Stock Code:2353

ACER INCORPORATED

Parent-Company-Only Financial Statements
With Independent Auditors' Report
For the Years Ended December 31, 2021 and 2020

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

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Independent Auditors' Report

To the Board of Directors
Acer Incorporated:

Opinion

We have audited the parent-company-only financial statements of Acer Incorporated (the "Company"), which comprise the parent-company-only balance sheets as of December 31, 2021 and 2020, and the parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the parent-company-only financial position of the Company as of December 31, 2021 and 2020, and its parent-company-only financial performance and its parent-company-only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits of the parent-company-only financial statements in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent-company-only financial statements of the current period. These matters were addressed in the context of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent-company-only financial statements for the year ended December 31, 2021 are stated as follows:

1. Revenue recognition

   Refer to Note 4(p) for the accounting policies on recognizing revenue, and Note 5(a) for uncertainty of accounting estimations and assumptions for sales returns and allowances.

Description of key audit matter:

The Company engaged primarily in the sale of brand-name IT products. Revenue is recognized depending on the various trade terms agreed with customers. This exposes the Company to the risk that the sales transactions made close to the balance sheet date are not recorded in the appropriate period. Furthermore, the accrual of sales allowances and returns based on business practice is subject to management's judgment, which involves significant uncertainty. Consequently, the revenue recognition and accrual of sales allowances and returns have been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matters above, we have performed certain audit procedures including, among others, testing the design and operating effectiveness of the Company's internal controls over the timing of revenue recognition; performing a sample test of sales transactions taking place before and after the balance sheet date to ensure that revenue was recognized in the appropriate period; assessing the methodology used by management in estimating sales allowances and returns, including the reasonableness of key assumptions; and inspecting the historical payments of sales allowances and returns to evaluate the reasonableness of the sales allowances and returns estimated by management.

2. Valuation of inventories

Refer to Note 4(g) for the accounting policies on inventory valuation, Note 5(b) for uncertainty of accounting estimations and assumptions for inventory valuation and Note 6(f) for the details of the write-down of inventories.

Description of key audit matter:

Inventories are measured at the lower of cost and net realizable value. Due to the rapid innovation of the computech industry and fierce market competition, the Company's product price may fluctuate rapidly. Furthermore, the stocks for products and components may exceed customers' demands thus becoming obsolete. These factors expose the Company to significant level of uncertainty particularly in the area of estimating net realizable value, which is subject to management's judgments. Therefore, the valuation of inventories has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain audit procedures including, among others, evaluating whether valuation of inventories was accounted for in accordance with the Company's accounting policies; obtaining the inventory aging report, analyzing the fluctuation of inventory aging and selecting samples to verify the accuracy of inventory aging classification; and testing the net realizable value of inventories to evaluate the reasonableness of inventory provisions.

3. Impairment of goodwill from investment in subsidiaries

Refer to Note 4(n) for the accounting policies on impairment of non-financial assets, Note 5(c) for uncertainty of accounting estimations and assumptions for goodwill impairment and Note 6(g) for the evaluation of goodwill impairment.

Description of key audit matter:

Goodwill arising from acquisition of subsidiaries, which are included within the carrying amount of investments accounted for using the equity method, is subject to impairment test annually or at the time there are indications that goodwill may have been impaired. The assessment of the recoverable amount of the cash-generating unit of goodwill involves management's judgment and estimation with respect to the future cash flows and key assumptions which are complex and involve significant uncertainty. Accordingly, the assessment of impairment of goodwill has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain audit procedures including, among others, assessing the basis used by management for identifying the cash-generating units and whether book value of assets belonging to respective cash-generating units have been completely covered; assessing the appropriateness of the estimation base and key assumptions (in particular projected sales growth rate and weighted-average cost of capital) used by the management in measuring the recoverable amount; assessing the historical reasonableness of management's estimates of business forecasts, and performing a sensitivity analysis of key assumptions. In addition to the above audit procedures, we have also involved a valuation specialist to evaluate the appropriateness of the weighted-average cost of capital used and its underlying assumptions; and inspecting the adequacy of the Company' s disclosures of related information on impairment evaluation of goodwill.

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent-company-only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent-company-only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent-company-only financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or aggregated, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent-company-only financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, base on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent-company-only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the disclosures, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the investee companies accounted for using the equity method to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent-company-only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Huei-Chen Chang and Ching-Wen Kao.

KPMG

Taipei, Taiwan (Republic of China)
March 16, 2022

Notes to Readers

The accompanying parent-company-only financial statements are intended only to present the parent-company-only financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent-company-only financial statements are those generally accepted and applied in the Republic of China.

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

(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)

		December 31, 2021		December 31, 2020	
	Assets	**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)

		December 31, 2021		December 31, 2020	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	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	434,939	-	433,513	-
	Total current liabilities	84,291,938	52	69,214,147	51
	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)	14,594	-	20,034	-
	Total non-current liabilities	15,028,184	9	7,094,774	5
	Total liabilities	99,320,122	61	76,308,921	56
	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	(2,914,856)	(2)	(2,914,856)	(2)
	Total equity	63,676,716	39	60,293,331	44
	Total liabilities and equity	**$ 162,996,838**	**100**	**136,602,252**	**100**

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	(Unrealized) 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)):				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Remeasurements of defined benefit plans	(157,368)	-	(5,026)	-
8316	Unrealized gains and losses 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					
	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
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)	(4,342,227)	(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	-	-	-	-	-	-	(1,855,833)	632,065	45,016	(1,178,752)	-	(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)	-	4,850,535
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)
Cash distributed from capital surplus	-	(1,014,728)	-	-	-	-	-	-	-	-	-	(1,014,728)
Adjustments of capital surplus for the cash dividends distributed to subsidiaries	-	36,416	-	-	-	-	-	-	-	-	-	36,416
Purchase of treasury share	-	-	-	-	-	-	-	-	-	-	(361,943)	(361,943)
Retirement of treasury share	(270,800)	(91,143)	-	-	-	-	-	-	-	-	361,943	-
Share of changes in equity of associates	-	76,443	-	-	-	-	-	-	-	-	-	76,443
Changes in ownership interests in subsidiaries	-	43,604	-	-	-	-	-	-	-	-	-	43,604
Difference between consideration and carrying amount of subsidiaries disposed	-	174,404	-	-	-	-	-	-	-	-	-	174,404
Reorganization under common control	-	-	-	-	(12)	(12)	-	-	-	-	-	(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	-	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)	(5,517,452)	(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)	-	(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)	-	7,818,893
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	72	-	60,177
Difference between consideration and carrying amount of subsidiaries aquired or disposed	-	29,880	-	-	-	-	-	-	-	-	-	29,880
Stock option compensation cost of subsidiaries	-	1,005	-	-	-	-	-	-	-	-	-	1,005
Disposal of financial assets measured at fair value through other comprehensive income by the company	-	-	-	-	40,230	40,230	-	(40,230)	-	(40,230)	-	-
Disposal of financial assets measured at fair value through other comprehensive income by subsidiaries	-	-	-	-	(348,520)	(348,520)	-	348,520	-	348,520	-	-
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)**	**(8,287,624)**	**(2,914,856)**	**63,676,716**

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 Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
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	(5,021,330)	(2,516,402)
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	(17,065,630)	(5,003,113)
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	14,291,564	17,768,264
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	4,884,533	17,650,120

(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 Statements of Cash Flows (Continued)

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
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 assets recognized from costs to fulfill contracts with customers	(2,438)	(19,096)
Increase in other non-current financial assets and other non-current assets	(59,894)	(5,096)
Dividends received	560,248	333,191
Net cash flows provided by (used in) investing activities	(2,074,197)	453,357
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	(16,677)	(66,019)
Net cash flows provided by (used in) financing activities	1,754,518	(6,187,236)
Net increase in cash and cash equivalents	4,564,854	11,916,241
Cash and cash equivalents at beginning of period	15,999,824	4,083,583
Cash and cash equivalents at end of period	$ **20,564,678**	**15,999,824**

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

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

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Notes to Parent-Company-Only Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Except for Per Share Information And Otherwise Specified)

1. Organization and business

Acer Incorporated (the "Company") was incorporated on August 1, 1976, as a company limited by shares under the laws of the Republic of China ("R.O.C.") and registered under the Ministry of Economic Affairs, R.O.C.

The Company primarily engages in marketing and sale of brand-name IT products, as well as providing electronic information services to its clients. The Company aims at the integrated applications of Internet of Things (IoT) and service-oriented technology to provide more products and integrated applications combining software, hardware and service for consumer and commercial markets.

2. Authorization of the parent-company-only financial statements

These parent-company-only financial statements were authorized for issuance by the Board of Directors on March 16, 2022.

3. Application of new and revised accounting standards and interpretations:

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

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

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"
- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its financial statements:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(Continued)

ACER INCORPORATED

Notes to Parent-Company-Only Financial Statements

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

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

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

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its parent-company-only financial position and parent-company-only financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its parent-company-only financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

ACER INCORPORATED

Notes to Parent-Company-Only Financial Statements

4. Summary of significant accounting policies

The significant accounting policies presented in the parent-company-only financial statements are summarized as follows. The following accounting policies have been applied consistently to all periods presented in these financial statements.

(a) Statement of compliance

The Company's accompanying parent-company-only financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (the "Regulations").

(b) Basis of preparation

(i) Basis of measurement

The accompanying parent-company-only financial statements have been prepared on a historical cost basis except for the following items:

1) Financial instruments measured at fair value through profit or loss (including derivative financial instruments);
2) Financial assets measured at fair value through other comprehensive income; and
3) Net defined benefit liability measured at present value of defined benefit obligation less the fair value of plan assets.

