

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
Reviewed only, not audited in accordance with generally accepted auditing standards as of  
June 30, 2021 and 2020

**ACER INCORPORATED AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**June 30, 2021, December 31, 2020, and June 30, 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

|                            | June 30, 2021  |                       | December 31, 2020 |                    | June 30, 2020 |                    |            |
|----------------------------|--|-----------------------|-------------------|--------------------|---------------|--------------------|------------|
|                            | Amount   | %                     | Amount            | %                  | Amount        | %                  |            |
| <b>Assets</b>              |  |                       |                   |                    |               |                    |            |
| <b>Current assets:</b>     |  |                       |                   |                    |               |                    |            |
| 1100                       | Cash and cash equivalents  | \$ 30,327,470         | 16                | 39,181,023         | 21            | 33,719,260         | 21         |
| 1110                       | Financial assets measured at fair value through profit or loss—current                 | 6,198,748             | 3                 | 5,841,103          | 3             | 1,230,081          | 1          |
| 1120                       | Financial assets measured at fair value through other comprehensive income—current     | 129,532               | -                 | 98,818             | -             | 96,413             | -          |
| 1140                       | Contract assets—current  | 438,019               | -                 | 514,369            | -             | 436,568            | -          |
| 1170                       | Notes and accounts receivable, net   | 58,248,686            | 30                | 55,170,110         | 30            | 50,412,703         | 31         |
| 1180                       | Accounts receivable from related parties   | 63,832                | -                 | 27,419             | -             | 32,228             | -          |
| 1200                       | Other receivables  | 379,560               | -                 | 548,016            | -             | 471,902            | -          |
| 1220                       | Current income tax assets  | 331,287               | -                 | 365,493            | -             | 306,867            | -          |
| 130X                       | Inventories  | 58,710,870            | 30                | 42,983,432         | 24            | 36,064,122         | 23         |
| 1470                       | Other current assets   | 4,215,721             | 2                 | 4,006,693          | 3             | 3,727,269          | 3          |
|                            | <b>Total current assets</b>  | <u>159,043,725</u>    | <u>81</u>         | <u>148,736,476</u> | <u>81</u>     | <u>126,497,413</u> | <u>79</u>  |
| <b>Non-current assets:</b> |  |                       |                   |                    |               |                    |            |
| 1517                       | Financial assets measured at fair value through other comprehensive income—non-current | 7,624,213             | 4                 | 6,109,592          | 3             | 5,335,562          | 3          |
| 1550                       | Investments accounted for using the equity method                                      | 979,385               | 1                 | 1,008,312          | 1             | 1,024,251          | 1          |
| 1600                       | Property, plant and equipment  | 4,021,226             | 2                 | 3,865,909          | 2             | 3,496,553          | 2          |
| 1755                       | Right-of-use assets  | 1,841,932             | 1                 | 1,857,520          | 1             | 2,055,402          | 1          |
| 1760                       | Investment property  | 842,628               | -                 | 749,843            | -             | 1,127,625          | 1          |
| 1780                       | Intangible assets  | 16,425,541            | 8                 | 16,292,729         | 9             | 16,704,436         | 10         |
| 1840                       | Deferred income tax assets   | 2,458,222             | 1                 | 2,480,776          | 1             | 1,528,691          | 1          |
| 1900                       | Other non-current assets   | 1,717,361             | 1                 | 1,748,559          | 1             | 2,055,135          | 1          |
| 1980                       | Other financial assets—non-current   | 1,068,783             | 1                 | 1,058,956          | 1             | 1,022,729          | 1          |
|                            | <b>Total non-current assets</b>  | <u>36,979,291</u>     | <u>19</u>         | <u>35,172,196</u>  | <u>19</u>     | <u>34,350,384</u>  | <u>21</u>  |
|                            | <b>Total assets</b>  | <u>\$ 196,023,016</u> | <u>100</u>        | <u>183,908,672</u> | <u>100</u>    | <u>160,847,797</u> | <u>100</u> |

(Continued)

