

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ACER INCORPORATED AND SUBSIDIARIES**Consolidated Balance Sheets****December 31, 2020 and 2019****(Expressed in Thousands of New Taiwan Dollars)**

		December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
Assets					
Current assets:					
1100	Cash and cash equivalents	\$ 39,181,023	21	24,184,332	16
1110	Financial assets measured at fair value through profit or loss— current	5,841,103	3	1,271,742	1
1120	Financial assets measured at fair value through other comprehensive income—current	98,818	-	100,313	-
1140	Contract assets—current	514,369	-	420,882	-
1170	Notes and accounts receivable, net	55,170,110	30	49,398,044	32
1180	Accounts receivable from related parties	27,419	-	41,201	-
1200	Other receivables	548,016	-	550,769	-
1220	Current income tax assets	365,493	-	314,898	-
130X	Inventories	42,983,432	24	41,034,471	26
1470	Other current assets	4,006,693	3	4,412,422	3
	Total current assets	<u>148,736,476</u>	<u>81</u>	<u>121,729,074</u>	<u>78</u>
Non-current assets:					
1517	Financial assets measured at fair value through other comprehensive income—non-current	6,109,592	3	5,146,642	3
1550	Investments accounted for using the equity method	1,008,312	1	944,958	1
1600	Property, plant and equipment	3,865,909	2	3,561,644	2
1755	Right-of-use assets	1,857,520	1	1,948,343	1
1760	Investment property	749,843	-	1,129,350	1
1780	Intangible assets	16,292,729	9	16,930,072	11
1840	Deferred income tax assets	2,480,776	1	1,551,795	1
1900	Other non-current assets	1,748,559	1	1,996,859	1
1980	Other financial assets—non-current	1,058,956	1	1,157,827	1
	Total non-current assets	<u>35,172,196</u>	<u>19</u>	<u>34,367,490</u>	<u>22</u>
	Total assets	<u>\$ 183,908,672</u>	<u>100</u>	<u>156,096,564</u>	<u>100</u>

(Continued)

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ACER INCORPORATED AND SUBSIDIARIES**Consolidated Balance Sheets (Continued)****December 31, 2020 and 2019****(Expressed in Thousands of New Taiwan Dollars)**