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The Company's parent-company-only financial statements are presented in New Taiwan dollars, which is the Company's functional currency. Except when otherwise indicated, all financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Foreign currency

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period ("the reporting date"), monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for an investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(Continued)

ACER INCORPORATED

Notes to Parent-Company-Only Financial Statements

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisition, are translated into the presentation currency of the Company's parent-company-only financial statements at the exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated into the presentation currency of the Company's parent-company-only financial statements at the average exchange rates for the period. All resulting exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, joint control, or significant influence is lost, the accumulated exchange differences related to that foreign operation is reclassified to profit or loss. In the case of a partial disposal that does not result in the Company losing control over a subsidiary, the proportionate share of the accumulated exchange differences is reclassified to non-controlling interests. For a partial disposal of the Company's ownership interest in an associate or joint venture, the proportionate share of the accumulated exchange differences in equity is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, the monetary item is, in substance, a part of net investment in that foreign operation, and the related foreign exchange gains and losses thereon are recognized as other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current when one of the following criteria is met; all other assets are classified as non-current assets:

(i) It is expected to be realized, or intended to be sold or consumed in the normal operating cycle;
(ii) It is held primarily for the purpose of trading;
(iii) It is expected to be realized within twelve months after the reporting period; or
(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when one of the following criteria is met; all other liabilities are classified as non-current liabilities:

(i) It is expected to be settled in the normal operating cycle;
(ii) It is held primarily for the purpose of trading;
(iii) It is due to be settled within twelve months after the reporting period; or
(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(Continued)

(e) Cash and cash equivalents

Cash consists of cash on hand, checking deposits, and demand deposits. Cash equivalents consist of short-term and highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that meet the aforesaid criteria and are not held for investing purposes are also classified as cash equivalents.

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL). All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, these assets are measured at amortized cost, using the effective interest method, less impairment loss. Interest income, foreign exchange gains and losses, and recognition (reversal) of impairment loss are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(Continued)

ACER INCORPORATED

Notes to Parent-Company-Only Financial Statements

2) Financial assets measured at fair value through other comprehensive income

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment loss are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, other comprehensive income accumulated in equity are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income. On derecognition, other comprehensive income accumulated in equity is reclassified to retained earnings and is never reclassified to profit or loss.

Dividend income derived from equity investments is recognized on the date that the Company's right to receive the dividends is established (usually the ex-dividend date).

3) Financial assets measured at fair value through profit or loss

All financial assets not classified as measured at amortized cost or at FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any dividend and interest income, are recognized in profit or loss.

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses ("ECL") on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables and other financial assets) and contract assets.

The Company measures loss allowances for accounts receivable, contract assets and other financial assets at an amount equal to lifetime ECL, except for the following financial assets which are measured using 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. The information includes both quantitative and qualitative information and analysis based on the Company's historical experience and credit assessment, as well as forward-looking information.

ECLs are probability-weighted estimate of credit losses over the expected life of financial assets. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(Continued)

ACER INCORPORATED

Notes to Parent-Company-Only Financial Statements

The Company enters into transactions whereby it transfers assets recognized in its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets; in these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual agreements and the definitions of a financial liability and an equity instrument.

2) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recognized at the amount of consideration received, less the direct issuing cost.

3) Treasury stock

When shares recognized as equity are repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury stock. When treasury stock is sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to cover the deficiency).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been fulfilled or cancelled, or has expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of a financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(Continued)

6) Offsetting of financial assets and liabilities

Financial assets and liabilities are presented on a net basis only when the Company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(iii) Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments to hedge its foreign currency exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

The Company designates certain derivative instruments as either fair value hedges or cash flow hedges. At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows or fair value of the hedged item and hedging instrument are expected to offset each other.

1) Fair value hedge

Changes in the fair value of a hedging instrument that is qualified as a fair value hedge are recognized in profit or loss (or other comprehensive income, if the hedged item is equity instrument measured at FVOCI).

2) Cash flow hedge

When a derivative is designated and qualified as a cash flow hedging instrument, the effective portion of changes in the fair value is recognized in other comprehensive income and accumulated in “other equity —gains (losses) on hedging instruments”, and is limited to the cumulative change in fair value of the hedged item from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the same periods when the hedged item is recognized in profit or loss, and are included in the same account in the statements of comprehensive income as the hedged item.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted-average method, and includes expenditure incurred in bringing them to their existing location and condition. Net realizable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and necessary selling expenses.

(Continued)

ACER INCORPORATED

Notes to Parent-Company-Only Financial Statements

(h) Investments accounted for using the equity method

Investments accounted for using the equity method include investments in associates and interests in joint venture.

An associate is an entity in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses. When necessary, the entire carrying amount of the investment (including goodwill) will be tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company recognizes its share of the profit or loss and other comprehensive income of those associates from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in percentage of ownership.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated investors' interests in the associate.

Adjustments are made to associates' financial statements to conform to the accounting polices applied by the Company.

When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing of a part interest in the associate, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Company accounts for all the amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (or retained earnings) when the equity method is discontinued. If the Company's ownership interest in an associate is reduced while it continues to apply the equity method, the Company reclassifies the proportion of the gain or loss that had previously been

(Continued)

recognized in other comprehensive income relating to the reduction in ownership interest to profit or loss (or retained earnings).

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. If the adjustments are charged to capital surplus and the capital surplus resulting from investments accounted for using the equity method is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

A joint venture is a joint arrangement whereby the Company has joint control of the arrangement (i.e. joint ventures) in which the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Company recognizes its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with IAS 28 "Investments in Associates and Joint Ventures", unless the Company qualifies for exemption from that Standard.

When assessing the classification of a joint arrangement, the Company considers the structure and legal form of the arrangement, the terms in the contractual arrangement, and other facts and circumstances. When the facts and circumstances change, the Company reevaluates whether the classification of the joint arrangement has changed.

(i) Investments in subsidiaries

When preparing the parent-company-only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Carrying amount of investments in subsidiaries includes goodwill arising from initial recognition less any accumulated impairment losses, which is recognized as a reduction of carry amount. Under the equity method, profit or loss and other comprehensive income recognized in parent-company-only financial statement is in line with total comprehensive income attributable to owners of the Parent in the consolidated financial statements. In addition, changes in equity recognized in parent-company-only financial statement is in line with the changes in equity attributable to owners of parent in the consolidated financial statements. Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

The Company uses acquisition method for acquisitions of new subsidiaries. The goodwill arising from an acquisition is measured as the excess of the acquisition-date fair value of consideration transferred, including the amount of non-controlling interest in the acquiree, over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed (generally at fair value). If the amount calculated above is a deficit balance, the Company recognizes that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed. For each business combination, non-controlling interest in the acquiree is measured either at fair value or at the non-controlling interest's proportionate share of the fair value of acquiree's identifiable net assets.

(Continued)

In an acquisition of new subsidiary achieved in stages, the Company shall remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss in profit or loss. The amount previously recognized in other comprehensive income in relation to the changes in the value of the Company’ s equity interest should be reclassified to profit or loss on the same basis as would be required if the Company had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

Acquisition-related costs are expensed as incurred except for the costs related to issuance of debt or equity instruments.

(j) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the purpose of the property changes from owner-occupied to investment.

(iii) Subsequent costs

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iv) Depreciation

Depreciation is calculated on the cost of assets less their residual values and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated. The estimated useful lives of property, plant and equipment are as follows: buildings－main structure - 30 to 50 years; air-conditioning system - 10 years; other equipment pertaining to buildings - 20 years; computer and communication equipment - 3 to 5 years; other equipment - 3 to 10 years.

(Continued)

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Notes to Parent-Company-Only Financial Statements

Depreciation methods, useful lives, and residual values are reviewed at each financial year-end, with the effect of any changes in estimate accounted for on a prospective basis.

(k) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. The methods for depreciating and determining the useful life and residual value of investment property are the same as those adopted for property, plant and equipment.

Rental income from investment property is recognized as other operating income and expenses on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

An investment property is reclassified to property, plant and equipment at its carrying amount when the purpose of the investment property has been changed from investment to owner-occupied.

(l) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically evaluated and reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(Continued)

- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change of the Company's assessment on whether it will exercise an option to purchase the underlying asset, or;
- there is a change in the lease term resulting from a change of the Company's assessment on whether it will exercise an extension or termination option; or
- there is any lease modifications in lease subject, scope of the lease or other terms.

At inception or on reassessment of whether a contract contains a lease, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings, the Company has elected not to separate non-lease components and account for each lease component and any associated non-lease components as a single lease component.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference in profit or loss for any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment properties and lease liabilities as a separate line item respectively in the parent-company-only balance sheets.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(Continued)

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Notes to Parent-Company-Only Financial Statements

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

For operating lease, the Company recognizes rental income on a straight-line basis over the lease term.

(m) Intangible assets

(i) Goodwill

Goodwill arising from acquisitions of subsidiaries is accounted for as intangible assets. Refer to note 4(i) for the description of the measurement of goodwill at initial recognition. Goodwill arising from acquisitions of subsidiaries and associates are included in the carrying amount of investments in associates. Goodwill is not amortized but is measured at cost less accumulated impairment losses.

(ii) Trademarks

Trademarks are measured at cost. Subsequent to the initial recognition, trademarks with definite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis. Trademarks with indefinite useful lives are carried at cost less any accumulated impairment losses and are tested for impairment annually. The useful life of an intangible asset not subject to amortization is reviewed annually at each financial year-end to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Any change in the useful life assessment from indefinite to definite is accounted for as a change in accounting estimate.

(iii) Other intangible assets

Other separately acquired intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized in profit or loss on a straight-line basis over the following estimated useful lives: patents - 4 to 15 years; acquired software - 1 to 3 years.

The residual value, amortization period, and amortization method are reviewed at least at each financial year-end, with the effect of any changes in estimate accounted for on a prospective basis.

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(n) Impairment of non-financial assets

The Company assesses at the end of each reporting date whether there is any indication that the carrying amounts of non-financial assets (other than inventories, contract assets, and deferred tax assets) may be impaired. If any such indication exists, then the asset’ s recoverable amount is estimated. Goodwill is tested annually or when there are indications of impairment.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. Goodwill arising from a business combination is allocated to cash-generating units (“CGUs”) or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an individual asset or CGU is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other non-financial assets, an impairment loss is reversed only to the extent that the asset’s carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the assets in prior years.

(o) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

(i) Warranties

A provision for warranties is recognized when the underlying products or services are sold. This provision reflects the historical warranty claim rate and the weighting of all possible outcomes against their associated probabilities.

(ii) Others

Provisions for litigation claims and environmental restoration are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

(Continued)

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Notes to Parent-Company-Only Financial Statements

(p) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company’s main types of revenue are explained below.

1) Sale of goods

The Company recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company recognizes revenue based on the price specified in the contract, net of the estimated volume discounts and rebates. Accumulated experience is used to estimate the discounts and rebates using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability is recognized for expected sales discounts and rebate payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term ranged from 30 to 90 days, which is consistent with the market practice.

