AVer Information Inc. and Subsidiaries

Consolidated Financial Statements for the Nine Months Ended September 30, 2024 and 2023 and Independent Auditors' Review Report

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Independent Auditor's Review (translated from Chinese)

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

Introduction

We have reviewed the accompanying consolidated balance sheets of AVer Information Inc. and its subsidiaries (AVer Group) as of September 30, 2024 and 2023, the related consolidated statements of comprehensive income for the three months ended, September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023, the consolidated statements of changes in equity, and of cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Statements on Review Engagements No. 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of Consolidated Financial Statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other viewer procedures. A review is substantially less in scope then and audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express and audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that cause us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects the consolidated financial position of the Company as of September 30, 2024 and 2023, its consolidated financial performance for the three months ended September 30, 2024 and 2023, and its consolidated financial performance and its consolidated cash flow for the nine months ended September 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Pei-Dep Chen and I-Ching Liu.

Deloitte & Touche
Taipei, Taiwan
Republic of China
November 1, 2024

<u>*Notice to Readers*</u>

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

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

AVer Information Inc. and subsidiaries

CONSOLIDATED BALANCE SHEETS

(Unit: In Thousands of New Taiwan Dollars)

		September 30, 2024		December 31, 2023		September 30, 2023	
Code	ASSETS	Amount	%	Amount	%	Amount	%
	CURRENT ASSETS						
1100	Cash and cash equivalents (Note 6)	$ 1,455,688	31	$ 1,391,407	33	$ 1,296,947	31
1136	Financial assets at amortized cost(Notes 8 and 27)	30,577	1	135,533	3	134,909	3
1150	Notes receivable	651	-	1,978	-	1,530	-
1170	Account receivable (Notes 9 and 26)	356,611	8	271,043	6	355,425	8
1200	Other receivables (Note 26)	13,099	-	8,634	-	8,858	-
1220	Income tax assets for current period	26,823	1	55,271	1	62,634	2
130X	Inventories (Note 10)	370,550	8	336,073	8	401,363	10
1479	Other current assets	65,344	1	40,235	1	44,982	1
11XX	Total current assets	2,319,343	50	2,240,174	52	2,306,648	55
	NONCURRENT ASSETS						
1517	Financial assets at fair value through other comprehensive income (Note 7)	971,284	21	752,133	18	568,278	14
1600	Property, plant, and equipment (Note 12)	1,164,104	25	1,192,328	28	1,185,219	28
1755	Right-of-use assets (Note 13)	78,629	2	15,366	-	21,443	-
1780	Intangible assets	14,995	-	16,119	-	19,366	-
1840	Deferred income tax assets	64,895	2	67,439	2	74,110	2
1990	Other noncurrent assets	13,114	-	19,825	-	26,318	1
15XX	Total noncurrent assets	2,307,021	50	2,063,210	48	1,894,734	45
1XXX	TOTAL	$ 4,626,364	100	$ 4,303,384	100	$ 4,201,382	100
Code	LIABILITIES AND EQUITY						
	CURRENT LIABILITIES						
2100	Short-term loans (Note 15)	$ 400,000	9	$ 520,000	12	$ 520,000	12
2170	Accounts payable (Note 26)	159,215	3	77,800	2	125,876	3
2200	Other payables (Notes 16 and 26)	318,798	7	315,601	7	322,649	8
2230	Income tax liabilities for current period	49,009	1	6,940	-	18,091	-
2280	Capital lease liabilities (Note 13)	17,622	-	14,274	-	20,919	1
2365	Refund liability	69,250	2	58,515	2	83,195	2
2399	Other current liabilities (Note 17)	12,813	-	12,382	-	12,003	-
21XX	Total current liabilities	1,026,707	22	1,005,512	23	1,102,733	26
	NONCURRENT LIABILITIES						
2550	Provision (Note 17)	53,451	1	50,495	1	50,561	1
2570	Deferred income tax liabilities	5,303	-	5,018	-	6,509	-
2580	Capital lease liabilities (Note 13)	66,445	2	2,946	-	4,873	-
2670	Other noncurrent liabilities	11,404	-	14,501	1	15,761	1
25XX	Total noncurrent liabilities	136,603	3	72,960	2	77,704	2
2XXX	Total Liabilities	1,163,310	25	1,078,472	25	1,180,437	28
	EQUITY (Note 19)						
3110	Capital - common stock	929,200	20	929,200	22	929,200	22
3200	Capital surplus	735,120	16	735,120	17	735,120	17
	Retained earnings						
3310	Appropriated as legal reserve	425,576	9	400,580	9	400,580	10
3320	Appropriated as special reserve	266,115	6	555,630	13	555,630	13
3350	Unappropriated earnings	1,178,125	25	870,497	20	831,425	20
3300	Total retained earnings	1,869,816	40	1,826,707	42	1,787,635	43
3400	Other equity	(71,082)	(1)	(266,115)	(6)	(431,010)	(10)
3XXX	Total equity	3,463,054	75	3,224,912	75	3,020,945	72
	TOTAL	$ 4,626,364	100	$ 4,303,384	100	$ 4,201,382	100

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

AVer Information Inc. and subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

