

Stock Code:3563

**MACHVISION INC. CO., LTD.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2021 and 2020**

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The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors of Machvision Inc. Co., Ltd.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Machvision Inc. Co., Ltd. and its subsidiaries as of March 31, 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2021 and 2020, and notes to the consolidated financial statements (including a summary of significant accounting policies). 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, R.O.C.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, the review is conducted in accordance with Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries (primarily of persons responsible for financial and accounting matters), and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards 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. Therefore, we do not express an audit opinion.

Basis for Qualified Conclusion

As mentioned in note 4 (b) of the consolidated financial report, the inclusion of non-significant subsidiaries of the consolidated financial reports is based on the financial reports that the invested companies have asked in the same period without the approval of the accountants for the capital of March 31, 2021 and 2020; the total amount of assets was \$568,722 thousand and \$679,382 thousand respectively, accounting for 14% and 20% of the total consolidated assets respectively; the total liabilities were \$62,433 thousand and \$ 92,147 thousand respectively, accounting for 4% and 6% of the total consolidated liabilities respectively; the consolidated profits and losses between January 1 to March 31, 2021 and 2020 were \$(23,727) thousand and \$(5,816) thousand respectively, accounting for (11)% and (3)% of the consolidated profit and loss.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our review report, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Machvision Inc. Co., Ltd. and its subsidiaries as of March 31, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2021 and 2020 in line with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting", as endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

KPMG

Taipei, Taiwan (Republic of China)
May 4, 2021

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards as of March 30, 2021 and 2020
MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2021 December 31, 2020 and March 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

Assets	March 31, 2021		December 31, 2020		March 31, 2020		Liabilities and Equity	March 31, 2021		December 31, 2020		March 31, 2020	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Current assets:							Current liabilities:						
1100 Cash and cash equivalents (note 6(a))	\$ 1,727,919	43	1,616,607	44	1,058,295	31	2130 Current contract liabilities (note 6(p))	\$ 20,537	1	31,885	1	33,167	1
1151 Notes receivable (note 6(b) and (p))	19,347	1	15,284	-	19,168	1	2150 Notes payable	1,115	-	216	-	724	-
1170 Accounts receivable, net (note 6(b) and (p))	1,258,349	31	1,110,321	30	1,284,647	37	2170 Accounts payable	293,116	7	245,897	7	302,345	9
1200 Other receivables (note 6(d))	-	-	-	-	28,096	1	2209 Other payables (note 6(q))	318,960	8	319,164	9	416,441	13
130x Inventories (note 6(c))	384,762	10	363,424	10	365,169	11	2216 Dividend payable (note 6(n))	402,554	10	-	-	447,282	13
1410 Prepayments	9,035	-	7,243	-	22,183	1	2230 Current tax liabilities	222,262	6	171,660	5	88,508	3
1479 Other current assets	10,325	-	10,524	-	11,183	-	2250 Provisions (note 6(j))	14,502	-	13,442	-	13,436	-
Total current assets	3,409,737	85	3,123,403	84	2,788,741	82	2280 Lease Liabilities (note 6(i))	10,973	-	12,039	-	11,667	-
Non-current assets:							2313 Deferred revenue (note 6(k))	1,074	-	1,038	-	940	-
1510 Financial assets at fair value through profit or loss—non current (note 6(e))	10,744	-	10,744	-	9,644	-	2322 Current portion of long-term borrowings (note 6(k))	22,500	1	16,875	-	-	-
1600 Property, plant and equipment (note 6(f))	267,381	7	271,280	7	264,403	8	2399 Other current liabilities	7,508	-	9,682	-	12,190	-
1755 Right-of-use assets (note 6(g))	73,428	2	77,013	2	100,568	3	Total current liabilities	1,315,101	33	821,898	22	1,326,700	39
1780 Intangible assets(note (h))	55	-	83	-	8,870	-	Non-Current liabilities:						
1840 Deferred income tax assets	57,564	2	57,564	2	37,460	1	2540 Long-term borrowings (note 6(k))	194,247	5	199,535	5	195,986	6
1920 Refundable deposits	11,620	-	11,872	1	14,576	-	2580 Lease liabilities – Non-current (note 6(i))	63,933	2	66,286	2	90,307	3
1932 Long-term receivables (note 6(b) and (p))	157,991	4	141,032	4	192,951	6	2630 Long-term deferred revenue (note 6(k))	2,179	-	2,552	-	3,074	-
1995 Other non-current assets (note (h))	16,340	-	16,296	-	7,402	-	2640 Net defined benefit liabilities – Non-current	11,286	-	11,286	-	10,429	-
Total non-current assets	595,123	15	585,884	16	635,874	18	Total non-current liabilities	271,645	7	279,659	7	299,796	9
Total assets	\$ 4,004,860	100	3,709,287	100	3,424,615	100	Total liabilities	1,586,746	40	1,101,557	29	1,626,496	48
							Equity attributable to shareholders of the Company (note 6(n) and 12):						
							3100 Share capital	447,282	11	447,282	12	426,082	12
							Capital surplus:						
							3211 Capital surplus - additional paid-in capital arising from ordinary share	165,731	4	568,285	15	59,485	2
							3235 Capital surplus - Number of changes in recognition of ownership rights and interests of subsidiaries	4	-	4	-	4	-
							3280 Capital surplus, Others	28	-	23	-	23	-
								165,763	4	568,312	15	59,512	2
							Retained earnings:						
							3310 Legal reserve	438,263	11	438,263	12	309,915	9
							3320 Special reserve	3,791	-	3,791	-	2,957	-
							3350 Unappropriated retained earnings	1,279,611	32	1,064,573	29	894,470	26
								1,721,665	43	1,506,627	41	1,207,342	35
							Other equity interest:						
							3410 Exchange differences on translation of foreign financial statements	(3,705)	-	(3,514)	-	(5,286)	-
							Equity attributable to the parent Company	2,331,005	58	2,518,707	68	1,687,650	49
							36xx Non-controlling interests	87,109	2	89,023	3	110,469	3
							Total Equity	2,418,114	60	2,607,730	71	1,798,119	52
							Total liabilities and equity	\$ 4,004,860	100	3,709,287	100	3,424,615	100

Chairman: Wang Guang Shiah

Manager: Chen Fu Sheng

Accounting Officer: Wen Pei Chun

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards

MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		<u>For the three months ended March 31</u>			
		<u>2021</u>		<u>2020</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (notes 6(p))	\$ 688,633	100	686,231	100
5000	Operating costs (notes 6(c), (f), (g), (i), (l), (q) and 7)	252,039	37	241,506	35
5900	Gross profit from operations	436,594	63	444,725	65
6000	Operating expenses (notes 6(b), (f), (g), (i), (l), (q) and 7):				
6100	Selling expenses	63,036	9	75,927	11
6200	Administrative expenses	27,424	4	29,473	4
6300	Research and development expenses	77,106	11	47,701	7
6450	Expected credit impairment loss	875	-	13,766	2
	Total operating expenses	168,441	24	166,867	24
	Net operating income	268,153	39	277,858	41
7000	Non-operating income and expenses (note 6(d), (i) and (r)):				
7100	Interest income	581	-	823	-
7010	Other income	881	-	254	-
7020	Other gains and losses	(3,630)	(1)	4,755	-
7050	Financial costs	(814)	-	(348)	-
	Total non-operating income and expenses	(2,982)	(1)	5,484	-
	Pre-tax net profit of continued operations	265,171	38	283,342	41
7950	Less: Income tax expenses (note 6(m))	52,049	7	55,672	8
	Profit for the period	213,122	31	227,670	33
8300	Other comprehensive income:				
8360	Items that may be subsequently reclassified into profit or loss				
8361	Exchange Differences on Translation of Foreign Financial Statements	(189)	-	(739)	-
8399	Less: Income tax related to items that may be reclassified	-	-	-	-
	Total of items that may be subsequently reclassified into profit or loss	(189)	-	(739)	-
8300	Other comprehensive income for the period, net of tax	(189)	-	(739)	-
	Total comprehensive income for the period	<u>\$ 212,933</u>	<u>31</u>	<u>226,931</u>	<u>33</u>
	Profit attributable to:				
8610	Owners of the parent company	\$ 215,038	31	225,775	33
8620	Non-controlling interests	(1,916)	-	1,895	-
		<u>\$ 213,122</u>	<u>31</u>	<u>227,670</u>	<u>33</u>
	Comprehensive income attributable to:				
8710	Owners of the parent company	\$ 214,847	31	225,032	33
8720	Non-controlling interests	(1,914)	-	1,899	-
		<u>\$ 212,933</u>	<u>31</u>	<u>226,931</u>	<u>33</u>
9750	Earnings per share(note 6(o)):				
9710	Basic earnings per share (Unit: New Taiwan dollars)	<u>\$ 4.81</u>		<u>5.30</u>	
9810	Diluted earnings per share (Unit: New Taiwan dollars)	<u>\$ 4.79</u>		<u>5.27</u>	