The Company’s obligation to provide a refund for faulty goods under the standard warranty terms is recognized as a provision for warranty. Please refer to note 6(o) for more explanation.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

2) Revenue from service rendered

The Company provides system implementation or integration services to enterprise customers. Revenue from providing services is recognized in the accounting periods in which the services are rendered. For performance obligations that are satisfied over time, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on the portion of the work performed, the time passed by, or the milestone reached.

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Estimates of revenues, costs, or extent of progress toward completion, are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by the management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the accumulated revenue recognized by the Company exceed the payments, a contract asset is recognized. If the payments exceed the accumulated revenue recognized, a contract liability is recognized.

3) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and the payment made by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(ii) Contract costs

1) Incremental costs of obtaining a contract

The Company recognizes the incremental costs of obtaining a contract with a customer as an asset if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred, regardless of whether the contract was obtained, shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Company applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the Company otherwise would have recognized is one year or less.

2) Assets recognized from costs to fulfill contracts with customers

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (e.g., IAS 2 *Inventories*, IAS 16 *Property, Plant and Equipment* or IAS 38 *Intangible Assets*), the Company recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify;
- the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

(Continued)

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Company cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations) are recognized as expenses when incurred.

(q) Government grant

A government grant is recognized in profit or loss only when there is reasonable assurance that the Company will comply with the conditions associated with the grant and that the grant will be received.

A government grant is recognized in profit or loss in the period in which it becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company without future related costs.

Government grant is recorded in other operating income and expenses.

(r) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed during the year in which employees render services.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The discount rate for calculating the present value of the defined benefit obligation refers to the interest rate of high-quality government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. The defined benefit obligation is calculated annually by qualified actuaries using the projected unit credit method.

When the benefits of a plan are improved, the expenses related to the increased obligations resulting from the services rendered by employees in the past years are recognized in profit or loss immediately.

The remeasurements of the net defined benefit liability (asset) comprise (i) actuarial gains and losses; (ii) return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and (iii) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset). The remeasurements of the net defined benefit liability (asset) are recognized in other comprehensive income and reflected in other equity.

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The Company recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets and any change in the present value of the defined benefit obligation.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed during the period in which employees render services. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to make such payments as a result of past service provided by the employees, and the obligation can be estimated reliably.

(s) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, and the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The grant date of options for employees to subscribe new shares for a cash injection is the date when the Board of Directors approves the exercise price and the shares to which employees can subscribe.

(t) Income taxes

Income taxes comprise current taxes and deferred taxes. Current and deferred taxes are recognized in profit or loss unless they relate to business combinations or items recognized directly in equity or other comprehensive income.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for:

(i) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
(ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(Continued)

(iii) Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(u) Earnings per share ("EPS")

The basic and diluted EPS attributable to stockholders of the Company are disclosed in the financial statements. Basic EPS is calculated by dividing net income attributable to stockholders of the Company by the weighted-average number of common shares outstanding during the year. In calculating diluted EPS, the net income attributable to stockholders of the Company and weighted-average number of common shares outstanding during the year are adjusted for the effects of dilutive potential common shares. The Company's dilutive potential common shares include profit sharing for employees to be settled in the form of common stock.

(v) Operating segments

The Company discloses the operating segment information in the consolidated financial statements. Therefore, the Company does not disclose the operating segment information in the parent-company-only financial statements.

5. Critical accounting judgments and key sources of estimation and assumption uncertainty

The preparation of the parent-company-only financial statements in conformity with the Regulations Governing the Preparation of Financial Reports requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in the future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included as follows:

(a) Revenue recognition (accrual of sales return and allowance)

The Company records a refund liability for estimated future returns and other allowances in the same period the related revenue is recognized. Refund liability for estimated sales returns and other allowances is generally made and adjusted based on historical experience, channel inventory, market and economic conditions, and any other factors that would significantly affect the allowance. The adequacy of estimations is reviewed periodically. The fierce market competition and rapid evolution of technology could result in significant adjustments to the accruals made.

(b) Valuation of inventory

Inventories are measured at the lower of cost or net realizable value. The Company uses judgment and estimates to determine the net realizable value of inventory at each reporting date.

Due to rapid technological changes, the Company estimates the net realizable value of inventory, taking obsolescence and unmarketable items into account at the reporting date, and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a time horizon, which could result in significant adjustments. Refer to note 6(f) for further description of inventory write-downs.

(c) Impairment of goodwill from investments in subsidiaries

The assessment of impairment of goodwill requires the Company to make subjective judgments to identify cash-generating units, allocate the goodwill to relevant cash-generating units, and estimate the recoverable amount of relevant cash-generating units. Any changes in these estimates based on changed economic conditions or business strategies could result in significant adjustments in future years. Refer to note 6(g) for further description of the impairment of goodwill.

(Continued)

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Notes to Parent-Company-Only Financial Statements

6. Significant account disclosures

(a) Cash and cash equivalents

		December 31, 2021	December 31, 2020
Cash on hand	$	514	514
Bank deposits		18,814,366	8,405,609
Time deposits		1,749,798	7,593,701
	$	**20,564,678**	**15,999,824**

(b) Financial instruments measured at fair value through profit or loss－current

		December 31, 2021	December 31, 2020
Financial assets mandatorily measured at fair value through profit or loss:			
Derivative instruments not used for hedging			
Foreign currency forward contracts	$	441,494	154,578
Non-derivative financial assets			
Stocks listed on foreign markets		1,754	2,160
	$	**443,248**	**156,738**
Financial liabilities held for trading－current:			
Derivatives－Foreign currency forward contracts	$	**(145,969)**	**(943,985)**

Please refer to note 6(x) for the amounts recognized in profit or loss arising from remeasurement at fair value.

The Company entered into derivative contracts to manage foreign currency exchange risk arising from operating activities. At each reporting date, the outstanding foreign currency forward contracts that did not conform to the criteria for hedge accounting consisted of the following (the contract amount was presented in USD):

(i) Foreign currency forward contracts

December 31, 2021			
Contract amount (in thousands)		**Currency**	**Maturity period**
USD	595,000	USD / NTD	2022/01
USD	669,048	EUR / USD	2022/01~2022/05
USD	10,494	NZD / USD	2022/01~2022/05
USD	115,082	AUD / USD	2022/01~2022/06
USD	31,917	USD / JPY	2022/01~2022/08
USD	214,969	USD / INR	2022/01~2022/06

(Continued)

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Notes to Parent-Company-Only Financial Statements

December 31, 2020			
Contract amount (in thousands)		**Currency**	**Maturity period**
USD	594,000	USD / NTD	2021/01
USD	434,729	EUR / USD	2021/01~2021/05
USD	12,220	NZD / USD	2021/01~2021/05
USD	76,759	AUD / USD	2021/04~2021/05
USD	146,869	USD / JPY	2021/01~2021/07
USD	117,419	USD / INR	2021/01~2021/07

(c) Financial assets measured at fair value through other comprehensive income

	December 31, 2021	December 31, 2020
Equity investments measured at fair value through other comprehensive income		
Domestic listed stock	$ 6,533,121	4,568,341
Domestic unlisted stock	157,421	140,266
	$ 6,690,542	**4,708,607**
Current	$ -	51,857
Non-current	6,690,542	4,656,750
	$ 6,690,542	**4,708,607**

The Company designated the investments shown above financial assets measured as at fair value through other comprehensive income because these equity instruments are held for long-term strategic purposes and not for trading. Certain financial assets measured at FVOCI were disposed of in 2021, the related gain accumulated in other comprehensive income of $40,230 has been reclassified from other equity to retained earnings, accordingly.

(d) Notes and accounts receivable, net (measured at amortized cost)

	December 31, 2021	December 31, 2020
Notes receivable	$ 14,619	16,502
Accounts receivable	6,322,943	5,896,378
Less: loss allowance	(1,798)	(2,221)
	6,335,764	5,910,659
Notes and accounts receivable from related parties (note 7(b))	37,518,525	24,595,958
	$ 43,854,289	**30,506,617**

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The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. Forward looking information is taken into consideration as well. Analysis of expected credit losses on notes and accounts receivable was as follows:

	December 31, 2021		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance**
Current	$ 5,579,837	0.03%	(1,798)
Past due 1-30 days	704,925	0.00%	-
Past due 31-60 days	34,807	0.00%	-
Past due 61-90 days	14,418	0.00%	-
Past due 91-180 days	3,556	0.00%	-
Past due 181 days or over	19	0.00%	-
	$ 6,337,562		**(1,798)**

	December 31, 2020		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance**
Current	$ 5,135,039	0.04%	(1,925)
Past due 1-30 days	527,116	0.04%	(188)
Past due 31-60 days	60,375	0.17%	(101)
Past due 61-90 days	189,767	0.00%	-
Past due 91-180 days	489	1.43%	(7)
Past due 181 days or over	94	0.00%	-
	$ 5,912,880		**(2,221)**

(Continued)

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As of December 31, 2021 and 2020, no expected credit losses was provided for abovementioned notes and accounts receivable from related parties after management's assessment. The analysis was as follows:

	December 31, 2021	December 31, 2020
Current	$ 34,606,560	19,989,238
Past due 1-30 days	2,053,424	1,509,349
Past due 31-60 days	389,904	1,941,296
Past due 61-90 days	222,040	711,999
Past due 91-180 days	163,924	358,961
Past due 181 days or over	82,673	85,115
	$ 37,518,525	**24,595,958**

Movements of the allowance for notes and accounts receivable were as follows:

	2021	2020
Balance at January 1	$ 2,221	3,613
Impairment losses reversed	(423)	(1,051)
Write-off	-	(341)
Balance at December 31	**$ 1,798**	**2,221**

(e) Other receivables, net

	December 31, 2021	December 31, 2020
Other receivables from related parties (note 7(b))	$ 664,582	214,152
Reimbursement of advertising expense	157,508	19,474
Purchase discount	85,860	171,381
Others	19,956	16,551
	927,906	421,558
Less: loss allowance	(150)	(855)
	$ 927,756	**420,703**

As of December 31, 2021 and 2020, except for the loss allowance fully provided for certain other receivables, no other loss allowance was provided for other receivables after management's assessment.

