AVer Information Inc. and Subsidiaries

Consolidated Financial Statements and Independent Auditor’s Report

2022 and 2021 Fiscal Years

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Representation Letter

The entities that are required to be included in the consolidated financial statements of AVer Information Inc. for the fiscal year of 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

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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 of 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

Code	ASSETS	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	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
Code	LIABILITIES AND EQUITY				
	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

		Fiscal year 2022		Fiscal year 2021	
Code		Amount	%	Amount	%
	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	1,434,166	47	1,743,285	47
5900	GROSS PROFIT	1,575,505	53	1,943,711	53
	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	420,385	14	383,126	11
6000	Total operating expenses	1,283,909	43	1,202,930	33
6900	INCOME FROM OPERATIONS	291,596	10	740,781	20
	NON-OPERATING INCOME AND EPENSES (Note22, 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	(8,852)	-	(6,260)	-
7000	Total non-operating income and expenses	61,734	2	44,592	1

(Continued)

Code		Fiscal year 2022 Amount	%	Fiscal year 2021 Amount	%
7900	INCOME BEFORE INCOME TAX	353,330	12	785,373	21
7950	INCOME TAX EXPENSE (Note 23)	20,571	1	133,036	4
8200	NET INCOME	332,759	11	652,337	17
	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)	(5)	($ 400,860)	(11)
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences arising on translation of foreign operations	35,509	1	(13,034)	-
8300	Other comprehensive loss for the year (net of income tax)	(134,674)	(4)	(413,894)	(11)
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 198,085	7	$ 238,443	6

(Continued)

Code		Fiscal year 2022 Amount	%	Fiscal year 2021 Amount	%
	NET INCOME ATRRIBUTABLE TO:				
8610	Shareholders of the Company	$ 332,759	11	$ 652,337	18
8710	Shareholders of the Company	$ 198,085	7	$ 238,443	6
	Earnings per share (Note 24)				
9710	Basic	$ 3.58		$ 7.02	
9810	Diluted	$ 3.54		$ 6.91	

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)

Code		Capital - common stock	Capital surplus	Retained earnings: Appropriated as legal reserve	Retained earnings: Appropriated as special reserve	Retained earnings: Unappropriated earnings	Retained earnings: Total	Other equity: Foreign operation Translation of the financial statements Exchange difference	Other equity: Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total equity
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

Code		Fiscal year 2022	Fiscal year 2021
	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)

Code		Fiscal year 2022	Fiscal year 2021
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	519	(1,076)
A33000	Cash generated from operations	652,574	794,306
A33300	Payment of interest expenses	(8,165)	(2,984)
A33500	Payment of income tax	(71,710)	(301,076)
AAAA	Net cash inflow from operating activities	572,699	490,246
	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	-	43,414
BBBB	Net cash used in investing activities	(121,560)	(1,167,868)
	CASH FLOWS FROM FINANCING ACTIVITIES		

(Continued)

Code		Fiscal year 2022	Fiscal year 2021
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	(353,096)	(464,600)
CCCC	Cash inflow (outflow) from financing activities	(380,423)	(89,016)
DDDD	Effect of changes in foreign exchange rates on cash	13,485	(30,001)
EEEE	Net increase in cash and cash equivalents	84,201	(796,639)
E00100	Cash at beginning of year	1,003,914	1,800,553
E00200	Cash at end of year	$ 1,088,115	$ 1,003,914

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 and interpretations	Effective Date issued by IASB
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 and interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined
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 and interpretations	Effective Date Announced by IASB (Note 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.

<u>Warranty</u>

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 lase 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	1,087,008	1,002,943
	$ 1,088,115	$ 1,003,914

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
Financial assets — current		
Mandatorily measured at FVTPL		
Derivative (not hedged)		
— Forward foreign exchange contracts	$ -	$ 445
Financial liability — current		
Held for trading		
Derivative (not hedged)		
— Forward foreign exchange contracts	$ 804	$ -

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 Thousands)
Forward foreign exchange sold	Euro to New Taiwan Dollar	2023.1.19~2023.2.24	EUR 2,276/ NTD 73,583

December 31, 2021

	Currency	Maturity date	Contract amount (in Thousands)
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

	December 31, 2022	December 31, 2021
Non-current equity investments		
Publicly traded stocks	$ 385,516	$ 555,699

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
Current		
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 28.

