

AVer Information Inc.

Parent Company Only
Financial Statements and
Independent Auditors' Report

2022 and 2021 Fiscal Years

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Independent Auditors' Report (translated from Chinese)

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

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

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

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

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

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

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

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

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

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

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

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

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

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

or the override of internal control.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of AVer Information Inc. for the fiscal year of 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are I-Ching Liu and Ming-Yen Chien.

Deloitte & Touche

Taipei, Taiwan

Republic of China

March 24, 2023

Notice to Readers

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

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

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

Unit: In Thousands of New Taiwan Dollars

C o d e	A S S E T S	December 31, 2022		December 31, 2021	
		A m o u n t	%	A m o u n t	%
	CURRENT ASSETS				
1100	Cash (Note 6)	\$ 905,116	24	\$ 848,922	21
1110	Financial assets at fair value through profit or loss (Note 7)	-	-	445	-
1136	Financial assets at amortized cost(Note 9 and 27)	145,018	4	136,219	4
1150	Notes receivable	3,524	-	3,413	-
1170	Accounts receivable (Notes 10)	72,209	2	84,164	2
1180	Accounts receivable - related parties (Notes 10 and 26)	277,908	7	393,209	10
1200	Other receivables (Note 26)	8,528	-	9,823	-
1220	Income tax assets for current period(Notes 22)	49,837	1	-	-
130X	Inventories (Notes 11)	396,019	10	532,141	13
1470	Other current assets	28,881	1	4,477	-
11XX	Total current assets	1,887,040	49	2,012,813	50
	NONCURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income (Note 8)	385,516	10	555,699	14
1550	Investment using the equity method (Note 12)	267,782	7	126,035	3
1600	Property, plant, and equipment (Notes 13 and 27)	1,219,399	31	1,223,076	30
1755	Right-of-use assets	-	-	623	-
1760	Investment property (Note 14)	66,399	2	67,245	2
1780	Intangible assets	19,832	-	24,661	-
1840	Deferred income tax assets (Note 22)	28,291	1	28,839	1
1990	Other Noncurrent assets	2,808	-	25,793	-
15XX	Total noncurrent assets	1,990,027	51	2,051,971	50
1XXX	TOTAL ASSETS	\$ 3,877,067	100	\$ 4,064,784	100
C o d e	L i a b i l i t i e s a n d e q u i t y				
	CURRENT LIABILITIES				
2100	Short-term loans (Note 15)	\$ 600,000	16	\$ 600,000	15
2120	Financial liabilities at fair value through profit or loss (Note 7)	804	-	-	-
2170	Accounts payable (Note 26)	108,228	3	91,756	2
2200	Other payables (Notes 16 and 26)	283,299	7	283,529	7
2230	Income tax liabilities for current period (Note 22)	-	-	5,081	-
2280	Lease liabilities	-	-	627	-
2399	Other current liabilities (Note 17)	9,821	-	10,349	-
21XX	Total current liabilities	1,002,152	26	991,342	24
	NONCURRENT LIABILITIES				
2550	Provision (Note 17)	48,531	1	38,879	1
2570	Deferred income tax liabilities (Note 22)	-	-	89	-
2670	Other noncurrent liabilities (Note 12)	8,077	-	61,156	2
25XX	Total noncurrent liabilities	56,608	1	100,124	3
2XXX	Total Liabilities	1,058,760	27	1,091,466	27
	EQUITY (Note 19)				
3110	Capital - common stock	929,200	24	929,200	23
3200	Capital surplus	735,120	19	735,120	18
	Retained earnings				
3310	Appropriated as legal reserve	367,304	9	302,070	7
3320	Appropriated as special reserve	420,956	11	7,062	-
3350	Unappropriated earnings	921,357	24	1,420,822	35
3300	Total retained earnings	1,709,617	44	1,729,954	40
3400	Other equity	(555,630)	(14)	(420,956)	(10)
3XXX	Total equity	2,818,307	73	2,973,318	73
	TOTAL LIABILITIES AND EQUITY	\$ 3,877,067	100	\$ 4,064,784	100

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

AVer Information Inc.

STATEMENTS OF COMPREHENSIVE INCOME

January 1 to December 31, 2022 and 2021

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

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

(Continued)

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

(Continued)

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

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

AVer Information Inc.
STATEMENTS OF CHANGES IN EQUITY
January 1 to December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

C o d e		Capital - common s t o c k	Capital surplus	R e t a i n e d		e a r n i n g s		O t h e r e q u i t y Foreign operation Translation of the financial statements Exchange difference	Unrealized Gain (Loss) on F i n a n c i a l Assets at Fair V a l u e T h r o u g h O t h e r Comprehensiv e I n c o m e	Total equity
				Appropriated as l e g a l r e s e r v e	Appropriated as s p e c i a l r e s e r v e	Unappropriated e a r n i n g s	T o t a l			
A1	BALANCE, January 1, 2021	\$ 929,200	\$ 735,120	\$ 223,250	\$ 2,208	\$ 1,316,759	\$ 1,542,217	(\$ 7,062)	\$ -	\$ 3,199,475
	Appropriation and distribution of year 2020 earnings									
B1	Legal reserve	-	-	78,820	-	(78,820)	-	-	-	-
B3	Special reserve	-	-	-	4,854	(4,854)	-	-	-	-
B5	Cash dividends to shareholders - NT\$5 per share	-	-	-	-	(464,600)	(464,600)	-	-	(464,600)
D1	Net income in 2021	-	-	-	-	652,337	652,337	-	-	652,337
D3	Other comprehensive income (loss) in 2021, net of income tax	-	-	-	-	-	-	(13,034)	(400,860)	(413,894)
D5	Total comprehensive income (loss) in 2021	-	-	-	-	652,337	652,337	(13,034)	(400,860)	238,443
Z1	BALANCE, DECEMBER 31, 2021	929,200	735,120	302,070	7,062	1,420,822	1,729,954	(20,096)	(400,860)	2,973,318
	Appropriation and distribution of prior year's earnings									
B1	Legal reserve	-	-	65,234	-	(65,234)	-	-	-	-
B3	Special reserve	-	-	-	413,894	(413,894)	-	-	-	-
B5	Cash dividends to shareholders - NT\$3.8 per share	-	-	-	-	(353,096)	(353,096)	-	-	(353,096)
D1	Net income in 2022	-	-	-	-	332,759	332,759	-	-	332,759
D3	Other comprehensive income (loss) in 2022, net of income tax	-	-	-	-	-	-	35,509	(170,183)	(134,674)
D5	Total comprehensive income (loss) in 2022	-	-	-	-	332,759	332,759	35,509	(170,183)	198,085
Z1	BALANCE, DECEMBER 31, 2022	\$ 929,200	\$ 735,120	\$ 367,304	\$ 420,956	\$ 921,357	\$ 1,709,617	\$ 15,413	(\$ 571,043)	\$ 2,818,307

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

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

Unit: In Thousands of New Taiwan Dollars

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

(Continued)

<u>C o d e</u>		<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
A31130	Notes receivable	(\$ 111)	(\$ 2,209)
A31150	Accounts receivable	129,127	496,835
A31180	Other receivables	1,309	8,031
A31200	Inventories	153,903	33,845
A31240	Other current assets	(24,404)	5,634
A32110	Financial liability held for trading	(11,317)	(12,770)
A32150	Accounts payable	17,150	(220,230)
A32180	Other payables	8,365	(16,218)
A32200	Provision of liability	(4,123)	(5,294)
A32230	Other current liabilities	(1,171)	387
A32990	Other noncurrent liabilities	<u>11</u>	<u>1</u>
A33000	Cash inflow generated from operations	596,032	994,225
A33300	Payment of interest	(5,856)	(3,181)
A33500	Payment of income tax	(<u>60,549</u>)	(<u>264,522</u>)
AAAA	Net cash inflow from operating activities	<u>529,627</u>	<u>726,522</u>