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(f) Inventories

	December 31, 2021	December 31, 2020
Raw materials	$ 14,497,453	12,581,388
Finished goods and merchandise	815,669	649,950
Spare parts	57,484	84,461
Inventories in transit	842,993	341,789
	$ **16,213,599**	**13,657,588**

For the years ended December 31, 2021 and 2020, the amounts of inventories recognized as cost of revenues were $214,865,824 and $183,044,036, respectively, of which $959,823 and $(309,033), respectively, was the write-down of inventories (reversal of write-downs). The write-downs arose from the write-down of inventories to net realizable value. The reversal of write-downs arose from the increase in the net realizable value or sale of inventories, and the circumstance of net realizable value of inventory to be lower than its cost no longer existed.

(g) Investments accounted for using the equity method

A summary of the Company's investments accounted for using the equity method is as follows:

	December 31, 2021	December 31, 2020
Subsidiaries	$ 67,870,064	65,941,416
Associates	10,030	9,186
Joint Ventures	71,601	89,318
	$ **67,951,695**	**66,039,920**

(i) For the information of subsidiaries, please refer to the consolidated financial statements for the year ended December 31, 2021.

(ii) The Company has performed an impairment test for Goodwill from investment in subsidiaries, and there was no impairment as a result of the test. Please refer to the consolidated financial statements for the year ended December 31, 2021 for the description of the impairment of goodwill.

(iii) Associates and joint venture

Name of Associates and Joint Venture	December 31, 2021 Percentage of ownership	December 31, 2021 Carrying amount	December 31, 2020 Percentage of ownership	December 31, 2020 Carrying amount
Associates	-	$ 10,030	-	9,186
Joint Venture:				
Smart Frequency Technology Inc. ("SFT", note (i))	55.00	71,601	55.00	89,318
		$ **81,631**		**98,504**

Note (i): According to the joint venture agreement with a third party, the Company and the other party have joint control over SFT. Accordingly, this investment is accounted for using the equity method.

(Continued)

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		2021	2020
The Company's share of net income (loss) of the associates:			
Net income	$	844	595
Other comprehensive income		-	-
Total comprehensive income	$	**844**	**595**

		2021	2020
The Company's share of net loss of the joint venture:			
Net loss	$	(17,717)	(19,713)
Other comprehensive income		-	-
Total comprehensive loss	$	**(17,717)**	**(19,713)**

(h) Property, plant and equipment

The movements of cost, and accumulated depreciation and impairment loss of the property, plant and equipment were as follows:

	Land	Buildings	Computer and communication equipment	Other equipment	Total
Cost or deemed cost:					
Balance at January 1, 2021	$ 1,550,181	2,774,665	583,180	274,992	5,183,018
Additions	-	23,956	12,480	3,498	39,934
Disposals	-	-	(63,175)	(2,678)	(65,853)
Reclassifications	(122,442)	(256,672)	1,540	186	(377,388)
Balance at December 31, 2021	**$ 1,427,739**	**2,541,949**	**534,025**	**275,998**	**4,779,711**
Balance at January 1, 2020	$ 963,542	1,413,224	607,864	280,743	3,265,373
Additions	-	14,080	10,507	4,787	29,374
Disposals	-	-	(52,714)	(8,840)	(61,554)
Reclassifications	586,639	1,347,361	17,523	(1,698)	1,949,825
Balance at December 31, 2020	**$ 1,550,181**	**2,774,665**	**583,180**	**274,992**	**5,183,018**
Accumulated depreciation and impairment loss:					
Balance at January 1, 2021	$ 320,087	2,223,737	541,365	253,309	3,338,498
Depreciation	-	24,503	18,763	9,725	52,991
Disposals	-	-	(63,034)	(2,581)	(65,615)
Reclassifications	(41,210)	(240,734)	(4,583)	186	(286,341)
Balance at December 31, 2021	**$ 278,877**	**2,007,506**	**492,511**	**260,639**	**3,039,533**
Balance at January 1, 2020	$ 126,540	1,010,242	567,890	249,816	1,954,488
Depreciation	-	25,279	22,785	13,199	61,263
Disposals	-	-	(49,310)	(8,174)	(57,484)
Reclassifications	193,547	1,188,216	-	(1,532)	1,380,231
Balance at December 31, 2020	**$ 320,087**	**2,223,737**	**541,365**	**253,309**	**3,338,498**
Carrying amounts:					
Balance at December 31, 2021	**$ 1,148,862**	**534,443**	**41,514**	**15,359**	**1,740,178**
Balance at December 31, 2020	**$ 1,230,094**	**550,928**	**41,815**	**21,683**	**1,844,520**

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ACER INCORPORATED
Notes to Parent-Company-Only Financial Statements

(i) Right-of-use assets

	Buildings	Other equipment	Total
Cost:			
Balance at January 1, 2021	$ 205,855	6,117	211,972
Additions	79,645	-	79,645
Disposals	(110,572)	-	(110,572)
Balance at December 31, 2021	**$ 174,928**	**6,117**	**181,045**
Balance at January 1, 2020	$ 208,362	3,332	211,694
Additions	13,115	6,117	19,232
Disposals	(15,622)	(3,332)	(18,954)
Balance at December 31, 2020	**$ 205,855**	**6,117**	**211,972**
Accumulated depreciation:			
Balance at January 1, 2021	$ 137,425	580	138,005
Depreciation	74,753	2,039	76,792
Disposals	(110,508)	-	(110,508)
Balance at December 31, 2021	**$ 101,670**	**2,619**	**104,289**
Balance at January 1, 2020	$ 76,672	1,973	78,645
Depreciation	76,375	1,939	78,314
Disposals	(15,622)	(3,332)	(18,954)
Balance at December 31, 2020	**$ 137,425**	**580**	**138,005**
Carrying amount:			
Balance at December 31, 2021	**$ 73,258**	**3,498**	**76,756**
Balance at December 31, 2020	**$ 68,430**	**5,537**	**73,967**

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(j) Investment property

	Land	Buildings	Total
Cost or deemed cost:			
Balance at January 1, 2021	$ 718,427	1,905,121	2,623,548
Additions	-	444	444
Reclassifications	122,442	256,771	379,213
Balance at December 31, 2021	**$ 840,869**	**2,162,336**	**3,003,205**
Balance at January 1, 2020	$ 1,305,066	3,237,899	4,542,965
Additions	-	14,415	14,415
Reclassifications	(586,639)	(1,347,193)	(1,933,832)
Balance at December 31, 2020	**$ 718,427**	**1,905,121**	**2,623,548**
Accumulated depreciation and impairment loss:			
Balance at January 1, 2021	$ 233,500	1,665,544	1,899,044
Depreciation	-	10,337	10,337
Reclassifications	41,210	240,833	282,043
Balance at December 31, 2021	**$ 274,710**	**1,916,714**	**2,191,424**
Balance at January 1, 2020	$ 427,047	2,839,053	3,266,100
Depreciation	-	14,705	14,705
Reclassifications	(193,547)	(1,188,214)	(1,381,761)
Balance at December 31, 2020	**$ 233,500**	**1,665,544**	**1,899,044**
Carrying amounts:			
Balance at December 31, 2021	**$ 566,159**	**245,622**	**811,781**
Balance at December 31, 2020	**$ 484,927**	**239,577**	**724,504**
Fair value:			
Balance at December 31, 2021			**$ 1,242,984**
Balance at December 31, 2020			**$ 1,130,556**

The fair value of the investment property is determined by referring to the market price of similar real estate transaction or the value in use of the investment property. The value in use is the present value of the future cash flows from continuous lease activities. On December 31, 2021 and 2020, the estimated discount rate used for calculating the present value of the future cash flows was 5.79% and 5.18%, respectively.

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(k) Intangible assets

The movements of costs, and accumulated amortization and impairment loss of intangible assets were as follows:

		Goodwill	Trademarks and trade names	Patent	Software	Total
Net balance at January 1, 2021:						
Cost	$	166,604	7,489,298	1,344,680	670,320	9,670,902
Accumulated amortization and impairment loss		-	(7,489,298)	(1,337,199)	(663,876)	(9,490,373)
Net balance at January 1, 2021		166,604	-	7,481	6,444	180,529
Additions		-	-	-	7,810	7,810
Amortization		-	-	(5,796)	(6,729)	(12,525)
Net balance at December 31, 2021	**$**	**166,604**	**-**	**1,685**	**7,525**	**175,814**
Net balance at December 31, 2021:						
Cost	$	166,604	7,489,298	1,344,680	669,019	9,669,601
Accumulated amortization and impairment loss		-	(7,489,298)	(1,342,995)	(661,494)	(9,493,787)
	$	**166,604**	**-**	**1,685**	**7,525**	**175,814**
Net balance at January 1, 2020:						
Cost	$	166,604	7,489,298	1,344,680	669,968	9,670,550
Accumulated amortization and impairment loss		-	(7,489,298)	(1,319,116)	(654,221)	(9,462,635)
Net balance at January 1, 2020		166,604	-	25,564	15,747	207,915
Additions		-	-	-	410	410
Amortization		-	-	(18,083)	(9,713)	(27,796)
Net balance at December 31, 2020	**$**	**166,604**	**-**	**7,481**	**6,444**	**180,529**
Net balance at December 31, 2020:						
Cost	$	166,604	7,489,298	1,344,680	670,320	9,670,902
Accumulated amortization and impairment loss		-	(7,489,298)	(1,337,199)	(663,876)	(9,490,373)
	$	**166,604**	**-**	**7,481**	**6,444**	**180,529**

The amortization and impairment loss of intangible assets were included in operating expenses of the parent-company-only statements of comprehensive income.

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Notes to Parent-Company-Only Financial Statements

(l) Long-term debt

Type of Loan	Creditor	Credit Line	Term	December 31, 2021	December 31, 2020
Unsecured loan	Bank of Taiwan	The term tranche of $4 billion may be withdrawn separately.	The interest is paid monthly starting September 2019. The principal will be repaid in lump sum amount when due in September 2022. Interest rate is adjusted quarterly.The principal was early repaid in May 2021.	-	3,300,000
				$ -	**3,300,000**
Unused credit facilities				**$ 8,469,000**	**4,400,000**
Interest rate				**-**	**0.90%**

No financial covenants were required for the unsecured loan agreements with Bank of Taiwan. Please refer to note 6(x) for related interest expense with respect to the abovementioned bank loans.