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**June 30, 2021 and 2020**

**ACER INCORPORATED AND SUBSIDIARIES**  
**Consolidated Balance Sheets (Continued)**  
**June 30, 2021, December 31, 2020, and June 30, 2020**  
**(Expressed in Thousands of New Taiwan Dollars)**

|                                 | June 30, 2021   |                       | December 31, 2020 |                    | June 30, 2020 |                    |            |
|---------------------------------|---|-----------------------|-------------------|--------------------|---------------|--------------------|------------|
|                                 | Amount  | %                     | Amount            | %                  | Amount        | %                  |            |
| <b>Liabilities and Equity</b>   |   |                       |                   |                    |               |                    |            |
| <b>Current liabilities:</b>     |   |                       |                   |                    |               |                    |            |
| 2100                            | \$ 1,366,226  | 1                     | 1,029,117         | 1                  | 1,217,268     | 1                  |            |
| 2120                            | Financial liabilities measured at fair value through profit or loss—current     | 267,248               | -                 | 1,526,494          | 1             | 803,275            | -          |
| 2130                            | Contract liabilities—current  | 2,398,125             | 1                 | 2,269,409          | 1             | 1,988,703          | 1          |
| 2170                            | Notes and accounts payable  | 48,768,020            | 25                | 49,405,634         | 27            | 39,323,009         | 25         |
| 2200                            | Other payables  | 39,013,760            | 20                | 29,810,924         | 16            | 28,345,404         | 18         |
| 2230                            | Current tax liabilities   | 3,719,783             | 2                 | 3,371,032          | 2             | 1,621,787          | 1          |
| 2250                            | Provisions—current  | 6,295,794             | 3                 | 5,948,144          | 3             | 5,124,016          | 3          |
| 2280                            | Lease liabilities—current   | 568,714               | -                 | 602,656            | -             | 642,325            | -          |
| 2322                            | Current portion of long-term debt   | 23,225                | -                 | 18,113             | -             | 14,885             | -          |
| 2365                            | Refund liabilities—current  | 16,121,636            | 8                 | 15,074,621         | 8             | 12,589,790         | 8          |
| 2399                            | Other current liabilities   | 2,384,354             | 1                 | 1,664,174          | 1             | 1,970,909          | 1          |
|                                 | <b>Total current liabilities</b>  | <u>120,926,885</u>    | <u>61</u>         | <u>110,720,318</u> | <u>60</u>     | <u>93,641,371</u>  | <u>58</u>  |
| <b>Non-current liabilities:</b> |   |                       |                   |                    |               |                    |            |
| 2500                            | Financial liabilities measured at fair value through profit or loss—non current | 3,066                 | -                 | -                  | -             | -                  | -          |
| 2527                            | Contract liabilities—non-current  | 995,066               | -                 | 827,783            | -             | 698,317            | 1          |
| 2531                            | Bonds payable   | 5,000,000             | 3                 | -                  | -             | -                  | -          |
| 2540                            | Long-term debt  | 108,534               | -                 | 3,395,102          | 2             | 3,388,655          | 2          |
| 2550                            | Provisions—non-current  | 29,746                | -                 | 33,121             | -             | 30,969             | -          |
| 2570                            | Deferred income tax liabilities   | 3,556,574             | 2                 | 3,555,113          | 2             | 2,544,878          | 2          |
| 2580                            | Lease liabilities—non-current   | 1,360,062             | 1                 | 1,353,697          | 1             | 1,516,380          | 1          |
| 2600                            | Other non-current liabilities   | 2,037,374             | 1                 | 2,081,574          | 1             | 2,021,550          | 1          |
|                                 | <b>Total non-current liabilities</b>  | <u>13,090,422</u>     | <u>7</u>          | <u>11,246,390</u>  | <u>6</u>      | <u>10,200,749</u>  | <u>7</u>   |
|                                 | <b>Total liabilities</b>  | <u>134,017,307</u>    | <u>68</u>         | <u>121,966,708</u> | <u>66</u>     | <u>103,842,120</u> | <u>65</u>  |
| <b>Equity :</b>                 |   |                       |                   |                    |               |                    |            |
| 3110                            | Common stock  | 30,478,538            | 16                | 30,478,538         | 17            | 30,749,338         | 19         |
| 3200                            | Capital surplus   | 27,424,487            | 14                | 27,378,068         | 15            | 27,202,328         | 17         |
| Retained earnings:              |   |                       |                   |                    |               |                    |            |
| 3310                            | Legal reserve   | 853,852               | -                 | 853,852            | 1             | 853,852            | 1          |
| 3320                            | Special reserve   | 3,976,265             | 2                 | 3,976,265          | 2             | 3,976,265          | 2          |
| 3350                            | Unappropriated retained earnings  | 6,849,425             | 3                 | 6,038,916          | 3             | 1,765,700          | 1          |
| 3400                            | Other equity  | (6,743,771)           | (3)               | (5,517,452)        | (3)           | (5,601,849)        | (3)        |
| 3500                            | Treasury stock  | (2,914,856)           | (1)               | (2,914,856)        | (2)           | (3,276,799)        | (2)        |
|                                 | <b>Equity attributable to shareholders of the Parent</b>                        | <u>59,923,940</u>     | <u>31</u>         | <u>60,293,331</u>  | <u>33</u>     | <u>55,668,835</u>  | <u>35</u>  |
| 36XX                            | <b>Non-controlling interests</b>  | <u>2,081,769</u>      | <u>1</u>          | <u>1,648,633</u>   | <u>1</u>      | <u>1,336,842</u>   | <u>-</u>   |
|                                 | <b>Total equity</b>   | <u>62,005,709</u>     | <u>32</u>         | <u>61,941,964</u>  | <u>34</u>     | <u>57,005,677</u>  | <u>35</u>  |
|                                 | <b>Total liabilities and equity</b>   | <u>\$ 196,023,016</u> | <u>100</u>        | <u>183,908,672</u> | <u>100</u>    | <u>160,847,797</u> | <u>100</u> |