CASH FLOWS IN INVESTING ACTIVITIES

B00010	Financial assets at fair value through other comprehensive income	-	(999,973)
B00040	Acquisitions of financial assets at amortized cost	(159,574)	(256,219)
B00050	Proceeds from disposal of financial assets at amortized cost	136,219	120,000
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	-	51,287
B02700	Acquisition of property, plant and equipment	(94,088)	(168,765)
B02800	Proceeds from disposal of property, plant and equipment	-	3,300
B03700	Increase of refundable deposit	(378)	(76)
B04500	Acquisition of intangible assets	(6,664)	-
B07500	Interest received	3,290	1,421
B07600	Dividends received	2,537	43,414
B09900	Proceeds from return of capital by investees	<u>-</u>	<u>43,414</u>
BBBB	Net cash outflow of investing activities	(<u>118,658</u>)	(<u>1,162,197</u>)

(Continued)

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

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

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

1. GENERAL

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

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

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

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

Newly issued/revised/amended standards a n d i n t e r p r e t a t i o n s	E f f e c t i v e D a t e Announced by IASB (N o t e 1)
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17-Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

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

(2) Basis of preparation

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

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

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

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

(3) Classification of current and noncurrent assets and liabilities

Current assets include:

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

Current liabilities include:

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

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

(4) Foreign currencies

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

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

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

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

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

If the Company fully disposes of the equity of the foreign operations, or partially disposes of them with loss of control, all accumulated exchange

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

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

(5) Inventories

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

(6) Investment in subsidiaries

The Company processes investments in subsidiaries using the equity method.

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

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

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

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

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

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

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

(7) Property, plant and equipment

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

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

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

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

(8) Investment properties

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

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

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

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

(9) Intangible assets

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

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

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

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

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

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

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

(11) Financial instruments

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

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

1. Financial assets

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

(1) Measurement categories

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

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

Financial assets at FVTPL are measured at fair value enforced through profit or loss. Financial assets measured at fair value enforced through profit or loss include investments in equity instruments at fair value through other comprehensive income (FVTOCI) and investments in debt instruments at

amortized cost or through FVTOCI that do not meet the category criteria.

Financial assets at FVTPL are measured at fair value through profit or loss. Further measurements on interests or losses are recognized in other gains and losses. Please refer to Note 25 for the method of determining the fair value.

B. Financial assets at amortized cost

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

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

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

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

C. Investments in equity instruments at FVTOCI

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

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

(2) Impairment of financial assets

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

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

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

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

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

(3) Derecognition of financial assets

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

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

2. Equity instruments

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

3. Financial liabilities

(1) Subsequent measurement

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

(2) Derecognition of financial liabilities

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

4. Derivative financial instruments

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

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

(12) Provision of liability

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

Warranty

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

(13) Revenue recognition

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

1. Revenue from the sale of goods

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

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

2. Revenue from the rendering of services

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

(14) Leases

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

1. The Company as lessor

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

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

2. The Company as lessee

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

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

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

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

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

(15) Employee benefits

1. Short-term employee benefits

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

2. Retirement benefits

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

(16) Taxation

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

1. Current income tax

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

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

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

2. Deferred income tax

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

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer

probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previous unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized as an increase of adjustment to the carrying amount, to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

3. Current and deferred taxes

Current and deferred taxes are recognized in profit or loss.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Company considers the recent development of the pandemic in Taiwan and its economic environment implications when making its critical accounting estimates in cash flow projections growth rate, discount rate, profitability, etc. The management will review the estimates and underlying assumptions on an ongoing basis. Revisions to accounting estimates are recognized in the current period in which the estimates are revised if the

revisions affect only that period or in the period of revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

Assessment on sales allowances of AVer Information Inc. (USA)

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

6. CASH

	December 31, 2022	December 31, 2021
Cash on hand and Petty cash	\$ 922	\$ 762
Checking accounts and demand deposits	904,194	848,160
	<u>\$ 905,116</u>	<u>\$ 848,922</u>

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

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

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

(Continued)

	December 31, 2022	December 31, 2021
<u>Financial liability – current</u>		
Held for trading		
Derivative (not hedged)		
– Forward foreign		
exchange contracts	\$ <u>804</u>	\$ <u>-</u>

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

December 31, 2022

	<u>C u r r e n c y</u>	<u>M a t u r i t y d a t e</u>	<u>C o n t r a c t a m o u n t (i n T h o u s a n d s)</u>
Forward	Euro to New	2023.1.19~	EUR 2,276/ NTD 73,583
foreign	Taiwan	2023.2.24	
exchange sold	Dollar		

December 31, 2021

	<u>C u r r e n c y</u>	<u>M a t u r i t y d a t e</u>	<u>C o n t r a c t a m o u n t (i n T h o u s a n d s)</u>
Forward	US Dollar to	2022.1.25	USD 1,000/ NTD 28,136
foreign	New Taiwan		
exchange sold	Dollar		

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER
COMPREHENSIVE INCOME

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

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

9. FINANCIAL ASSETS AT AMORTIZED COST

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

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

	December 31, 2022	December 31, 2021
Time deposits	0.001%	0.001%

The Company pledged the assets as collateral for bank borrowing. Please refer to Note 27.

10. ACCOUNTS RECEIVABLE

	December 31, 2022	December 31, 2021
At amortized cost		
Gross carrying amount – Non-related parties	\$ 72,209	\$ 84,164
Gross carrying amount – Related parties	<u>277,908</u>	<u>393,209</u>
	<u>\$350,117</u>	<u>\$477,373</u>

The Company provides 30~90 days for the average credit period of sales of goods within which interests on the accounts receivable are waived. In order to minimize credit risks, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring

procedures to ensure that the follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

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

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

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

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

December 31, 2022

	Not past due	Past due 1~30 days	Past due 31~90 days	T o t a l
Gross carrying amount	\$ 337,985	\$ 8,726	\$ 3,406	\$ 350,117
Loss allowance (lifetime expected credit loss)	-	-	-	-
Amortized cost	<u>\$ 337,985</u>	<u>\$ 8,726</u>	<u>\$ 3,406</u>	<u>\$ 350,117</u>

December 31, 2021

	Not past due	Past due 1~30 days	Past due 31~90 days	T o t a l
Gross carrying amount	\$ 466,255	\$ 11,033	\$ 85	\$ 477,373
Loss allowance (lifetime expected credit loss)	-	-	-	-
Amortized cost	<u>\$ 466,255</u>	<u>\$ 11,033</u>	<u>\$ 85</u>	<u>\$ 477,373</u>

11. INVENTORIES

	December 31, 2022	December 31, 2021
Finished goods	\$ 79,128	\$ 75,862
Work in progress	49,650	70,228
Raw materials	<u>267,241</u>	<u>386,051</u>
	<u>\$396,019</u>	<u>\$532,141</u>

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

	Fiscal year 2022	Fiscal year 2021
Cost of inventories sold	\$ 1,294,360	\$ 1,577,508
Provision (reversal) of inventory valuation and obsolescence loss	(<u>17,781</u>)	<u>1,686</u>
	<u>\$ 1,276,579</u>	<u>\$ 1,579,194</u>