(m) Bonds payable

	December 31, 2021	December 31, 2020
Unsecured bonds payable	**$ 10,000,000**	**-**

On April 27, 2021, the Company issued $5,000,000 of unsecured corporate bonds at par value. The bonds have 5-year term and are repayable on maturity. The bonds bears annual coupon rate of 0.76% and interests are payable annually at coupon rate from the issuance date. On August 26, 2021, the Company issued $5,000,000 of unsecured corporate bonds at par value. The bonds have 5- year term and are repayable in two equal installments on August 26, 2025 and on maturity. The bonds bears annual coupon rate of 0.62% and interests are payable annually at coupon rate from the issuance date.

(n) Lease liabilities

(i) The carrying amounts of lease liabilities were as follows:

	December 31, 2021	December 31, 2020
Current	**$ 43,432**	**60,449**
Non-current	**$ 33,810**	**14,236**

Please refer to note 6(z) for maturity analysis.

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(ii) The amounts recognized in profit or loss were as follows:

	2021	2020
Interest on lease liabilities	$ 891	1,889
Expenses relating to short-term leases	$ 3,129	2,415
Expenses relating to leases of low-value assets	$ 33	36

(iii) The amounts recognized in the statement of cash flows for the Company were as follows:

	2021	2020
Total cash outflow for leases	$ 81,077	82,915

(iv) Major terms of leases

The Company leases buildings, vehicles, office equipment, and miscellaneous equipment with lease terms ranged from 1 to 6 years. As certain leases of office and miscellaneous equipment meet the definition of short-term lease or lease of low-value assets, the Company has elected to apply exemption and not to recognize right-of-use assets and lease liabilities.

(o) Provisions－current

	Warranties	Litigation	Environmental protection	Total
Balance at January 1, 2021	$ 482,287	199,556	60,310	742,153
Additions	312,444	-	46,402	358,846
Amount utilized	(214,101)	-	(45,092)	(259,193)
Effect of exchange rate changes	(1,355)	(5,726)	-	(7,081)
Balance at December 31, 2021	$ 579,275	193,830	61,620	834,725
Balance at January 1, 2020	$ 428,096	210,742	78,002	716,840
Additions	261,274	-	46,909	308,183
Amount utilized	(205,475)	-	(64,601)	(270,076)
Effect of exchange rate changes	(1,608)	(11,186)	-	(12,794)
Balance at December 31, 2020	$ 482,287	199,556	60,310	742,153

(i) Warranties

The provision for warranties is made based on the number of units sold currently under warranty, historical rates of warranty claim on those units, and cost per claim to satisfy the warranty obligation. The Company reviews the estimation basis on an ongoing basis and revises it when appropriate.

(ii) Litigation

Litigation provisions are recorded for pending litigation when it is determined that an unfavorable outcome is probable and the amount of loss can be reasonably estimated.

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Notes to Parent-Company-Only Financial Statements

(iii) Environmental protection

An environmental protection provision is made when products are sold and is estimated based on historical experience.

(p) Operating lease

The Company leases its investment property to others. The Company has classified these leases as operating leases as it does not transfer substantially all the risks and rewards incidental to ownership of the assets to lessees. Please refer to note 6(j) for the information of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date, is as follows:

	December 31, 2021	December 31, 2020
Less than 1 year	$ 82,025	96,074
1 year to 2 years	36,591	65,075
2 years to 3 years	22,939	33,130
3 years to 4 years	13,424	24,199
4 years to 5 years	11,160	15,134
Over 5 years	35,394	22,607
Total undiscounted lease payments	**$ 201,533**	**256,219**

In 2021 and 2020, the rental income from investment property amounted to $104,831 and $124,335, respectively, were recognized and included in other operating income and loss. Related repair and maintenance expenses recognized were as follows:

	2021	2020
Arising from investment property that generated rental income during the period	$ 34,756	40,879
Arising from investment property that did not generate rental income during the period	11,957	25,798
	$ 46,713	**66,677**

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(q) Employee benefits

(i) Defined benefit plans

The reconciliation between the present value of defined benefit obligations and the net defined benefit liabilities for defined benefit plans was as follows:

	December 31, 2021	December 31, 2020
Present value of benefit obligations	$ 945,444	890,212
Fair value of plan assets	(226,570)	(314,957)
Net defined benefit liabilities (reported under other non-current liabilities)	**$ 718,874**	**575,255**

The Company makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pension benefits for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive a payment based on years of service and average salary for the six months prior to the employee's retirement.

1) Composition of plan assets

The pension fund (the "Fund") contributed by the Company is managed and administered by the Bureau of Labor Funds of the Ministry of Labor (the Bureau of Labor Funds). According to the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", with regard to the utilization of the Fund, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks. The Company also established pension funds in accordance with the " Regulations Governing the Management, Investment, and Distribution of the Employees' Retirement Fund Established by a Profit-seeking Enterprise", which are funded by time deposits and bank deposits deposited in the designated financial institutions. The administration of pension funds is separate from the Company, and the principal and interest from such funds shall not be used in any form except for the payment of pension and severance to employees.

As of December 31, 2021 and 2020, the balances of aforementioned pension funds were $226,570 and $314,957, respectively. For information on the domestic labor pension fund assets (including the asset portfolio and yield of the fund), please refer to the website of the Bureau of Labor Funds.

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2) Movements in present value of the defined benefit obligations

		2021	2020
Defined benefit obligations at January 1	$	890,212	892,600
Current service costs		8,750	9,394
Interest expense		5,521	8,730
Remeasurement on the net defined benefit liabilities:			
Actuarial loss (gain) arising from experience adjustments		49,502	(22,698)
Actuarial loss (gain) arising from changes in demographic assumption		19,838	-
Actuarial loss (gain) arising from changes in financial assumption		90,527	35,564
Benefits paid by the company and the plan		(97,193)	(49,125)
Liabilities assumed (transferred) due to the Group's employee shift		(21,713)	15,747
Defined benefit obligations at December 31	**$**	**945,444**	**890,212**

3) Movements in fair value of plan assets

		2021	2020
Fair value of plan assets at January 1	$	314,957	346,535
Remeasurement on the net defined benefit liabilities			
Return on plan assets (excluding amounts included in net interest expense)		2,499	7,840
Benefits paid by the plan		(95,960)	(49,125)
Interest income		1,381	2,311
Contributions by the employer		27,103	24,701
Payments to related parties for transferred employees		(1,196)	(9,216)
Loss on curtailment		(22,214)	(8,089)
Fair value of plan assets at December 31	**$**	**226,570**	**314,957**

4) Changes in the effect of the asset ceiling

In 2021 and 2020, there was no effect of the asset ceiling.

5) Expenses recognized in profit or loss

		2021	2020
Current service costs	$	8,750	9,394
Net interest expense		4,140	6,419
Loss on curtailment		22,214	8,089
	$	**35,104**	**23,902**
Classified under operating expense	**$**	**35,104**	**23,902**

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6) Actuarial assumptions

The principal assumptions of the actuarial valuation were as follows:

	December 31, 2021	December 31, 2020
Discount rate	0.625 %	0.625 %
Future salary increases rate	4.000 %	3.000 %

The Company expects to make contribution of $24,203 to the defined benefit plans in the year following December 31, 2021. The weighted average duration of the defined benefit plans is 12.86 years.

7) Sensitivity analysis

The following table summarizes the impact of a change in the assumptions on the present value of the defined benefit obligation on December 31, 2021 and 2020.

	December 31, 2021		December 31, 2020	
	0.25% Increase	0.25% Decrease	0.25% Increase	0.25% Decrease
Discount rate	$ (24,802)	25,665	(23,919)	24,828
Future salary increasing rate	$ 24,284	(23,636)	23,719	(22,990)

The above sensitivity analysis considers the change in one assumption at a time, leaving other assumptions unchanged. This approach shows the isolated effect of changing one individual assumption but does not take into account that some assumptions are interrelated. The method used to carry out the sensitivity analysis is consistent with the calculation of the net defined benefit liabilities recognized in the balance sheets. The method and assumptions used to carry out the sensitivity analysis is the same as in the prior year.

(ii) Defined contribution plans

The Company contributes monthly an amount equal to 6% of each employee’s monthly wages to the employee’ s individual pension fund account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company has no legal or constructive obligation to pay additional amounts after contributing a fixed amount to the Bureau of Labor Insurance.

For the years ended December 31, 2021 and 2020, the Company recognized pension expenses of $84,708 and $83,831, respectively, which had been contributed to the Bureau of Labor Insurance, in relation to the defined contribution plans.

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(r) Income taxes

(i) The components of income tax expense were as follows:

		2021	2020
Current income tax expense			
Current period	$	2,869,233	1,292,482
Adjustments for prior years		12,571	9,832
		2,881,804	1,302,314
Deferred tax expense			
Origination and reversal of temporary differences		(306,644)	203,781
Change in unrecognized deductible temporary differences		230,274	(171,120)
		(76,370)	32,661
Income tax expense	$	**2,805,434**	**1,334,975**

The components of income tax benefit (expense) recognized in other comprehensive income were as follows:

		2021	2020
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit plans	$	**31,474**	**1,005**

Reconciliation between the expected income tax expense calculated based on the Company's statutory tax rate and the actual income tax expense reported in the statements of comprehensive income was as follows:

		2021	2020
Income before taxes	$	**13,702,861**	**7,364,262**
Income tax using the Company’s statutory tax rate	$	2,740,572	1,472,852
Adjustments for prior-year income tax expense		12,571	9,832
Undistributed earnings additional tax		-	380
Change in unrecognized temporary differences		230,274	(171,120)
Others		(177,983)	23,031
	$	**2,805,434**	**1,334,975**

(ii) Deferred income tax assets and liabilities

1) Unrecognized deferred income tax assets

		December 31, 2021	December 31, 2020
Loss associated with investments in subsidiaries	$	2,170,378	2,591,465
Deductible temporary differences		1,210,727	1,046,282
	$	**3,381,105**	**3,637,747**

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The above deferred income tax assets were not recognized as management believed that it is not probable that future taxable profits will be available against which the Company can utilize the benefits therefrom.