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

**ACER INCORPORATED AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the three months ended June 30, 2021 and 2020, and six months ended June 30, 2021 and 2020**

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

|      | For the three months ended June 30   |                     |            |                    | For the six months ended June 30 |                     |            |                    |            |
|------|--|---------------------|------------|--------------------|----------------------------------|---------------------|------------|--------------------|------------|
|      | 2021   |                     | 2020       |                    | 2021                             |                     | 2020       |                    |            |
|      | Amount   | %                   | Amount     | %                  | Amount                           | %                   | Amount     | %                  |            |
| 4000 | Net revenue  | \$ 79,778,071       | 100        | 65,575,647         | 100                              | 151,333,534         | 100        | 114,430,150        | 100        |
| 5000 | Cost of revenue  | (70,189,755)        | (88)       | (58,437,869)       | (89)                             | (133,433,360)       | (88)       | (102,341,009)      | (89)       |
|      | <b>Gross profit</b>  | <u>9,588,316</u>    | <u>12</u>  | <u>7,137,778</u>   | <u>11</u>                        | <u>17,900,174</u>   | <u>12</u>  | <u>12,089,141</u>  | <u>11</u>  |
|      | <b>Operating expenses :</b>  |                     |            |                    |                                  |                     |            |                    |            |
| 6100 | Selling expenses   | (3,699,204)         | (5)        | (3,317,480)        | (5)                              | (7,407,089)         | (5)        | (6,636,382)        | (6)        |
| 6200 | General and administrative expenses  | (1,281,589)         | (1)        | (1,117,587)        | (2)                              | (2,460,960)         | (2)        | (2,161,963)        | (2)        |
| 6300 | Research and development expenses  | (657,953)           | (1)        | (603,907)          | (1)                              | (1,306,007)         | (1)        | (1,196,258)        | (1)        |
|      | <b>Total operating expenses</b>  | <u>(5,638,746)</u>  | <u>(7)</u> | <u>(5,038,974)</u> | <u>(8)</u>                       | <u>(11,174,056)</u> | <u>(8)</u> | <u>(9,994,603)</u> | <u>(9)</u> |
| 6500 | <b>Other operating income and expenses, net</b>  | <u>29,380</u>       | <u>-</u>   | <u>27,783</u>      | <u>-</u>                         | <u>59,101</u>       | <u>-</u>   | <u>51,052</u>      | <u>-</u>   |
|      | <b>Operating income</b>  | <u>3,978,950</u>    | <u>5</u>   | <u>2,126,587</u>   | <u>3</u>                         | <u>6,785,219</u>    | <u>4</u>   | <u>2,145,590</u>   | <u>2</u>   |
|      | <b>Non-operating income and loss:</b>  |                     |            |                    |                                  |                     |            |                    |            |
| 7100 | Interest income  | 61,766              | -          | 97,614             | -                                | 140,647             | -          | 189,448            | -          |
| 7010 | Other income   | 19,031              | -          | -                  | -                                | 19,031              | -          | -                  | -          |
| 7020 | Other gains and losses   | 31,719              | -          | (558,805)          | -                                | 968,063             | 1          | 141,685            | -          |
| 7050 | Finance costs  | (68,452)            | -          | (35,770)           | -                                | (108,896)           | -          | (80,380)           | -          |
| 7060 | Share of profits (losses) of associates and joint ventures   | 7,505               | -          | 15,917             | -                                | 1,966               | -          | 29,562             | -          |
|      | <b>Total non-operating income and loss</b>   | <u>51,569</u>       | <u>-</u>   | <u>(481,044)</u>   | <u>-</u>                         | <u>1,020,811</u>    | <u>1</u>   | <u>280,315</u>     | <u>-</u>   |
| 7900 | <b>Income before taxes</b>   | <u>4,030,519</u>    | <u>5</u>   | <u>1,645,543</u>   | <u>3</u>                         | <u>7,806,030</u>    | <u>5</u>   | <u>2,425,905</u>   | <u>2</u>   |
| 7950 | <b>Income tax expense</b>  | <u>(1,050,546)</u>  | <u>(1)</u> | <u>(418,983)</u>   | <u>(1)</u>                       | <u>(2,028,499)</u>  | <u>(1)</u> | <u>(647,562)</u>   | <u>-</u>   |
|      | <b>Net income</b>  | <u>2,979,973</u>    | <u>4</u>   | <u>1,226,560</u>   | <u>2</u>                         | <u>5,777,531</u>    | <u>4</u>   | <u>1,778,343</u>   | <u>2</u>   |
|      | <b>Other comprehensive income (loss) :</b>   |                     |            |                    |                                  |                     |            |                    |            |