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

12. INVESTMENT USING THE EQUITY METHOD

	December 31, 2022	December 31, 2021
<u>Investee</u>		
Unlisted (non-public) company		
AVer Information Inc. (USA)	\$228,373	\$110,626
AVer Information Europe B.V.	25,580	(42,814)
AVer Information Inc. (Japan)	(6,275)	(16,895)
AVer Information (Vietnam) Co., Ltd	13,395	14,976
Yuan Chen Investment Co., Ltd.	434	433
	<u>261,507</u>	<u>66,326</u>
Add : The credit balance of investments using equity method reclassified as other non-current liabilities	<u>6,275</u> <u>\$267,782</u>	<u>59,709</u> <u>\$126,035</u>

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

	December 31, 2022	December 31, 2021
AVer Information Inc. (USA)	100%	100%
AVer Information Europe B.V.	100%	100%
AVer Information Inc. (Japan)	100%	100%
AVer Information (Vietnam) Co., Ltd	100%	100%
Yuan Chen Investment Co., Ltd.	100%	100%

13. PROPERTY, PLANT AND EQUIPMENT

	L a n d	Houses and buildings	Machinery equipment	Transportation equipment	O f f i c e equipment	O t h e r equipment	Construction in progress a n d Equipment pending acceptance	T o t a l
<u>Cost</u>								
BALANCE, January 1, 2022	\$ 373,218	\$ 1,045,001	\$ 159,632	\$ 10,166	\$ 38,197	\$ 63,264	\$ 15,438	\$ 1,704,916
Addition	-	13,590	36,089	-	5,510	43,007	6,640	104,836
Disposal	-	-	(18,624)	-	(1,753)	(20,488)	-	(40,865)
Reclassified as other noncurrent assets	-	9,634	139	-	-	4,332	(10,781)	3,324
BALANCE, DECEMBER 31, 2022	<u>\$ 373,218</u>	<u>\$ 1,068,225</u>	<u>\$ 177,236</u>	<u>\$ 10,166</u>	<u>\$ 41,954</u>	<u>\$ 90,115</u>	<u>\$ 11,297</u>	<u>\$ 1,772,211</u>
<u>Accumulated depreciation</u>								
BALANCE, January 1, 2022	\$ -	\$ 367,553	\$ 55,660	\$ 6,452	\$ 14,933	\$ 37,242	\$ -	\$ 481,840
Depreciation expense	-	40,764	31,221	1,180	9,364	29,291	-	111,820
Disposal	-	-	(18,624)	-	(1,736)	(20,488)	-	(40,848)
BALANCE, DECEMBER 31, 2022	<u>\$ -</u>	<u>\$ 408,317</u>	<u>\$ 68,257</u>	<u>\$ 7,632</u>	<u>\$ 22,561</u>	<u>\$ 46,045</u>	<u>\$ -</u>	<u>\$ 552,812</u>
NET VALUE, December 31, 2022	<u>\$ 373,218</u>	<u>\$ 659,908</u>	<u>\$ 108,979</u>	<u>\$ 2,534</u>	<u>\$ 19,393</u>	<u>\$ 44,070</u>	<u>\$ 11,297</u>	<u>\$ 1,219,399</u>

(Continued)

	<u>L a n d</u>	<u>Houses and buildings</u>	<u>Machinery equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Construction in progress and equipment pending acceptance</u>	<u>T o t a l</u>
<u>Cost</u>								
BALANCE, January 1, 2021	\$ 373,218	\$ 1,033,199	\$ 81,697	\$ 7,916	\$ 35,490	\$ 46,753	\$ 23,850	\$ 1,602,123
Addition	-	-	-	-	-	-	167,555	167,555
Disposal	-	(537)	(125)	-	(5,556)	(4,580)	-	(10,798)
Reclassified as other current and noncurrent assets	-	12,339	78,060	2,250	8,263	21,091	(175,967)	(53,964)
BALANCE, DECEMBER 31, 2021	<u>\$ 373,218</u>	<u>\$ 1,045,001</u>	<u>\$ 159,632</u>	<u>\$ 10,166</u>	<u>\$ 38,197</u>	<u>\$ 63,264</u>	<u>\$ 15,438</u>	<u>\$ 1,704,916</u>
<u>Accumulated depreciation</u>								
BALANCE, January 1, 2021	\$ -	\$ 326,556	\$ 29,972	\$ 4,887	\$ 12,191	\$ 22,534	\$ -	\$ 396,140
Depreciation expense	-	41,534	25,802	1,565	8,296	19,288	-	96,485
Disposal	-	(537)	(114)	-	(5,554)	(4,580)	-	(10,785)
BALANCE, DECEMBER 31, 2021	<u>\$ -</u>	<u>\$ 367,553</u>	<u>\$ 55,660</u>	<u>\$ 6,452</u>	<u>\$ 14,933</u>	<u>\$ 37,242</u>	<u>\$ -</u>	<u>\$ 481,840</u>
NET VALUE, December 31, 2021	<u>\$ 373,218</u>	<u>\$ 677,448</u>	<u>\$ 103,972</u>	<u>\$ 3,714</u>	<u>\$ 23,264</u>	<u>\$ 26,022</u>	<u>\$ 15,438</u>	<u>\$ 1,223,076</u>

For the year ended on December 31, 2022 and 2021, no indication of an impairment loss of the Company's property, plant and equipment was present, and therefore, no impairment assessment was performed.

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

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

Property, plant and equipment pledged as collateral for bank borrowings by the Company are set out in Note 27.

14. INVESTMENT PROPERTY

The Company has investment properties of plants and parking areas located at Zhonghe District, New Taipei City, Taiwan, R.O.C., for the purpose of business leasing. The cost of book value is NT\$79,089 thousand for the year ended on December 31 of 2022 and 2021.

<u>Accumulated depreciation</u>	
Balance, January 1, 2021	\$ 10,998
Depreciation expense	<u>846</u>
Balance, December 31, 2021	11,844
Depreciation expense	<u>846</u>
Balance, December 31, 2022	<u>\$ 12,690</u>

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

The fair value of the investment property of the Company is NT\$201,897 thousand and NT\$146,600 thousand for the year ended on December 31, 2022 and 2021 respectively. The valuation is estimated by the management of the Company in reference to the recent transaction prices of properties in the neighboring districts.

The total amounts of lease payments to be received in the future for the lease of the investment property in 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Within 1 year	\$ 4,140	\$ 5,900
1 to 5 years	-	3,460
	<u>\$ 4,140</u>	<u>\$ 9,360</u>
15. <u>SHORT-TERM LOANS</u>		
	December 31, 2022	December 31, 2021
Unsecured loans	<u>\$ 400,000</u>	<u>\$ 400,000</u>
Annual interest rate (%)	1.46%~1.48%	0.85%~0.87%
Maturity date	2023/1/26	2022/2/26
secured loans	<u>\$ 200,000</u>	<u>\$ 200,000</u>
Annual interest rate (%)	1.27%~1.28%	0.70%~0.86%
Maturity date	2023/1/26	2022/1/28
16. <u>OTHER PAYABLES</u>		
	December 31, 2022	December 31, 2021
Salary and bonus payable	\$145,652	\$ 94,328
Payable for employees' compensation and remuneration of directors	46,163	103,277
Vacation pay payable	22,763	20,965
Insurance payable	8,588	8,165
Payable for equipment	8,339	17,630
Others	<u>51,794</u>	<u>39,164</u>
	<u>\$283,299</u>	<u>\$283,529</u>

17. PROVISION OF LIABILITY

	December 31, 2022	December 31, 2021
Current – warranty (classified under other current liabilities)	\$ 7,001	\$ 6,358
Noncurrent – warranty	<u>48,531</u>	<u>38,879</u>
	<u>\$ 55,532</u>	<u>\$ 45,237</u>

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

18. RETIREMENT BENEFIT PLANS

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

19. EQUITY

(1) Capital - common stock

	December 31, 2022	December 31, 2021
Number of shares authorized (in thousands of shares)	<u>150,000</u>	<u>150,000</u>
Shares authorized	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
Number of shares issued (in thousands of shares)	<u>92,920</u>	<u>92,920</u>
Shares issued	<u>\$ 929,200</u>	<u>\$ 929,200</u>

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

(2) Capital surplus

	December 31, 2022	December 31, 2021
Additional paid-in capital	\$734,624	\$734,624
Treasury share transactions	<u>496</u>	<u>496</u>
	<u>\$735,120</u>	<u>\$735,120</u>

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

(3) Retained earnings and dividends policy

In accordance with the Company's Articles of Incorporation, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous year, setting aside a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations; and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which shall be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors stated by the Company's Articles of Incorporation, please refer to "Employees' compensation and remuneration of directors" in Note 21 (7).