10. ACCOUNTS RECEIVABLE

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

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 due	Past due 1～30Days	Past due 31～90Days	Past due 91～180Days	Total
Gross carrying amount	$ 218,952	$ 49,363	$ 5,146	$ 87	$ 273,548
Loss allowance (lifetime expected credit loss)	(54)	-	-	-	(54)
Amortized cost	$ 218,898	$ 49,363	$ 5,146	$ 87	$ 273,494

December 31, 2021

	Not past due	Past due 1～30Days	Past due 31～90Days	Past due 91～180Days	Total
Gross carrying amount	$ 262,182	$ 40,175	$ 1,958	$ 575	$ 304,890
Loss allowance (lifetime expected credit loss)	(33)	-	-	-	(33)
Amortized cost	$ 262,149	$ 40,175	$ 1,958	$ 575	$ 304,857

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)

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

11. INVENTORIES

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

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

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

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:

Investor	Investee	Nature of Activities	% of Ownership 2022 December 31	% of Ownership 2021 December 31
The Company	AVer Information Inc. (USA)	Sales of computer system equipment, presentation and video conferencing systems	100%	100%
	AVer Information Europe B.V.	Sales of computer system equipment, presentation and video conferencing systems	100%	100%

(Continued)

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

	Land	Houses and buildings	Machinery equipment	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress and Equipment pending acceptance	Total
Cost									
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	$ 373,218	$1,068,225	$ 179,299	$ 10,165	$ 80,242	$ 16,892	$ 90,116	$ 11,297	$1,829,454
Accumulated depreciation									
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	$ -	$ 408,317	$ 70,321	$ 7,630	$ 55,185	$ 15,175	$ 46,046	$ -	$ 602,674
NET VALUE, December 31, 2022	$ 373,218	$ 659,908	$ 108,978	$ 2,535	$ 25,057	$ 1,717	$ 44,070	$ 11,297	$1,226,780
Cost									
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	$ 373,218	$1,045,000	$ 161,494	$ 10,165	$ 71,476	$ 15,444	$ 63,265	$ 15,438	$1,755,500
Accumulated depreciation									
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	$ -	$ 367,552	$ 57,507	$ 6,450	$ 42,145	$ 13,326	$ 37,243	$ -	$ 524,223
NET VALUE, December 31, 2021	$ 373,218	$ 677,448	$ 103,987	$ 3,715	$ 29,331	$ 2,118	$ 26,022	$ 15,438	$1,231,277

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	$ 25,868	$ 40,799

	Fiscal year 2022	Fiscal year 2021
Additions of right-of-use assets	$ 3,070	$ 19,280
Depreciation of right-of-use assets		
Buildings	$ 21,109	$ 19,878

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	$ 25,837	$ 25,012

	December 31, 2022	December 31, 2021
Noncurrent	$ 10,366	$ 31,072

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	($ 29,825)	($ 27,400)

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	846
Balance, December 31, 2021	11,844
Depreciation expense	846
Balance, December 31, 2022	$ 12,690

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
	$ 4,140	$ 9,360

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
	$ 336,179	$ 347,952

18. PROVISION OF LIABILITY

	December 31, 2022	December 31, 2021
Current－warranty (classified under other current liabilities)	$ 7,426	$ 6,515
Noncurrent－warranty	48,531	38,879
	$ 55,957	$ 45,394

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)	150,000	150,000
Authorized shares	$ 1,500,000	$ 1,500,000
Number of shares issued (in thousands of shares)	92,920	92,920
Shares issued	$ 929,200	$ 929,200

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	496	496
	$ 735,120	$ 735,120

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:

	Appropriations 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		
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:

	Appropriations 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.