| 8310 | <b>Items that will not be reclassified subsequently to profit or loss</b>  |                     |            |                    |                                  |                     |            |                    |            |
| 8311 | Remeasurements of defined benefit plans  | -                   | -          | 2,701              | -                                | -                   | -          | 2,701              | -          |
| 8316 | Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | (577,170)           | (1)        | 1,034,732          | 1                                | 159,181             | -          | 198,539            | -          |
| 8320 | Share of other comprehensive income of associates  | -                   | -          | -                  | -                                | 17                  | -          | 42                 | -          |
| 8349 | Income tax related to items that will not be reclassified subsequently to profit or loss                                   | -                   | -          | (245)              | -                                | -                   | -          | (245)              | -          |
|      | <b>Total items that will not be reclassified to profit or loss</b>   | <u>(577,170)</u>    | <u>(1)</u> | <u>1,037,188</u>   | <u>1</u>                         | <u>159,198</u>      | <u>-</u>   | <u>201,037</u>     | <u>-</u>   |
| 8360 | <b>Items that may be reclassified subsequently to profit or loss</b>   |                     |            |                    |                                  |                     |            |                    |            |
| 8361 | Exchange differences on translation of foreign operations  | (1,038,451)         | (1)        | (674,922)          | (1)                              | (1,689,443)         | (1)        | (1,468,925)        | (2)        |
| 8370 | Share of other comprehensive losses of associates  | 2,119               | -          | (2,291)            | -                                | 1,960               | -          | (3,569)            | -          |
| 8399 | Income tax related to items that may be reclassified subsequently to profit or loss  | -                   | -          | -                  | -                                | -                   | -          | -                  | -          |
|      | <b>Total items that may be reclassified subsequently to profit or loss</b>   | <u>(1,036,332)</u>  | <u>(1)</u> | <u>(677,213)</u>   | <u>(1)</u>                       | <u>(1,687,483)</u>  | <u>(1)</u> | <u>(1,472,494)</u> | <u>(2)</u> |
|      | <b>Other comprehensive income (loss), net of taxes</b>   | <u>(1,613,502)</u>  | <u>(2)</u> | <u>359,975</u>     | <u>-</u>                         | <u>(1,528,285)</u>  | <u>(1)</u> | <u>(1,271,457)</u> | <u>(2)</u> |
|      | <b>Total comprehensive income for the year</b>   | <u>\$ 1,366,471</u> | <u>2</u>   | <u>1,586,535</u>   | <u>2</u>                         | <u>4,249,246</u>    | <u>3</u>   | <u>506,886</u>     | <u>-</u>   |
|      | <b>Net income (loss) attributable to:</b>  |                     |            |                    |                                  |                     |            |                    |            |
| 8610 | Shareholders of the Parent   | \$ 2,896,503        | 4          | 1,194,585          | 2                                | 5,639,509           | 4          | 1,752,544          | 2          |
| 8620 | Non-controlling interests  | 83,470              | -          | 31,975             | -                                | 138,022             | -          | 25,799             | -          |
|      | <b>Total comprehensive income (loss) attributable to:</b>  | <u>\$ 2,979,973</u> | <u>4</u>   | <u>1,226,560</u>   | <u>2</u>                         | <u>5,777,531</u>    | <u>4</u>   | <u>1,778,343</u>   | <u>2</u>   |
| 8710 | Shareholders of the Parent   | \$ 1,357,613        | 2          | 1,544,793          | 2                                | 4,159,162           | 3          | 492,922            | -          |
| 8720 | Non-controlling interests  | 8,858               | -          | 41,742             | -                                | 90,084              | -          | 13,964             | -          |
|      | <b>Total comprehensive income (loss) attributable to:</b>  | <u>\$ 1,366,471</u> | <u>2</u>   | <u>1,586,535</u>   | <u>2</u>                         | <u>4,249,246</u>    | <u>3</u>   | <u>506,886</u>     | <u>-</u>   |
|      | <b>Earnings per share (in New Taiwan dollars) :</b>  |                     |            |                    |                                  |                     |            |                    |            |
| 9750 | Basic earnings per share   | \$ 0.97             |            | 0.40               |                                  | 1.88                |            | 0.58               |            |
| 9850 | Diluted earnings per share   | \$ 0.96             |            | 0.40               |                                  | 1.87                |            | 0.58               |            |