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

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

The appropriations of earnings for 2021 and 2020 had been approved in the meetings of the shareholders of the Company held on June 8, 2022 and July 1, 2021, respectively. The appropriations and dividends per share were as follows:

	The appropriation of e a r n i n g s		Dividends per Share (N T \$)	
	Fiscal year 2021	Fiscal year 2020	Fiscal year 2021	Fiscal year 2020
Appropriated as legal reserve	\$ 65,234	\$ 78,820		
Appropriated as special reserve	413,894	4,854		
Cash dividends	353,096	464,600	\$ 3.8	\$ 5.0

The appropriation of earnings for 2022 subject to the resolution of the shareholders' meeting to be held on March 17, 2023 is as follows:

	The proposed appropriation of e a r n i n g s	Dividends per Share (NT\$)
Appropriated as legal reserve	\$ 33,276	
Appropriated as special reserve	134,674	
Cash dividends	132,876	\$ 1.43

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

20. REVENUE

	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
Revenue from contracts with customers		
sale of goods	\$ 2,033,524	\$ 2,616,382
services and other	<u>73,030</u>	<u>218,769</u>
	<u>\$ 2,106,554</u>	<u>\$ 2,835,151</u>

Disaggregation of Revenue from contracts with customers – Type of goods

	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
Video conferencing systems products	\$ 1,248,917	\$ 1,553,593
Integrated education products	818,199	1,227,396
Others	<u>39,438</u>	<u>54,162</u>
	<u>\$ 2,106,554</u>	<u>\$ 2,835,151</u>

21. ADDITIONAL INFORMATION OF NET INCOME

(1) Other revenues

	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
Rental income	\$ 5,900	\$ 6,230
Dividends received	2,537	43,414
Others	<u>5,163</u>	<u>8,752</u>
	<u>\$ 13,600</u>	<u>\$ 58,396</u>

(2) Other gains and losses

	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
Financial assets mandatorily measured at FVTPL	(\$ 1,425)	\$ 31,201
Net foreign exchange losses	54,688	(70,377)
(Losses) Gains on disposal and write-off of property, plant and equipment	(17)	3,287
Other losses	<u>(846)</u>	<u>(1,078)</u>
	<u>\$ 52,400</u>	<u>(\$ 36,967)</u>

(3) Finance cost

	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
Interest on bank loans	\$ 6,527	\$ 3,211
Interest on lease liabilities	<u>8</u>	<u>11</u>
	<u>\$ 6,535</u>	<u>\$ 3,222</u>

(4) Depreciation and amortization

	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
Property, plant and equipment	\$111,820	\$ 96,484
Right-of-use assets	623	613
Investment properties	846	846
Intangible assets	<u>11,493</u>	<u>5,850</u>
	<u>\$124,782</u>	<u>\$103,793</u>
An analysis of depreciation by function		
Cost of revenue	\$ 58,623	\$ 55,290
Operating expenses	53,820	41,807
Other gains and losses	<u>846</u>	<u>846</u>
	<u>\$113,289</u>	<u>\$ 97,943</u>
An analysis of amortization by function		
Cost of revenue	\$ 4,504	\$ 1,691
Marketing	368	644
General and administrative	6,390	3,119
Research and development	<u>231</u>	<u>396</u>
	<u>\$ 11,493</u>	<u>\$ 5,850</u>

(5) Employee benefits expense

	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
Post-employment benefits		
Defined contribution plans	\$ 21,969	\$ 20,261
Short-term benefits		
Salary expense	554,905	547,354
Insurance expense	43,319	41,567
Others	<u>16,767</u>	<u>17,752</u>
Total employee benefits expense	<u>\$ 636,960</u>	<u>\$ 626,934</u>
An analysis of employee benefits expense by function		
Cost of revenue	\$ 148,450	\$ 157,792
Operating expenses	<u>488,510</u>	<u>469,142</u>
	<u>\$ 636,960</u>	<u>\$ 626,934</u>

(6) Employees' compensation and remuneration of directors

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

Accrual rate

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

Amount (NT\$)

	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
Compensation of employees		
— Cash	\$ 38,501	\$ 86,136
Remuneration of directors	<u>7,662</u>	<u>17,141</u>
	<u>\$ 46,163</u>	<u>\$ 103,277</u>
Recognized amount in parent company only financial statements	<u>\$ 46,163</u>	<u>\$ 103,277</u>

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

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

22. INCOME TAX

(1) Income tax recognized in profit or loss

Major components of income tax expense as follows:

	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
Current income tax		
In respect of the current year	\$ 24,353	\$102,190
Income tax on Unappropriated earnings	-	3,167
Adjustments in respect of prior years	(<u>18,722</u>)	<u>2,732</u>
	<u>5,631</u>	<u>108,089</u>
Deferred income tax		
In respect of the current year	<u>459</u>	(<u>2,342</u>)
Income tax expenses recognized in profit or loss	<u>\$ 6,090</u>	<u>\$105,747</u>

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

	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
Income before income tax	<u>\$ 338,849</u>	<u>\$ 758,084</u>
Income tax expense calculated at the statutory rate based on the profit before tax	67,770	151,616
Income tax on unappropriated earnings	-	3,167
Non-deductible expense in determining taxable income	32	32
Tax-exempt income	(1,070)	(9,097)

(Continued)

	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
Unrecognized deductible temporary differences	(29,183)	(25,620)
Investment tax credit in current year	(12,737)	(17,083)
Adjustments of prior years' income tax expenses added to current year	(<u>18,722</u>)	<u>2,732</u>
Income tax expenses recognized in profit or loss	<u>\$ 6,090</u>	<u>\$105,747</u>
(2) Deferred tax assets and liabilities		

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

Fiscal year 2022

	<u>O p e n i n g b a l a n c e</u>	<u>R e c o g n i z e d i n p r o f i t o r l o s s</u>	<u>C l o s i n g b a l a n c e</u>
<u>D e f e r r e d t a x a s s e t s</u>			
Temporary differences			
Provision of liability	\$ 9,048	\$ 2,058	\$ 11,106
Inventory valuation losses	10,234	(3,556)	6,678
Unrealized gross profit of sales between affiliated companies	5,626	(2,508)	3,118
Others	<u>3,931</u>	<u>3,458</u>	<u>7,389</u>
	<u>\$ 28,839</u>	<u>(\$ 548)</u>	<u>\$ 28,291</u>
<u>D e f e r r e d t a x l i a b i l i t i e s</u>			
Temporary differences			
Others	<u>\$ 89</u>	<u>(\$ 89)</u>	<u>\$ -</u>

Fiscal year 2021

	<u>O p e n i n g b a l a n c e</u>	<u>R e c o g n i z e d i n p r o f i t o r l o s s</u>	<u>C l o s i n g b a l a n c e</u>
<u>D e f e r r e d t a x a s s e t s</u>			
Temporary differences			
Provision of liability	\$ 9,019	\$ 29	\$ 9,048
Inventory valuation losses	9,897	337	10,234

(Continued)

	<u>O p e n i n g</u> <u>b a l a n c e</u>	<u>R e c o g n i z e d</u> <u>i n p r o f i t o r</u> <u>l o s s</u>	<u>C l o s i n g</u> <u>b a l a n c e</u>
Unrealized gross profit of sales between affiliated companies	6,618	(992)	5,626
Others	<u>2,896</u>	<u>1,035</u>	<u>3,931</u>
	<u>\$ 28,430</u>	<u>\$ 409</u>	<u>\$ 28,839</u>
<u>Deferred tax liabilities</u>			
Temporary differences			
Others	<u>\$ 2,022</u>	<u>(\$ 1,933)</u>	<u>\$ 89</u>

(3) Income tax assessments

The Company's tax returns through 2020 have been assessed by the tax authorities.