Chairman: Wang Guang Shiah

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See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards

MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						Total other equity interest Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Retained earnings					Total				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Inappropriate earnings					
Balance at January 1, 2020	\$ 426,082	59,512	309,915	2,957	1,115,977	1,428,849	(4,543)	1,909,900	132,918	2,042,818
Appropriation and distribution of retained earnings:										
Cash dividends of Common Stock	-	-	-	-	(447,282)	(447,282)	-	(447,282)	-	(447,282)
Profit for the period	-	-	-	-	225,775	225,775	-	225,775	1,895	227,670
Other comprehensive income for the period	-	-	-	-	-	-	(743)	(743)	4	(739)
Total comprehensive income for the period	-	-	-	-	225,775	225,775	(743)	225,032	1,899	226,931
Disposal of subsidiaries	-	-	-	-	-	-	-	-	(29,521)	(29,521)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	5,173	5,173
Balance at March 31, 2020	\$ 426,082	59,512	309,915	2,957	894,470	1,207,342	(5,286)	1,687,650	110,469	1,798,119
Balance at January 1, 2021	\$ 447,282	568,312	438,263	3,791	1,064,573	1,506,627	(3,514)	2,518,707	89,023	2,607,730
Cash dividends by Capital surplus	-	(402,554)	-	-	-	-	-	(402,554)	-	(402,554)
Other changes in capital surplus	-	5	-	-	-	-	-	5	-	5
Profit for the period	-	-	-	-	215,038	215,038	-	215,038	(1,916)	213,122
Other comprehensive income for the period	-	-	-	-	-	-	(191)	(191)	2	(189)
Total comprehensive income for the period	-	-	-	-	215,038	215,038	(191)	214,847	(1,914)	212,933
Balance at March 31, 2021	\$ 447,282	165,763	438,263	3,791	1,279,611	1,721,665	(3,705)	2,331,005	87,109	2,418,114

Chairman: Wang Guang Shiah

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See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards

MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Profit before tax	\$ 265,171	283,342
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	9,048	8,122
Amortization expense	28	28
Expected credit impairment loss	875	13,766
Interest expense	814	348
Interest income	(581)	(823)
Loss on disposal of property, plant and equipment	19	1
Loss on disposal of investments	-	2,280
Lease modification gains	(11)	-
Total adjustments to reconcile profit	<u>10,192</u>	<u>23,722</u>
Changes in operating assets and liabilities		
Changes in operating assets, net		
Notes receivable	(4,063)	(5,459)
Accounts receivable and long-term accounts receivable	(165,888)	(140,611)
Inventories	(21,293)	8,553
Prepayments	(1,792)	(2,937)
Other current assets	199	500
Total changes in operating assets, net	<u>(192,837)</u>	<u>(139,954)</u>
Changes in operating liabilities, net		
Contract liabilities	(11,348)	30,781
Notes payable	899	(269)
Accounts payable	47,219	(59,530)
Other payables	(204)	(2,019)
Provisions liabilities	1,060	1,311
Other current liabilities	(2,174)	(2,142)
Total changes in operating liabilities, net	<u>35,452</u>	<u>(31,868)</u>
Total changes in operating assets and liabilities, net	<u>(157,385)</u>	<u>(171,822)</u>
Total adjustments	<u>(147,193)</u>	<u>(148,100)</u>
Cash inflows generated from operations	117,978	135,242
Interest received	607	667
Income taxes	(1,447)	(305)
Net cash flow from operating activities	<u>117,138</u>	<u>135,604</u>
Cash flow used in investing activities		
Disposal of subsidiaries	-	(19,157)
Acquisition of property, plant and equipment	(2,262)	(3,775)
Decrease in guarantee deposits paid	252	2,060
Increase in other non-current assets	(44)	(1)
Net cash (outflow) used in investing activities	<u>(2,054)</u>	<u>(20,873)</u>
Cash flows from financing activities		
Proceeds from long-term borrowings	-	200,000
Payment of lease liabilities	(1,600)	(1,405)
Interest paid	(1,814)	(2,006)
Changes in non controlling interests	-	5,173
Surplus not paid due to overdue	5	-
Net cash (outflow) used in financing activities	<u>(3,409)</u>	<u>201,762</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(363)</u>	<u>(97)</u>
Increase in cash and cash equivalents for the period	111,312	316,396
Cash and cash equivalents, beginning of year	<u>1,616,607</u>	<u>741,899</u>
Cash and cash equivalents, end of year	<u>\$ 1,727,919</u>	<u>1,058,295</u>

Chairman: Wang Guang Shiah

Manager: Chen Fu Sheng

Accounting Officer: Wen Pei Chun

MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards

MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

(1) Company history

MACHVISION INC. CO., LTD. (the Company) was incorporated in June 9, 1998 as a company limited by shares under the laws of (ROC). The address of the Company's registered office is No. 2-3, Gongye East 2nd Road, Hsinchu Science Park, Hsinchu 30075, Taiwan, R.O.C. The consolidated entities in the consolidated financial statements dated March 31, 2021 include the Company and its subsidiaries (the Group). The Group is mainly engaged in the manufacturing and trading of optical inspection machinery equipment.

(2) Approval date and procedures of the consolidated financial statements

The consolidated financial statements were approved by the Board of Directors and published on May 4, 2021.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
 - Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform – Phase 2"
- (b) The impact of IFRS issued by IASB but not yet endorsed by the FSC
- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond 30 June 2021"
- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	<p>The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.</p> <p>The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.</p>	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements.

(4) Summary of significant accounting policies

Except as described below, the summary statement of the significant accounting policies for this consolidated financial report is the same as the consolidated financial report for 2020, please refer to the related information 2020 Consolidated Financial Statements Note 4.

(a) Statement of compliance

This consolidated financial report is prepared in line with the guidelines for the preparation of financial reports of issuers of securities (hereinafter referred to as "The Preparation of Guidelines") and the International Accounting Standards 34, about "Interim Financial Reports", which are approved and issued in force by the FSC. This consolidated financial report does not include all the necessary information to be disclosed in the entire annual consolidated financial report prepared in accordance with the international Financial Reporting Standards, International Accounting Standards, Interpretation and Interpretation notices (hereinafter referred to as the "International Financial Reporting Standards approved by the FSC"), which are approved and issued in force by the FSC.

