

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

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

	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Assets				
Current assets:				
1100 Cash and cash equivalents (note 6(a))	\$ 44,619,541	21	39,181,023	21
1110 Financial assets measured at fair value through profit or loss— current (note 6(b))	3,222,868	2	5,841,103	3
1120 Financial assets measured at fair value through other comprehensive income—current (note 6(c))	-	-	98,818	-
1140 Contract assets—current (note 6(x))	451,354	-	514,369	-
1170 Notes and accounts receivable, net (notes 6(d) & (x))	64,039,437	30	55,170,110	30
1180 Accounts receivable from related parties (notes 6(d) & (x) and 7)	1,329	-	27,419	-
1200 Other receivables (notes 6(d) and 7)	505,914	-	548,016	-
1220 Current income tax assets	486,468	-	365,493	-
130X Inventories (note 6(e))	58,703,827	27	42,983,432	24
1470 Other current assets (note 6(l))	3,064,500	1	4,006,693	3
Total current assets	175,095,238	81	148,736,476	81
Non-current assets:				
1517 Financial assets measured at fair value through other comprehensive income—non-current (note 6(c) and 7)	7,806,702	4	6,109,592	3
1550 Investments accounted for using the equity method (note 6(f) and 7)	937,129	-	1,008,312	1
1600 Property, plant and equipment (notes 6(h))	4,055,870	2	3,865,909	2
1755 Right-of-use assets (note 6(i))	1,736,642	1	1,857,520	1
1760 Investment property (note 6(j))	819,591	-	749,843	-
1780 Intangible assets (note 6(k))	16,527,283	8	16,292,729	9
1840 Deferred income tax assets	3,671,634	2	2,480,776	1
1900 Other non-current assets (notes 6(l) & (s))	2,943,066	1	1,748,559	1
1980 Other financial assets—non-current (note 8)	1,195,156	1	1,058,956	1
Total non-current assets	39,693,073	19	35,172,196	19
Total assets	\$ 214,788,311	100	183,908,672	100

(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, 2021 and 2020****(Expressed in Thousands of New Taiwan Dollars)**

