

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACER INCORPORATED**Parent-Company-Only Balance Sheets****December 31, 2021 and 2020****(Expressed in Thousands of New Taiwan Dollars)**

Assets		December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
Current assets:					
1100	Cash and cash equivalents (note 6(a))	\$ 20,564,678	13	15,999,824	12
1110	Financial assets measured at fair value through profit or loss— current (note 6(b))	443,248	-	156,738	-
1120	Financial assets measured at fair value through other comprehensive income—current (note 6(c))	-	-	51,857	-
1140	Contract assets—current (note 6(u))	-	-	250	-
1170	Notes and accounts receivable, net (notes 6(d) & (u))	6,335,764	4	5,910,659	5
1180	Notes and accounts receivable from related parties (notes 6(d) & (u) and 7)	37,518,525	23	24,595,958	18
1200	Other receivables, net (note 6(e))	263,174	-	206,551	-
1210	Other receivables from related parties (notes 6(e) and 7)	664,582	-	214,152	-
130X	Inventories (note 6(f))	16,213,599	10	13,657,588	10
1470	Other current assets	245,025	-	226,214	-
Total current assets		82,248,595	50	61,019,791	45
Non-current assets:					
1517	Financial assets measured at fair value through other comprehensive income—non-current (note 6(c))	6,690,542	4	4,656,750	3
1550	Investments accounted for using the equity method (note 6(g))	67,951,695	42	66,039,920	49
1600	Property, plant and equipment (note 6(h))	1,740,178	1	1,844,520	1
1755	Right-of-use assets (note 6(i))	76,756	-	73,967	-
1760	Investment property (note 6(j))	811,781	1	724,504	1
1780	Intangible assets (note 6(k))	175,814	-	180,529	-
1840	Deferred income tax assets (note 6(r))	3,100,650	2	1,911,708	1
1900	Other non-current assets	40,261	-	61,608	-
1980	Other financial assets—non-current (note 8)	160,566	-	88,955	-
Total non-current assets		80,748,243	50	75,582,461	55
Total assets		\$ 162,996,838	100	136,602,252	100

(Continued)

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACER INCORPORATED
Parent-Company-Only Balance Sheets (Continued)
December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2021</u>		<u>December 31, 2020</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Liabilities and Equity					
Current liabilities:					
2120	Financial liabilities measured at fair value through profit or loss—current (note 6(b))	\$ 145,969	-	943,985	1
2130	Contract liabilities—current (note 6(u))	9,512	-	79,131	-
2170	Notes and accounts payable	47,977,844	30	41,949,644	31
2180	Accounts payable to related parties (note 7)	628,865	-	503,171	-
2200	Other payables (note 6(v))	26,560,173	17	18,406,873	13
2220	Other payables to related parties (note 7)	518,175	-	763,946	1
2250	Provisions—current (note 6(o) and 9)	834,725	1	742,153	1
2230	Current tax liabilities	3,502,017	2	1,680,371	1
2280	Lease liabilities—current (note 6(n))	43,432	-	60,449	-
2365	Refund liabilities—current	3,636,287	2	3,650,911	3
2399	Other current liabilities	<u>434,939</u>	<u>-</u>	<u>433,513</u>	<u>-</u>
	Total current liabilities	<u>84,291,938</u>	<u>52</u>	<u>69,214,147</u>	<u>51</u>
Non-current liabilities:					
2540	Long-term debt (note 6(l))	-	-	3,300,000	3
2530	Bonds payable(note 6(m))	10,000,000	6	-	-
2570	Deferred income tax liabilities (note 6(r))	4,234,394	3	3,153,296	2
2580	Lease liabilities—non-current (note 6(n))	33,810	-	14,236	-
2600	Other non-current liabilities (note 6(q))	745,386	-	607,208	-
2622	Long-term payable to related parties (note 7)	<u>14,594</u>	<u>-</u>	<u>20,034</u>	<u>-</u>
	Total non-current liabilities	<u>15,028,184</u>	<u>9</u>	<u>7,094,774</u>	<u>5</u>
	Total liabilities	<u>99,320,122</u>	<u>61</u>	<u>76,308,921</u>	<u>56</u>
Equity (note 6(s)):					
3110	Common stock	30,478,538	19	30,478,538	22
3200	Capital surplus	27,514,269	17	27,378,068	20
	Retained earnings:				
3310	Legal reserve	1,456,427	1	853,852	1
3320	Special reserve	4,833,750	3	3,976,265	3
3350	Unappropriated retained earnings	10,596,212	6	6,038,916	4
3400	Other equity	(8,287,624)	(5)	(5,517,452)	(4)
3500	Treasury stock	<u>(2,914,856)</u>	<u>(2)</u>	<u>(2,914,856)</u>	<u>(2)</u>
	Total equity	<u>63,676,716</u>	<u>39</u>	<u>60,293,331</u>	<u>44</u>
	Total liabilities and equity	<u>\$ 162,996,838</u>	<u>100</u>	<u>136,602,252</u>	<u>100</u>