(b) Basis of consolidation

(i) Principles of preparation of consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) List of subsidiaries included in the consolidated financial statements

The subsidiaries included in the consolidated financial statements are as follows:

Investor	Subsidiary	Nature of business	Percentage of ownership			Notes
			March 31, 2021	December 31, 2020	March 31, 2020	
The Company	Machvision Inc. (Samoa)	Investment	100.00%	100.00%	100.00%	
The Company	Autovision Technology Inc.	Manufacturing of computer peripheral products	45.00%	45.00%	45.00%	1
The Company	Sigold Optics Inc.	Manufacturing of machinery equipment	49.47%	49.47%	49.47%	2
The Company	ChipAI Co., LTD.	Manufacturing of computer peripheral products	90.00%	90.00%	90.00%	
The Company	RedPay Co., Ltd.	Manufacturing of computer peripheral products	-	50.00%	50.00%	6
The Company	MiM Tech. Inc.	Manufacturing of computer peripheral products	-	-	40.98%	3
The Company	Machvision Korea Co., Ltd.	Maintaining and trading of machinery equipment	100.00%	100.00%	100.00%	
The Company	Machvision Holding (Samoa) Limited	Investment	-	-	100.00%	4
The Company	Avountes Inc.	Electronic Information Supply Services	45.00%	40.00%	-	5&6
Machvision Inc. (Samoa)	Machvision (Dongguan) Inc.	Maintaining and trading of machinery equipment	100.00%	100.00%	100.00%	
Machvision (Dongguan) Inc.	Dongguan muxin intelligent equipment Co., Ltd	Maintaining and trading of machinery equipment	51.00%	51.00%	51.00%	
Sigold Optics Inc.	SISSCA Co.,Ltd.	Manufacturing of computer peripheral products	70.00%	70.00%	70.00%	

Note 1: The Company holds 45% of the ownership of Autovision Technology Inc. However, it remains to be a subsidiary since the Company retains control of its financial and operational policy decision.

Note 2: The Company holds 49.47% of the ownership of Sigold Optics Inc. However, it remains to be a subsidiary since the Company retains control of its financial and operational policy decision.

Note 3: The Company has disposed all the shares of its subsidiary in December 2020.

Note 4: The subsidiary was liquidated in September 2020.

Note 5: The Company holds 45% of the ownership of Avountes Inc. However, it remains to be a subsidiary since the Company retains control of its financial and operational policy decision.

Note 6: Integrating the Group's resources, lowering costs and improving work efficiency. RedPay has been merged by Avountes in stock swap way. Avountes will generally assume all rights and obligations of RedPay. The merger record date is March 5, 2021 and the registration has been changed on April 15, 2021.

Note 7: The subsidiaries are not significant subsidiaries, their financial statements have not been reviewed.

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(c) Employee benefits

In the interim, the benefit scheme pension department uses the previous year's reporting date to determine the pension cost rate on an actuarial basis, based on the end of the reclassified period at the beginning of the year, and to adjust for major market fluctuations, major downsizing, liquidation or other major one-off matters.

(d) Income tax

The Group is measured and exposed for income tax expenses during the interim period in line with the paragraph B12 of interim financial report of the International Accounting Standards bulletin No. 34.

The income tax fee is in order to multiply the pre-tax net profit by the management during the reporting period by the best estimated street volume of the expected effective tax rate for the whole year, and is fully recognized as the current income tax fee.

The income tax fee, which is directly recognized as an equity item or other consolidated profit and loss item, is a temporary difference between the carrying amount of the relevant assets and liabilities for the purpose of reporting and its tax base, which is measured by the applicable tax rate at the time of expected realization or liquidation.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

Management shall, in accordance with the preparation criteria and the interim financial report of IAS34 as approved by the FSC, make judgments, estimates and assumptions in the preparation of the consolidated financial reports, which will have an impact on the adoption of accounting policies and the amount of assets, liabilities, benefits and expenses reported. Actual results may differ from estimates.

In the preparation of consolidated financial reports, the management adopts the uncertainty of significant judgment and estimation of the consolidation of corporate accounting policies, the main source of which is consistent with the consolidated Financial Report Note 5 of 2020.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	March 31, 2021	December 31, 2020	March 31, 2020
Cash on hand	\$ 1,738	2,122	1,636
Saving deposits	848,514	1,124,370	581,690
Foreign currency deposits	90,344	109,792	348,259
Time deposits	787,323	380,323	126,710
Cash and cash equivalents per statements of cash flow	\$ 1,727,919	1,616,607	1,058,295

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The expiry date of three months to a year on deposit satisfy the highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes.

Please refer to note 6(s) for the interest rate risk and the fair value sensitivity analysis of the financial assets and liabilities of the Group.

(b) Notes, accounts and long-term accounts receivable

	March 31, 2021	December 31, 2020	March 31, 2020
Notes receivable	\$ 19,347	15,284	19,168
Accounts receivable	1,331,706	1,182,762	1,305,833
Long-term accounts receivable	158,258	141,273	193,263
Less: allowance for impairment	73,357	72,441	21,186
unrealized interest income	267	241	312
	<u>\$ 1,435,687</u>	<u>1,266,637</u>	<u>1,496,766</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected credit loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward-looking information, including macroeconomic and relevant industry information. The expected credit losses were determined as follows:

	March 31, 2021		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	\$ 1,208,597	0.0041%	50
1 to 90 days past due	108,427	0.2887%	313
91 to 180 days past due	76,260	1.8292%	1,395
181 to 270 days past due	35,411	6.7624%	2,395
271 to 365 days past due	22,130	49.6390%	10,985
Past due over 365 days	58,219	100.000%	58,219
	<u>\$ 1,509,044</u>		<u>73,357</u>

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MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	December 31, 2020		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	\$ 1,041,816	0.0022%	23
1 to 90 days past due	134,448	0.3475%	476
91 to 180 days past due	59,927	1.0536%	632
181 to 270 days past due	30,213	8.4800%	2,562
271 to 365 days past due	7,497	47.7466%	3,580
Past due over 365 days	<u>65,177</u>	100.000%	<u>65,177</u>
	<u>\$ 1,339,078</u>		<u>72,441</u>

	March 31, 2020		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	\$ 1,239,483	0.00%	-
1 to 90 days past due	127,766	0.3332%	426
91 to 180 days past due	63,520	1.7633%	1,120
181 to 270 days past due	60,557	5.3690%	3,251
271 to 365 days past due	23,758	56.9119%	13,521
Past due over 365 days	<u>2,868</u>	100.000%	<u>2,868</u>
	<u>\$ 1,517,952</u>		<u>21,186</u>

The movement in the allowance for accounts receivable was as follows:

	For the three months ended March 31	
	2021	2020
Balance at January 1	\$ 72,441	7,421
Impairment losses recognized	875	13,766
Foreign exchange (losses) / gains	<u>41</u>	<u>(1)</u>
Balance at March 31	<u>\$ 73,357</u>	<u>21,186</u>

The aforementioned notes and accounts receivables of the Group had not been pledged as collateral.

The carrying amounts of notes and accounts receivable with short maturity are not discounted under the assumption that the carrying amount approximates the fair value.

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(c) Inventories

The components of the Group's inventories were as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Merchandise and finished goods	\$ 68,616	69,251	86,582
Work in process	86,477	80,913	85,187
Raw material	<u>229,669</u>	<u>213,260</u>	<u>193,400</u>
	<u>\$ 384,762</u>	<u>363,424</u>	<u>365,169</u>

The Group inventories were not provided as pledged assets.

Except for operating costs arising from the ordinary sale of inventories, other gains and losses directly recorded under operating cost were as follows:

	<u>For the three months ended March 31</u>	
	<u>2021</u>	<u>2020</u>
Losses on decline in market value and write-down of inventory	<u>\$ 6,892</u>	<u>4,799</u>

(d) Disposal of subsidiaries

- 1) Disposal of the shares of Machvision Holding (Samoa) and Guandong Greatsense Intelligent Equipment Co., Ltd.