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
	$ 3,009,671	$ 3,686,996

Disaggregation of Revenue from contracts with customers—Type of goods

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

22. ADDITIONAL INFORMATION OF NET INCOME

(1) Other income

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

(2) Other gains and losses

	Fiscal year 2022	Fiscal year 2021
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	(934)	(1,079)
	$ 50,600	($ 37,315)

(3) Finance costs

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

(4) Depreciation and amortization

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

	Fiscal year 2022	Fiscal year 2021
An analysis of depreciation by function		
Cost of revenue	$ 58,623	$ 55,290
Operating expenses	77,605	64,155
Other gains and losses	846	846
	$ 137,074	$ 120,291
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	231	396
	$ 11,565	$ 5,884

(5) Employee benefits expense

	Fiscal year 2022	Fiscal year 2021
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	18,730	19,451
Total employee benefits expense	$ 972,473	$ 935,824
An analysis of employee benefits expense by function		
Cost of revenue	$ 148,450	$ 157,792
Operating expenses	824,023	778,032
	$ 972,473	$ 935,824

(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

	Fiscal year 2022	Fiscal year 2021
Compensation of employees	10%	10%
Remuneration of directors	1.99%	1.99%

Amount (NT$)

	Fiscal year 2022	Fiscal year 2021
Compensation of employees －Cash	$ 38,501	$ 86,136
Remuneration of directors	7,662	17,141
	$ 46,163	$103,277
Recognized amount in consolidated financial statements	$ 46,163	$ 103,277

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:

	Fiscal year 2022	Fiscal year 2021
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	(18,824)	(1,835)
	7,620	123,057
Deferred tax		
In respect of the current year	12,951	9,979
Income tax expenses recognized in profit or loss	$ 20,571	$ 133,036

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

	Fiscal year 2022	Fiscal year 2021
Income before income tax	$ 353,330	$ 785,373
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	12,714	26,268
Income tax expenses recognized in profit or loss	$ 20,571	$ 133,036

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

	Opening balance	Recognized in profit or loss	Exchange difference	Closing balance
Deferred tax assets				
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	8,825	(3,548)	461	5,738
	79,160	(16,837)	4,720	67,043
Loss deduction	122	3,454	71	3,647
	$ 79,282	($ 13,383)	$ 4,791	$ 70,690
Deferred tax liabilities				
Temporary differences				
Deferred state tax	$ 4,227	($ 343)	$ 453	$ 4,337
Others	92	(89)	-	3
	$ 4,319	($ 432)	$ 453	$ 4,340

Fiscal year 2021

	Opening balance	Recognized in profit or loss	Exchange difference	Closing balance
Deferred tax assets				
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)

	Opening balance	Recognized in profit or loss	Exchange difference	Closing balance
Unrealized gross profit of sales between affiliated companies	3,437	(43)	2	3,396
Others	16,534	(7,422)	(287)	8,825
	93,692	(12,562)	(1,970)	79,160
Loss deduction	339	(184)	(33)	122
	$ 94,031	($ 12,746)	($ 2,003)	$ 79,282
Deferred tax liabilities				
Temporary differences				
Deferred state tax	$ 5,197	($ 834)	($ 136)	$ 4,227
Others	2,025	(1,933)	-	92
	$ 7,222	($ 2,767)	($ 136)	$ 4,319

(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

	Fiscal year 2022	Fiscal year 2021
Net profits used in the computation of basic earnings and diluted earnings per share	$ 332,759	$ 652,337

Number of shares

Unit: in Thousands

	Fiscal year 2022	Fiscal year 2021
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
The weighted average number of ordinary shares used in the computation of diluted earnings per share	93,886	94,338

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

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Publicly traded stocks	$ 385,516	$ -	$ -	$ 385,516
Financial liabilities at FVTPL				
Derivative — forward foreign exchange contracts	$ -	$ 804	$ -	$ 804

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative—forward foreign exchange contracts	$ -	$ 445	$ -	$ 445
Financial assets at FVTOCI				
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.

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

Categories of financial instruments	Valuation techniques and inputs
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

	December 31, 2022	December 31, 2021
Financial assets		
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
Financial liability		
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.