		December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
Liabilities and Equity					
Current liabilities:					
2100	Short-term borrowings (notes 6(m) and 8)	\$ 1,253,590	1	1,029,117	1
2120	Financial liabilities measured at fair value through profit or loss— current (note 6(b) & (g))	291,917	-	1,526,494	1
2130	Contract liabilities—current (note 6(x))	2,455,504	1	2,269,409	1
2170	Notes and accounts payable (note 7)	57,897,697	27	49,405,634	27
2200	Other payables (notes 6(y) and 7)	37,249,145	17	29,810,924	16
2230	Current tax liabilities	5,205,928	2	3,371,032	2
2250	Provisions—current (notes 6(q) and 9)	6,401,659	3	5,948,144	3
2280	Lease liabilities—current (note 6(p))	530,564	-	602,656	-
2322	Current portion of long-term debt (notes 6(n) and 8)	20,106	-	18,113	-
2365	Refund liabilities—current	16,128,976	8	15,074,621	8
2399	Other current liabilities (note 6(s))	1,987,969	1	1,664,174	1
	Total current liabilities	<u>129,423,055</u>	<u>60</u>	<u>110,720,318</u>	<u>60</u>
Non-current liabilities:					
2500	Financial liabilities measured at fair value through profit or loss—non current (note 6(b) & (g))	3,066	-	-	-
2527	Contract liabilities—non-current (note 6(x))	1,002,391	-	827,783	-
2531	Bonds payable (notes 6(o))	10,000,000	5	-	-
2540	Long-term debt (notes 6(n) and 8)	99,820	-	3,395,102	2
2550	Provisions—non-current (note 6(q) and 9)	201,650	-	33,121	-
2570	Deferred income tax liabilities	4,643,830	2	3,555,113	2
2580	Lease liabilities—non-current (note 6(p))	1,320,713	1	1,353,697	1
2600	Other non-current liabilities	2,070,843	1	2,081,574	1
	Total non-current liabilities	<u>19,342,313</u>	<u>9</u>	<u>11,246,390</u>	<u>6</u>
	Total liabilities	<u>148,765,368</u>	<u>69</u>	<u>121,966,708</u>	<u>66</u>
Equity (note 6(u)):					
3110	Common stock	30,478,538	14	30,478,538	17
3200	Capital surplus	27,514,269	13	27,378,068	15
	Retained earnings:				
3310	Legal reserve	1,456,427	1	853,852	1
3320	Special reserve	4,833,750	2	3,976,265	2
3350	Unappropriated retained earnings	10,596,212	5	6,038,916	3
3400	Other equity	(8,287,624)	(4)	(5,517,452)	(3)
3500	Treasury stock	(2,914,856)	(1)	(2,914,856)	(2)
	Equity attributable to shareholders of the Parent	<u>63,676,716</u>	<u>30</u>	<u>60,293,331</u>	<u>33</u>
36XX	Non-controlling interests	<u>2,346,227</u>	<u>1</u>	<u>1,648,633</u>	<u>1</u>
	Total equity	<u>66,022,943</u>	<u>31</u>	<u>61,941,964</u>	<u>34</u>
	Total liabilities and equity	<u>\$ 214,788,311</u>	<u>100</u>	<u>183,908,672</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, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
4000 Net revenue (notes 6(x), 7 and 14)	319,005,456	100	277,112,477	100
5000 Cost of revenue (notes 6(e), (h), (i), (k), (p), (q) & (s), 7 and 12)	<u>(281,814,400)</u>	<u>(88)</u>	<u>(246,992,862)</u>	<u>(89)</u>
Gross profit	<u>37,191,056</u>	<u>12</u>	<u>30,119,615</u>	<u>11</u>
Operating expenses (notes 6(d), (h), (i), (j), (k), (p), (q), (s), (v), (y), 7 and 12):				
6100 Selling expenses	(15,492,033)	(5)	(14,397,099)	(5)
6200 General and administrative expenses	(5,002,271)	(2)	(4,632,802)	(2)
6300 Research and development expenses	<u>(2,646,170)</u>	<u>(1)</u>	<u>(2,382,649)</u>	<u>(1)</u>
Total operating expenses	<u>(23,140,474)</u>	<u>(8)</u>	<u>(21,412,550)</u>	<u>(8)</u>
6500 Other operating income and expenses, net (notes 6(r) & (z) and 7)	<u>112,279</u>	<u>-</u>	<u>228,773</u>	<u>-</u>
Operating income	<u>14,162,861</u>	<u>4</u>	<u>8,935,838</u>	<u>3</u>
Non-operating income and loss:				
7100 Interest income (note 6(aa))	318,945	-	315,460	-
7010 Other income (note 6(aa))	354,416	-	243,073	-
7020 Other gains and losses (notes 6(aa) and 7)	867,673	-	(437,479)	-
7050 Finance costs (notes 6(p) & (aa))	(336,677)	-	(155,301)	-
7060 Share of profits (losses) of associates and joint ventures (note 6(f))	<u>68,427</u>	<u>-</u>	<u>3,512</u>	<u>-</u>
Total non-operating income and loss	<u>1,272,784</u>	<u>-</u>	<u>(30,735)</u>	<u>-</u>
7900 Income before taxes	15,435,645	4	8,905,103	3
7950 Income tax expense (note 6(t))	<u>(4,148,332)</u>	<u>(1)</u>	<u>(2,759,493)</u>	<u>(1)</u>
Net income	<u>11,287,313</u>	<u>3</u>	<u>6,145,610</u>	<u>2</u>
Other comprehensive income (loss) (notes 6(f), (u), (ab)):				
8310 Items that will not be reclassified subsequently to profit or loss				
8311 Remeasurements of defined benefit plans	(37,137)	-	37,203	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(358,717)	-	635,743	-
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	<u>39,131</u>	<u>-</u>	<u>162</u>	<u>-</u>
Total items that will not be reclassified to profit or loss	<u>(356,706)</u>	<u>-</u>	<u>673,150</u>	<u>-</u>
8360 Items that may be reclassified subsequently to profit or loss				
8361 Exchange differences on translation of foreign operations	(2,788,067)	(1)	(1,841,430)	-
8370 Share of other comprehensive gains (losses) of associates	2,166	-	(3,271)	-