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**ACER INCORPORATED AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**

**For the six months ended June 30, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

|   | Attributable to shareholders of the Parent |                 |               |                 |                                  |              |  |  |   |             |                |   |                           |              |
|---|--|-----------------|---------------|-----------------|----------------------------------|--------------|--|--|---|-------------|----------------|---|---------------------------|--------------|
|   | Retained earnings                          |                 |               |                 |                                  | Other 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 | Remeasurements of defined benefit plans | Total       | Treasury stock | Total equity attributable to shareholders of the parent | Non-controlling interests | Total equity |
| <b>Balance at January 1, 2020</b>   | 30,749,338                                 | 28,152,962      | 587,602       | 2,940,572       | 2,668,082                        | 6,196,256    | (4,187,394)                              | 133,070  | (287,902)                               | (4,342,227) | (2,914,856)    | 57,811,473  | 1,353,766                 | 59,165,239   |
| Net income for the period   | -  | -               | -             | -               | 1,752,544                        | 1,752,544    | -  | 199,877  | -                                       | 1,952,421   | -              | 1,752,544   | 25,799                    | 1,778,343    |
| Other comprehensive income (loss) for the period  | -  | -               | -             | -               | (1,035,693)                      | (1,035,693)  | (1,461,972)                              | (1,461,972)  | 2,473                                   | (1,259,622) | -              | (1,259,622)   | (11,835)                  | (1,271,457)  |
| Total comprehensive income (loss) for the period  | -  | -               | -             | -               | 716,851                          | 716,851      | (1,461,972)                              | (1,461,972)  | 2,473                                   | (1,259,622) | -              | (1,259,622)   | (11,835)                  | (1,271,457)  |
| 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)  |
| Share of changes in equity of associates  | -  | 64,042          | -             | -               | -                                | -            | -  | -  | -                                       | -           | -              | 64,042  | 15,402                    | 79,444       |
| Purchase of treasury share  | -  | -               | -             | -               | -                                | -            | -  | -  | -                                       | (361,943)   | (361,943)      | (361,943)   | -                         | (361,943)    |
| Difference between consideration and carrying amount of subsidiaries disposed             | -  | -               | -             | -               | -                                | -            | -  | -  | -                                       | -           | -              | -   | 29,879                    | 29,879       |
| Reorganization under common control   | -  | -               | -             | -               | (12)                             | (12)         | -  | -  | -                                       | -           | -              | (12)  | -                         | (12)         |
| Cash dividends paid to non-controlling interests by subsidiaries                          | -  | -               | -             | -               | -                                | -            | -  | -  | -                                       | -           | -              | -   | (76,181)                  | (76,181)     |
| <b>Balance at June 30, 2020</b>   | 30,749,338                                 | 27,202,328      | 853,852       | 3,976,265       | 1,765,700                        | 6,595,817    | (5,649,360)                              | 332,947  | (285,430)                               | (5,601,849) | (3,276,799)    | 55,668,855  | 1,336,842                 | 57,005,677   |
| <b>Balance at January 1, 2021</b>   | 30,478,538                                 | 27,378,068      | 833,852       | 3,976,265       | 6,038,976                        | 10,569,509   | (6,043,227)                              | 768,662  | (242,887)                               | (5,517,452) | (2,914,856)    | 60,293,331  | 1,648,633                 | 61,941,964   |