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACER INCORPORATED**Parent-Company-Only 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(u) and 7)	\$ 246,828,456	100	209,586,473	100
5000	Cost of revenue (notes 6(f) & (o) and 7)	(231,450,073)	(94)	(199,065,721)	(95)
	Gross profit before realized gross profit on sales to subsidiaries, associates and joint ventures	15,378,383	6	10,520,752	5
5920	Realized gross profit on sales to subsidiaries, associates and joint ventures	(45,415)	-	2,440	-
	Gross profit	15,332,968	6	10,523,192	5
	Operating expenses (notes 6(d), (h), (i), (j), (k), (n), (o), (p), (q) & (v), 7 and 12):				
6100	Selling expenses	(3,325,745)	(1)	(3,034,971)	(1)
6200	General and administrative expenses	(1,459,183)	(1)	(1,165,863)	(1)
6300	Research and development expenses	(2,204,357)	(1)	(1,986,440)	(1)
	Total operating expenses	(6,989,285)	(3)	(6,187,274)	(3)
6500	Other operating income and expenses, net (notes 6(p) & (w) and 7)	161,174	-	154,916	-
	Operating income	8,504,857	3	4,490,834	2
	Non-operating income and loss:				
7100	Interest income (notes 6(x) and 7)	42,434	-	50,577	-
7010	Other income (note 6(x))	287,772	-	185,228	-
7020	Other gains and losses (notes 6(x) and 7)	(33,924)	-	178,477	-
7050	Finance costs (notes 6(n) & (x) and 7)	(51,662)	-	(65,529)	-
7060	Share of profits of subsidiaries, associates and joint ventures (note 6(g))	4,953,384	2	2,524,675	2
	Total non-operating income and loss	5,198,004	2	2,873,428	2
	Income before taxes	13,702,861	5	7,364,262	4
7950	Income tax expenses (note 6(r))	(2,805,434)	(1)	(1,334,975)	1
	Net Income	10,897,427	4	6,029,287	3
	Other comprehensive income (loss) (notes 6(g), (q), (r), (s) & (y)):				
	Items that will not be reclassified subsequently to profit or loss				
8310					
8311	Remeasurements of defined benefit plans	(157,368)	-	(5,026)	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	(83,057)	-	716,961	-
8330	Share of other comprehensive losses of subsidiaries and associates	(103,357)	-	(35,859)	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	31,474	-	1,005	-
	Total items that will not be reclassified subsequently to profit or loss	(312,308)	-	677,081	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations	(2,766,226)	(1)	(1,855,833)	(1)
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	(2,766,226)	(1)	(1,855,833)	(1)
	Other comprehensive loss, net of taxes	(3,078,534)	(1)	(1,178,752)	(1)
	Total comprehensive income for the year	\$ 7,818,893	3	4,850,535	2
	Earnings per share (in New Taiwan dollars) (note 6(t)):				
9750	Basic earnings per share	\$ 3.63		2.01	
9850	Diluted earnings per share	\$ 3.60		1.99	