2) Unrecognized deferred income tax liabilities

The Company is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2021 and 2020. As management believed that it is probable that the temporary differences will not reverse in the foreseeable future, such temporary differences were not recognized as deferred income tax liabilities. The related amounts were as follows:

		December 31, 2021	December 31, 2020
Profits associated with investments in subsidiaries	$	1,615,622	2,102,538

3) Recognized deferred income tax assets and liabilities

Changes in the amount of deferred income tax assets and liabilities were as follows:

Deferred income tax assets:

		Remeasurements of defined benefit plans	Accrued expenses and costs	Total
Balance at January 1, 2021	$	71,842	1,839,866	1,911,708
Recognized in profit or loss		-	1,157,468	1,157,468
Recognized in other comprehensive income		31,474	-	31,474
Balance at December 31, 2021	$	**103,316**	**2,997,334**	**3,100,650**
Balance at January 1, 2020	$	70,837	903,004	973,841
Recognized in profit or loss		-	936,862	936,862
Recognized in other comprehensive income		1,005	-	1,005
Balance at December 31, 2020	$	**71,842**	**1,839,866**	**1,911,708**

Deferred income tax liabilities:

		Income from investments accounted for using the equity method	Others	Total
Balance at January 1, 2021	$	2,864,350	288,946	3,153,296
Recognized in profit or loss		892,336	188,762	1,081,098
Balance at December 31, 2021	$	**3,756,686**	**477,708**	**4,234,394**
Balance at January 1, 2020	$	2,043,256	140,517	2,183,773
Recognized in profit or loss		821,094	148,429	969,523
Balance at December 31, 2020	$	**2,864,350**	**288,946**	**3,153,296**

(iii) No income tax was recognized directly in equity in 2021 and 2020.

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(iv) The Company's income tax returns for the years through 2019 were examined and approved by the R.O.C. income tax authorities.

(s) Capital and other equity

(i) Common stock

As of December 31, 2021 and 2020, the Company had issued 5,707 thousand units and 5,850 thousand units, respectively, of global depository receipts (GDRs). The GDRs were listed on the London Stock Exchange, and each GDR represents five common shares.

As of December 31, 2021 and 2020, the Company's authorized shares of common stock consisted of 4,000,000 thousand shares, of which 3,047,845 thousand shares were issued. The par value of the Company's common stock is $10 per share. All issued shares were paid up upon issuance.

Certain shares of common stock were not outstanding as they were repurchased by the Company or held by the Company's subsidiaries. The movements in outstanding shares of common stock were as follows (in thousands of shares):

	2021	2020
Balance at January 1	3,001,108	3,028,188
Repurchase and retirement of treasury stock	-	(27,080)
Balance at December 31	**3,001,108**	**3,001,108**

(ii) Capital surplus

		December 31, 2021	December 31, 2020
Paid-in capital in excess of par value	$	10,086,648	10,086,648
Surplus from mergers		15,797,245	15,797,245
Surplus related to treasury stock transactions and cash dividend		621,975	551,856
Difference between consideration and carrying amount of subsidiaries acquired or disposed		247,301	217,421
Employee share options		90,000	90,000
Surplus from equity-method investments		671,100	634,898
	$	**27,514,269**	**27,378,068**

Pursuant to the Company Act, any realized capital surplus is initially used to cover accumulated deficit, and the balance, if any, could be transferred to common stock as stock dividends or distributed by cash based on the original shareholding ratio. Realized capital surplus includes the premium derived from the issuance of shares of stock in excess of par value and donations received by the Company. In accordance with the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers", distribution of stock dividends from capital surplus in any one year shall not exceed 10% of paid-in capital.

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(iii) Legal reserve, special reserve, and dividend policy

The Company's Articles of Incorporation stipulate that at least 10% of annual net income, after deducting accumulated deficit, if any, must be retained as legal reserve until such retention equals the amount of paid-in capital. In addition, a special reserve shall be set aside in accordance with applicable laws and regulations. The remaining balance, together with the unappropriated earnings from the previous years, after retaining a certain portion of it for business considerations, can be distributed as dividends to stockholders. Except for the distribution of capital surplus and legal reserve in accordance with applicable laws and regulations, the Company cannot distribute any earnings when there are no retained earnings. The distributable dividends in whole or in part will be paid in cash by the Company after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Since the Company operates in an industry experiencing rapid change and development, earnings are distributed in consideration of the current year's earnings, the overall economic environment, related laws and decrees, and the Company's long-term development and stability in its financial position. The Company has adopted a stable dividend policy, in which a cash dividend comprises at least 10% of the total dividend distribution.

Additionally, pursuant to the Company Act, if the Company has no accumulated deficit, it may, pursuant to a resolution approved by the stockholders, distribute its legal reserve by issuing new shares or distributing cash for the portion of legal reserve which exceeds 25% of the paid-in capital.

In accordance with the rulings issued by the FSC, a special reserve shall be retained at an amount equal to the proportionate share of the carrying value of the treasury stock held by subsidiaries in excess of the market value at the reporting date. The special reserve may be reversed when the market value recovers in subsequent periods.

In accordance with the rulings issued by the FSC, a special reserve equal to the total amount of items that are accounted for as deductions from stockholders' equity shall be set aside from current and prior-year earnings. This special reserve shall revert to retained earnings and be made available for distribution when the items that are accounted for as deductions from stockholders' equity are reversed in subsequent periods.

On March 17, 2021, the Company's Board of Directors approved the distribution of cash dividends amounting to $4,571,781 ($1.5 per share), of which $70,119 was distributed to the subsidiaries holding the Company's common shares. Additionally, on July 9, 2021, the Company's shareholders approved an appropriation of legal reserve and special reserve of $602,575 and $857,485, respectively.

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On March 16, 2022, the Company’s Board of Directors approved the distribution of cash dividends amounting to $6,949,107 ($2.28 per share), of which $106,582 was distributed to the subsidiaries holding the Company’s common shares.

On March 18, 2020, the Company’s Board of Directors had approved the distribution of cash dividends amounting to $1,352,971 ($0.443909 per share), of which $20,809 was distributed to the subsidiaries holding the Company’s common shares. Additionally, on June 12, 2020, the Company’s shareholders approved an appropriation of legal reserve and special reserve of $266,250 and $1,035,693, respectively, as well as the distribution of cash deriving from the capital surplus of $1,014,728 ($0.332932 per share), of which $15,607 was distributed to the subsidiaries holding the Company’s common shares.

Related information is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(iv) Treasury stock

According to Article 28-2 of the Securities and Exchange Act, the Company purchased its own common shares of 27,080 thousand shares for an aggregate amount of $361,943 from March 13, 2020 to May 5, 2020 in order to maintain the Company's credit and the shareholders' equity. All such treasury stock was retired on September 28, 2020 and related legal and registration procedures have been completed.

As of December 31, 2021 and 2020, details of the GDRs (for the implementation of an overseas employee stock option plan) held by subsidiary ASCBVI and the Company’s common stock held by subsidiaries ASCBVI (to maintain the Company’s shareholders’ equity), CCI (to maintain the Company’s shareholders’ equity), and ETEN (resulting from the acquisition of ETEN) were as follows (expressed in thousands of shares):

	December 31, 2021		
	Number of shares	**Carrying amount**	**Market value**
Common stock	21,809	$ 945,239	664,084
GDRs	24,937	1,969,617	704,324
	46,746	**$ 2,914,856**	**1,368,408**

	December 31, 2020		
	Number of shares	**Carrying amount**	**Market value**
Common stock	21,809	$ 945,239	515,783
GDRs	24,937	1,969,617	639,821
	46,746	**$ 2,914,856**	**1,155,604**

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According to the Securities and Exchange Act, treasury stock cannot be collateralized. In addition, treasury shares do not bear shareholder rights prior to being sold to third parties. Moreover, the number of treasury shares shall not exceed 10% of the number of common shares issued. The total amount of treasury stock shall not exceed the sum of retained earnings, paid-in capital in excess of par value, and other realized capital surplus.

(v) Other equity items (net after tax)

1) Foreign currency translation differences:

		2021	2020
Balance at January 1	$	(6,043,227)	(4,187,394)
Generated by the Company:			
Foreign exchange differences arising from translation of foreign operations		(2,766,226)	(1,855,833)
Changes in ownership interests in subsidiaries		3,856	-
Balance at December 31	$	**(8,805,597)**	**(6,043,227)**

2) Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income:

		2021	2020
Balance at January 1	$	768,662	133,070
Generated by the Company:			
Change in fair value of financial assets measured at fair value through other comprehensive income		(83,057)	716,961
Disposal of financial assets measured at fair value through other comprehensive income		(40,230)	-
Share of other comprehensive income (loss) of subsidiaries		(241,168)	(84,896)
Disposal of financial assets measured at fair value through other comprehensive income by subsidiaries		348,520	3,527
Changes in ownership interests in subsidiaries		(6,544)	-
Balance at December 31	$	**746,183**	**768,662**

3) Remeasurement of defined benefit plans:

		2021	2020
Balance at January 1	$	(242,887)	(287,903)
Change in the period (generated by the Company)		(125,894)	(4,021)
Share of other comprehensive income of subsidiaries		137,811	49,037
Changes in ownership interests in subsidiaries		2,760	-
Balance at December 31	$	**(228,210)**	**(242,887)**

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(t) Earnings per share ("EPS")

(i) Basic earnings per share

The basic earnings per share were calculated as the earnings attributable to the shareholders of the Company divided by the weighted-average number of common shares outstanding as follows:

	2021	2020
Net income attributable to the ordinary shareholders of the Parent	$ **10,897,427**	**6,029,287**
Weighted-average number of ordinary shares outstanding (in thousands)	**3,001,108**	**3,006,934**
Basic earnings per share (in New Taiwan dollars)	$ **3.63**	**2.01**

(ii) Diluted earnings per share

	2021	2020
Net income attributable to the ordinary shareholders of the Parent	$ **10,897,427**	**6,029,287**
Weighted-average number of ordinary shares outstanding (in thousands)	3,001,108	3,006,934
Effect of dilutive potential common stock (in thousands):		
Effect of employee remuneration in stock	27,180	22,460
Weighted-average shares of common stock outstanding (including effect of dilutive potential common stock) (in thousands)	**3,028,288**	**3,029,394**
Diluted earnings per share (in New Taiwan dollars)	$ **3.60**	**1.99**

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

	2021		
	IT Hardware Products	**Others**	**Total**
Primary geographical markets:			
EMEA	$ 82,901,974	10,565,525	93,467,499
Pan America	63,536,596	10,234,184	73,770,780
Asia Pacific	64,632,708	14,957,469	79,590,177
	$ **211,071,278**	**35,757,178**	**246,828,456**

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	2020		
	IT Hardware Products	**Others**	**Total**
Primary geographical markets:			
EMEA	$ 71,369,455	9,908,178	81,277,633
Pan America	56,881,698	12,813,439	69,695,137
Asia Pacific	48,697,093	9,916,610	58,613,703
	$ 176,948,246	**32,638,227**	**209,586,473**

(ii) Contract balances

	December 31, 2021	**December 31, 2020**	**January 1, 2020**
Notes and accounts receivable (including receivables from related parties)	$ 43,856,087	30,508,838	25,832,136
Less: loss allowance	(1,798)	(2,221)	(3,613)
	$ 43,854,289	**30,506,617**	**25,828,523**
Contract assets－current	**$ -**	**250**	**2,008**
Contract liabilities－current	**$ 9,512**	**79,131**	**107,298**

Please refer to note 6(d) for details on notes and accounts receivable and related loss allowance.