		Three Months Ended September 30				Nine Months Ended September 30			
		2024		2023		2024		2023	
CODE		Amount	%	Amount	%	Amount	%	Amount	%
	REVENUE (Notes 20 and 26)								
4000	Sales revenue	$ 724,818	100	$ 664,481	100	$ 2,048,456	100	$ 1,912,591	100
	COST OF REVENUE (Notes 10 ,21 and 26)								
5000	Cost of goods sold	304,422	42	278,577	42	828,542	41	830,955	43
5900	GROSS PROFIT	420,396	58	385,904	58	1,219,914	59	1,081,636	57
	OPERATING EXPENSES (Note 21)								
6100	Marketing	205,096	28	197,883	30	622,400	30	593,743	31
6200	General and administrative	25,467	4	23,479	3	76,683	4	80,398	5
6300	Research and development	118,770	16	117,579	18	367,709	18	346,349	18
6450	Expected credit loss(gain) (Note 9)	564	-	-	-	1,484	-	3,341	-
6000	Total operating expenses	349,897	48	338,941	51	1,068,276	52	1,023,831	54
6900	INCOME FROM OPERATIONS	70,499	10	46,963	7	151,638	7	57,805	3
	NON-OPERATING INCOME AND EPENSES (Notes 21 and 26)								
7100	Interest revenue	3,504	-	721	-	21,240	1	10,630	-
7010	Other revenues	4,525	1	8,692	1	11,478	1	14,976	1
7020	Other gains and losses	8,292	1	22,100	4	48,968	2	158,815	8
7050	Finance cost	(3,571)	-	(2,507)	-	(9,688)	-	(7,932)	-
7000	Total non-operating income and expenses	12,750	2	29,006	5	71,998	4	176,489	9
7900	INCOME BEFORE INCOME TAX	83,249	12	75,969	12	223,636	11	234,294	12
7950	INCOME TAX (Benefit)EXPENSE (Notes 4 and 22)	18,327	3	13,643	2	56,014	3	23,400	1
8200	NET INCOME	64,922	9	62,326	10	167,622	8	210,894	11
	OTHER COMPREHENSIVE INCOME (LOSS)								
8310	Items that will not be reclassified subsequently to profit or loss								

(Continued)

CODE		Three Months Ended September 30				Nine Months Ended September 30			
		2024		2023		2024		2023	
		Amount	%	Amount	%	Amount	%	Amount	%
8316	Unrealized loss on investments in equity instruments at fair value through other comprehensive income(loss)(Note 7)	($ 66,345)	(9)	$ 114,433	17	$ 180,188	9	$ 103,361	6
8360	Items that may be reclassified subsequently to profit or loss								
8361	Exchange differences arising on translation of foreign operations	(7,364)	(1)	12,730	2	14,845	1	21,259	1
8300	Other comprehensive loss for the year (net of income tax)	(73,709)	(10)	127,163	19	195,033	10	124,620	7
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	($ 8,787)	(1)	$ 189,489	29	$ 362,655	18	$ 335,514	18
	NET INCOME ATRRIBUTABLE TO:								
8610	Shareholders of the Company	$ 64,922	9	$ 62,326	10	$ 167,622	8	$ 210,894	11
	TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO：								
8710	Shareholders of the Company	($ 8,787)	(1)	$ 189,489	29	$ 362,655	18	$ 335,514	18
	Earnings per share (Note 23)								
9710	Basic	$ 0.70		$ 0.67		$ 1.80		$ 2.27	
9810	Diluted	$ 0.69		$ 0.66		$ 1.79		$ 2.25	

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

AVer Information Inc. and subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

				Retained earnings				Other equity			
Code		Capital - common stock	Capital surplus	Appropriated as legal reserve	Appropriated as special reserve	Unappropriated earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Total equity
A1	BALANCE, JANUARY 1, 2023	$ 929,200	$ 735,120	$ 367,304	$ 420,956	$ 921,357	$ 1,709,617	$ 15,413	($ 571,043)	($ 555,630)	$ 2,818,307
	Appropriation and distribution of 2022 retained earnings:										
B1	Legal reserve	-	-	33,276	-	(33,276)	-	-	-	-	-
B3	Special reserve	-	-	-	134,674	(134,674)	-	-	-	-	-
B5	Cash dividends to shareholders - NT$1.43 per share	-	-	-	-	(132,876)	(132,876)	-	-	-	(132,876)
D1	Net income for the nine months ended September 30, 2023	-	-	-	-	210,894	210,894	-	-	-	210,894
D3	Other comprehensive income (loss) for the nine months ended September 30, 2023, net of income tax	-	-	-	-	-	-	21,259	103,361	124,620	124,620
D5	Total comprehensive income (loss) for the nine months ended September 30,2023	-	-	-	-	210,894	210,894	21,259	103,361	124,620	335,514
Z1	BALANCE, SEPTEMBER 30, 2023	$ 929,200	$ 735,120	$ 400,580	$ 555,630	$ 831,425	$ 1,787,635	$ 36,672	($ 467,682)	($ 431,010)	$ 3,020,945
A1	BALANCE, JANUARY 1, 2024	$ 929,200	$ 735,120	$ 400,580	$ 555,630	$ 870,497	$ 1,826,707	$ 17,712	($ 283,827)	($ 266,115)	$ 3,224,912
	Appropriation and distribution of 2023 retained earnings:										
B1	Legal reserve	-	-	24,996	-	(24,996)	-	-	-	-	-
B5	Cash dividends to shareholders - NT$1.34 per share	-	-	-	-	(124,513)	(124,513)	-	-	-	(124,513)
B17	Reversal of special reserve	-	-	-	(289,515)	289,515	-	-	-	-	-
D1	Net income for the nine months ended September 30, 2024	-	-	-	-	167,622	167,622	-	-	-	167,622
D3	Other comprehensive income (loss) for the nine months ended September 30, 2024, net of income tax	-	-	-	-	-	-	14,845	180,188	195,033	195,033
D5	Total comprehensive income (loss) for the nine months ended September 30,2024	-	-	-	-	167,622	167,622	14,845	180,188	195,033	362,655
Z1	BALANCE, SEPTEMBER 30, 2024	$ 929,200	$ 735,120	$ 425,576	$ 266,115	$ 1,178,125	$ 1,869,816	$ 32,557	($ 103,639)	($ 71,082)	$ 3,463,054

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

AVer Information Inc. and subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