On December 25, 2019, the Board of Directors of the Company had decided to dispose the entire 51% shares of Guandong Greatsense Intelligent Equipment Co., Ltd. held by Machvision Holding (Samoa) Limited for RMB6,600 thousand. The related equity transfer procedures had been completed on January 7, 2020. The receivables arising from the foregoing transactions have been collected, resulting in the investment loss on disposal of \$2,248 thousand, recognized as other gains and losses.

The details of the book amount of assets and liabilities of Guandong Greatsense Intelligent Equipment Co., Ltd. on the disposition date are as follows:

Cash and cash equivalents	\$ 19,157
Accounts receivable	61,963
Inventory	7,947
Prepayments and other current assets	5,155
Property, plant and equipment	2,066
Right-of-use assets	6,140
Refundable deposits	1,171
Current contract liabilities	(11,208)
Accounts payable	(19,592)
Other payables	(1,640)
Lease liabilities	(6,230)
Other current liabilities	<u>(4,682)</u>
	<u>\$ 60,247</u>

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MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As a result of the abovementioned transactions, the Company liquidated Machvision Holding (Samoa) Limited in September 2020, resulting in the investment loss on disposal of \$2,053 thousand, recognized as other gains and losses.

2) Disposal of the shares of MiM Tech. Inc.

On December 28, 2020, the Board of Directors of the Company had decided to dispose the entire 40.98% shares of MiM Tech. Inc. for \$10,574 thousand. The receivables arising from the foregoing transactions have been collected, resulting in the investment gain on disposal of \$227 thousand, recognized as other gains and losses.

The details of the book amount of assets and liabilities of MiM Tech. Inc. on the disposition date are as follows:

Cash and cash equivalents	\$	2,116
Accounts receivable		604
Inventory		1,689
Prepayments and other current assets		76
Right-of-use assets		754
Intangible assets		8,705
Refundable deposits		105
Other payables		(530)
Lease liabilities		(759)
Other current liabilities		(48)
		\$ 12,712

(e) Financial assets at fair value through profit or loss – non-current

	March 31, 2021	December 31, 2020	March 31, 2020
Mandatorily measured at fair value through profit or loss:			
Unlisted stocks (domestic) - Yayatech Co., Ltd.	\$ 9,644	9,644	9,644
For Win Tech Co.,Ltd	1,100	1,100	-
Total	\$ 10,744	10,744	9,644

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MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group were as follows:

	Buildings	Machinery equipment	Other equipment	Construction in progress	Total
Cost:					
Balance as of January 1, 2021	\$ 305,182	6,265	27,032	834	339,313
Additions	165	85	1,901	111	2,262
Reclassification	-	-	(45)	-	(45)
Disposals	-	-	(120)	-	(120)
Effect of movement in exchange rates	229	-	14	-	243
Balance as of March 31, 2021	\$ 305,576	6,350	28,782	945	341,653
Balance as of January 1, 2020	\$ 266,183	4,250	19,364	27,995	317,792
Disposal of subsidiaries	-	-	(2,488)	-	(2,488)
Additions	1,729	16	895	1,135	3,775
Reclassification	12,774	-	-	(12,774)	-
Disposals	-	(420)	(10)	-	(430)
Effect of movement in exchange rates	(427)	-	(41)	-	(468)
Balance as of March 31, 2020	\$ 280,259	3,846	17,720	16,356	318,181
Depreciation and impairment losses:					
Balance as of January 1, 2021	\$ 57,416	1,778	8,839	-	68,033
Depreciation	4,492	370	1,408	-	6,270
Disposals	-	-	(101)	-	(101)
Effect of movement in exchange rates	68	(1)	3	-	70
Balance as of March 31, 2021	\$ 61,976	2,147	10,149	-	74,272
Balance as of January 1, 2020	\$ 42,653	1,318	5,906	-	49,877
Disposal of subsidiaries	-	-	(422)	-	(422)
Depreciation	3,924	183	819	-	4,926
Disposals	-	(420)	(9)	-	(429)
Effect of movement in exchange rates	(160)	-	(14)	-	(174)
Balance as of March 31, 2020	\$ 46,417	1,081	6,280	-	53,778
Carrying amounts:					
January 1, 2021	\$ 247,766	4,487	18,193	834	271,280
March 31, 2021	\$ 243,600	4,203	18,633	945	267,381
January 1, 2020	\$ 223,530	2,932	13,458	27,995	267,915
March 31, 2020	\$ 233,842	2,765	11,440	16,356	264,403

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MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(g) The Right-of-use assets

The Group leases assets including land and buildings, and transportation equipment. Information about leases for which the Group as a lessee is presented below:

	<u>Land and buildings</u>	<u>Other equipment</u>	<u>Total</u>
Cost:			
Balance at January 1, 2021	\$ 73,924	22,375	96,299
Lease modification	-	(1,590)	(1,590)
Effect of changes in foreign exchange rates	(94)	(49)	(143)
Balance at March 31, 2021	<u>\$ 73,830</u>	<u>20,736</u>	<u>94,566</u>
Balance at January 1, 2020	\$ 104,356	15,253	119,609
Disposal of subsidiaries	(7,557)	-	(7,557)
Additions	1,114	-	1,114
Effect of changes in foreign exchange rates	(122)	(72)	(194)
Balance at December 31, 2020	<u>\$ 97,791</u>	<u>15,181</u>	<u>112,972</u>
Accumulated depreciation and impairment losses:			
Balance at January 1, 2021	\$ 8,471	10,815	19,286
Depreciation	1,244	1,534	2,778
Lease modification	-	(862)	(862)
Effect of changes in foreign exchange rates	(37)	(27)	(64)
Balance at March 31, 2021	<u>\$ 9,678</u>	<u>11,460</u>	<u>21,138</u>
Balance at January 1, 2020	\$ 5,269	5,395	10,664
Disposal of subsidiaries	(1,417)	-	(1,417)
Depreciation	1,604	1,592	3,196
Effect of changes in foreign exchange rates	(22)	(17)	(39)
Balance at March 31, 2020	<u>\$ 5,434</u>	<u>6,970</u>	<u>12,404</u>
Carrying value:			
January 1, 2021	<u>\$ 65,453</u>	<u>11,560</u>	<u>77,013</u>
March 31, 2021	<u>\$ 64,152</u>	<u>9,276</u>	<u>73,428</u>
January 1, 2020	<u>\$ 99,087</u>	<u>9,858</u>	<u>108,945</u>
March 31, 2020	<u>\$ 92,357</u>	<u>8,211</u>	<u>100,568</u>

(h) Intangible assets

There were no significant additions, disposal or recognition and reversal of impairment losses of intangible assets for the three months ended March 31, 2021 and 2020. Information on amortization for the period is discussed in Note 12(a). Please refer to note 6(h) of the 2020 annual consolidated financial statements for other related information.

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MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Lease liabilities

The Group's lease liabilities were as follow:

	March 31, 2021	December 31, 2020	March 31, 2020
Current	<u>\$ 10,973</u>	<u>12,039</u>	<u>11,667</u>
Non-current	<u>\$ 63,933</u>	<u>66,286</u>	<u>90,307</u>

For the maturity analysis, please refer to note 6(s).

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Interest on lease liabilities	<u>\$ 250</u>	<u>348</u>
Expenses relating to short-term leases	<u>\$ 2,986</u>	<u>1,110</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 61</u>	<u>115</u>

The amounts recognized in the statement of cash flows for the Group was as follows:

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Total cash outflow for leases	<u>\$ 5,897</u>	<u>4,636</u>

(j) Provisions

	March 31, 2021	December 31, 2020	March 31, 2020
Warranty	<u>\$ 14,502</u>	<u>13,442</u>	<u>13,436</u>

There is no significant change in the liability reserve of the Group for the three months ended March 31, 2021 and 2020. For information, please refer to Note 6 (j) of the consolidated financial report of 2020.