23. EARNINGS PER SHARE

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

NET INCOME

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

Number of shares

Unit: in Thousands

	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	92,920	92,920
Effect of potential dilutive ordinary shares:		
Compensation of employees	966	1,418
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>93,886</u>	<u>94,338</u>

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

24. CAPITAL RISK MANAGEMENT

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

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

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

25. FINANCIAL INSTRUMENTS

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

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

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

1. Fair value hierarchy

December 31, 2022

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

December 31, 2021

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

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

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

<u>Categories of financial instruments</u>	<u>Valuation techniques and inputs</u>
Derivative – forward foreign exchange contracts	Discounted cash flow method: measurement of the yield curve is derived from the forward exchange rate quote at the end of the period and the quoted interest rate in line with the contract expiration.

(3) Categories of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Fair value through profit or loss		
Mandatorily measured at FVTPL	\$ -	\$ 445
Amortized cost (Note 1)	1,413,504	1,476,574
Financial assets at FVTOCI	385,516	555,699
<u>Financial liability</u>		
Fair value through profit or loss		
Held for trading	804	-
Amortized cost (Note 2)	764,026	976,732

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

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

(4) Financial risk management objectives and policies

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

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

1. Market risk

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

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

(1) Foreign currency risk

The Company uses forward foreign exchange contracts to manage the foreign currency risk of accounts receivable that are not denominated in functional currency created from export sales. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of reporting period are set out in Note 29.

Sensitivity analysis

The Company is mainly influenced by the USD, EUR and JPY.

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

	P r o f i t	o r	l o s s
	Fiscal year 2022	Fiscal year 2021	
USD	\$ 26,465	\$ 24,128	
EUR	9,838	21,680	
JPY	7,666	8,930	

(2) Interest rate risk

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

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
— Financial assets	\$ 145,018	\$ 136,219
— Financial liabilities	600,000	600,627
Cash flow interest rate risk		
— Financial assets	904,194	711,941

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

Sensitivity analysis

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

If interest rates had been increased/decreased by 25 basis points and all other variables were held constant, the Company's pre-tax profit for the fiscal years of 2022 and 2021 would increase/decrease by NT\$2,260 thousand and NT\$1,780 thousand, respectively.

(3) Other price risk

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

Price sensitivity analysis

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

If the listed marketable securities equity prices had been increased/decreased by 10%, the Company's comprehensive income for the fiscal years of 2022 and 2021 would increase/decrease by NT\$38,552 and NT\$55,570 thousand, respectively, as a result of the increase/decrease in fair value of financial assets at FVTOCI.

2. Credit risk

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

Financial credit risk

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

Business related credit risk

In order to reduce credit risk, the Company continuously assesses the financial position and historical transaction records of each customer through payment policies, except without requiring the counterparty to provide collateral or security. In order to reduce credit risk, the Company purchased the credit insurance for major customers on receivables. The insurance-to-value ratio is 85% ~ 90% of the approved limit of buyer's insured amount. In addition, the Company

reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. Therefore, the management of the Company concluded that the Company does not have significant credit risk.

3. Liquidity risk

The Company finances its operations and mitigates the effects of fluctuations in cash flows through controlling and maintaining sufficient cash. The management of the Company monitors the utilization of bank financing amounts and ensures compliance with loan covenants, in order to manage liquidity risk. The Company has sufficient circulating capital to finance the due liabilities and the risk that the Company is unable to provide cash or other financial assets to settle financial liabilities, or to fulfill relevant obligations is not identified. Therefore, bank borrowing is not a significant source of liquidity to the Company.

As of December 31, 2022 and 2021, the Company had available un-utilized financing amount set out as following descriptions of the financing amounts in (2).

(1) Liquidity and interest rate risk tables

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

December 31, 2022

	On Demand		
	o	r	
	Less than 1	3 months-1	
	<u>M o n t h</u>	<u>1-3 months</u>	<u>y e a r</u>
<u>Non-derivative</u>			
<u>financial liability</u>			
Non-interest			
bearing	\$ 75,037	\$ 82,578	\$ 4,620
Fixed interest			
instruments	<u>600,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 675,037</u>	<u>\$ 82,578</u>	<u>\$ 4,620</u>

December 31, 2021

	On Demand		
	o	r	
	Less than 1	3 months-1	
	<u>M o n t h</u>	<u>1-3 months</u>	<u>y e a r</u>
<u>Non-derivative</u>			
<u>financial liability</u>			
Non-interest			
bearing	\$ 109,957	\$ 68,070	\$ 3,591
Lease liabilities	53	106	476
Fixed interest			
instruments	<u>500,000</u>	<u>100,000</u>	<u>-</u>
	<u>\$ 610,010</u>	<u>\$ 168,176</u>	<u>\$ 4,067</u>

(2) Financing amount

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

26. TRANSACTIONS WITH RELATED PARTIES

The parent company of the Company is AVerMedia Technologies, Inc. (AVerMedia) that holds 49.92% of ordinary shares of the Company directly and indirectly on December 31, 2022 and 2021 respectively.

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows.

(1) Related party name and relationship with the Company

<u>R e l a t e d P a r t y N a m e</u>	<u>R e l a t i o n s h i p w i t h t h e C o m p a n y</u>
AVerMedia Technologies, Inc.	Parent company
AVerMedia Technology Inc. (ShangHai)	Fellow subsidiary
AVer Information Inc. (USA)	Subsidiary
AVer Information Europe B.V.	Subsidiary
AVer Information Inc. (Japan)	Subsidiary
AVer Information (Vietnam) Co., Ltd.	Subsidiary
Yuan Chen Investment Co., Ltd.	Subsidiary

(2) Operating income

<u>L i n e I t e m s</u>	<u>R e l a t e d P a r t y C a t e g o r y / I t e m</u>	<u>F i s c a l y e a r 2 0 2 2</u>	<u>F i s c a l y e a r 2 0 2 1</u>
Revenue	Parent company	<u>\$ 33,504</u>	<u>\$ 48,118</u>
	Fellow company	<u>12</u>	<u>115</u>
	Subsidiary		
	AVer Information Inc. (USA)	672,479	1,146,354
	AVer Information Europe B.V.	394,577	799,873
	AVer Information Inc. (Japan)	108,645	141,269
	Other	<u>33,605</u>	<u>22,419</u>
		<u>1,209,306</u>	<u>2,109,915</u>
		<u>\$ 1,242,822</u>	<u>\$ 2,158,148</u>

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

(3) Purchases

Related Party Category		Fiscal year 2022	Fiscal year 2021
Parent company		<u>\$ 5,664</u>	<u>\$ 8,222</u>
(4)	Receivables from related parties		
Line Items	Related Party Category / Item	December 31, 2022	December 31, 2021
Accounts receivable	Parent company	<u>\$ 9,437</u>	<u>\$ 9,333</u>
	Subsidiary		
	AVer Information Inc. (USA)	72,143	165,556
	AVer Information Europe B.V.	136,525	180,824
	AVer Information Inc. (Japan)	45,488	29,366
	Other	<u>14,315</u>	<u>8,130</u>
		<u>268,471</u>	<u>383,876</u>
		<u>\$ 277,908</u>	<u>\$ 393,209</u>
Other Accounts receivables	Parent company		
	AVerMedia Technologies, Inc.	<u>\$ 3,392</u>	<u>\$ 3,571</u>

The outstanding trade receivables from related parties are unsecured. For the fiscal years of 2022 and 2021, no impairment loss was recognized for trade receivables from related parties.