		December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
Liabilities and Equity					
Current liabilities:					
2100	Short-term borrowings	\$ 1,029,117	1	1,505,587	1
2120	Financial liabilities measured at fair value through profit or loss — current	1,526,494	1	449,052	-
2130	Contract liabilities — current	2,269,409	1	1,832,271	1
2170	Notes and accounts payable	49,405,634	27	35,223,814	23
2200	Other payables	29,810,924	16	24,711,860	16
2230	Current tax liabilities	3,371,032	2	1,246,154	1
2250	Provisions — current	5,948,144	3	4,953,980	3
2280	Lease liabilities — current	602,656	-	598,743	-
2322	Current portion of long-term debt	18,113	-	9,627	-
2365	Refund liabilities — current	15,074,621	8	12,441,200	8
2399	Other current liabilities	1,664,174	1	1,500,969	1
	Total current liabilities	<u>110,720,318</u>	<u>60</u>	<u>84,473,257</u>	<u>54</u>
Non-current liabilities:					
2527	Contract liabilities — non-current	827,783	-	662,672	-
2540	Long-term debt	3,395,102	2	5,834,188	4
2550	Provisions — non-current	33,121	-	32,096	-
2570	Deferred income tax liabilities	3,555,113	2	2,525,953	2
2580	Lease liabilities — non-current	1,353,697	1	1,409,264	1
2600	Other non-current liabilities	2,081,574	1	1,963,895	1
	Total non-current liabilities	<u>11,246,390</u>	<u>6</u>	<u>12,428,068</u>	<u>8</u>
	Total liabilities	<u>121,966,708</u>	<u>66</u>	<u>96,901,325</u>	<u>62</u>
Equity:					
3110	Common stock	30,478,538	17	30,749,338	20
3200	Capital surplus	27,378,068	15	28,152,962	18
	Retained earnings:				
3310	Legal reserve	853,852	1	587,602	-
3320	Special reserve	3,976,265	2	2,940,572	2
3350	Unappropriated retained earnings	6,038,916	3	2,668,082	2
3400	Other equity	(5,517,452)	(3)	(4,342,227)	(3)
3500	Treasury stock	(2,914,856)	(2)	(2,914,856)	(2)
	Equity attributable to shareholders of the Parent	<u>60,293,331</u>	<u>33</u>	<u>57,841,473</u>	<u>37</u>
36XX	Non-controlling interests	<u>1,648,633</u>	<u>1</u>	<u>1,353,766</u>	<u>1</u>
	Total equity	<u>61,941,964</u>	<u>34</u>	<u>59,195,239</u>	<u>38</u>
	Total liabilities and equity	<u>\$ 183,908,672</u>	<u>100</u>	<u>156,096,564</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ACER INCORPORATED AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2020		2019	
		Amount	%	Amount	%
4000	Net revenue	\$ 277,112,477	100	234,285,354	100
5000	Cost of revenue	<u>(246,992,862)</u>	<u>(89)</u>	<u>(209,568,568)</u>	<u>(89)</u>
	Gross profit	<u>30,119,615</u>	<u>11</u>	<u>24,716,786</u>	<u>11</u>
	Operating expenses :				
6100	Selling expenses	(14,397,099)	(5)	(14,697,428)	(7)
6200	General and administrative expenses	(4,632,802)	(2)	(4,431,080)	(2)
6300	Research and development expenses	(2,382,649)	(1)	(2,571,756)	(1)
6400	Other expenses	-	-	(33,258)	-
	Total operating expenses	<u>(21,412,550)</u>	<u>(8)</u>	<u>(21,733,522)</u>	<u>(10)</u>
6500	Other operating income and expenses, net	<u>228,773</u>	<u>-</u>	<u>94,550</u>	<u>-</u>
	Operating income	<u>8,935,838</u>	<u>3</u>	<u>3,077,814</u>	<u>1</u>
	Non-operating income and loss:				
7100	Interest income	315,460	-	468,887	1
7010	Other income	243,073	-	195,296	-
7020	Other gains and losses - net	(437,479)	-	270,533	-
7050	Finance costs	(155,301)	-	(189,251)	-
7060	Share of profits (losses) of associates and joint ventures	3,512	-	(111,259)	-
	Total non-operating income and loss	<u>(30,735)</u>	<u>-</u>	<u>634,206</u>	<u>1</u>
7900	Income before taxes	8,905,103	3	3,712,020	2
7950	Income tax expense	<u>(2,759,493)</u>	<u>(1)</u>	<u>(1,143,646)</u>	<u>(1)</u>
	Net income	<u>6,145,610</u>	<u>2</u>	<u>2,568,374</u>	<u>1</u>
	Other comprehensive income (loss):				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurements of defined benefit plans	37,203	-	(233,583)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	635,743	-	687,671	-
8320	Share of other comprehensive income (losses) of associates	42	-	(24)	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	162	-	9,504	-
	Total items that will not be reclassified to profit or loss	<u>673,150</u>	<u>-</u>	<u>463,568</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations	(1,841,430)	-	(1,413,636)	-
8370	Share of other comprehensive income (losses) of associates	(3,271)	-	(36)	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	<u>(1,844,701)</u>	<u>-</u>	<u>(1,413,672)</u>	<u>-</u>
	Other comprehensive income (loss), net of taxes	<u>(1,171,551)</u>	<u>-</u>	<u>(950,104)</u>	<u>-</u>
	Total comprehensive income for the year	<u>\$ 4,974,059</u>	<u>2</u>	<u>1,618,270</u>	<u>1</u>
	Net income (loss) attributable to:				
8610	Shareholders of the Parent	\$ 6,029,287	2	2,632,565	1
8620	Non-controlling interests	116,323	-	(64,191)	-
		<u>\$ 6,145,610</u>	<u>2</u>	<u>2,568,374</u>	<u>1</u>
	Total comprehensive income (loss) attributable to:				
8710	Shareholders of the Parent	\$ 4,850,535	2	1,693,913	1
8720	Non-controlling interests	123,524	-	(75,643)	-
		<u>\$ 4,974,059</u>	<u>2</u>	<u>1,618,270</u>	<u>1</u>
	Earnings per share (in New Taiwan dollars) :				
9750	Basic earnings per share	<u>\$ 2.01</u>		<u>0.87</u>	
9850	Diluted earnings per share	<u>\$ 1.99</u>		<u>0.87</u>	