	Profit or loss	
	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 or Less than 1 Month	1-3 months	3 months-1 year	1-5 years
Non-derivative financial liability				
Non-interest bearing	$ 87,171	$ 82,601	$ 4,620	$ -
Lease liability	2,310	4,924	19,622	10,564
Fixed interest instruments	600,000	-	-	-
	$689,481	$ 87,525	$ 24,242	$ 10,564

December 31, 2021

	On Demand or Less than 1 Month	1 to 3 months	3 months to 1 year	1-5 years
Non-derivative financial liability				
Non-interest bearing	$ 98,516	$ 68,070	$ 3,591	$ -
Lease liability	2,094	4,783	20,718	31,467
Fixed interest instruments	500,000	100,000	-	-
	$600,610	$172,853	$ 24,309	$ 31,467

(2) Financing amount

	December 31, 2022	December 31, 2021
Unsecured bank financing amount		
—Amount used	$ 400,000	$ 400,000
—Amount unused	400,000	400,000
	$ 800,000	$ 800,000
Secured bank financing amount		
—Amount used	$ 200,000	$ 200,000
—Amount unused	580,000	580,000
	$ 780,000	$ 780,000

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

Related Party Name	Relationship with the Company
AVerMedia Technologies, Inc.	Parent company
AVERMEDIA TECHNOLOGIES EUROPE B.V.	Fellow subsidiary
AVerMedia Technologies (Shanghai) Inc.	Fellow subsidiary

(2) Operating income

Line Items	Related Party Category	Fiscal year 2022	Fiscal year 2021
Sales revenue	Parent company	$ 33,504	$ 48,118
	Fellow company	12	115
		$ 33,516	$ 48,233

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

(3) Purchases

Related Party Category	Fiscal year 2022	Fiscal year 2021
Parent Company	$ 5,664	$ 8,222

(4) Receivables from related parties

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

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	December 31, 2022	December 31, 2021
Accounts payable	Parent company	$ 1,483	$ 1,094
Other payables	Parent company		
	AVerMedia Technologies, Inc.	$ 686	$ 689
	Fellow company	281	225
		$ 967	$ 914

(6) Others

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

The outstanding trade payables from related parties are unsecured.

(7) Compensation of key management personnel

	Fiscal year 2022	Fiscal year 2021
Short-term benefits	$ 61,430	$ 98,823
Post-employment benefits	640	621
	$ 62,070	$ 99,444

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

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

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

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

	Foreign currency	Exchange rate	Carrying amount
Financial assets			
Monetary items			
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
			$ 956,377
Financial liability			
Monetary items			
USD	3,445	30.71 (USD: NTD)	$ 105,808
RMB	425	4.41 (RMB: NTD)	1,873
			$ 107,681

December 31, 2021

	Foreign currency	Exchange rate	Carrying amount
Financial assets			
Monetary items			
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
			$1,133,932
Financial liability			
Monetary items			
USD	2,227	27.68 (USD: NTD)	$ 61,638
RMB	1,501	4.34 (RMB: NTD)	6,520
			$ 68,158

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:

	Fiscal year 2022	Fiscal year 2021
Location	Revenue	Revenue
America	$ 1,283,974	$ 1,787,845
Asia	939,224	849,414
Europe	674,534	926,816
Others	111,939	122,921
	$ 3,009,671	$ 3,686,996

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

	Fiscal year 2022	Fiscal year 2021
Location	Amount	Amount
Asia	$ 1,311,879	$ 1,348,574
America	21,917	32,373
Europe	7,030	8,040
	$ 1,340,826	$ 1,388,987

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	
	Amount	%	Amount	%
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

No.	Endorsement/guarantee Provider	Guaranteed Party		Provided to Each Guaranteed Party Endorsement/guarantee Amount Limits	For the Period Maximum Balance	Ending Balance	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 (Note)	Guarantee Provided by a Subsidiary (Note)	Guarantee Provided to Subsidiaries in Mainland China (Note)	Note
		Name	Nature of 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	Beneficiary Certificates 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. 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) Company	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction Condition and Reason (Note 1)		Notes, Accounts Receivable (Payable)		Note
			Purchase (Sale)	Amount	Percentage to Total Purchase (Sale) (%)	Payment Term	Unit Price	Payment Term	Ending Balance	% to Total Notes, Account 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	Related Party	Relationship	Related Party Ending Balance (Note 1)	Turnover Rate (Times／Year)	Overdue		Amounts Received in Subsequent Period (Note2)	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 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

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% to Total Revenues or Assets
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	Investee Company	Main Locations	Main Businesses	Original Investment Amount		Balance at the End of the Period			Investee Company Net Income (Loss) of the Period	Share of Profit (Loss)	Note
				End date of the Reporting Period	End date of the Previous Period	Shares	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	Shares	
	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.