(5)	Payables to related parties		
Line Items	Related Party Category / Item	December 31, 2022	December 31, 2021
Accounts payable	Parent company	<u>\$ 1,483</u>	<u>\$ 1,094</u>
Other payables	Parent company		
	AVerMedia Technologies, Inc.	<u>\$ 686</u>	<u>\$ 689</u>
	Fellow company	<u>281</u>	<u>225</u>
	Subsidiary		
	AVer Information Inc. (USA)	166	1,615
	AVer Information Inc. (Japan)	<u>27</u>	<u>167</u>
		<u>193</u>	<u>1,782</u>
		<u>\$ 1,160</u>	<u>\$ 2,696</u>

The outstanding trade payables from related parties are unsecured.

(6) Others

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

(7) Compensation of key management personnel

	<u>Fiscal year 2022</u>	<u>Fiscal year 2021</u>
Short-term employee benefits	\$ 47,735	\$ 82,049
Post-employment benefits	<u>640</u>	<u>621</u>
	<u>\$ 48,375</u>	<u>\$ 82,670</u>

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

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

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

28. SUBSEQUENT EVENTS

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

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

(Unit: NTD and Foreign Currency in Thousands)

December 31, 2022

	<u>F o r e i g n</u>	<u>E x c h a n g e</u>	<u>r a t e</u>	<u>C a r r y i n g</u>
	<u>c u r r e n c y</u>			<u>a m o u n t</u>
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 18,854	30.71 (USD: NTD)		\$ 579,020
EUR	6,014	32.72 (EUR: NTD)		196,769
JPY	659,735	0.23 (JPY: NTD)		153,323
				<u>\$ 929,112</u>
<u>Non-monetary</u>				
<u>items</u>				
Subsidiary using				
the equity				
method				
USD	7,436	30.71 (USD: NTD)		\$ 228,373
EUR	782	32.72 (EUR: NTD)		25,580
				<u>\$ 253,953</u>
<u>Financial liability</u>				
<u>Monetary items</u>				
USD	1,618	30.71 (USD: NTD)		\$ 49,710
RMB	425	4.41 (RMB: NTD)		1,873
				<u>\$ 51,583</u>

December 31, 2021

	<u>F o r e i g n</u>	<u>E x c h a n g e</u>	<u>r a t e</u>	<u>C a r r y i n g</u>
	<u>c u r r e n c y</u>			<u>a m o u n t</u>
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 18,803	27.68 (USD: NTD)		\$ 520,466
EUR	13,844	31.32 (EUR: NTD)		433,592
JPY	742,642	0.24 (JPY: NTD)		178,606
				<u>\$ 1,132,664</u>

	<u>F o r e i g n</u>	<u>E x c h a n g e</u>	<u>r a t e</u>	<u>C a r r y i n g</u>
	<u>c u r r e n c y</u>			<u>a m o u n t</u>
<u>Non-monetary</u>				
<u>items</u>				
Subsidiary using				
the equity				
method				
USD	3,997	27.68 (USD: NTD)		\$ 110,626
<u>Financial liability</u>				
<u>Monetary items</u>				
USD	1,307	27.68 (USD: NTD)		\$ 37,913
RMB	1,449	4.34 (RMB: NTD)		6,295
				<u>\$ 44,208</u>
<u>Non-monetary</u>				
<u>items</u>				
Subsidiary using				
the equity				
method				
EUR	1,367	31.32(EUR: NTD)		<u>\$ 42,814</u>

For the years ended December 31, 2022 and 2021, the net foreign exchange gains were NT\$ 54,688 thousand and net foreign exchange losses NT\$ 70,377 thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of the foreign currency.

transactions

30. SEPARATELY DISCLOSED ITEMS

(1) Information on significant transactions:

1. Financing provided to others: None
2. Endorsements/guarantees provided: Table 1 (attached)
3. Marketable securities held(excluding investment in subsidiaries): Table 2 (attached)
4. Marketable securities acquired and disposed of at costs of prices of at least NT\$300 million or more than 20% of the paid-in capital: None
5. Acquisition of individual real estate at costs of at least NT\$300 million or more than 20% of the paid-in capital: None

6. Disposal of individual real estate at prices of at least NT\$300 million or more than 20% of the paid-in capital: None
 7. Total purchases from or sales to related parties amounting to at least NT\$100 million or more than 20% of the paid-in capital: Table 3 (attached)
 8. Receivables from related parties amounting to at least NT\$100 million or more than 20% of the paid-in capital: Table 4 (attached).
 9. Trading in derivative instruments: Table 7 (attached)
- (2) Information on investees: Table 5 (attached)
- (3) Information on investments in mainland China:
1. Information on any investee company in mainland China, including the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gains or losses, carrying amount of the investment at the end of the reporting period, repatriation of investment gains or losses, and the limit on the amount of investment in the mainland China area: None
 2. Any of the significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: None
- (3) Information on major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 6 (attached)

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

Table 1 (attached)

Unit: unless stated otherwise
In Thousands of New Taiwan Dollars

N o .	Endorsement/guarantee Provider	G u a r a n t e e d P a r t y		Provided to E a c h G u a r a n t e e d P a r t y E n d o r s e m e n t / g u a r a n t e e A m o u n t L i m i t s	F o r t h e P e r i o d M a x i m u m B a l a n c e	E n d i n g B a l a n c e	A m o u n t A c t u a l l y D r a w n	Collateralize d b y P r o p e r t i e s A m o u n t o f E n d o r s e m e n t / g u a r a n t e e	R a t i o o f A c c u m u l a t e d E n d o r s e m e n t / g u a r a n t e e t o n e t E q u i t y p e r L a t e s t F i n a n c i a l S t a t e m e n t s (%)	E n d o r s e m e n t / g u a r a n t e e M a x i m u m A m o u n t a l l o w a b l e	G u a r a n t e e P r o v i d e d b y P a r e n t C o m p a n y (N o t e)	G u a r a n t e e P r o v i d e d b y a S u b s i d i a r y (N o t e)	G u a r a n t e e P r o v i d e d t o S u b s i d i a r i e s i n M a i n l a n d C h i n a (N o t e)	N o t e
		N a m e	R e l a t i o n s h i p											
0	The Company	AVer Information Inc. (USA)	Subsidiary	50% of paid-in capital to be \$464,600	\$ 109,124 (USD 3,387)	\$ 104,026 (USD 3,387)	\$ -	\$ -	3.69	50% of paid-in capital to be \$464,600	Y	N	N	

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

AVer Information Inc.
 Marketable securities held at the end of the reporting period.
 December 31, 2022

Table 2 (attached)

Unit: unless stated otherwise
In Thousands of New Taiwan Dollars

Held Company Name	Marketable Securities Type and Name	Relationship With the Company	Financial Statement Account	End date of the Reporting Period				Note
				Unit (In Thousands)	Carrying Value	Percentage of Ownership	Fair Value	
The Company	Publicly traded stocks AVerMedia Technologies, Inc.	Parent company of the Company	Financial assets at fair value through other comprehensive income—Non-current	17,366	\$ 385,516	10.97%	\$ 385,516	

AVer Information Inc.

