u>	<u>\$ 2,158,148</u>

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

(3) Purchases

Related Party Category		Fiscal year 2022	Fiscal year 2021
Parent company		<u>\$ 5,664</u>	<u>\$ 8,222</u>
(4)	Receivables from related parties		
Line Items	Related Party Category / Item	December 31, 2022	December 31, 2021
Accounts receivable	Parent company	<u>\$ 9,437</u>	<u>\$ 9,333</u>
	Subsidiary		
	AVer Information Inc. (USA)	72,143	165,556
	AVer Information Europe B.V.	136,525	180,824
	AVer Information Inc. (Japan)	45,488	29,366
	Other	<u>14,315</u>	<u>8,130</u>
		<u>268,471</u>	<u>383,876</u>
		<u>\$ 277,908</u>	<u>\$ 393,209</u>
Other Accounts receivables	Parent company		
	AVerMedia Technologies, Inc.	<u>\$ 3,392</u>	<u>\$ 3,571</u>

The outstanding trade receivables from related parties are unsecured. For the fiscal years of 2022 and 2021, no impairment loss was recognized for trade receivables from related parties.

(5)	Payables to related parties		
Line Items	Related Party Category / Item	December 31, 2022	December 31, 2021
Accounts payable	Parent company	<u>\$ 1,483</u>	<u>\$ 1,094</u>
Other payables	Parent company		
	AVerMedia Technologies, Inc.	<u>\$ 686</u>	<u>\$ 689</u>
	Fellow company	<u>281</u>	<u>225</u>
	Subsidiary		
	AVer Information Inc. (USA)	166	1,615
	AVer Information Inc. (Japan)	<u>27</u>	<u>167</u>
		<u>193</u>	<u>1,782</u>
		<u>\$ 1,160</u>	<u>\$ 2,696</u>

The outstanding trade payables from related parties are unsecured.

(6) Others

<u>Line Items</u>	<u>Related Party Category / Item</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other revenues	Fellow company AVerMedia Technologies, Inc.	\$ <u>3,161</u>	\$ <u>3,161</u>

(7) Compensation of key management personnel

	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
Short-term employee benefits	\$ 47,735	\$ 82,049
Post-employment benefits	<u>640</u>	<u>621</u>
	<u>\$ 48,375</u>	<u>\$ 82,670</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.

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Pledged certificates of deposits (classified under financial assets measured at amortized cost)	\$145,018	\$136,219
Houses and buildings - net value	<u>118,448</u>	<u>121,393</u>
	<u>\$263,466</u>	<u>\$257,612</u>

28. SUBSEQUENT EVENTS

On March 20, 2023 the Company disposed of buildings and parking (classified under investment property) located at Zhonghe District, New Taipei City, for NT\$ 203 million. The amount of gain on this disposal will not be confirmed until all the relevant taxes and expenses are paid.

29. 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, 2022

	<u>F o r e i g n</u>	<u>E x c h a n g e</u>	<u>r a t e</u>	<u>C a r r y i n g</u>
	<u>c u r r e n c y</u>			<u>a m o u n t</u>
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 18,854	30.71 (USD: NTD)		\$ 579,020
EUR	6,014	32.72 (EUR: NTD)		196,769
JPY	659,735	0.23 (JPY: NTD)		<u>153,323</u>
				<u>\$ 929,112</u>
<u>Non-monetary</u>				
<u>items</u>				
Subsidiary using				
the equity				
method				
USD	7,436	30.71 (USD: NTD)		\$ 228,373
EUR	782	32.72 (EUR: NTD)		<u>25,580</u>
				<u>\$ 253,953</u>
<u>Financial liability</u>				
<u>Monetary items</u>				
USD	1,618	30.71 (USD: NTD)		\$ 49,710
RMB	425	4.41 (RMB: NTD)		<u>1,873</u>
				<u>\$ 51,583</u>

December 31, 2021

	<u>F o r e i g n</u>	<u>E x c h a n g e</u>	<u>r a t e</u>	<u>C a r r y i n g</u>
	<u>c u r r e n c y</u>			<u>a m o u n t</u>
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 18,803	27.68 (USD: NTD)		\$ 520,466
EUR	13,844	31.32 (EUR: NTD)		433,592
JPY	742,642	0.24 (JPY: NTD)		<u>178,606</u>
				<u>\$ 1,132,664</u>

	<u>F o r e i g n</u>	<u>E x c h a n g e</u>	<u>r a t e</u>	<u>C a r r y i n g</u>
	<u>c u r r e n c y</u>			<u>a m o u n t</u>
<u>Non-monetary</u>				
<u>items</u>				
Subsidiary using				
the equity				
method				
USD	3,997	27.68 (USD: NTD)		\$ 110,626
<u>Financial liability</u>				
<u>Monetary items</u>				
USD	1,307	27.68 (USD: NTD)		\$ 37,913
RMB	1,449	4.34 (RMB: NTD)		6,295
				<u>\$ 44,208</u>
<u>Non-monetary</u>				
<u>items</u>				
Subsidiary using				
the equity				
method				
EUR	1,367	31.32(EUR: NTD)		<u>\$ 42,814</u>

For the years ended December 31, 2022 and 2021, the net foreign exchange gains were NT\$ 54,688 thousand and net foreign exchange losses NT\$ 70,377 thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of the foreign currency.

transactions

30. SEPARATELY DISCLOSED ITEMS

(1) Information on significant transactions:

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: None
5. Acquisition of individual real estate at costs of at least NT\$300 million or more than 20% of the paid-in capital: None