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(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ACER INCORPORATED AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the years ended December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings				Other equity				Total equity attributable to shareholders of the parent	Non-controlling interests	Total equity			
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Foreign currency translation differences	Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income				Re measurements of defined benefit plans	Treasury stock	
Balance at January 1, 2019	30,749,338	27,913,351	281,559	2,534,028	3,085,865	5,201,450	-	(2,789,146)	(522,226)	(69,817)	(2,914,856)	58,268,094	718,192	58,986,286
Net income for the year	-	-	-	-	2,632,565	2,632,565	-	-	685,362	(218,086)	-	2,632,565	(64,191)	2,568,374
Other comprehensive income (loss) for the year	-	-	-	-	(306,043)	-	-	(1,405,928)	685,362	(218,086)	-	(938,652)	(11,452)	(950,104)
Total comprehensive income (loss) for the year	-	-	-	-	(306,043)	2,632,565	-	(1,405,928)	685,362	(218,086)	-	1,693,913	(75,643)	1,618,270
Appropriation approved by the stockholders:														
Legal reserve	-	-	306,043	-	(306,043)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	406,544	(406,544)	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(2,367,699)	(2,367,699)	-	-	-	-	-	(2,367,699)	-	(2,367,699)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	36,051	-	-	-	-	-	-	-	-	-	36,051	-	36,051
Share of changes in equity of associates	-	64,047	-	-	-	-	-	-	-	-	-	64,047	6,005	70,052
Changes in ownership interests in subsidiaries	-	195,228	-	-	-	-	-	-	-	-	-	195,228	(195,228)	-
Issuance of common stock from exercise of employee stock options by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition and disposal of subsidiary's interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(57,583)	-	-	-	-	-	-	-	-	-	(57,583)	57,583	-
Stock option compensation cost of subsidiaries	-	1,868	-	-	(1,26)	(1,26)	7,680	-	-	-	-	1,868	1,026	2,894
Reorganization under common control	-	-	-	-	-	-	-	-	-	-	-	(1,26)	126	-
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	7,680	-	7,680
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	427,422	427,422
Cash dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(24,389)	(24,389)
Disposal of financial assets measured at fair value through other comprehensive income by subsidiaries	-	-	-	-	-	-	-	-	(30,066)	-	-	(30,066)	-	-
Balance at December 31, 2019	30,749,338	28,152,962	587,602	2,940,572	2,668,082	6,196,236	(4,187,394)	(1,855,833)	133,070	(287,903)	(2,914,856)	57,841,473	1,353,766	59,195,239
Net income for the year	-	-	-	-	6,029,287	6,029,287	-	-	632,065	45,016	-	6,029,287	1,163,323	6,145,610
Other comprehensive income (loss) for the year	-	-	-	-	-	-	-	(1,855,833)	632,065	45,016	-	(1,178,752)	7,201	(1,171,551)
Total comprehensive income (loss) for the year	-	-	-	-	6,029,287	6,029,287	-	(1,855,833)	632,065	45,016	-	4,850,535	123,524	4,974,059
Appropriation approved by the stockholders:														
Legal reserve	-	-	266,250	-	(266,250)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	1,035,693	(1,035,693)	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,352,971)	(1,352,971)	-	-	-	-	-	(1,352,971)	-	(1,352,971)
Cash distributed from capital surplus	-	(1,014,728)	-	-	-	-	-	-	-	-	-	(1,014,728)	-	(1,014,728)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	36,416	-	-	-	-	-	-	-	-	-	36,416	-	36,416
Increase in treasury stock	(270,800)	(91,143)	-	-	-	-	-	-	-	-	(361,943)	(361,943)	-	(361,943)
Retirement of treasury stock	-	76,443	-	-	-	-	-	-	-	-	361,943	-	-	109,999
Share of changes in equity of associates	-	43,604	-	-	-	-	-	-	-	-	-	43,604	(43,604)	-
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	301,669	301,669
Disposal of subsidiary's interests	-	-	-	-	-	-	-	-	-	-	-	174,404	(174,404)	-
Difference between consideration and carrying amount of subsidiaries disposed	-	174,404	-	-	(12)	(12)	-	-	-	-	-	174,404	-	174,404
Reorganization under common control	-	-	-	-	-	-	-	-	-	-	-	-	12	12
Stock option compensation cost of subsidiary	-	110	-	-	-	-	-	-	-	-	-	110	71	181
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	135,581	135,581
Cash dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(76,181)	(76,181)
Disposal of financial assets measured at fair value through other comprehensive income by subsidiaries	-	-	-	-	-	-	-	-	3,527	(242,887)	-	60,293,331	(5,357)	61,941,964
Balance at December 31, 2020	30,478,538	27,378,068	853,852	3,976,265	6,038,916	10,869,033	(6,043,227)	(1,855,833)	768,662	(242,887)	(2,914,856)	60,293,331	1,648,633	61,941,964