The major changes in the balance of contract assets and liabilities were due to the timing difference between the satisfaction of performance obligation and the receipt of customer's payment.

The amount of revenue recognized in 2021 and 2020 that was included in the contract liability balance at January 1, 2021 and 2020, was $72,378 and $85,693, respectively.

(v) Remuneration to employees and directors

The Company's Articles of Incorporation require that annual earning shall first be offset against any deficit, then, a minimum of 4% shall be allocated as employee remuneration and a maximum of 0.8% be allocated as directors' remuneration. Employees who are entitled to receive the abovementioned employee remuneration, in share or cash, include the employees of subsidiaries of the Company who meet certain specific requirements.

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For the years ended December 31, 2021 and 2020, the Company accrued its remuneration to employees amounting to $720,000 and $480,000, respectively, and the remuneration for directors of $29,819 and $23,821, respectively. The said amounts, which were recognized as operating expenses, were calculated based on pre-tax net profit for each year before deducting the amount of the remuneration to employees and directors, multiplied by the proposed distribution ratio of remuneration to employees and directors.

Except that the remuneration to directors for 2021 resolved by the Company's Board of Directors on March 16, 2022 was $12,000 and that for 2020 resolved by the Company's Board of Directors on March 17, 2021 was $10,013, the aforementioned accrued remunerations to employees were the same as the amounts resolved by the Board of Directors, which were all paid in cash. The difference between accrual and actual payment, amounting to $17,819 and $13,808 for 2021 and 2020, respectively, is treated as change in accounting estimate and recognized in profit or loss in the following year.

Related information is available on the Market Observation Post System website of Taiwan Stock Exchange.

(w) Other operating income and expenses – net

	2021	2020
Rental income	$ 161,174	154,471
Government grants	-	445
	$ 161,174	**154,916**

(x) Non-operating income and loss

(i) Interest income

	2021	2020
Interest income from bank deposits	$ 39,675	50,247
Other interest income	2,759	330
	$ 42,434	**50,577**

(ii) Other income

	2021	2020
Dividend income	**$ 287,772**	**185,228**

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(iii) Other gains and losses

		2021	2020
Gain on disposal of equipment and intangible assets	$	657	1,181
Foreign currency exchange gain, net		377,680	1,635,993
Loss on financial assets and liabilities measured at fair value through profit or loss		(475,157)	(1,495,854)
Other investment gain		196	-
Others (note 7(b)-(v))		62,700	37,157
	$	**(33,924)**	**178,477**

(iv) Finance costs

		2021	2020
Interest expense from bank loans and bonds payable	$	47,624	55,668
Interest expense on lease liabilities		891	1,889
Others		3,147	7,972
	$	**51,662**	**65,529**

(y) Financial instruments and fair value information

(i) Categories of financial instruments

1) Financial assets

		December 31, 2021	December 31, 2020
Financial assets measured at fair value through profit or loss	$	443,248	156,738
Financial assets measured at fair value through other comprehensive income		6,690,542	4,708,607
Financial assets measured at amortized cost:			
Cash and cash equivalents		20,564,678	15,999,824
Notes and accounts receivable and other receivables (including receivables from related parties)		44,782,045	30,927,320
Other financial assets – non-current		160,566	88,955
	$	**72,641,079**	**51,881,444**

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2) Financial liabilities

		December 31, 2021	December 31, 2020
Financial liabilities measured at fair value through profit or loss	$	145,969	943,985
Financial liabilities measured at amortized cost:			
Notes and accounts payable (including payables to related parties)		48,606,709	42,452,815
Other payables (including payables to related parties)		27,092,942	19,190,853
Lease liabilities (including current and non-current)		77,242	74,685
Long-term debt		-	3,300,000
Bonds payable		10,000,000	-
	$	**85,922,862**	**65,962,338**

(ii) Fair value information

1) Financial instruments not measured at fair value

The Company considers that the carrying amounts of financial assets and financial liabilities measured at amortized cost approximate their fair values.

2) Financial instruments measured at fair value

The following financial instruments are measured at fair value on a recurring basis.

The table below analyzes the financial instruments measured at fair value subsequent to initial recognition, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The different levels have been defined as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

c) Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

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	December 31, 2021			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss:				
Foreign currency forward contracts	$ -	441,494	-	441,494
Stock listed on foreign markets	1,754	-	-	1,754
	$ 1,754	**441,494**	**-**	**443,248**
Financial assets measured at fair value through other comprehensive income:				
Domestic listed stock	$ 6,533,121	-	-	6,533,121
Unlisted stock	-	-	157,421	157,421
	$ 6,533,121	**-**	**157,421**	**6,690,542**
Financial liabilities measured at fair value through profit or loss:				
Foreign currency forward contracts	**$ -**	**(145,969)**	**-**	**(145,969)**

	December 31, 2020			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss:				
Foreign currency forward contracts	$ -	154,578	-	154,578
Stock listed on foreign markets	2,160	-	-	2,160
	$ 2,160	**154,578**	**-**	**156,738**
Financial assets measured at fair value through other comprehensive income:				
Domestic listed stock	$ 4,568,341	-	-	4,568,341
Unlisted stock	-	-	140,266	140,266
	$ 4,568,341	**-**	**140,266**	**4,708,607**
Financial liabilities measured at fair value through profit or loss:				
Foreign currency forward contracts	**$ -**	**(943,985)**	**-**	**(943,985)**

There were no transfers among fair value hierarchies for the years ended December 31, 2021 and 2020.

3) Movement in financial assets included in Level 3 fair value hierarchy

	Financial assets measured at fair value through other comprehensive income	
	2021	2020
Balance at January 1	$ 140,266	177,425
Total gains or losses:		
Recognized in other comprehensive income	-	(51,834)
Additions	20,000	17,421
Disposals	(2,845)	(2,746)
Balance at December 31	**$ 157,421**	**140,266**

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The abovementioned total gains or losses were included in “unrealized gain (loss) from financial assets measured at fair value through other comprehensive income”. The gains or losses attributable to the financial assets held on December 31, 2021 and 2020 were as follows:

	2021	2020
Total gains or losses:		
Recognized in other comprehensive income (included in “unrealized gain (loss) from financial assets measured at fair value through other comprehensive income”)	$ -	(51,834)

4) Valuation techniques and inputs used for financial instruments measured at fair value

a) The fair values of financial assets with standard terms and conditions and traded on active markets are determined with reference to quoted market prices (e.g. listed stocks).

b) The fair value of derivative financial instruments is determined using a valuation technique, with estimates and assumptions consistent with those used by market participants that are readily available to the Company. The fair value of foreign currency forward contracts is computed individually by each contract using the valuation technique.

c) The fair value of unlisted stocks in Level 3 fair value hierarchy is estimated by using the market approach and is determined by reference to recent financing activities, valuations of similar companies, market conditions, and other economic indicators. The significant unobservable input is the liquidity discount. No quantitative information is disclosed due to the possible changes in liquidity discount would not cause significant potential financial impact.

(iii) Offsetting of financial assets and liabilities

The Company has financial instrument transactions which are set off in accordance with paragraph 42 of IAS 32; the related financial assets and liabilities are presented in the balance sheets on a net basis.

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The table below summarizes the related information of offsetting of financial assets and liabilities:

December 31, 2021

Financial assets subject to offsetting, enforceable master netting arrangements or similar agreements

	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities offset in the balance sheet	Net amounts of financial assets presented in the balance sheet	Amount not set off in the balance sheet (d)		Net amounts
				Financial instruments	Cash collateral received	
	(a)	(b)	(c)=(a)-(b)			(e)=(c)-(d)
Notes and accounts receivable, net	$ 50,654,082	44,318,318	6,335,764	-	-	6,335,764

December 31, 2021

Financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements

	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets offset in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Amount not set off in the balance sheet (d)		Net amounts
				Financial instruments	Cash collateral received	
	(a)	(b)	(c)=(a)-(b)			(e)=(c)-(d)
Notes and accounts payable	$ 92,296,162	44,318,318	47,977,844	-	-	47,977,844

December 31, 2020

Financial assets subject to offsetting, enforceable master netting arrangements or similar agreements

	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities offset in the balance sheet	Net amounts of financial assets presented in the balance sheet	Amount not set off in the balance sheet (d)		Net amounts
				Financial instruments	Cash collateral received	
	(a)	(b)	(c)=(a)-(b)			(e)=(c)-(d)
Notes and accounts receivable, net	$ 46,168,006	40,257,347	5,910,659	-	-	5,910,659

December 31, 2020

Financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements

	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets offset in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Amount not set off in the balance sheet (d)		Net amounts
				Financial instruments	Cash collateral received	
	(a)	(b)	(c)=(a)-(b)			(e)=(c)-(d)
Notes and accounts payable	$ 82,206,991	40,257,347	41,949,644	-	-	41,949,644

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(z) Financial risk management

The Company is exposed to credit risk, liquidity risk, and market risk (including currency risk, interest rate risk, and other market price risk). The Company has disclosed the information on exposure to the aforementioned risks and the Company’s policies and procedures to measure and manage those risks as well as the quantitative information below.

The Board of Directors are responsible for developing and monitoring the Company’s risk management policies. The Company’s risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor adherence to the controls. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s operations.

The Company’s management monitors and reviews the financial activities in accordance with procedures required by relevant regulations and internal controls. Internal auditors undertake reviews of risk management controls and procedures, and the results of which are reported to the Board of Directors on a regular basis.

(i) Credit risk

1) The maximum exposure to credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty of a financial instrument fails to meet its contractual obligations, and arises principally from the Company’s cash and cash equivalents, derivative instruments, receivables from customers, and other receivables. The maximum exposure to credit risk is equal to the carrying amount of the Company’s financial assets.