Code		Nine Months Ended September 30 2024	Nine Months Ended September 30 2023
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Profit (loss) before tax	$ 223,636	$ 234,294
A20010	Adjustments to reconcile profit (loss):		
A20100	Depreciation expense	100,595	103,756
A20200	Amortization expense	8,735	9,887
A20300	Expected credit impairment loss (Reversal)	1,484	3,341
A20400	Net loss (gain) on financial instruments at fair value through profit or loss	(2,904)	(1,989)
A20900	Interest expense	9,688	7,932
A21200	Interest revenue	(21,240)	(10,630)
A21300	Dividend income	(3,142)	(4,085)
A22500	Loss (gain) on disposal of property, plant and equipment	462	38
A22700	Loss (gain) on disposal of investment properties	-	(134,761)
A23700	Provision of inventory valuation loss and stock obsolescence	3,192	-
A23800	Provision of inventory valuation loss and stock obsolescence	-	(5,517)
A24100	Unrealized foreign exchange loss (gain)	(13,528)	(5,304)
A29900	Provision of liability reserve	11,296	6,043
A30000	Net changes of operating assets and liabilities		
A31115	Financial assets at fair value enforced through profit or loss	2,904	1,303
A31130	Notes receivable	1,327	1,994
A31150	Accounts receivable	(84,371)	(72,349)
A31180	Other receivables	(4,633)	226
A31200	Inventories	(31,844)	232,388
A31240	Other current assets	(24,699)	1,577

(Continued)

Code		Nine Months Ended September 30 2024	2023
A32110	Financial liability held for trading	$ -	($ 118)
A32150	Accounts payable	79,241	8,150
A32180	Other payables	4,616	(13,633)
A32200	Provision of liability	(8,519)	(4,389)
A32230	Other current liabilities	373	145
A32990	Refund liability	9,101	(952)
A32990	Other noncurrent liabilities	(3,320)	808
A33000	Cash inflow generated from operations	258,450	358,155
A33300	Interest paid	(10,173)	(8,123)
A33500	Income taxes (paid) refund	18,592	3,661
AAAA	Net cash inflow from operating activities	266,869	353,693
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00010	Financial assets at fair value through other comprehensive income	(36,732)	(79,401)
B00040	Acquisitions of financial assets at amortized cost	(32,850)	-
B00050	Proceeds from disposal of financial assets at amortized cost	159,574	-
B02700	Acquisition of property, plant and equipment	(58,155)	(57,827)
B02800	Proceeds from sales of property, plant and equipment	2,198	-
B03700	Increase of refundable deposit	-	(602)
B03800	Decrease in refundable deposits	3,352	-
B04500	Acquisition of intangible assets	(7,603)	(9,065)
B05500	Proceeds from disposal of investment properties	-	200,948
B07500	Interest received	21,437	10,546
B07600	Dividends received	3,142	4,085
BBBB	Net cash used in investing activities	54,363	68,684
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00200	Decrease in short-term loans	(120,000)	(80,000)

(Continued)

Code		Nine Months Ended September 30	
		2024	2023
C03000	Increase in guarantee deposits received	$ 9	$ -
C03100	Decrease in guarantee deposits received	-	(1,015)
C04020	Payments of lease liabilities	(14,100)	(23,556)
C04500	Cash dividends paid	(124,513)	(132,876)
CCCC	Cash inflow (outflow) from financing activities	(258,604)	(237,447)
DDDD	Effect of exchange rate changes on cash	1,653	23,902
EEEE	Net increase in cash and cash equivalents	64,281	208,832
E00100	Cash and cash equivalents at beginning of period	1,391,407	1,088,115
E00200	Cash and cash equivalents at end of period	$ 1,455,688	$ 1,296,947

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

AVer Information Inc. and subsidiaries

Notes to Consolidated Financial Statements

For the Nine Months ended September 30, 2024 and 2023

(In Thousands of New Taiwan Dollars, unless specified otherwise)

1. GENERAL

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

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

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

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements were reported to the Board of Directors for issue on November 1, 2024.

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

(1) The Company applied for the first time International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRS Accounting Standards"), 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 IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies.

(2) The IFRS Accounting Standards endorsed by the FSC for application starting from 2025.

Newly issued/revised/amended standards and interpretations	Effective Date Announced by IASB
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 1)

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

(3) The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

Newly issued/revised/amended standards and interpretations	Effective Date Announced by IASB (Note1)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 -Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

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

IFRS 18 "Presentation and Disclosure in Financial Statements" IFRS 18 will supersede IAS 1 "Presentation of Financial Statements". The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company labels items as "other" only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Company as a whole, the Company shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items. Except for the above

impact, as of the date the consolidated financial statements were authorized for issue, the Company is continuously assessing the possible impacts that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impacts when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

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

(2) Basis of preparation

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

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

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

(3) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intercompany transactions, balances, income, and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

See Note 11 and Table 6 for detailed information, percentages of ownership, and main businesses on subsidiaries.

(4) Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2023.

1. Classification of current and non-current assets and liabilities

Current assets include:

(1) Assets held primarily for the purpose of trading;

(2) Assets expected to be realized within 12 months after the reporting period; and

(3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

(1) Liabilities held primarily for the purpose of trading;

(2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

(3) Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

2. Taxation

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

For the applied critical accounting judgments and key sources of estimates and uncertainty, please refer to the consolidated financial statements for the year ended December 31, 2023.

6. CASH AND CASH EQUIVALENTS

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand	$ 1,101	$ 1,007	$ 972
Checking accounts and demand deposits	1,187,987	1,144,760	1,166,895
Cash equivalents			
Time deposits with original maturities of less than 3 months	266,600	245,640	129,080
	$ 1,455,688	$ 1,391,407	$ 1,296,947

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

	September 30, 2024	December 31, 2023	September 30, 2023
Bank deposits	0.001%~4.25%	0.001%~4.25%	0.001%~4.25%
Time deposits	1.60%~5.30%	5.30%~5.50%	5.28%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	September 30, 2024	December 31, 2023	September 30, 2023
Non-current			
equity investments			
Publicly traded stocks	$ 971,284	$ 752,133	$ 568,278

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. 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.

8. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2024	December 31, 2023	September 30, 2023
Current			
Domestic instruments			
Time deposits with original maturities of more than 3 months	$ 30,577	$ 135,533	$ 134,909

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

	September 30, 2024	December 31, 2023	September 30, 2023
Time deposits	0.001%~1.60%	0.001%	0.001%

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

9. ACCOUNTS RECEIVABLE

	September 30, 2024	December 31, 2023	September 30, 2023
At amortized cost			
Gross carrying amount	$ 361,490	$ 274,438	$ 358,820
Less: Loss allowance	(4,879)	(3,395)	(3,395)
	$ 356,611	$ 271,043	$ 355,425

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

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

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

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

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

September 30, 2024

	Not past due	Past due 1～30Days	Past due 31～90Days	Past due 91～210Days	Past due over 211 days	Total
Gross Carrying amount	$315,824	$41,918	$ 353	$ -	$ 3,395	$361,490
Loss allowance (lifetime expected credit loss)	(271)	(964)	(249)	-	(3,395)	(4,879)
Amortized cost	$315,553	$40,954	$ 104	$ -	$ -	$356,611

December 31, 2023

	Not past due	Past due 1～30Days	Past due 31～90Days	Past due 91～210Days	Past due over 211 days	Total
Gross Carrying amount	$210,246	$43,321	$17,476	$ -	$ 3,395	$274,438
Loss allowance (lifetime expected credit loss)	-	-	-	-	(3,395)	(3,395)
Amortized cost	$210,246	$43,321	$17,476	$ -	$ -	$271,043

September 30, 2023

	Not past due	Past due 1～30Days	Past due 31～90Days	Past due 91～210Days	Past due over 211 days	Total
Gross Carrying amount	$321,975	$29,341	$ 4,109	$ -	$ 3,395	$358,820
Loss allowance (lifetime expected credit loss)	-	-	-	-	(3,395)	(3,395)
Amortized cost	$321,975	$29,341	$ 4,109	$ -	$ -	$355,425

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

	Nine Months Ended September 30	
	2024	2023
Balance at January 1	$ 3,395	$ 54
Provision of Impairment losses	1,484	3,341
Balance at September 30	$ 4,879	$ 3,395

10. INVENTORIES

	September 30, 2024	December 31, 2023	September 30, 2023
Finished goods	$ 206,889	$ 151,005	$ 187,963
Work in progress	40,080	40,057	50,057
Raw materials	123,581	145,011	163,343
	$ 370,550	$ 336,073	$ 401,363

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Cost of inventories sold	$ 302,937	$ 283,009	$ 825,350	$ 836,472
Provision of inventory valuation and reversal of write-down of inventories	1,485	(4,432)	3,192	(5,517)
	$ 304,422	$ 278,577	$ 828,542	$ 830,955

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.

11. SUBSIDIARIES

(1) The Company and Subsidiaries included in the consolidated financial statements, main content of the consolidated financial statements:

			% of Ownership		
Investor	Investee	Nature of Activities	September 30, 2024	December 31, 2023	September 30, 2023
The Company	AVer Information Inc. (USA)	Sales of computer system equipment, presentation and video conferencing systems	100%	100%	100%
	AVer Information Europe B.V.	Sales of computer system equipment, presentation and video conferencing systems	100%	100%	100%

Investor	Investee	Nature of Activities	% of Ownership September 30, 2024	December 31, 2023	September 30, 2023
	AVer Information Inc. (Japan)	Sales of computer system equipment, presentation and video conferencing systems	100%	100%	100%
	AVer Information (Vietnam) Co., Ltd	Sales of computer system equipment, presentation and video conferencing systems	100%	100%	100%
	Yuan Chen Investment Co., Ltd.	Investment company	100%	100%	100%

12. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2024	December 31, 2023	September 30, 2023
Land	$ 373,218	$ 373,218	$ 373,218
Houses and buildings	623,410	640,733	640,014
Machinery equipment	61,513	87,557	95,062
Transportation equipment	3,953	3,405	3,985
Office equipment	16,431	20,214	22,683
Leasehold improvements	1,180	1,630	1,802
Other equipment	26,752	44,823	46,167
Construction in progress and Equipment pending acceptance	57,647	20,748	2,288
	$ 1,164,104	$ 1,192,328	$ 1,185,219

For the nine months ended September 30, 2024 and 2023, no major impairment of the Company's property plant and equipment was present except recognized depreciation expenses and disposals transportation equipment, additions houses and buildings, machinery equipment office equipment, and other equipment.

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

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

13. LEASE ARRANGEMENTS

(1) Right-of-use assets

	September 30, 2024	December 31, 2023	September 30, 2023
Right-of-use assets carrying amount			
Buildings	$ 78,629	$ 15,366	$ 21,443

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Additions to right-of-use assets			$ 81,715	$ 12,755
Depreciation of right-of-use assets				
Buildings	$ 6,011	$ 5,831	$ 17,668	$ 17,264

For the nine months ended September 30 of 2024 and 2023, no major sublet, and impairment of the Company's right-of-use assets was present except recognized depreciation expenses and additions associates.

(2) Lease liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
Lease liability carrying amount			
Current	$ 17,622	$ 14,274	$ 20,919
Noncurrent	$ 66,445	$ 2,946	$ 4,873

Range of discount rates for lease liabilities was as follows:

	September 30, 2024	December 31, 2023	September 30,2023
Buildings	0.001%~7.80%	0.001%~5.70%	0.001%~5.70%

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

The Company leases certain buildings for the use as offices, plants and dormitories with lease terms of 1~5 years. The lease of buildings located in

France and the Netherlands agrees to adjust the lease payment according to the local consumer price index each year. The Company has no bargain purchase option to acquire the leasehold offices, plants, and dormitories at the end of the lease terms.