8399 Income tax related to items that may be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total items that may be reclassified subsequently to profit or loss	<u>(2,785,901)</u>	<u>(1)</u>	<u>(1,844,701)</u>	<u>-</u>
Other comprehensive income (loss), net of taxes	<u>(3,142,607)</u>	<u>(1)</u>	<u>(1,171,551)</u>	<u>-</u>
Total comprehensive income for the year	<u>\$ 8,144,706</u>	<u>2</u>	<u>\$ 4,974,059</u>	<u>2</u>
Net income (loss) attributable to:				
8610 Shareholders of the Parent	\$ 10,897,427	3	6,029,287	2
8620 Non-controlling interests	<u>389,886</u>	<u>-</u>	<u>116,323</u>	<u>-</u>
	<u>\$ 11,287,313</u>	<u>3</u>	<u>\$ 6,145,610</u>	<u>2</u>
Total comprehensive income (loss) attributable to:				
8710 Shareholders of the Parent	\$ 7,818,893	2	4,850,535	2
8720 Non-controlling interests	<u>325,813</u>	<u>-</u>	<u>123,524</u>	<u>-</u>
	<u>\$ 8,144,706</u>	<u>2</u>	<u>\$ 4,974,059</u>	<u>2</u>
Earnings per share (in New Taiwan dollars) (note 6(w)):				
9750 Basic earnings per share	<u>\$ 3.63</u>		<u>\$ 2.01</u>	
9850 Diluted earnings per share	<u>\$ 3.60</u>		<u>\$ 1.99</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 Changes in Equity
For the years ended December 31, 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
Balance at January 1, 2020	30,799,338	28,152,962	387,602	2,940,572	2,668,082	6,196,236	(4,187,394)	133,070	-	(4,342,227)	(2,914,856)	57,841,373	1,353,766	59,195,239
Net income for the year	-	-	-	-	6,029,287	6,029,287	-	-	-	-	-	6,029,287	116,323	6,145,610
Other comprehensive income (loss) for the year	-	-	-	-	(2,668,082)	(2,668,082)	(1,855,833)	632,065	-	(1,178,752)	-	(1,178,752)	7,201	(1,171,551)
Total comprehensive income (loss) for the year	-	-	-	-	3,361,205	3,361,205	(1,855,833)	632,065	-	(1,178,752)	-	2,192,433	7,201	2,199,634
Appropriation approved by the stockholders:														
Legal reserve	-	-	2,662,250	-	-	2,662,250	-	-	-	-	-	-	-	-
Special reserve	-	-	-	1,035,693	-	1,035,693	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	(1,352,971)	-	(1,352,971)	-	-	-	-	-	-	-	-
Cash distributed from capital surplus	-	(1,014,728)	-	-	-	(1,014,728)	-	-	-	-	-	(1,014,728)	-	(1,014,728)
Adjustments of capital surplus for the cash dividends distributed to subsidiaries	-	36,416	-	-	-	36,416	-	-	-	-	(36,416)	36,416	-	36,416
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	(361,943)	(361,943)	(361,943)	-	(361,943)
Retirement of treasury stock	(270,800)	(91,143)	-	-	(361,943)	(361,943)	-	-	-	361,943	361,943	-	-	-
Share of changes in equity of associates	-	76,443	-	-	-	76,443	-	-	-	-	-	76,443	33,556	109,999
Change in ownership interests in subsidiaries	-	43,604	-	-	-	43,604	-	-	-	-	-	43,604	(43,604)	-
Acquisition and disposal of interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	301,669	301,669	301,669
Difference between consideration and carrying amount of subsidiaries disposed	-	174,404	-	-	-	174,404	-	-	-	-	-	174,404	(174,404)	-
Stock option compensation cost of subsidiaries	-	110	-	-	-	110	-	-	-	-	-	110	71	181
Reorganization under common control	-	-	-	-	(12)	(12)	-	-	-	-	-	(12)	12	-
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)	(3,527)	-	3,527	-	-	-	-	(5,357)	(5,357)
Balance at December 31, 2020	30,478,538	27,378,068	853,852	3,976,265	6,038,916	10,897,427	(6,043,227)	768,602	-	(5,517,432)	(2,914,856)	60,293,331	1,648,633	61,941,964
Net income for the year	-	-	-	-	10,897,427	10,897,427	-	-	-	-	-	10,897,427	389,886	11,287,313
Other comprehensive income (loss) for the year	-	-	-	-	(10,897,427)	(10,897,427)	(2,766,226)	(324,225)	11,917	(3,078,534)	-	(3,078,534)	(64,073)	(3,142,607)
Total comprehensive income (loss) for the year	-	-	-	-	-	-	(2,766,226)	(324,225)	11,917	(3,078,534)	-	(3,078,534)	325,813	(2,752,721)
Appropriation approved by the stockholders:														
Legal reserve	-	-	602,575	-	-	602,575	-	-	-	-	-	-	-	-
Special reserve	-	-	-	857,485	-	857,485	-	-	-	-	-	(4,571,781)	-	(4,571,781)
Cash dividends	-	-	-	(4,571,781)	-	(4,571,781)	-	-	-	-	-	70,119	-	70,119
Adjustments of capital surplus for the cash dividends distributed to subsidiaries	-	70,119	-	-	-	70,119	-	-	-	-	-	(34,908)	(37,414)	(62,322)
Share of changes in equity of associates	-	(24,908)	-	-	-	(24,908)	-	-	-	-	-	60,177	(66,177)	(6,000)
Changes in ownership interests in subsidiaries	-	60,105	-	-	-	60,105	3,856	(6,544)	2,760	72	-	53,032	53,032	53,032
Acquisition and disposal of interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	29,880	(29,880)	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	29,880	-	-	-	29,880	-	-	-	-	-	1,005	699	1,704
Stock option compensation cost of subsidiaries	-	1,005	-	-	-	1,005	-	-	-	-	-	249,470	337,722	249,470
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposal of financial assets measured at fair value through other comprehensive income by subsidiaries	-	-	-	-	(308,290)	(308,290)	-	308,290	-	-	-	-	-	-
Balance at December 31, 2021	30,478,538	27,514,260	1,456,427	4,833,750	10,596,212	16,886,389	(8,805,897)	746,183	-	(8,287,624)	(2,914,856)	63,676,716	2,346,227	66,022,943