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

January 1 to December 31, 2022

Table 3 (attached)

Unit: unless stated otherwise
In Thousands of New Taiwan Dollars

Purchase (Sale) Held Company N a m e	Related Party	Relationship	T r a n s a c t i o n D e t a i l s				Abnormal Transaction Condition and Reason		Notes, Accounts Receivable (P a y a b l e)		N o t e
			Purchase (S a l e)	A m o u n t	Percentage to T o t a l P u r c h a s e (S a l e) (%)	Payment Term	Unit Price	Payment Term	E n d i n g B a l a n c e	% to Total N o t e s , A c c o u n t R e c e i v a b l e (P a y a b l e) (%)	
The Company	AVer Information Inc. (USA)	Subsidiary	Sales	\$ 672,479	(32)	90 days after the goods were shipped	\$ -	-	\$ 72,143	20	
	AVer Information Europe B.V.	Subsidiary	Sales	394,577	(19)	90 days after the goods were shipped	-	-	136,525	39	
	AVer Information Inc. (Japan)	Subsidiary	Sales	108,645	(5)	90 days after the goods were shipped	-	-	45,488	13	

AVer Information Inc.

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

December 31, 2022

Table 4 (attached)

Unit: unless stated otherwise
In Thousands of New Taiwan Dollars

Company Name	R e l a t e d P a r t y	R e l a t i o n s h i p	R e l a t e d P a r t y E n d i n g B a l a n c e	Turnover R a t e (Times / Y e a r)	O v e r d u e		A m o u n t s Received in Subsequent Period (Note)	Provision of Allowance for Impairment Loss
					A m o u n t	Action Taken		
The Company	AVer Information Inc. (USA)	Subsidiary	Accounts Receivable \$ 72,143	5.66	\$ -	-	\$ 103,043	\$ -
	AVer Information Europe B.V.	Subsidiary	Accounts Receivable 136,525	2.49	-	-	135,219	-
	AVer Information Inc. (Japan)	Subsidiary	Accounts Receivable 45,488	2.90			18,375	-

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

Company name: AVer Information Inc.
INFORMATION ON INVESTEEES
January 1 to December 31, 2022

Table 5 (attached)

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

Investor Company	Investee Company	M a i n Locations	Main Businesses	Original Investment Amount		Balance at the End of the Period			I n v e s t e e C o m p a n y Net Income (Loss) of the P e r i o d	Current Period Profit (Loss)	N o t e
				End date of the Reporting Period	End date of the Previous Period	S h a r e s	Percenta (%)	C a r r y i n g A m o u n t (N o t e 2)			
The Company	AVer Information Inc. (USA)	United States	Sales of computer system equipment, presentation and video conferencing systems	\$ 217,848 (USD 6,000)	\$ 217,848 (USD 6,000)	6,990,000	100	\$ 228,373	\$ 15,721	\$ 16,749	Subsidiary
	AVer Information Europe B.V.	Netherlands	Sales of computer system equipment, presentation and video conferencing systems	131,089 (EUR 3,000)	131,089 (EUR 3,000)	(Note 1)	100	25,580	12,023	12,023	Subsidiary
	AVer Information Inc. (Japan)	Japan	Sales of computer system equipment, presentation and video conferencing systems	24,828 (JPY 70,000)	24,828 (JPY 70,000)	1,400	100	(6,275)	3,923	3,923	Subsidiary
	AVer Information (Vietnam) Co., Ltd	Vietnam	Sales of computer system equipment, presentation and video conferencing systems	10,710 (VND 8,172,000)	10,710 (VND 8,172,000)	(Note 1)	100	13,395	1,607	1,607	Subsidiary
	Yuan Chen Investment Co., Ltd.	Taiwan	Investment	500	500	50,000	100	434	1	1	Subsidiary

Note 1: Only the investment amount is displayed on the company business license with no record of shares recorded.
Note 2: Carrying amount is the net amount after unrealized sales profit is deducted.

Company name: AVer Information Inc.

Major Shareholders Information

December 31, 2022

Table 6 (attached)

Unit: Share

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

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

§ LISTS OF MAJOR ACCOUNTING ITEMS §

<u>I</u>	<u>T</u>	<u>E</u>	<u>M</u>	<u>STATEMENT/INDEX</u>
Accounting items in assets, liability and equity				
				Statement 1
				Table 2 (attached)
				Statement 2
				Statement 3
				Statement 4
				Note 13
				Note 13
				Statement 5
				Statement 6
Accounting items in profit or loss				
				Statement 7
				Statement 8
				Statement 9
				Statement 10
				Statement 11

AVer Information Inc.

Statement of cash

December 31, 2022

Statement 1

Unit: New Taiwan Dollars/Foreign
Currencies in Thousands

<u>I t e m</u>	<u>D e s c r i p t i o n</u>	<u>A m o u n t</u>
Demand deposits	NTD 437,966 thousand, USD 13,129 thousand (exchange rate 1: 30.71), EUR 1,831 thousand(exchange rate 1: 32.72), JPY 10,660 thousand (exchange rate 1: 0.2324) , RMB 145 thousand (exchange rate 1: 4.408)	904,194
Cash on hand and Petty cash	NTD 78 thousand, USD 11 thousand (exchange rate 1: 30.71) , EUR 5 thousand (exchange rate 1: 32.72) , JPY 155 thousand (exchange rate 1: 0.2324) , RMB 48 thousand (exchange rate 1: 4.408) , GBP 1 thousand (exchange rate 1: 37.09) , HKD 1 thousand (exchange rate 1: 3.938) , THB 3 thousand (exchange rate 1: 0.8941)	<u>922</u>
		<u>\$ 905,116</u>

AVer Information Inc.
Statement of accounts receivable
December 31, 2022

Statement 2

Unit: In Thousands of New Taiwan
Dollars

<u>C l i e n t n a m e</u>	<u>A m o u n t</u>
Related party	
AVer Information Europe B.V.	\$136,525
AVer Information Inc. (USA)	72,143
AVer Information Inc. (Japan)	45,488
AVer Information (Vietnam) Co., Ltd	14,315
Other (Note)	<u>9,437</u>
	<u>277,908</u>
Non-related Party	
Customer A	15,200
Customer B	5,063
Customer C	4,306
Customer D	4,137
Customer E	3,828
Other (Note)	<u>39,675</u>
	<u>72,209</u>
	<u>\$350,117</u>

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

AVer Information Inc.
Statement of inventories

December 31, 2022

Statement 3

Unit: In Thousands of New Taiwan
Dollars

I t e m	C o s t s	Net realizable v a l u e
Raw materials	\$ 293,805	\$ 286,052
Work in progress	54,129	57,527
Finished goods	<u>81,476</u>	<u>135,429</u>
	429,410	<u>\$ 479,008</u>
Less: Inventory Valuation Loss allowance	(<u>33,391</u>)	
	<u>\$ 396,019</u>	

AVer Information Inc.
Statement of investment using the equity method
Fiscal year 2022