6. Disposal of individual real estate at prices of at least NT\$300 million or more than 20% of the paid-in capital: None
 7. Total purchases from or sales to related parties amounting to at least NT\$100 million or more than 20% of the paid-in capital: Table 3 (attached)
 8. Receivables from related parties amounting to at least NT\$100 million or more than 20% of the paid-in capital: Table 4 (attached).
 9. Trading in derivative instruments: Table 7 (attached)
- (2) Information on investees: Table 5 (attached)
- (3) Information on investments in mainland China:
1. Information on any investee company in mainland China, including the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gains or losses, carrying amount of the investment at the end of the reporting period, repatriation of investment gains or losses, and the limit on the amount of investment in the mainland China area: None
 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
- (3) 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 6 (attached)

AVer Information Inc.
Endorsements/guarantees provided
January 1 to December 31, 2022

Table 1 (attached)

Unit: unless stated otherwise
In Thousands of New Taiwan Dollars

N o .	Endorsement/guarantee Provider	G u a r a n t e e d P a r t y		Provided to E a c h G u a r a n t e e d P a r t y E n d o r s e m e n t / g u a r a n t e e A m o u n t L i m i t s	F o r t h e P e r i o d M a x i m u m B a l a n c e	E n d i n g B a l a n c e	A m o u n t A c t u a l l y D r a w n	Collateralize d b y P r o p e r t i e s A m o u n t o f E n d o r s e m e n t / g u a r a n t e e	R a t i o o f A c c u m u l a t e d E n d o r s e m e n t / g u a r a n t e e t o n e t E q u i t y p e r L a t e s t F i n a n c i a l S t a t e m e n t s (%)	E n d o r s e m e n t / g u a r a n t e e M a x i m u m A m o u n t a l l o w a b l e	G u a r a n t e e P r o v i d e d b y P a r e n t C o m p a n y (N o t e)	G u a r a n t e e P r o v i d e d b y a S u b s i d i a r y (N o t e)	G u a r a n t e e P r o v i d e d t o S u b s i d i a r i e s i n M a i n l a n d C h i n a (N o t e)	N o t e
		N a m e	R e l a t i o n s h i p											
0	The Company	AVer Information Inc. (USA)	Subsidiary	50% of paid-in capital to be \$464,600	\$ 109,124 (USD 3,387)	\$ 104,026 (USD 3,387)	\$ -	\$ -	3.69	50% of paid-in capital to be \$464,600	Y	N	N	

Note : 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.
 Marketable securities held at the end of the reporting period.
 December 31, 2022

Table 2 (attached)

Unit: unless stated otherwise
In Thousands of New Taiwan Dollars

Held Company Name	Marketable Securities Type and Name	Relationship With the Company	Financial Statement Account	End date of the Reporting Period				Note
				Unit (In Thousands)	Carrying Value	Percentage of Ownership	Fair Value	
The Company	Publicly traded stocks AVerMedia Technologies, Inc.	Parent company of the Company	Financial assets at fair value through other comprehensive income—Non-current	17,366	\$ 385,516	10.97%	\$ 385,516	

AVer Information Inc.

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

January 1 to December 31, 2022

Table 3 (attached)

Unit: unless stated otherwise
In Thousands of New Taiwan Dollars

Purchase (Sale) Held Company N a m e	Related Party	Relationship	T r a n s a c t i o n D e t a i l s				Abnormal Transaction Condition and Reason		Notes, Accounts Receivable (P a y a b l e)		N o t e
			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	\$ 672,479	(32)	90 days after the goods were shipped	\$ -	-	\$ 72,143	20	
	AVer Information Europe B.V.	Subsidiary	Sales	394,577	(19)	90 days after the goods were shipped	-	-	136,525	39	
	AVer Information Inc. (Japan)	Subsidiary	Sales	108,645	(5)	90 days after the goods were shipped	-	-	45,488	13	

AVer Information Inc.

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

December 31, 2022

Table 4 (attached)

Unit: unless stated otherwise
In Thousands of New Taiwan Dollars

Company Name	Related Party	Relationship	Related Party Ending Balance	Turnover Rate (Times/ Year)	Overdue		Amounts Received in Subsequent Period (Note)	Provision of Allowance for Impairment Loss
					Amount	Action Taken		
The Company	AVer Information Inc. (USA)	Subsidiary	Accounts Receivable \$ 72,143	5.66	\$ -	-	\$ 103,043	\$ -
	AVer Information Europe B.V.	Subsidiary	Accounts Receivable 136,525	2.49	-	-	135,219	-
	AVer Information Inc. (Japan)	Subsidiary	Accounts Receivable 45,488	2.90			18,375	-

Note: The amount recovered as of March 24, 2023.

Company name: AVer Information Inc.
INFORMATION ON INVESTEEES
January 1 to December 31, 2022

Table 5 (attached)

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

Investor Company	Investee Company	M a i n Locations	Main Businesses	Original Investment Amount		Balance at the End of the Period			I n v e s t e e C o m p a n y Net Income (Loss) of the P e r i o d	Current Period Profit (Loss)	N o t e
				End date of the Reporting Period	End date of the Previous Period	S h a r e s	Percenta (%)	C a r r y i n g A m o u n t (N o t e 2)			
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	\$ 228,373	\$ 15,721	\$ 16,749	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 1)	100	25,580	12,023	12,023	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	(6,275)	3,923	3,923	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 1)	100	13,395	1,607	1,607	Subsidiary
	Yuan Chen Investment Co., Ltd.	Taiwan	Investment	500	500	50,000	100	434	1	1	Subsidiary

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

Note 2: Carrying amount is the net amount after unrealized sales profit is deducted.

Company name: AVer Information Inc.

Major Shareholders Information

December 31, 2022

Table 6 (attached)

Unit: Share

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

AVer Information Inc.

Chairman: Michael Kuo