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACER INCORPORATED

Parent-Company-Only Statements of Changes in Equity

For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings				Other equity			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	Remeasurements of defined benefit plans	Treasury stock
Balance at January 1, 2020	\$ 30,749,338	28,152,962	587,602	2,940,572	2,668,082	6,196,256	(4,187,394)	133,070	(287,903)	(2,914,856)	57,841,473
Net income for the year	-	-	-	-	6,029,287	6,029,287	-	-	-	-	6,029,287
Other comprehensive income (loss) for the year	-	-	-	-	-	-	-	632,065	45,016	-	(1,178,752)
Total comprehensive income (loss) for the year	-	-	-	-	6,029,287	6,029,287	(1,855,833)	632,065	45,016	-	(1,178,752)
Appropriation approved by the stockholders:											
Legal reserve	-	-	266,250	-	(266,250)	-	-	-	-	-	-
Special reserve	-	-	-	1,035,693	(1,035,693)	-	-	-	-	-	-
Cash dividends	-	(1,014,728)	-	-	(1,352,971)	(1,352,971)	-	-	-	-	(1,352,971)
Cash distributed from capital surplus	-	36,416	-	-	-	-	-	-	-	-	36,416
Adjustments of capital surplus for the cash dividends distributed to subsidiaries	-	-	-	-	-	-	-	-	-	(361,943)	(361,943)
Purchase of treasury share	(270,800)	(91,143)	-	-	-	-	-	-	-	361,943	76,443
Retirement of treasury share	-	76,443	-	-	-	-	-	-	-	-	76,443
Share of changes in equity of associates	-	43,604	-	-	-	-	-	-	-	-	43,604
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	174,404	-	-	(12)	(12)	-	-	-	-	174,404
Reorganization under common control	-	-	-	-	-	-	-	-	-	-	(12)
Stock option compensation cost of subsidiaries	-	110	-	-	-	-	-	-	-	-	110
Disposal of financial assets measured at fair value through other comprehensive income by subsidiaries	-	-	-	-	(3,527)	(3,527)	-	3,527	-	-	-
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)	768,662	(242,887)	(2,914,856)	60,293,331
Net income for the year	-	-	-	-	10,897,427	10,897,427	-	-	-	-	10,897,427
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(2,766,226)	(324,225)	11,917	-	(3,078,534)
Total comprehensive income (loss) for the year	-	-	-	-	10,897,427	10,897,427	(2,766,226)	(324,225)	11,917	-	(3,078,534)
Appropriation approved by the stockholders:											
Legal reserve	-	-	602,575	-	(602,575)	-	-	-	-	-	-
Special reserve	-	-	-	857,485	(857,485)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(4,571,781)	(4,571,781)	-	-	-	-	(4,571,781)
Adjustments of capital surplus for the cash dividends distributed to subsidiaries	-	70,119	-	-	-	-	-	-	-	-	70,119
Share of changes in equity of associates	-	(24,908)	-	-	-	-	-	-	-	-	(24,908)
Changes in ownership interests in subsidiaries	-	60,105	-	-	-	-	3,856	(6,544)	2,760	-	60,177
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	-	-	-	-	-	-	-
Stock option compensation cost of subsidiaries	-	29,880	-	-	-	-	-	-	-	-	29,880
Disposal of financial assets measured at fair value through other comprehensive income by the company	-	1,005	-	-	-	-	-	-	-	-	1,005
Disposal of financial assets measured at fair value through other comprehensive income by subsidiaries	-	-	-	-	40,230	40,230	-	(40,230)	-	-	-
Balance at December 31, 2021	\$ 30,478,538	27,514,269	1,456,427	4,833,750	10,596,212	16,886,389	(8,805,597)	746,183	(228,210)	(2,914,856)	63,676,716

See accompanying notes to parent-company-only financial statements.