| Net income for the period   | -  | -               | -             | -               | 5,639,509                        | 5,639,509    | -  | 194,543  | -                                       | (1,480,347) | -              | 5,639,509   | 138,022                   | 5,777,531    |
| Other comprehensive income (loss) for the period  | -  | -               | -             | -               | (5,639,509)                      | (5,639,509)  | (1,674,897)                              | (1,674,897)  | 7                                       | (1,480,347) | -              | (1,480,347)   | (47,938)                  | (1,528,285)  |
| Total comprehensive income (loss) for the period  | -  | -               | -             | -               | -                                | -            | (1,674,897)                              | (1,674,897)  | 7                                       | (1,480,347) | -              | (1,480,347)   | (47,938)                  | (1,528,285)  |
| Appropriation approved by the stockholders:   |  |                 |               |                 |                                  |              |  |  |   |             |                |   |                           |              |
| Cash dividends  | -  | -               | -             | -               | (4,571,781)                      | (4,571,781)  | -  | -  | -                                       | -           | -              | (4,571,781)   | -                         | (4,571,781)  |
| Share of changes in equity of associates  | -  | 731             | -             | -               | -                                | -            | -  | -  | -                                       | -           | -              | 731   | -                         | 731          |
| Changes in ownership interests in subsidiaries  | -  | 42,295          | -             | -               | -                                | -            | 606                                      | (6,544)  | 2,747                                   | (3,191)     | -              | 39,104  | (39,104)                  | -            |
| Acquired or disposal of interests in subsidiaries   | -  | -               | -             | -               | -                                | -            | -  | -  | -                                       | (3,191)     | -              | -   | (10,736)                  | (10,736)     |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | -  | -               | -             | -               | -                                | -            | -  | -  | -                                       | -           | -              | 2,392   | (2,392)                   | -            |
| Stock option compensation cost of subsidiaries  | -  | 2,392           | -             | -               | -                                | -            | -  | -  | -                                       | -           | -              | 2,392   | -                         | 2,392        |
| Acquisition of subsidiaries   | -  | 1,001           | -             | -               | -                                | -            | -  | -  | -                                       | -           | -              | 1,001   | 698                       | 1,699        |
| Increase in non-controlling interests   | -  | -               | -             | -               | -                                | -            | -  | -  | -                                       | -           | -              | -   | 204,848                   | 204,848      |
| Cash dividends paid to non-controlling interests by subsidiaries                          | -  | -               | -             | -               | -                                | -            | -  | -  | -                                       | -           | -              | -   | 264,392                   | 264,392      |
| Disposal of financial assets measured at fair value through other comprehensive income    | -  | -               | -             | -               | (257,219)                        | (257,219)    | -  | 257,219  | -                                       | 257,219     | -              | -   | (74,654)                  | (74,654)     |
| <b>Balance at June 30, 2021</b>   | 30,478,538                                 | 27,424,487      | 853,852       | 3,976,265       | 6,849,425                        | 11,679,542   | (7,177,518)                              | 1,213,880  | (240,133)                               | (6,743,771) | (2,914,856)    | 59,923,916  | 2,081,769                 | 62,005,700   |