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ACER INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from operating activities:		
Income before income tax	\$ 8,905,103	3,712,020
Adjustments for:		
Adjustments to reconcile profit or loss:		
Depreciation	1,078,156	1,193,596
Amortization	273,909	318,723
Net gain on financial assets measured at fair value through profit or loss	(4,930)	(20,112)
Interest expense	155,301	189,251
Interest income	(315,460)	(468,887)
Dividend income	(243,073)	(195,296)
Share-based compensation cost	181	2,894
Share of (profits) losses of associates and joint ventures	(3,512)	111,259
Loss (Gain) on disposal of equipment and intangible assets	(2,713)	12,830
Intangible assets reclassified to expenses	6,806	-
Loss on disposal of investments	-	5,086
Impairment loss	-	51,584
Gain on liquidation of subsidiaries	(902)	-
Acquisition of financial asset by technological revenue	(17,421)	-
Total adjustments for profit or loss	926,342	1,200,928
Changes in operating assets and liabilities:		
Changes in operating assets:		
Derivative financial instruments measured at fair value through profit or loss	960,364	514,979
Contract assets	(93,487)	(24,647)
Notes and accounts receivable	(5,716,202)	(2,031,798)
Receivables from related parties	13,782	(6,578)
Inventories	(1,968,800)	1,025,472
Other receivables and other current assets	404,019	(106,195)
Other non-current assets	7,831	(49,783)
Changes in operating assets	(6,392,493)	(678,550)
Changes in operating liabilities:		
Contract liabilities	602,249	883,189
Notes and accounts payable	14,181,820	(4,855,539)
Other payables and other current liabilities	5,252,540	(289,681)
Provisions	995,189	(289,517)
Refund liabilities	2,633,421	(262,666)
Other non-current liabilities	155,044	60,379
Changes in operating liabilities	23,820,263	(4,753,835)
Cash provided by (used in) operations	27,259,215	(519,437)
Interest received	319,923	466,089
Income taxes paid	(355,523)	(1,327,101)
Net cash flows provided by (used in) operating activities	27,223,615	(1,380,449)

(Continued)

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(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ACER INCORPORATED AND SUBSIDIARIES**Consolidated Statements of Cash Flows (Continued)****For the years ended December 31, 2020 and 2019****(Expressed in Thousands of New Taiwan Dollars)**

	<u>2020</u>	<u>2019</u>
Cash flows from investing activities:		
Purchase of financial assets measured at fair value through other comprehensive income	(356,940)	(272,983)
Proceeds from disposal of financial assets measured at fair value through other comprehensive income	458	-
Proceeds from capital return and liquidation of financial assets measured at fair value through other comprehensive income	2,746	23,028
Proceeds from repayments of financial assets measured at fair value through profit or loss	-	61,307
Purchase of financial assets measured at fair value through profit or loss	(4,748,217)	(1,329,782)
Proceeds from disposal of financial assets measured at fair value through profit or loss	267,856	114,896
Acquisition of investments accounted for using the equity method	(2,991)	(101,526)
Proceeds from liquidation of investments accounted for using equity method	-	9,563
Additions to property, plant and equipment and investment property	(327,885)	(225,397)
Proceeds from disposal of property, plant and equipment and intangible assets	70,735	7,784
Additions to intangible assets	(217,927)	(303,594)
Net cash received from liquidation of subsidiaries	31	-
Decrease (increase) in other financial assets	43,007	(18,233)
Dividends received	282,517	228,450
Net cash flows used in investing activities	<u>(4,986,610)</u>	<u>(1,806,487)</u>
Cash flows from financing activities:		
Increase in short-term borrowings	5,507,521	1,280,362
Decrease in short-term borrowings	(5,911,621)	(429,866)
Increase in long-term debt	79,771	5,828,760
Repayment of long-term debt	(2,515,061)	(3,304,596)
Payment of lease liabilities	(693,094)	(631,624)
Cash dividends	(1,332,162)	(2,331,648)
Cash distributed from capital surplus	(999,121)	-
Cost of increase in treasury stock	(361,943)	-
Cash dividends paid to non-controlling interests by subsidiaries	(76,181)	(24,389)
Issuance of common stock from employee stock options by subsidiaries	-	76,523
Additions to interests in subsidiaries	-	(93,762)
Proceeds from disposal of interests in subsidiaries (without losing control)	301,669	455,911
Increase in non-controlling interests	135,581	427,422
Interest paid	(145,572)	(182,087)
Net cash flows provided by (used in) financing activities	<u>(6,010,213)</u>	<u>1,071,006</u>
Effect of foreign exchange rate changes	<u>(1,230,101)</u>	<u>(982,776)</u>
Net increase (Decrease) in cash and cash equivalents	14,996,691	(3,098,706)
Cash and cash equivalents at beginning of period	24,184,332	27,283,038
Cash and cash equivalents at end of period	<u>\$ 39,181,023</u>	<u>24,184,332</u>

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