(4) Other lease information

	Nine Months Ended September 30	
	2024	2023
Total cash outflow for leases	($ 17,445)	($ 24,537)

14. INVESTMENT PROPERTY（Nine Months Ended September 30, 2024：None）

Cost	Land	Plant	Total
Balance at January 1, 2023	$ 45,699	$ 33,390	$ 79,089
Disposal	(45,699)	(33,390)	(79,089)
Balance at September 30, 2023	$ -	$ -	$ -
Accumulated depreciation			
Balance at January 1, 2023	$ -	$ 12,690	$ 12,690
Depreciation expense	-	212	212
Disposal	-	(12,902)	(12,902)
Balance at September 30, 2023	$ -	$ -	$ -
Carrying amount at September 30, 2023	$ -	$ -	$ -

The Company has an investment property of a plant and parking areas located at Zhonghe District, New Taipei City, Taiwan, R.O.C., for the purpose of business leasing. On March 20, 2023, the Company signed a real estate sale agreement to dispose of a plant and parking areas located at Zhonghe District, New Taipei City, for NT$ 203 million including taxes. The amount of gain on this disposal is NT$134,761 thousand after deducting the selling costs. The transfer of a plant and parking areas was completed on May 30,2023.

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

15. SHORT-TERM LOANS

	September 30, 2024	December 31, 2023	September 30, 2023
Unsecured loans	$ 400,000	$ 400,000	$ 400,000
Annual interest rate (%)	1.83%～1.88%	1.64%～1.70%	1.64%～1.70%
Maturity date	2024/10/22	2024/1/26	2023/10/31
Secured loans	$ -	$ 120,000	$ 120,000
Annual interest rate (%)	-	1.50%	1.50%
Maturity date	-	2024/1/26	2023/10/31

16. OTHER PAYABLES

	September 30, 2024	December 31, 2023	September 30, 2023
Salary and bonus payable	$ 156,272	$ 164,849	$ 164,108
Vacation payable	46,900	44,759	43,730
Payable for employees and directors' compensation	29,908	15,686	31,757
Insurance payable	10,592	10,837	10,335
Payable for equipment	1,547	6,486	6,712
Others	73,579	72,984	66,007
	$ 318,798	$ 315,601	$ 322,649

17. PROVISION OF LIABILITY

	September 30, 2024	December 31, 2023	September 30, 2023
Current－warranty (classified under other current liabilities)	$ 6,797	$ 6,957	$ 7,057
Noncurrent－warranty	53,451	50,495	50,561
	$ 60,248	$ 57,452	$ 57,618

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

18. RETIREMENT BENEFIT PLANS

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

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

19. EQUITY

(1) Capital - Common Stock

	September 30, 2024	December 31, 2023	September 30, 2023
Number of shares authorized (in thousands of shares)	150,000	150,000	150,000
Authorized shares	$ 1,500,000	$ 1,500,000	$ 1,500,000
Number of shares issued (in thousands of shares)	92,920	92,920	92,920
Shares issued	$ 929,200	$ 929,200	$ 929,200

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

(2) Capital surplus

	September 30, 2024	December 31, 2023	September 30, 2023
Additional paid-in capital	$ 734,624	$ 734,624	$ 734,624
Treasury share transactions	496	496	496
	$ 735,120	$ 735,120	$ 735,120

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

(3) Retained earnings and dividends policy

The Company's Articles of Incorporation state that, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of the previous year, setting aside a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations; and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which shall be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors stated by the Company's Articles of Incorporation, please refer to "Employees' compensation and remuneration of directors" in Note 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 exceeds 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2023 and 2022 had been approved in the meetings of the shareholders of the Company held on June 12, 2024 and June 7, 2023 respectively. The appropriations and dividends per share were as follows:

	Appropriations of Earnings		Dividends Per Share (NT$)	
	Fiscal year 2023	Fiscal year 2022	Fiscal year 2023	Fiscal year 2022
Appropriated as legal reserve	$ 24,996	$ 33,276		
Appropriations in respect of special reserve	(289,515)	134,674		
Cash dividends	124,513	132,876	$ 1.34	$ 1.43

20. REVENUE

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Revenue from contracts with customers				
sale of goods	$ 715,945	$ 652,964	$1,996,300	$1,880,109
rendering of services and other	8,873	11,517	52,156	32,482
	$ 724,818	$ 664,481	$2,048,456	$1,912,591

Disaggregation of Revenue from contracts with customers－Type of goods

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Video conferencing systems products	$ 532,516	$ 451,771	$ 1,504,390	$1,397,783
Integrated education products	183,472	199,079	514,286	483,329
Others	8,830	13,631	29,780	31,479
	$ 724,818	$ 664,481	$2,048,456	$1,912,591

21. NET PROFIT FOR THE PERIOD

(1) Interest income

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Bank deposits	$ 3,504	$ 720	$ 21,238	$ 10,628
Others	-	1	2	2
	$ 3,504	$ 721	$ 21,240	$ 10,630

(2) Other income

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Rental income	$ 170	$ 170	$ 510	$ 2,672
Dividends received	3,142	4,085	3,142	4,085
Others	1,213	4,437	7,826	8,219
	$ 4,525	$ 8,692	$11,478	$14,976

(3) Other gains and losses

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Financial instruments mandatorily measured at FVTPL	$ 1,920	$ -	$ 2,904	$ 1,989
Net foreign exchange (losses)gains	6,375	22,102	46,526	22,653
Gains(losses) on disposal and write-off of property, plant, and equipment	(3)	(2)	(462)	(38)
Gains(losses) on disposal of investment property	-	-	-	134,761
Others	-	-	-	(550)
	$ 8,292	$22,100	$48,968	$158,815

(4) Finance costs

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Interest on bank loans	$ 1,957	$ 2,248	$ 6,343	$ 6,951
Interest on lease liabilities	1,614	259	3,345	981
	$ 3,571	$ 2,507	$ 9,688	$ 7,932

(5) Depreciation and amortization

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Property, plant, and equipment	$26,350	$29,701	$82,927	$86,280
Right-of-use assets	6,011	5,831	17,668	17,264
Investment properties	-	-	-	212
Intangible assets	2,946	3,463	8,735	9,887
	$35,307	$38,995	$109,330	$113,643
An analysis of depreciation by function				
Cost of revenue	$15,310	$18,427	$48,914	$51,252
Operating expenses	17,051	17,105	51,681	52,292
Other gains and losses	-	-	-	212
	$32,361	$35,532	$100,595	$103,756
An analysis of amortization by function				
Cost of revenue	$ 841	$ 1,025	$ 2,749	$ 3,112
Marketing	24	32	72	95
General and administrative	1,110	1,700	3,601	5,262
Research and development	971	706	2,313	1,418
	$ 2,946	$ 3,463	$ 8,735	$ 9,887