(k) Long-term borrowings

The Company obtained government project loans in 2020. The credit lines amount is \$960,000 thousand. As of March 31, 2021, the operating working capital \$220,000 thousand has been borrowed with the loan recognized and measured by the market rate. The differences between the market rate and the actual rate will be recognized as deferred revenue according to the government grants.

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MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

March 31, 2021				
	Currency	Interest rate	Due year	Amount
Unsecured bank loans	NTD	1.05~1.1	2021-2027	\$ 220,000
Less: deferred revenue				3,253
				\$ 216,747
Current				\$ 22,500
Non-current				194,247
Total				\$ 216,747
December 31, 2020				
	Currency	Interest rate	Due year	Amount
Unsecured bank loans	NTD	1.1	2021-2027	\$ 220,000
Less: deferred revenue				3,590
				\$ 216,410
Current				\$ 16,875
Non-current				199,535
Total				\$ 216,410
March 31, 2020				
	Currency	Interest rate	Due year	Amount
Unsecured bank loans	NTD	1.1	2021-2027	\$ 220,000
Less: deferred revenue				4,014
				\$ 195,986
Current				\$ -
Non-current				195,986
Total				\$ 195,986
	March 31, 2021	December 31, 2020	March 31, 2020	
Deferred income — Government grants:				
Current	\$ 1,074	1,038	940	
Non-current	2,179	2,552	3,074	
Total	\$ 3,253	3,590	4,014	

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(l) Employee benefits

1. Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2020 and 2019.

The expenses recognized in profit or loss for the Group were as follows:

	<u>For the three months ended March 31</u>	
	<u>2021</u>	<u>2020</u>
Operating costs	\$ 5	6
Operating expenses	11	9
Total	<u>\$ 16</u>	<u>15</u>

2. Defined contribution plans

The Group's expenses under the pension plan cost to the Bureau of Labor Insurance and local government were as follows:

	<u>For the three months ended March 31</u>	
	<u>2021</u>	<u>2020</u>
Operating costs	\$ 1,393	1,473
Operating expenses	2,848	2,305
Total	<u>\$ 4,241</u>	<u>3,778</u>

(m) Income tax

The income tax expense is estimated by the profit before tax in the interim financial period multiplied by the best estimated effective interest rate of the whole year of the management.

The Group's income tax expense is as follows:

	<u>For the three months ended March 31</u>	
	<u>2021</u>	<u>2020</u>
Current income tax expense		
Current tax expense recognized in the current period	\$ 52,049	55,672
Income tax expense	<u>\$ 52,049</u>	<u>55,672</u>

The tax authorities have examined income tax returns of the Company through 2018.

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MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Capital and other equity

Except for the following terms, there is no significant change in capital and other rights for the group for the three months ended March 31, 2021 and 2020. The relevant liability is referred to in note 6 (n) of the consolidated financial report of 2020.

1. Capital surplus

Dividends distributed by capital surplus please refer to the following retained earnings.

2. Retained earnings

Cash dividends distributed by capital surplus and earnings distribution were as follows:

	For the six months ended June 30, 2020	For the six months ended December 31, 2020	Total
Date resolved by Board of Directors	July 31, 2020	February 3, 2021	
Dividends distributed to common stockholders			
Cash-Retained earnings	\$ 134,185	-	134,185
Cash-Capital surplus	-	402,554	402,554
Total	<u>\$ 134,185</u>	<u>402,554</u>	<u>536,739</u>
Dividend rate	<u>\$ 3.00</u>	<u>9.00</u>	
		2019	
Date resolved by Board of Directors		March 27, 2020	
Dividends distributed to common stockholders			
Cash-Retained earnings		<u>\$ 447,282</u>	
Dividend rate		<u>\$ 10.00</u>	

(o) Earnings per share

The calculation of the Company's basic and diluted earnings per is as follows:

(i) Basic earnings per share

	<u>For the three months ended March 31</u>	
	<u>2021</u>	<u>2020</u>
Net income attributable to ordinary shareholders of the Company	<u>\$ 215,038</u>	<u>225,775</u>
Weighted average number of ordinary shares	<u>44,728</u>	<u>42,608</u>
Basic earnings per share (NTD)	<u>\$ 4.81</u>	<u>5.30</u>

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Diluted earnings per share

	For the three months ended March 31	
	2021	2020
Net income attributable to ordinary shareholders of the Company (diluted)	<u>\$ 215,038</u>	<u>225,775</u>
Weighted average number of ordinary shares (basic)	44,728	42,608
Effect of potential ordinary shares		
Employees' compensation	174	198
Weighted average number of ordinary shares (diluted)	<u>44,902</u>	<u>42,806</u>
Diluted earnings per share (NTD)	<u>\$ 4.79</u>	<u>5.27</u>

(p) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended March 31, 2021		
	Taiwan	China	Total
Primary geographical markets:			
Taiwan	\$ 226,124	-	226,124
China	379,104	66,779	445,883
Others	16,626	-	16,626
	<u>\$ 621,854</u>	<u>66,779</u>	<u>688,633</u>
Primary merchandises/services lines:			
Sale of optical inspection machinery equipment	\$ 609,763	51,217	660,980
Revenue from services	12,091	15,562	27,653
	<u>\$ 621,854</u>	<u>66,779</u>	<u>688,633</u>

	For the three months ended March 31, 2020		
	Taiwan	China	Total
Primary geographical markets:			
Taiwan	\$ 105,032	-	105,032
China	486,359	60,642	547,001
Others	34,198	-	34,198
	<u>\$ 625,589</u>	<u>60,642</u>	<u>686,231</u>
Primary merchandises/services lines:			
Sale of optical inspection machinery equipment	\$ 614,505	52,002	666,507
Revenue from services	11,084	8,640	19,724
	<u>\$ 625,589</u>	<u>60,642</u>	<u>686,231</u>

(ii) Contract balance

	March 31, 2021	December 31, 2020	March 31, 2020
Notes receivable	\$ 19,347	15,284	19,168
Accounts receivable	1,331,706	1,182,762	1,305,833
Long-term accounts receivable	157,991	141,032	192,951
Less: allowance loss	73,357	72,441	21,186
Total	<u>\$ 1,435,687</u>	<u>1,266,637</u>	<u>1,496,766</u>
Contract liabilities--advance receipts	<u>\$ 20,537</u>	<u>31,885</u>	<u>33,167</u>

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MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Please refer to note 6(b) for the details on accounts receivables and allowance for impairments. The contract liability is mainly due to advance receipts, wherein the Company will recognize revenue when the product is delivered to the customer. The amount of revenue recognized for the three months ended March 31, 2021 and 2020 that were included in the contract liability balance at the beginning of the period were \$30,059 thousand and \$1,500 thousand, respectively.

(q) Remuneration to employees and directors

In accordance with the Company's Articles, the profit for the year should be reserved to offset the deficit, then, should contribute no less than 5% of the profit as employee remuneration, and less than 3% as directors' remuneration.

The remunerations to employees amounted to \$22,199 thousand and \$25,620 thousand, respectively, for the three-month period ended March 31, 2021 and 2020. The remunerations to directors amounted to \$3,505 thousand and \$4,482 thousand, respectively, for the three-month period ended March 31, 2021 and 2020. These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the proposed percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholder' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

In 2020 and 2019, the amount of employee remuneration is NT\$67,278 thousand and NT\$97,368 thousand, respectively, and that of directors is NT\$10,623 thousand and NT\$17,931 thousand, respectively. There is no difference from the distribution of board resolutions. The information is available on the Market Observation Post System website.