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ACER INCORPORATED**Parent-Company-Only 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	\$ 13,702,861	7,364,262
Adjustments for:		
Adjustments to reconcile profit or loss:		
Depreciation	140,120	154,282
Amortization	24,593	44,041
Net loss on financial assets measured at fair value through profit or loss	406	1,268
Interest expense	51,662	65,529
Interest income	(42,434)	(50,577)
Dividend income	(287,772)	(185,228)
Share of profits of subsidiaries, associates and joint ventures	(4,953,384)	(2,524,675)
Gain on disposal of equipment and intangible assets	(657)	(1,181)
Property, Plant and equipment reclassified to expenses	917	-
Unrealized (realized) profit on sales to subsidiaries, associates and joint ventures	45,415	(2,440)
Acquisition of financial asset by contribution of technical know-how	-	(17,421)
Other profits from investment	(196)	-
Total adjustments for profit or loss	<u>(5,021,330)</u>	<u>(2,516,402)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Derivative financial instruments measured at fair value through profit or loss	(1,084,932)	650,016
Contract assets	250	1,758
Notes and accounts receivable	(425,105)	(2,045,779)
Notes and accounts receivable from related parties	(12,922,567)	(2,632,315)
Inventories	(2,563,051)	(980,229)
Other receivables and other current assets	(70,225)	3,436
Changes in operating assets	<u>(17,065,630)</u>	<u>(5,003,113)</u>
Changes in operating liabilities:		
Notes and accounts payable	6,028,200	13,931,231
Payables to related parties	159,923	437,903
Refund liabilities	(14,624)	833,999
Other payables and other current liabilities	8,119,742	2,652,811
Provisions	92,572	25,313
Contract liabilities	(69,619)	(28,167)
Other non-current liabilities and long-term payables to related parties	(24,630)	(84,826)
Changes in operating liabilities	<u>14,291,564</u>	<u>17,768,264</u>
Cash provided by operations	5,907,465	17,613,011
Interest received	42,317	50,566
Income taxes paid	(1,065,249)	(13,457)
Net cash provided by operating activities	<u>4,884,533</u>	<u>17,650,120</u>

(Continued)

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(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACER INCORPORATED**Parent-Company-Only 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	(2,175,540)	(297,000)
Proceeds from disposal of financial assets at fair value through other comprehensive income	107,703	-
Proceeds from capital return and liquidation of financial assets measured at fair value through other comprehensive income	2,845	2,746
Additions to investments accounted for using the equity method	(113,655)	(43,365)
Proceeds from disposal of investments accounted for using the equity method	66,165	29,930
Proceeds from capital return of investments accounted for using the equity method	-	602,819
Additions to property, plant and equipment and investment property	(40,378)	(43,789)
Proceeds from disposal of equipment and intangible assets	895	5,251
Increase in receivables from related parties	(412,338)	(84,106)
Additions to intangible assets	(7,810)	(410)
Cash outflows from business demerger	-	(27,718)
Increase in other cost to fulfill a contract	(2,438)	(19,096)
Increase in other non-current financial assets and other non-current assets	(59,894)	(5,096)
Dividends received	<u>560,248</u>	<u>333,191</u>
Net cash flows provided by (used in) investing activities	<u>(2,074,197)</u>	<u>453,357</u>
Cash flows from financing activities:		
Increase in short-term borrowings	23,465,683	5,233,942
Decrease in short-term borrowings	(23,465,683)	(5,233,942)
Proceeds from issuing bonds	10,000,000	-
Repayment of long-term debt	(3,300,000)	(2,500,000)
Payment of lease liabilities	(77,024)	(78,575)
Decrease in loans from related parties	(280,000)	(813,000)
Cash dividends	(4,571,781)	(1,352,971)
Cash distributed from capital surplus	-	(1,014,728)
Purchase of treasury stock	-	(361,943)
Interest paid	<u>(16,677)</u>	<u>(66,019)</u>
Net cash flows provided by (used in) financing activities	<u>1,754,518</u>	<u>(6,187,236)</u>
Net increase in cash and cash equivalents	4,564,854	11,916,241
Cash and cash equivalents at beginning of period	<u>15,999,824</u>	<u>4,083,583</u>
Cash and cash equivalents at end of period	<u>\$ 20,564,678</u>	<u>15,999,824</u>

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