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, 2021 and 2020****(Expressed in Thousands of New Taiwan Dollars)**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Income before income tax	\$ 15,435,645	8,905,103
Adjustments for:		
Adjustments to reconcile profit or loss:		
Depreciation	1,022,560	1,078,156
Amortization	492,670	573,592
Net gain on financial assets measured at fair value through profit or loss	(30,094)	(4,930)
Interest expense	336,677	155,301
Net gain on disposal of investments accounted for using the equity method	(47,815)	-
Interest income	(318,945)	(315,460)
Dividend income	(354,416)	(243,073)
Share-based compensation cost	1,704	181
Share of profit of associates and joint ventures	(68,427)	(3,512)
Loss (gain) on disposal of equipment and intangible assets	8,252	(2,713)
Net gain on disposal of investment property	(1,141)	-
Property, plant and equipment reclassified to expenses	917	-
Intangible assets reclassified to expenses	-	6,806
Acquisition of financial asset by contribution of technical know-how	-	(17,421)
Gain on liquidation of subsidiaries and other investments	(3,068)	(902)
Total adjustments for profit or loss	<u>1,038,874</u>	<u>1,226,025</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Derivative financial instruments measured at fair value through profit or loss	(1,744,184)	960,364
Contract assets	63,015	(93,487)
Notes and accounts receivable	(8,283,499)	(5,716,202)
Receivables from related parties	30,990	13,782
Inventories	(15,317,842)	(1,968,800)
Other receivables and other current assets	268,860	384,523
Other non-current assets	(16,406)	(5,429)
Changes in operating assets	<u>(24,999,066)</u>	<u>(6,425,249)</u>
Changes in operating liabilities:		
Contract liabilities	198,239	602,249
Notes and accounts payable	8,138,491	14,181,820
Other payables and other current liabilities	7,158,143	5,252,540
Provisions	622,044	995,189
Refund liabilities	1,052,018	2,633,421
Other non-current liabilities	(11,505)	155,044
Changes in operating liabilities	<u>17,157,430</u>	<u>23,820,263</u>
Cash provided by operations	8,632,883	27,526,142
Interest received	318,103	319,923
Income taxes paid	(2,453,171)	(355,523)
Net cash flows provided by operating activities	<u>6,497,815</u>	<u>27,490,542</u>