(r) Non-operating income and expenses

(i) Interest income

	For the three months ended	
	March 31	
	2021	2020
Bank deposits	\$ 607	648
Others	(26)	175
Total	<u>\$ 581</u>	<u>823</u>

(ii) Other income

	For the three months ended	
	March 31	
	2021	2020
Others	<u>\$ 881</u>	<u>254</u>

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Other gains and losses

	For the three months ended March 31	
	2021	2020
Losses on disposals of property, plant and equipment	\$ (19)	(1)
Losses on disposal of investments	-	(2,280)
Gains on lease modification	11	-
Foreign exchange gains(losses)	(3,510)	7,054
Others	<u>(112)</u>	<u>(18)</u>
Other gains and losses, net	<u>\$ (3,630)</u>	<u>4,755</u>

(iv) Finance costs

	For the three months ended March 31	
	2021	2020
Interest expenses	<u>\$ 814</u>	<u>348</u>

(s) Financial instruments

Except for the following, there is no significant change in the fair value of the financial instruments and the exposure to credit risks and market risks due to financial instruments. Please refer to note 6 (s) of the consolidated financial report of 2020.

1. Credit risk

The credit receivable account of the credit risk Group in March 31, 2021, December 31, 2020 and March 31, 2020 was concentrated on single customers, accounting for 27%, 26% and 19% of the receivable and accounts receivable (including long-term receivables) respectively.

2. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

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MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>
March 31, 2021					
Non-derivative financial liabilities					
Long-term borrowings(including deferred revenue)	\$ 220,000	223,942	23,648	172,637	27,657
Notes payable	1,115	1,115	1,115	-	-
Accounts payable	293,116	293,116	293,116	-	-
Other payables	318,960	318,960	318,960	-	-
Dividend payable	402,554	402,554	402,554	-	-
Lease liabilities (Current and non-current)	74,906	93,708	10,973	18,459	64,276
	<u>\$ 1,310,651</u>	<u>1,333,395</u>	<u>1,050,366</u>	<u>191,096</u>	<u>91,933</u>
December 31, 2020					
Non-derivative financial liabilities					
Long-term borrowings(including deferred revenue)	\$ 220,000	224,405	18,161	171,731	34,513
Notes payable	216	216	216	-	-
Accounts payable	245,897	245,897	245,897	-	-
Other payables	319,164	319,164	319,164	-	-
Lease liabilities (Current and non-current)	78,325	97,377	12,039	20,636	64,702
	<u>\$ 863,602</u>	<u>887,059</u>	<u>595,477</u>	<u>192,367</u>	<u>99,215</u>
March 31, 2020					
Non-derivative financial liabilities					
Long-term borrowings(including deferred revenue)	\$ 200,000	204,944	1,174	148,426	55,344
Notes payable	724	724	724	-	-
Accounts payable	302,345	302,345	302,345	-	-
Other payables	416,441	416,441	416,441	-	-
Dividend payable	447,282	447,282	447,282	-	-
Lease liabilities (Current and non-current)	101,974	125,241	11,667	30,700	82,874
	<u>\$ 1,468,766</u>	<u>1,496,977</u>	<u>1,179,633</u>	<u>179,126</u>	<u>138,218</u>

The Group is not expecting the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Liquidity risk

1) Currency risk

The Group's financial assets and liabilities exposed to significant currency risk was as follows:

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
March 31, 2021			
Financial Assets			
<u>Monetary items</u>			
USD	\$ 34,071	28.5350	972,210
CNY	\$ 93,694	4.3440	407,007
Financial liabilities			
<u>Monetary items</u>			
USD	\$ 1,519	28.5350	43,348
CNY	\$ 11,875	4.3440	51,585
December 31, 2020			
Financial Assets			
<u>Monetary items</u>			
USD	\$ 31,338	28.4800	892,516
CNY	\$ 105,130	4.3770	460,153
Financial liabilities			
<u>Monetary items</u>			
USD	\$ 1,774	28.4800	50,516
CNY	\$ 13,093	4.3770	57,307
March 31, 2020			
Financial Assets			
<u>Monetary items</u>			
USD	\$ 40,480	30.2430	1,224,245
JPY	\$ 78,029	4.2570	332,171
CNY			
Financial liabilities			
<u>Monetary items</u>			
USD	\$ 1,987	30.2430	60,080
CNY	\$ 10,895	4.2570	46,382

The Group's exposure to foreign currency risk arises from the translation of foreign currency exchange gains and losses on cash and cash equivalents, receivables, accounts

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
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payables that are denominated in foreign currency. A weakening or strengthening 3% appreciation or depreciation of the NTD against the USD and CNY as of March 31, 2021 and 2020, would have increased or decreased the net profit after tax by \$30,823 thousand and \$34,799 thousand, respectively. The analysis is performed on the same basis for both periods.

Since the Group has many kinds of functional currencies, the information on foreign exchange gains (loss) on monetary items is disclosed based on the total amount. For the three months ended March 31, 2021 and 2020, foreign exchange gains (losses) (including realized and unrealized portion) amounted to \$(3,510) thousand and \$7,054 thousand.

2) Interest rate risk

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is determined by the interest rate storm risk of derivative and non-derivative instruments in the reporting day. For floating rate liabilities, the way of analysis is to assume that the amount of debt in circulation outside the reporting day is in circulation throughout the year. The rate of change used to report interest rates to key management within the Group is an increase or loss of 1% per cent in interest rates, which also represents an assessment by management of the extent to which interest rates may vary reasonably.

If the interest rate had increased or decreased by 1%, the Group's net income before tax would have increase or decrease by \$3,765 thousand and \$2,142 thousand for the three months ended March 31, 2021 and 2020, respectively, with all other variable factors remain constant. This is mainly due from the Group's cash in bank and borrowing on variable rates.

(iv) Information of fair value

1) Categories and fair value of financial instruments

Except for the followings, carrying amount of the Group's financial assets and liabilities are valued approximately to their fair value, and are not based on observable market date and the value measurements which are not reliable. No additional fair value disclosure is required in accordance to the regulations.

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	March 31, 2021				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	\$ 10,744	-	-	10,744	10,744
Financial assets measured at amortized cost					
Cash and cash equivalents	1,727,919	-	-	-	-
Accounts, notes and long-term receivables	1,435,687	-	-	-	-
Refundable deposits	11,620	-	-	-	-
Other non-current assets	16,340	-	-	-	-
Subtotal	3,191,566	-	-	-	-
Total	\$ 3,202,310	-	-	10,744	10,744
Financial liabilities measured at amortized cost					
Long-term borrowings (including deferred income)	\$ 220,000	-	-	-	-
Notes payable	1,115	-	-	-	-
Accounts payable	293,116	-	-	-	-
Other payables	318,960	-	-	-	-
Dividends payable	402,554	-	-	-	-
Lease liabilities	74,906	-	-	-	-
Total	\$ 1,310,651	-	-	-	-
	December 31, 2020				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	\$ 10,744	-	-	10,744	10,744
Financial assets measured at amortized cost					
Cash and cash equivalents	1,616,607	-	-	-	-
Accounts, notes and long-term receivables	1,266,637	-	-	-	-
Refundable deposits	11,872	-	-	-	-
Other non-current assets	16,296	-	-	-	-
Subtotal	2,911,412	-	-	-	-
Total	\$ 2,922,156	-	-	10,744	10,744

MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	December 31, 2020				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at amortized cost					
Long-term borrowings (including deferred income)	\$ 220,000	-	-	-	-
Notes payable	216	-	-	-	-
Accounts payable	245,897	-	-	-	-
Other payables	319,164	-	-	-	-
Lease liabilities	78,325	-	-	-	-
Total	\$ 863,602	-	-	-	-
	March 31, 2020				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	\$ 9,644	-	-	9,644	9,644
Financial assets measured at amortized cost					
Cash and cash equivalents	1,058,295	-	-	-	-
Accounts, notes and long-term receivables	1,496,766	-	-	-	-
Other receivables	28,096	-	-	-	-
Refundable deposits	14,576	-	-	-	-
Other non-current assets	7,402	-	-	-	-
Subtotal	2,605,135	-	-	-	-
Total	\$ 2,614,779	-	-	9,644	9,644
Financial liabilities measured at amortized cost					
Long-term borrowings (including deferred income)	\$ 200,000	-	-	-	-
Notes payable	724	-	-	-	-
Accounts payable	302,345	-	-	-	-
Other payables	416,441	-	-	-	-
Dividends payable	447,282	-	-	-	-
Lease liabilities	101,974	-	-	-	-
Total	\$ 1,468,766	-	-	-	-

MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (1) Valuation techniques for financial instruments measured at fair value – non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm’s-length basis. Whether transactions are taking place “regularly” is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market price may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

If the financial instruments have no quoted market price in an active market, the Group shall use the market comparison approach to evaluate the fair value. The main assumption used in computing the market price is based on the investee’s equity and the quoted price from a competitor. The estimated price has been discounted due to the lack of liquidity in the price of securities.