(6) Employee benefits expense

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Post-employment benefits				
Defined contribution plans	$ 7,882	$ 7,602	$23,484	$22,356
Short-term benefits				
Salary expense	244,608	239,217	736,806	696,049
Insurance expense	22,827	22,321	68,885	63,857
Others	5,748	4,917	17,390	14,365
Total employee benefits expense	$281,065	$274,057	$846,565	$796,627
An analysis of employee benefits expense by function				
Cost of revenue	$33,250	$33,045	$99,754	$99,550
Operating expenses	247,815	241,012	746,811	697,077
	$281,065	$274,057	$ 846,565	$ 796,627

(7) Employees' compensation and remuneration of directors

In compliance with the Articles of Incorporation, the Company accrued employees' compensation and remuneration of directors at the rate of 5% ~ 20% and no more than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. For the three months ended September 30, 2024 and 2023, and for the nine months ended September 30, 2024 and 2023, the accrued employees' compensation and the remuneration of directors were as follows:

Accrual rate

	Nine Months Ended September 30	
	2024	2023
Compensation of employees	10%	10%

	Nine Months Ended September 30	
	2024	2023
Remuneration of directors	1.99%	1.99%

Amount (NT$)

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Compensation of employees	$ 9,470	$ 7,792	$24,944	$25,509
Remuneration of directors	$ 1,885	$ 1,550	$ 4,964	$ 5,076

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

The appropriations of compensation of employees and remuneration of directors for 2023 and 2022 were approved by the Company's board of directors on March 6, 2024 and March 17, 2023, respectively as follows:

	Fiscal year 2023	Fiscal year 2022
Compensation of employees —Cash	$ 13,072	$ 38,501
Remuneration of directors	2,614	7,662
	$ 15,686	$ 46,163
Recognized amount in consolidated financial statements	$ 15,686	$ 46,163

There were no difference between the employees' compensation and directors' remuneration approved for 2023 and 2022 and the amounts reported as expenses in 2023 and 2022.

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Current income tax				
In respect of the current period	$17,099	$10,888	$37,055	$13,168
Income tax on unappropriated earnings	-	-	15,645	-
Land value increment tax	-	2,261	-	2,261
Adjustments in respect of prior years	26	-	(316)	8,001
	17,125	13,149	52,384	23,430
Deferred tax				
In respect of the current period	1,202	494	3,630	(30)
Income tax expenses(gains) recognized in profit or loss	$18,327	$13,643	$56,014	$23,400

(2) Income tax assessments

The Company's tax returns through 2022 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 profit for the period

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Net profits used in the computation of basic earnings and diluted earnings per share	$64,922	$62,326	$167,622	$210,894

Number of shares

Unit: in Thousands

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Weighted average number of ordinary shares used in the computation of basic earnings per share	92,920	92,920	92,920	92,920
Effect of potential dilutive ordinary shares：				
Employees' compensation	507	584	563	819
The weighted average number of ordinary shares used in the computation of diluted earnings per share	93,427	93,504	93,483	93,739

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 cash equivalents) of the Company and owner equity (i.e., capital, capital surplus, retained earnings, and other equity items) of the Company.

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 consolidated financial statements approximate their fair values or their fair values cannot be reliably measured.

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

1. Fair value hierarchy

September 30, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Publicly traded stocks	$971,284	$ -	$ -	$971,284

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Publicly traded stocks	$752,133	$ -	$ -	$752,133

September 30, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Publicly traded stocks	$568,278	$ -	$ -	$568,278

There were no transfers between Levels 1 and 2 for the nine months ended September 30, 2024 and 2023.

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

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

(2) Categories of financial instruments

	September 30, 2024	December 31, 2023	September 30, 2023
Financial assets			
Amortized cost (Note 1)	$ 1,868,097	$ 1,822,997	$ 1,801,491
Financial assets at FVTOCI-Investments in equity instruments	971,284	752,133	568,278
Financial liability			
Amortized cost (Note 2)	626,053	669,142	707,581

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

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term 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 risks), credit risk, and liquidity risk as the objective of its financial risk management. To reduce relevant financial risk, the Company identifies, assesses, and avoids the market uncertainties, in order to reduce the potentially adverse effects on the Company's financial performance.

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

1. Market risk

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

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

(1) Foreign currency risk

The Company uses forward foreign exchange contracts to manage the foreign currency risk of accounts receivable that are not denominated in functional currency created from export sales. The carrying amounts of the Company's foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 28.

<u>Sensitivity analysis</u>

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

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 Company's increase/decrease of pre-tax profit for the nine months ended September 30 of 2024 and 2023 associated with the functional currency depreciating/strengthening 5% against the relevant currency.

	Profit or loss	
	Nine Months Ended September 30	
	2024	2023
USD	$ 33,228	$ 31,464
EUR	11,359	9,810
JPY	6,487	7,495
RMB	1,229	1,182

(2) Interest risk

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

	September 30, 2024	December 31, 2023	September 30, 2023
Fair value interest rate risk			
—Financial assets	$ 297,177	$ 381,173	$ 263,989
—Financial liabilities	84,067	537,220	545,792
Cash flow interest rate risk			
—Financial assets	1,032,248	952,012	942,596
—Financial liabilities	400,000	-	-

The Company is exposed to cash flow interest rate risk because of having bank deposits and short-term loans at floating interest rates.

Sensitivity analysis

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

If interest rates had been increased/decreased by 25 basis points and all other variables were held constant, the Company's pre-tax profit for the nine months ended September 30 of 2024 and 2023 would increase/decrease by NT$1,185 thousand and NT$1,767 thousand, respectively.