(Continued)

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ACER INCORPORATED AND SUBSIDIARIES**Consolidated Statements of Cash Flows (Continued)****For the years ended December 31, 2021 and 2020****(Expressed in Thousands of New Taiwan Dollars)**

	<u>2021</u>	<u>2020</u>
Cash flows from investing activities:		
Purchase of financial assets measured at fair value through other comprehensive income	(2,234,039)	(356,940)
Proceeds from disposal of financial assets measured at fair value through other comprehensive income	178,648	458
Proceeds from capital return and liquidation of financial assets measured at fair value through other comprehensive income	2,845	2,746
Purchase of financial assets measured at fair value through profit or loss	-	(4,748,217)
Proceeds from disposal of financial assets measured at fair value through profit or loss	2,849,874	267,856
Proceeds from disposal of investments accounted for using equity method	-	(2,991)
Additions to property, plant and equipment and investment property	(552,937)	(327,885)
Proceeds from disposal of property, plant and equipment	10,260	70,735
Proceeds from disposal of investment property	18,497	-
Additions to intangible assets	(373,199)	(217,927)
Net cash flow from disposal of subsidiaries and other investments	2,872	31
Net cash received from acquisition of subsidiaries	154,958	-
Increase in cost to fulfill a contract	(364,440)	(266,927)
Decrease (increase) in other non-current financial assets	(130,914)	43,007
Dividends received	416,584	282,517
Net cash flows used in investing activities	<u>(20,991)</u>	<u>(5,253,537)</u>
Cash flows from financing activities:		
Increase in short-term borrowings	3,070,574	5,507,521
Decrease in short-term borrowings	(3,664,124)	(5,911,621)
Proceeds from issuing bonds	10,000,000	-
Increase in long-term debt	64,510	79,771
Repayment of long-term debt	(3,349,490)	(2,515,061)
Payment of lease liabilities	(679,795)	(693,094)
Cash dividends	(4,501,662)	(1,332,162)
Cash distributed from capital surplus	-	(999,121)
Purchase of treasury stock	-	(361,943)
Cash dividends paid to non-controlling interests by subsidiaries	(141,671)	(76,181)
Issuance of common stock by subsidiaries not subscribed by the Group	337,722	135,581
Additions to interests in subsidiaries	(22,736)	-
Proceeds from disposal of interests in subsidiaries (without losing control)	75,768	301,669
Interest paid	(294,441)	(145,572)
Net cash flows provided by (used in) financing activities	<u>894,655</u>	<u>(6,010,213)</u>
Effect of foreign exchange rate changes	<u>(1,932,961)</u>	<u>(1,230,101)</u>
Net increase in cash and cash equivalents	5,438,518	14,996,691
Cash and cash equivalents at beginning of period	39,181,023	24,184,332
Cash and cash equivalents at end of period	<u>\$ 44,619,541</u>	<u>39,181,023</u>

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