- (2) Fair value hierarchy

The Group uses observable market inputs for measuring its assets and liabilities as much as possible. The fair value levels are classified as follows according to the input values for the assessment:

- A. Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities
- B. Level 2: Inputs are 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).
- C. Level 3: Inputs are unobservable inputs for an asset or liability.

No transfers between the Group’s fair value levels.

- (3) Reconciliation of leve3 fair values

	Unquoted equity instruments
Balance at March 31, 2021 (Balance at January 1, 2021)	\$ 10,744
Balance at March 31, 2020 (Balance at January 1, 2020)	\$ 9,644

MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (4) Quantitative information of significant unobservable inputs (Level 3) through fair value

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Relation between significant unobservable inputs and fair value</u>
Financial assets at fair value through profit or loss – investment of equity instruments without active market	Guideline publicly traded company method	P/B multiplier (March 31, 2021, December 31, 2020 and March 31, 2020 were 2.44-2.76, 2.44-2.76 and 2.6 respectively) P/E multiplier (March 31, 2021, December 31, 2020 and March 31, 2020 were 19.84-37.81, 19.84-37.81 and 11.77 respectively) Discount for Lack of Market ability (March 31, 2021, December 31, 2020 and March 31, 2020 were 30%)	Higher P/B multiplier and P/E multiplier will cause an increase in the fair value Higher discount for Lack of Market ability will cause a decrease in fair value.

- (5) Fair value measurements in Level 3- sensitivity analysis of reasonably possible alternative assumptions

The Group's measurement on the fair of financial instruments is deemed reasonable despite different valuation models or assumptions may lead to different results. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

	<u>Input</u>	<u>Assumptions</u>	<u>Other comprehensive income</u>	
			<u>Favorable</u>	<u>Unfavorable</u>
March 31, 2021				
Financial assets at fair value through profit or loss				
Equity investments without an active market	Market illiquidity discount rate	10%	4,664	(4,664)
December 31, 2020				
Financial assets at fair value through profit or loss				
Equity investments without an active market	Market illiquidity discount rate	10%	4,664	(4,664)
March 31, 2020				
Financial assets at fair value through profit or loss				
Equity investments without an active market	Market illiquidity discount rate	10%	3,917	(3,917)

The favorable and unfavorable effects represent the change in fair value, and the fair value is based on a variety of un-observable inputs calculated using a valuation technique.

MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(a) Financial risk management

Consolidation of corporate financial risk management objectives and policies there were no significant changes in the disclosure of Notes 6 (t) to the 2020 consolidated financial report.

(b) Capital management

The Group's capital management objectives, policies and procedures are consistent with those revealed in the 2020 consolidated financial report. For further information, please refer to note 6 (u) of the consolidated financial report of 2020.

The Group's debt-to-adjusted-capital ratio at the end of the reporting period was as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Liabilities	\$ 1,586,746	\$ 1,001,173	1,626,496
Less: cash and cash equivalents	<u>1,727,919</u>	<u>1,616,607</u>	<u>1,058,295</u>
Net liabilities	<u>\$ (141,173)</u>	<u>\$ (515,050)</u>	<u>568,201</u>
Total equity	<u>\$ 2,418,114</u>	<u>\$ 2,607,730</u>	<u>1,798,119</u>
Debt-to-capital ratio	<u>- %</u>	<u>- %</u>	<u>31.60%</u>

As of March 31, 2021, there was no change in the Group's approach of capital management.

(c) Reconciliation of liabilities arising from financing activities

The Group's liability adjustment associated with financing activities for the three months ended March 31, 2021 were as follows:

	<u>Non-cash adjustments</u>					
	<u>January 1, 2021</u>	<u>Cash flows</u>	<u>Lease Modification</u>	<u>Foreign exchange movement</u>	<u>Interest expenses</u>	<u>March 31, 2021</u>
Long-term borrowings(including deferred revenue)	\$ 220,000	-	-	-	-	220,000
Lease liabilities	<u>78,325</u>	<u>(2,850)</u>	<u>(739)</u>	<u>(80)</u>	<u>250</u>	<u>74,906</u>
Total liabilities from financing activities	<u>\$ 298,325</u>	<u>(2,850)</u>	<u>(739)</u>	<u>(80)</u>	<u>250</u>	<u>294,906</u>

	<u>Non-cash adjustments</u>						
	<u>January 1, 2020</u>	<u>Cash flows</u>	<u>Increase in right-of-use assets</u>	<u>Disposal of Subsidiary</u>	<u>Foreign exchange movement</u>	<u>Interest expenses</u>	<u>March 31, 2020</u>
Long-term borrowings(including deferred revenue)	\$ -	200,000	-	-	-	-	200,000
Lease liabilities	<u>110,310</u>	<u>(3,411)</u>	<u>1,114</u>	<u>(6,230)</u>	<u>(157)</u>	<u>348</u>	<u>101,974</u>
Total liabilities from financing activities	<u>\$ 110,310</u>	<u>196,589</u>	<u>1,114</u>	<u>(6,230)</u>	<u>(157)</u>	<u>348</u>	<u>301,974</u>

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
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(7) Related-party Transactions

Compensation of key management personnel:

	For the three months ended March 31	
	2021	2020
Short-term employee benefits	\$ 14,079	\$ 14,721
Post-employment benefits	81	81
	<u>\$ 14,160</u>	<u>\$ 14,802</u>

(8) Pledge assets

The carrying value of pledged assets were as follows:

Pledged assets	Object asset	March 31, 2021	December 31, 2020	March 31, 2020
Other non-current assets:				
Time deposits	Guarantee for customs	\$ 1,512	1,511	1,508
Time deposits	Guarantee for the Hsinchu Science Park Bureau	4,478	4,478	5,892
Time deposits	Guarantee for Sales agreement	10,350	10,307	-
		<u>\$ 16,340</u>	<u>16,296</u>	<u>7,402</u>

(9) Commitments and contingencies: None

(10) Losses due to major disasters: None.

(11) Subsequent events: None

(12) Others

(a) The following is a summary statement of employee benefits, depreciation and amortization expensed by function:

Item	Function	For the three months ended March 31 2021			For the three months ended March 31 2020		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total	
Employee benefits							
Salaries	29,584	89,792	119,376	28,038	73,995	102,033	
Labor and health insurance	2,376	5,403	7,779	2,399	3,986	6,385	
Pension	1,398	2,859	4,257	1,479	2,314	3,793	
Directors' remuneration	-	3,546	3,546	-	4,701	4,701	
Other employee benefits	3,178	6,964	10,142	4,654	8,368	13,022	
Depreciation	2,816	6,232	9,048	3,406	4,716	8,122	
Amortization	-	28	28	-	28	28	

MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(b) Seasonal of operations:

The operation of the Group is not affected by seasonal or cyclical factors.