(3) Other price risks

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

Price sensitivity analysis

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

If the listed marketable securities equity prices had been increased/decreased by 10%, the Company's comprehensive income for the nine months ended September 30 of 2024 and 2023 would increase/decrease by NT$97,128 and NT$56,828 thousand, respectively, as a result of the increase/decrease in fair value of financial assets at FVTOCI.

2. Credit risk

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

Financial credit risk

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

Business related credit risk

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

3. Liquidity risk

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

As of September 30, 2024, December 31, 2023 and September 30, 2023 the Company had available un-utilized financing amount set out as following descriptions of the financing amounts in (2).

(1) Liquidity and interest rate risk tables

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

September 30, 2024

	On Demand or Less than 1 month	1 - 3 months	3 months-1 year	1-5 years
Non-derivative financial liability				
Non-interest bearing	$138,693	$ 81,846	$ 4,739	$ -
Lease liability	2,023	4,795	16,493	76,520
Fixed interest instruments	400,000	-	-	-
	$540,716	$ 86,641	$ 21,232	$ 76,520

December 31, 2023

	On Demand or Less than 1 month	1 - 3 months	3 months-1 year	1-5 years
Non-derivative financial liability				
Non-interest bearing	$103,361	$ 52,073	$ 6,341	$ -
Lease liability	2,482	5,661	6,370	3,188
Fixed interest instruments	520,000	-	-	-
	$625,843	$ 57,734	$ 12,711	$ 3,188

September 30, 2023

	On Demand or Less than 1 month	1 to 3 months	3 months to 1 year	1-5 years
Non-derivative financial liability				
Non-interest bearing	$108,809	$ 73,362	$ 5,490	$ -
Lease liability	2,580	5,843	12,769	5,071
Fixed interest instruments	520,000	-	-	-
	$631,389	$ 79,205	$ 18,259	$ 5,071

(2) Financing amount

	September 30, 2024	December 31, 2023	September 30, 2023
Unsecured bank financing amount			
－Amount used	$ 400,000	$ 400,000	$ 400,000
－Amount unused	600,000	600,000	600,000
	$ 1,000,000	$ 1,000,000	$ 1,000,000
Secured bank financing amount			
－Amount used	$ -	$ 120,000	$ 120,000
－Amount unused	300,000	180,000	180,000
	$ 300,000	$ 300,000	$ 300,000

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 September 30, 2024, December 31, 2023 and September 30, 2023 respectively.

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

(1) Related party name and relationship with the Company

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

(2) Operating income

		Three Months Ended September 30		Nine Months Ended September 30	
Line Items	Related Party Category	2024	2023	2024	2023
Sales revenue	Parent company	$ 5,596	$10,919	$19,984	$26,446

The price and transaction terms for sales to related parties are equivalent to those for sales to unrelated parties.

(3) Purchases

	Three Months Ended September 30		Nine Months Ended September 30	
Related Party Category／Name	2024	2023	2024	2023
Parent Company	$ 1,758	$ 1,816	$ 6,051	$ 2,739

(4) Receivables from related parties

Line Items	Related Party Category	September 30, 2024	December 31, 2023	September 30, 2023
Accounts receivable	Parent company	$ 5,777	$ 9,382	$10,919
Other receivables	Parent company	$ 2,505	$ 2,524	$ 2,461
	Fellow company	282	541	283
		$ 2,787	$ 3,065	$ 2,744

The outstanding trade receivables from related parties are unsecured. For the nine months ended September 30, 2024 and 2023, no impairment loss was recognized for trade receivables from related parties.

(5) Payables to related parties

Line Items	Related Party Category	September 30, 2024	December 31, 2023	September 30, 2023
Accounts payable	Parent company	$ 1,823	$ 2,416	$ 1,938
Other payable	Parent company	$ 496	$ 438	$ 442
	Fellow company	267	251	337
		$ 763	$ 689	$ 779

The outstanding trade payables from related parties are unsecured.

(6) Others

Line Items	Related Party Category／Item	Three Months Ended September 30 2024	Three Months Ended September 30 2023	Nine Months Ended September 30 2024	Nine Months Ended September 30 2023
Other revenues	Parent company AVerMedia Technologies, Inc.	$ 720	$ 790	$ 2,277	$ 2,370

(7) Compensation of key management personnel

	Three Months Ended September 30 2024	Three Months Ended September 30 2023	Nine Months Ended September 30 2024	Nine Months Ended September 30 2023
Short-term benefits	$12,201	$12,180	$44,558	$51,832
Post-employment benefits	135	162	422	485
	$12,336	$12,342	$44,980	$52,317

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:

	September 30, 2024	December 31, 2023	September 30, 2023
Pledged certificates of deposits (classified under financial assets measured at amortized cost)	$ -	$ 135,533	$ 134,909

28. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

September 30, 2024

	Foreign currency	Exchange rate	Carrying amount
Financial assets			
Monetary items			
USD	$ 24,831	31.65 (USD: NTD)	$ 785,903
EUR	6,421	35.38 (EUR: NTD)	227,185
JPY	583,601	0.22 (JPY: NTD)	129,735
RMB	5,436	4.52(RMB: NTD)	24,588
Financial liability			
Monetary items			
USD	3,834	31.65(USD: NTD)	$ 121,339

December 31, 2023

	Foreign currency	Exchange rate	Carrying amount
Financial assets			
Monetary items			
USD	$ 26,482	30.71 (USD: NTD)	$ 813,143
EUR	10,194	33.98 (EUR: NTD)	346,405
JPY	719,586	0.22 (JPY: NTD)	156,294
Financial liability			
Monetary items			
USD	2,760	30.71 (USD: NTD)	$ 84,732

September 30, 2023

	Foreign currency	Exchange rate	Carrying amount
Financial assets			
Monetary items			
USD	$ 22,197	32.27 (USD: NTD)	$ 716,310
EUR	5,786	33.91 (EUR: NTD)	196,205
JPY	693,301	0.22 (JPY: NTD)	149,892
RMB	5,354	4.42(RMB: NTD)	23,636
Financial liability			
Monetary items			
USD	2,697	32.27(USD: NTD)	$ 87,042
RMB	4,410	4.42 (RMB: NTD)	19,470

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

For the three months ended September 30, 2024 and 2023, net foreign exchange gains (losses) were NT$6,375 thousand and NT$22,102 thousand, respectively. For the nine months ended September 30,2024 and 2023, net foreign exchange gains (losses) were NT$46,526 thousand and NT$22,653 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.