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

**ACER INCORPORATED AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the six months ended June 30, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

|   | <b>For the six months ended<br/>June 30</b> |                   |
|---|---|-------------------|
|   | <b>2021</b>                                 | <b>2020</b>       |
| <b>Cash flows from operating activities:</b>                                      |   |                   |
| Income before income tax  | \$ 7,806,030                                | 2,425,905         |
| <b>Adjustments for:</b>   |   |                   |
| <b>Adjustments to reconcile profit or loss:</b>                                   |   |                   |
| Depreciation  | 530,429                                     | 530,411           |
| Amortization  | 121,362                                     | 108,327           |
| Net (gain) loss on financial assets measured at fair value through profit or loss | (17,924)                                    | 788               |
| Interest expense  | 108,896                                     | 80,380            |
| Interest income   | (140,647)                                   | (189,448)         |
| Dividend income   | (19,031)                                    | -                 |
| Share-based compensation cost   | 1,699                                       | -                 |
| Share of profit of associates and joint ventures                                  | (1,966)                                     | (29,562)          |
| Loss (gain) on disposal of equipment  | 1,220                                       | (2,682)           |
| Property, plant and equipment reclassified to expenses                            | 917   | -                 |
| Gain on liquidation of subsidiaries   | -   | (615)             |
| <b>Total adjustments for profit or loss</b>                                       | <b>584,955</b>                              | <b>497,599</b>    |
| <b>Changes in operating assets and liabilities:</b>                               |   |                   |
| <b>Changes in operating assets:</b>   |   |                   |
| Derivative financial instruments measured at fair value through profit or loss    | (1,738,139)                                 | 113,145           |
| Contract assets   | 76,350                                      | (15,686)          |
| Notes and accounts receivable   | (2,482,774)                                 | (958,658)         |
| Receivables from related parties  | (31,513)                                    | 8,973             |
| Inventories   | (15,320,833)                                | 4,963,621         |
| Other receivables and other current assets  | 346,205                                     | 768,336           |
| Other non-current assets  | 11,125                                      | 1,249             |
| <b>Changes in operating assets</b>  | <b>(19,139,579)</b>                         | <b>4,880,980</b>  |
| <b>Changes in operating liabilities:</b>  |   |                   |
| Contract liabilities  | 133,535                                     | 192,077           |
| Notes and accounts payable  | (955,414)                                   | 4,099,195         |
| Other payables and other current liabilities                                      | 4,725,893                                   | 1,667,659         |
| Provisions  | 344,275                                     | 168,909           |
| Refund liabilities  | 1,047,015                                   | 148,590           |
| Other non-current liabilities   | (46,969)                                    | 60,111            |
| <b>Changes in operating liabilities</b>   | <b>5,248,335</b>                            | <b>6,336,541</b>  |
| Cash provided by (used in) operations   | (5,500,259)                                 | 14,141,025        |
| Interest received   | 140,705                                     | 185,132           |
| Income taxes paid   | (1,622,736)                                 | (303,245)         |
| <b>Net cash flows provided by (used in) operating activities</b>                  | <b>(6,982,290)</b>                          | <b>14,022,912</b> |