(13) Other Disclosure

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

1. Loans to other parties: None.
2. Guarantees and endorsements for other parties: None.
3. Securities held as of March 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

(Amounts in Thousands of New Taiwan Dollar)

Company holding securities	Security type and name	Relationship with the Company	Account	March 31, 2021				Notes
				Shares (in thousands)	Carrying value	Percentage of ownership (%)	Market value	
The Company	Yayatech Co. Ltd.	-	Financial assets at fair value through profit or loss-non current	884,000	9,644	5 %	9,644	
SISSCA Co.,Ltd.	FOR WIN TECH CO., LTD.	-	Financial assets at fair value through profit or loss- non current	110,000	1,100	10 %	1,100	

4. Individual securities acquired of disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock : None.
5. Acquisitions of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
6. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
7. Related-party transaction for purchases and sales with amounts exceeding the lower of NT\$300 million or 20% of the capital stock: None
8. Receivable from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital:

(Amounts in Thousands of New Taiwan Dollar)

Company Name	Related Party	Nature of relationships	Balance as March 31, 2021	Turnover rate	Overdue		Amount Received in Subsequent	Allowance for Impairment Loss
					Amount	Action Taken		
The Company	Machvision (Dongguan) Inc.	Subsidiaries	382,773	0.37	154,800	Depends on the end customer's credit period	26,836 (As of May 4, 2021)	-

9. Trading in derivative instruments: None.

MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

10. Business relationships and significant intercompany transactions:

No.	Name of company	Name of counterparty	Existing relationship with the counter-party	Transaction details			
				Account name	Amount	Trading terms	Percentage of the total consolidated revenue or total assets
0	The Company	Machvision (Dongguan) Inc.	1	Operating revenue	37,300	Depends on the Group overall profit allocation	5.42%
0	The Company	Sigold Optics. Inc.	1	Operating revenue	12,144	Depends on the Group overall profit allocation	1.76%
0	The Company	Machvision (Dongguan) Inc.	1	Accounts receivable – related parties (including long-term accounts receivable)	382,773	Depends on the end customer's credit period	9.56%
0	The Company	Machvision (Dongguan) Inc.	1	Other payables – related parties	57,971	Dependent on capital budgeting	1.45%

Note 1: Company numbering is as follows:

- (1) Parent company is 0.
- (2) Subsidiary starts from 1.

Note 2: The number of the relationship with the transaction counterparty represents the following:

- (1) 1 represents downstream transactions.
- (2) 2 represents upstream transaction.

Note 3: For balance sheet items, over 1% of total consolidated assets, and for profit or loss items, over 1% total consolidated revenue were selected for disclosure.

(b) Information On Investees:

The following is the information on investees for the three months ended March 31, 2021 (excluding information on investees in China):

Name of Investor	Name of investee	Address	Scope of business	Original Cost		Ending balance			Net Income of Investee	Investment income (Losses) (Note 3)	Note
				March 31, 2021	December 31, 2020	Shares	Percentage of ownership	Book value			
The Company	Machvision Inc.	Samoa	Investment	105,433	105,433	3,463,650	100.00%	(28,980)	(19,327)	(19,327)	1, 2
The Company	Autovision Technology Inc.	Taiwan	Manufacturing of computer peripheral products	9,000	9,000	900,000	45.00%	10,425	(235)	(106)	2
The Company	Sigold Optics Inc.	Taiwan	Manufacturing of machinery equipment	49,470	49,470	6,316,330	49.47%	68,313	2,042	1,010	2
The Company	Machvision Korea Co., Ltd.	Korea	Maintaining and trading of machinery equipment	21,542	21,542	10,000	100.00%	7,996	84	84	2
The Company	ChipAI Co., LTD.	Taiwan	Manufacturing of computer peripheral products	18,000	18,000	1,800,000	90.00%	6,540	(1,231)	(1,108)	2
The Company	RedPay Co., Ltd.	Taiwan	Electronic Information supply Services	-	10,000	-	-	-	(223)	(111)	2
The Company	Avoutnes Inc.	Taiwan	Electronic Information supply Services	8,962	5,714	900,000	45.00%	8,836	(4,695)	(2,064)	2
Sigold Optics Inc.	SISSCA Co.,Ltd.	Taiwan	Manufacturing of computer peripheral products	7,700	7,700	770,000	70.00%	4,639	(1,712)	(1,198)	2

Note 1: The company is a limited company.

Note 2: The transactions within the Group were eliminated in the consolidated financial statements.

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
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Note 3: The investment income was recognized under the equity method and based on the financial statements audited by the auditor of the Company.

(c) Information on investments in China

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Units: NT\$ thousand

Name of investment in China	Major operations	Issued capital	Method of Investment (Note 1)	Beginning remittance balance – cumulative investment (amount) from Taiwan	Current remittance / receivable investment (amount)		Ending remittance balance - cumulative investment (amount) from Taiwan	Net income of investee	Direct / indirect shareholdings or investments (%) in the Company	Current investment gains and losses (Note 3)	Book value (Note 2)	Remittance of investment income in current period
					Invested amount	Returned amount						
Machvision (Dongguan) Inc.	Maintaining and trading of machinery equipment	105,361	(2)i	105,361	-	-	105,361	(19,327)	100%	(19,327)	(21,890)	-
Dongguan muxin intelligent equipment Co., Ltd	Maintaining and trading of machinery equipment	4,220	(4)i	-	-	-	-	1,145	51%	584	1,562	-

Note 1: The method of investment is divided into the following four categories:

- (1) Remittance from third region companies to invest in Mainland China.
- (2) Through the establishment of third region companies then investing in Mainland China.
 - i. Through the establishment of Machvision Inc. then investing in Mainland China.
- (3) Through transferring the investment to third region existing companies then investing in Mainland China.
- (4) Other methods: EX: delegated investments.
 - i. Through the establishment of Machvision (Dongguan) Inc. then investing in Mainland China.

Note 2: The transactions within the Group were eliminated in the consolidated financial statements.

Note 3: The recognition of investment gains and losses in this period is based on the same period that the invested company prepares its own financial reports that have not been approved by the accountant, and the evaluation of the rights and interest's method is adopted.

(ii) Limitation on investment in China:

Company Name	Accumulated investment amount in Mainland China as of End of the Period	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
The Company	105,361	105,361	1,398,603 (Note 1)

Note 1: It represents 60% of the Company's net equity.

(iii) Significant transactions:

Please refer to details in the “Relationships between Parent Company and Subsidiaries and Significant Transactions” for the significant transactions directly or indirectly related to the investment in China for the three months ended March 31, 2021.

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Information of major shareholders:None.

(14) Segment Information

The Corporation's business operations are focused in a single industry, mainly in the manufacturing, sales and testing of optical inspection machines and equipment. The end use of the Corporation's products are similar. The operational decision makers evaluate the Corporation's overall performance and allocate resources for the Corporation's overall business operations. Hence, there is only one reportable segment for the Corporation.

The Group's reportable segments and adjustments were as follows:

	Taiwan	China	Adjustment and Elimination	Total
For the three months ended March, 2021				
Revenue:				
Revenue from external customers	\$ 621,854	66,779	-	688,633
Inter-segment revenue	60,514	3,533	(64,047)	-
Total revenue	\$ 682,368	70,312	(64,047)	688,633
Reportable segment revenue or loss	\$ 287,715	(19,562)	-	268,153
For the three months ended March, 2020				
Revenue:				
Revenue from external customers	\$ 625,589	60,642	-	686,231
Inter-segment revenue or loss	62,637	-	(62,637)	-
Total revenue	\$ 688,226	60,642	(62,637)	686,231
Reportable segment revenue or loss	\$ 282,146	(4,288)	-	277,858

For the three months ended March, 2021 and 2020, the total revenue of the reportable segment should exclude the inter-segment revenue of \$64,047 thousand and \$62,637 thousand, respectively.