29. <u>SEPARATELY DISCLOSED ITEMS</u>

(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： None
10. Other ：Intercompany relationships and significant intercompany transactions：Table 5 (attached)

(2) Information on investees：Table 6 (attached)

(3) Information on investments in mainland China：

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gains or losses, carrying amount of the investment at the end of the reporting period, repatriation of investment gains or losses, and the limit on the amount of investment in the mainland China area：None

2. Any of the significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses：None

(4) Information on major shareholders：List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder：Table 7 (attached)

30. SEGMENTS INFORMATION

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

AVer Information Inc. and subsidiaries

Endorsements/guarantees provided

January 1 to September 30, 2024

Table 1 (attached)

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

No.	Endorsement/guarantee Provider	Guaranteed Party		Provided to Each Guaranteed Party Endorsement/ guarantee Amount Limits	For the Period Maximum Balance	Ending Balance	Amount Actually Drawn	Collateralized by Properties Amount of Endorsement/ guarantee	Ratio of Accumulated Endorsement /guarantee to net Equity per Latest Financial Statements (%)	Endorsement /guarantee Maximum Amount allowable	Guarantee Provided by Parent Company (Note)	Guarantee Provided by a Subsidiary (Note)	Guarantee Provided to Subsidiaries in Mainland China (Note)	Note
		Name	Nature of Relationship											
0	The Company	AVer Information Inc. (USA)	Subsidiary	50% of paid-in capital to be $464,600	$ 108,396 (USD 3,387)	$ -	$ -	$ -	-	50% of paid-in capital to be $464,600	Y	N	N	

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

AVer Information Inc. and subsidiaries

Marketable securities held at the end of the reporting period.

September 30, 2024

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	21,827	$ 971,284	13.85%	$ 971,284	

AVer Information Inc. and subsidiaries

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

January 1 to September 30, 2024

Table 3 (attached)

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

Purchase (Sale) Company	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction Condition and Reason		Notes, Accounts Receivable (Payable)		Note
			Purchase (Sale)	Amount	Percentage to Total Purchase (Sale) (%)	Payment Term	Unit Price	Payment Term	Ending Balance	% to Total Notes, Account Receivable (Payable) (%)	
The Company	AVer Information Inc. (USA)	Subsidiary	Sales	$ 606,220	(36)	90 days after the goods were shipped	$ -	—	$ 138,955	35	Note
The Company	AVer Information Europe B.V.	Subsidiary	Sales	392,940	(24)	90 days after the goods were shipped	-	—	85,648	22	Note
The Company	AVer Information Inc. (Japan)	Subsidiary	Sales	104,008	(6)	90 days after the goods were shipped	-	—	43,352	11	Note

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

AVer Information Inc. and subsidiaries

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

September 30, 2024

Table 4 (attached)

Unit：unless stated otherwise

，In Thousands of New Taiwan Dollars

Company Name	Related Party	Relationship	Related Party Ending Balance	Turnover Rate (Times／Year)	Overdue		Amounts Received in Subsequent Period (Note)	Provision of Allowance for Impairment Loss
					Amount	Action Taken		
The Company	AVer Information Inc. (USA)	Subsidiary	Accounts Receivable $ 138,955	8.96	$ -	-	$ 83,292	$ -

Note : The amount recovered as of November 1, 2024.

Note : All the amounts above have been eliminated upon consolidation

AVer Information Inc. and subsidiaries

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

January 1 to September 30, 2024

Table 5 (attached)

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

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% to Total Revenues or Assets
0	The Company	AVer Information Inc. (USA)	1	Sales revenue	$ 606,220	Note 2	30%
				Accounts receivable	138,955	Note 3	3%
		AVer Information Europe B.V.	1	Sales revenue	392,940	Note 2	19%
				Accounts receivable	85,648	Note 3	2%
		AVer Information Inc. (Japan)	1	Sales revenue	104,008	Note 2	5%
				Accounts receivable	43,352	Note 3	1%
		AVer Information (Vietnam) Co., Ltd	1	Sales revenue	16,271	Note 2	1%
				Accounts receivable	7,306	Note 3	-

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

(2) From the subsidiary to the parent company.

(3) Between two subsidiaries

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

Note 3: 90 days after the goods were shipped.

AVer Information Inc. and subsidiaries

INFORMATION ON INVESTEES

January 1 to September 30, 2023

Table 6 (attached)

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

Investor Company	Investee Company	Main Locations	Main Businesses	Original Investment Amount		Balance at the End of the Period			Investee Company Net Income (Loss) of the Period	Share of Profit (Loss)	Note
				End date of the Reporting Period	End date of the Previous Period	Shares	Percentage (%)	Carrying Amount (Notes 2 and 3)			
The Company	AVer Information Inc. (USA)	United States	Sales of computer system equipment, presentation and video conferencing systems	$ 217,848 (USD 6,000)	$ 217,848 (USD 6,000)	6,990,000	100	$ 256,737	($ 12,458)	($ 12,458)	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	31,993	(10,998)	(10,998)	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	(2,915)	7,857	7,857	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	19,648	304	304	Subsidiary
	Yuan Chen Investment Co., Ltd.	Taiwan	Investment	500	500	50,000	100	437	1	1	Subsidiary

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

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

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

AVer Information Inc.

Major Shareholders Information

September 30, 2024

Table 7 (attached) Unit: Share

Main Shareholders Information	Shares	
	Number of Shares	Percentage of Ownership
AVerMedia Technologies, Inc.	46,388,504	49.92%

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