(Continued)

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**ACER INCORPORATED AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows (Continued)**  
**For the six months ended June 30, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars)**

|  | <b>For the six months ended<br/>June 30</b> |                    |
|--|---|--------------------|
|  | <b>2021</b>                                 | <b>2020</b>        |
| <b>Cash flows from investing activities:</b>   |   |                    |
| Purchase of financial assets measured at fair value through other comprehensive income                     | (1,502,287)                                 | -                  |
| Proceeds from disposal of financial assets measured at fair value through other comprehensive income       | 209   | -                  |
| Proceeds from capital return of financial assets measured at fair value through other comprehensive income | 2,791                                       | -                  |
| Proceeds from liquidation of financial assets measured at fair value through other comprehensive income    | 54  | -                  |
| Proceeds from disposal of financial assets measured at fair value through profit or loss                   | -   | 267,856            |
| Additions to property, plant and equipment and investment property   | (325,571)                                   | (183,809)          |
| Proceeds from disposal of property, plant and equipment and intangible assets                              | 3,591                                       | 66,236             |
| Additions to intangible assets   | (142,752)                                   | (131,330)          |
| Net cash flow from disposal of subsidiaries  | -   | 31                 |
| Net cash received from acquisition of subsidiaries   | 212,698                                     | -                  |
| Decrease (increase) in other non-current financial assets  | (55,607)                                    | 79,097             |
| Dividends received   | 45,389                                      | 23,205             |
| <b>Net cash flows provided by (used in) investing activities</b>   | <b>(1,761,485)</b>                          | <b>121,286</b>     |
| <b>Cash flows from financing activities:</b>   |   |                    |
| Increase in short-term borrowings  | 1,004,281                                   | 5,402,018          |
| Decrease in short-term borrowings  | (1,486,504)                                 | (5,615,389)        |
| Proceeds from issuing bonds  | 5,000,000                                   | -                  |
| Increase in long-term debt   | 32,908                                      | 65,665             |
| Repayment of long-term debt  | (3,310,400)                                 | (2,506,845)        |
| Payment of lease liabilities   | (369,906)                                   | (322,588)          |
| Purchase of treasury stock   | -   | (361,943)          |
| Cash dividends paid to non-controlling interests by subsidiaries   | (6,858)                                     | (11,495)           |
| Issuance of common stock by subsidiaries not subscribed by the Group                                       | 264,392                                     | -                  |
| Additions to interests in subsidiaries   | (13,236)                                    | -                  |
| Proceeds from disposal of interests in subsidiaries (without losing control)                               | 2,500                                       | 29,931             |
| Interest paid  | (100,512)                                   | (76,940)           |
| <b>Net cash flows provided by (used in) financing activities</b>   | <b>1,016,665</b>                            | <b>(3,397,586)</b> |
| <b>Effect of foreign exchange rate changes</b>   | <b>(1,126,443)</b>                          | <b>(1,211,684)</b> |
| <b>Net increase (decrease) in cash and cash equivalents</b>  | <b>(8,853,553)</b>                          | <b>9,534,928</b>   |
| <b>Cash and cash equivalents at beginning of period</b>  | <b>39,181,023</b>                           | <b>24,184,332</b>  |
| <b>Cash and cash equivalents at end of period</b>  | <b>\$ 30,327,470</b>                        | <b>33,719,260</b>  |