Statement 4

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

Investee Company	Opening amount, January 1, 2022		Additions in investment in current year		Decrease in investment in current year		Using the REALIZED equity (UNREALIZED method) PROFIT Adjustment amount		Balance, December 31, 2022				Collateral or pledge condition
	Number of shares(Unit: Thousands)	Amount	Number of shares(Unit: Thousands)	Amount	Number of shares(Unit: Thousands)	Amount	(Note 2)	(Note 2)	Number of shares(Unit: Thousands)		Amount	Net assets value	
AVer Information Inc. (USA)	6,990	\$ 110,626	-	\$ -	-	\$ -	\$ 47,280	\$ 70,467	6,990	100	\$ 228,373	\$ 320,803	None
AVer Information Europe B.V.	(Note 1)	(42,814)	-	-	-	-	15,398	52,996	(Note 1)	100	25,580	79,242	None
AVer Information Inc. (Japan)	1.4	(16,895)	-	-	-	-	4,209	6,411	1.4	100	(6,275)	(1,756)	None
AVer Information (Vietnam) Co., Ltd.	(Note 1)	14,976	-	-	-	-	2,924	(4,505)	(Note 1)	100	13,395	19,890	None
Yuan Chen Investment Co., Ltd	50	<u>433</u>	-	<u>-</u>	-	<u>-</u>	<u>1</u>	<u>-</u>	50	100	<u>434</u>	<u>434</u>	None
		66,326		<u>\$ -</u>		<u>\$ -</u>	<u>\$ 69,812</u>	<u>\$ 125,369</u>			261,507	<u>\$ 418,613</u>	
Add : The credit balance of investments using equity method reclassified as other non-current liabilities		<u>59,709</u>									<u>6,275</u>		
		<u>\$ 126,035</u>									<u>\$ 267,782</u>		

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

Note 2: Including:

(1) Share of profit or loss of associates accounted for using equity method	\$ 34,303
(2) Recognition of exchange differences arising on translation of foreign operations	<u>35,509</u>
	<u>\$ 69,812</u>

AVer Information Inc.
Statement of short-term borrowings
December 31, 2022

Statement 5

Unit: In Thousands of New Taiwan

Dollars

Loan Type and creditor n a m e	A m o u n t	Contract Period	Interest Rates (%)	L o a n Commitment
short-term borrowings				
CTBC Bank	\$ 80,000	2022.10.31-2023.01.19	1.28%	\$ 680,000
E.SUN Bank	100,000	2022.10.31-2023.01.19	1.48%	400,000
Cathay United Bank	300,000	2022.10.31-2023.01.26	1.46%	300,000
Cathay United Bank	120,000	2022.10.31-2023.01.26	1.27%	200,000
	<u>\$ 600,000</u>			<u>\$ 1,580,000</u>

AVer Information Inc.
Statement of accounts payables
December 31, 2022

Statement 6

Unit: In Thousands of New Taiwan
Dollars

<u>V e n d o r n a m e</u>	<u>A m o u n t</u>
Vendor A	\$ 11,242
Vendor B	9,391
Vendor C	7,162
Other (Note)	<u>80,433</u>
Total	<u><u>\$108,228</u></u>

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

AVer Information Inc.
Statement of operating revenue
Fiscal year 2022

Statement 7

Unit: In Thousands of New Taiwan
Dollars

<u>I t e m</u>	<u>A m o u n t</u>
Video conferencing systems products	\$ 1,281,177
Integrated educational products	828,741
Others	39,526
less : Sales returns and allowances	(42,890)
Net revenue	<u>\$ 2,106,554</u>

AVer Information Inc.
Statement of operating cost
Fiscal year 2022

Statement 8

Unit: In Thousands of New Taiwan
Dollars

<u>I n t e m</u>	<u>A m o u n t</u>
Cost of goods sold (in-house products)	
Direct raw materials	
Raw materials, January 1, 2022	\$ 429,585
Add: Net amount of material feed in current year	887,312
Other inward transfer	14,338
Less: Raw materials, December 31, 2022	293,805
Cost of material sold	266,040
Reclassified expenses	1,631
Other outward transfer	21,058
Raw materials consumed in current year	748,701
Direct labor	56,128
Production expenses	223,635
Production cost	1,028,464
Add: Work in progress, January 1, 2022	74,438
Less: Work in progress, December 31, 2022	54,128
Sales of work in progress	32,632
Reclassified expenses	3,125
Other outward transfer	46,791
Cost of finished goods	966,226
Add: Finished goods, January 1, 2022	79,290
Less: Finished goods, December 31, 2022	81,476
Reclassified expenses	3,440
Other outward transfer	7,710
Cost of goods sold (in-house products)	952,890
Add: Cost of material sold	266,040
Cost of sales of work in progress	32,632
Inventory valuation losses	(17,781)
Cost of disposal	21,608
Other	21,190
	<u>\$ 1,276,579</u>

AVer Information Inc.
Statement of production expenses
Fiscal year 2022

Statement 9

Unit: In Thousands of New Taiwan
Dollars

<u>I t e m</u>	<u>A m o u n t</u>
Processing expenses	\$ 14,780
Depreciation	58,623
Salary and wage expenses	82,223
Other (Note)	<u>68,009</u>
	<u>\$ 223,635</u>

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

AVer Information Inc.
Statement of operating expenses
Fiscal year 2022

Statement 10

Unit: In Thousands of New Taiwan
Dollars

	Marketing	General and administrative	Research and development Expenses	T o t a l
Salary and wage expenses	\$ 96,526	\$ 63,119	\$287,073	\$446,718
Depreciation	6,252	10,195	37,373	53,820
Insurance	8,955	4,705	21,781	35,441
Other (Note)	<u>78,796</u>	<u>24,620</u>	<u>74,158</u>	<u>177,574</u>
	<u>\$190,529</u>	<u>\$102,639</u>	<u>\$420,385</u>	<u>\$713,553</u>

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

AVer Information Inc.
Statement of labor cost, depreciation and amortization by function for the current year
January 1 to December 31, 2022 and 2021

Statement 11

Unit: In Thousands of New Taiwan Dollars

	Fiscal year 2022				Fiscal year 2021			
	Operating costs	Operating expenses	Other gains and losses	Total	Operating costs	Operating expenses	Other gains and losses	Total
Employee benefits expense								
Salary and wage expense	\$ 125,142	\$ 422,101	\$ -	\$ 547,243	\$ 132,757	\$ 397,456	\$ -	\$ 530,213
Employee insurance expense	12,022	31,297	-	43,319	12,984	28,583	-	41,567
Pension expense	5,014	16,955	-	21,969	5,045	15,216	-	20,261
Remuneration of directors	-	7,662	-	7,662	-	17,141	-	17,141
Other employee benefits expense	<u>6,272</u>	<u>10,495</u>	<u>-</u>	<u>16,767</u>	<u>7,006</u>	<u>10,746</u>	<u>-</u>	<u>17,752</u>
	<u>\$ 148,450</u>	<u>\$ 488,510</u>	<u>\$ -</u>	<u>\$ 636,960</u>	<u>\$ 157,792</u>	<u>\$ 469,142</u>	<u>\$ -</u>	<u>\$ 626,934</u>
Depreciation expense	<u>\$ 58,623</u>	<u>\$ 53,820</u>	<u>\$ 846</u>	<u>\$ 113,289</u>	<u>\$ 55,290</u>	<u>\$ 41,807</u>	<u>\$ 846</u>	<u>\$ 97,943</u>
Amortization expense	<u>\$ 4,504</u>	<u>\$ 6,989</u>	<u>\$ -</u>	<u>\$ 11,493</u>	<u>\$ 1,691</u>	<u>\$ 4,159</u>	<u>\$ -</u>	<u>\$ 5,850</u>

Note 1: As of December 31, 2022 and 2021, the Company had 534 and 532 employees, respectively. There were 5 non-employee directors for both years.

Note 2: (1) The Company's average expenses of employee benefits were NT\$1,190 thousand and NT\$1,157 thousand for the years of 2022 and 2021, respectively.

(2) The Company's average expenses of employees' salaries and wages were NT\$1,034 thousand and NT\$1,006 thousand for the years of 2022 and 2021, respectively.

(3) The average adjustment of employees' salary and wage expenses is 2.78%.

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

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

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