2) Concentration of credit risk

The Company primarily sells and markets its multi-branded IT products through its subsidiaries and distributors in different geographic areas. The Company believes that there is no significant concentration of credit risk due to the Company’s large number of customers and their wide geographical spread.

3) Credit risk from receivables

Please refer to note 6(d) for credit risk exposure of notes and accounts receivable. Other financial assets measured at amortized cost include other receivables (refer to note 6(e)) and time deposits (classified as other financial assets). Abovementioned financial assets are considered low-credit-risk financial assets, and thus, the loss allowance is measured using 12 months ECL. Please refer to note 4(f) for descriptions about how the Company determines the credit risk.

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(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in settling its financial liabilities by delivering cash or another financial assets. The Company manages liquidity risk by monitoring regularly the current and mid- to long-term cash demand, maintaining adequate cash and banking facilities, and ensuring compliance with the terms of the loan agreements. As of December 31, 2021 and 2020, the Company had unused credit facilities of $33,798,870 and $31,954,737, respectively.

The table below is the maturity profile of the Company' s financial liabilities based on contractual undiscounted payments, including principal and estimated interest.

		Contractual cash flows	Within 1 year	1-2 years	2-5 years
December 31, 2021					
Non-derivative financial liabilities:					
Bonds payable		10,329,500	69,000	69,000	10,191,500
Notes and accounts payable (including related parties)		48,606,709	48,606,709	-	-
Other payables (including related parties)		27,092,942	24,778,327	2,314,615	-
Lease liability		78,063	43,968	19,616	14,479
	$	**86,107,214**	**73,498,004**	**2,403,231**	**10,205,979**
Derivative financial instruments:					
Foreign currency forward contracts－settled in gross					
Outflow	$	53,405,805	53,405,805	-	-
Inflow		(53,670,897)	(53,670,897)	-	-
	$	**(265,092)**	**(265,092)**	**-**	**-**
December 31, 2020					
Non-derivative financial liabilities:					
Long-term debt carrying floating interest rates	$	3,350,287	29,700	3,320,587	-
Notes and accounts payable (including related parties)		42,452,815	42,452,815	-	-
Other payables (including related parties)		19,190,853	17,077,540	2,113,313	-
Lease liability		75,547	61,183	12,881	1,483
	$	**65,069,502**	**59,621,238**	**5,446,781**	**1,483**
Derivative financial instruments:					
Foreign currency forward contracts－settled in gross					
Outflow	$	54,032,247	54,032,247	-	-
Inflow		(53,236,042)	(53,236,042)	-	-
	$	**796,205**	**796,205**	**-**	**-**

The Company does not expect that the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, and will affect the Company's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

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The Company utilizes derivative financial instruments to manage market risks and the volatility of profit or loss. All such transactions are carried out within the guidelines set by the Board of Directors.

1) Foreign currency risk

The Company is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Company. The foreign currencies used in these transactions are mainly the Europe Currency (EUR) and the US dollar (USD), Indian Rupee (INR), Japanese yen (JPY), etc. The Company utilizes foreign currency forward contracts to hedge its foreign currency exposure with respect to its forecast sales and purchases over the following 12 months.

Exposure to foreign currency risk and sensitivity analysis:

The Company's exposure to foreign currency risk arises from cash and cash equivalents, notes and accounts receivable/payable (including related parties), and other receivables/payables (including related parties) that are denominated in foreign currencies. At the reporting date, the carrying amounts of the Company's significant monetary assets and liabilities denominated in a currency other than the functional currency of the Company and their sensitivity analysis were as follows:

(in thousands)

	December 31, 2021				
	Foreign currency	**Exchange rate**	**NTD**	**Change in magnitude**	**Pre-tax effect on profit or loss**
Financial assets					
Monetary items					
EUR	$ 176,651	31.4835	5,561,592	1 %	55,616
USD	1,714,773	27.6900	47,482,064	1 %	474,821
AUD	112,017	20.1112	2,252,796	1 %	22,528
INR	13,403,716	0.3725	4,992,884	1 %	49,929
Financial liabilities					
Monetary items					
USD	2,532,956	27.6900	70,137,552	1 %	701,376

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(in thousands)

	December 31, 2020					
		Foreign currency	Exchange rate	NTD	Change in magnitude	Pre-tax effect on profit or loss
Financial assets						
Monetary items						
USD	$	1,239,609	28.5080	35,338,773	1 %	353,388
INR		7,102,905	0.3902	2,771,554	1 %	27,716
JPY		14,070,248	0.2761	3,884,795	1 %	38,848
Financial liabilities						
Monetary items						
USD		2,007,450	28.5080	57,228,385	1 %	572,284

With varieties of foreign currencies, the Company disclosed foreign exchange gain (loss) on monetary items in aggregate. Please refer to note 6(x) for further information.

2) Interest rate risk

The Company's long-term debt carries floating interest rates, and the Company has not entered into interest rate swap contracts to convert floating interest rates to fixed interest rates. To manage the interest rate risk, the Company periodically assesses the interest rates of bank loans and maintains good relationships with financial institutions to obtain lower financing costs. The Company also strengthens the management of working capital to reduce the dependence on bank loans as well as the risk arising from fluctuation of interest rates.

Please refer to the note on liquidity risk management for details on interest rate exposure of the Company's financial liabilities. The following sensitivity analysis is based on the risk exposure to non-derivative financial instruments on the reporting date. The sensitivity analysis assumes the liabilities carrying floating interest rates recorded at the reporting date had been outstanding for the entire period. The change in interest rate reported to the key management in the Company is based on 100 basis points (1%), which is consistent with the assessment made by the key management in respect of the possible change in interest rate.

If the interest rate had been 100 basis points (1%) higher/lower with all other variables held constant, pre-tax income for the years ended December 31, 2021 and 2020 would have been $0 and $33,000, respectively, lower/higher, which mainly resulted from the borrowings with floating interest rates.

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3) Other market price risk

The Company is exposed to the risk of price fluctuation in securities resulting from its investment in publicly traded stocks. The Company supervises the equity price risk actively and manages the risk based on fair value. The Company also has strategic investments in privately held stocks, in which the Company does not actively participate in their trading.

Assuming a hypothetical increase or decrease of 5% in equity prices of the equity investments at each reporting date, the other comprehensive income for the years ended December 31, 2021 and 2020, would have increased or decreased by $334,527 and $235,430, respectively.

(aa) Capital management

In consideration of the industry dynamics and future developments, as well as external environment factors, the Company maintains an optimal capital structure to enhance long-term shareholder value by managing its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, research and development activities, dividend payments, and other business requirements for continuing operations and to reward shareholders and take into consideration the interests of other stakeholders.

(ab) Investing and financing activities not affecting cash flows

(i) Please refer to note 6(i) for a description of acquisition of right-of-use assets through leases in 2021 and 2020.

(ii) The reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2021	Cash flows	Non-cash changes of leasing	December 31, 2021
Long-term debt	$ 3,300,000	(3,300,000)	-	-
Lease liabilities	74,685	(77,024)	79,581	77,242
Loans from related parties	595,000	(280,000)	-	315,000
Bonds payable	-	10,000,000	-	10,000,000
Total liabilities from financing activities	**$ 3,969,685**	**6,342,976**	**79,581**	**10,392,242**

	January 1, 2020	Cash flows	Non-cash changes of leasing	December 31, 2020
Long-term debt	$ 5,800,000	(2,500,000)	-	3,300,000
Lease liabilities	134,028	(78,575)	19,232	74,685
Loan from ralated parties	1,408,000	(813,000)	-	595,000
Total liabilities from financing activities	**$ 7,342,028**	**(3,391,575)**	**19,232**	**3,969,685**

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7. Related-party transactions

(a) Related party name and categories

The followings are subsidiaries and other related parties that have had transactions with the Company during the reporting periods.

Name of related party	Relationship with the Company
Acer Market Services Limited (AMS)	Subsidiaries
Acer Computer (Far East) Limited (AFE)	Subsidiaries
Acer Information (Zhong Shan) Co., Ltd. (AIZS)	Subsidiaries
Acer Computer (Shanghai) Ltd. (ACCN)	Subsidiaries
Acer (Chongqing) Ltd. (ACCQ)	Subsidiaries
Acer European Holdings SA (AEH)	Subsidiaries
Acer Europe B.V. (AHN)	Subsidiaries
Acer Computer (M.E.) Limited (AME)	Subsidiaries
Acer Africa (Proprietary) Limited (AAF)	Subsidiaries
AGP Insurance (Guernsey) Limited (AGU)	Subsidiaries
Acer Sales International SA (ASIN)	Subsidiaries
Acer Europe SA (AEG)	Subsidiaries
Sertec 360 SA (SER)	Subsidiaries
Acer Computer France S.A.S.U. (ACF)	Subsidiaries
Acer U.K. Limited (AUK)	Subsidiaries
Acer Italy S.R.L. (AIT)	Subsidiaries
Acer Computer GmbH (ACG)	Subsidiaries
Acer Austria GmbH (ACV)	Subsidiaries
Acer Czech Republic S.R.O. (ACZ)	Subsidiaries
Acer Computer Iberica, S.A. (AIB)	Subsidiaries
Acer Computer (Switzerland) AG (ASZ)	Subsidiaries
Asplex Sp. z o.o. (APX)	Subsidiaries
Acer Marketing Services LLC (ARU)	Subsidiaries
Acer Poland sp. z o.o. (APL)	Subsidiaries
Acer Bilisim Teknolojileri Limited Sirketi (ATR)	Subsidiaries
Acer Computer B.V. (ACH)	Subsidiaries
CPYou B.V. (CPY)	Subsidiaries
Enfinitec B.V. (ENNL)	Subsidiaries
Enfinitec Italy S.R.L. (ENIT)	Subsidiaries
Acer Computer Norway AS (ACN)	Subsidiaries
Acer Computer Finland Oy (AFN)	Subsidiaries

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Name of related party	Relationship with the Company
Acer Computer Sweden AB (ACW)	Subsidiaries
Acer Denmark A/S (ACD)	Subsidiaries
Boardwalk Capital Holdings Limited (Boardwalk)	Subsidiaries
Acer Computec Mexico, S.A. de C.V. (AMEX)	Subsidiaries
Acer American Holdings Corp. (AAH)	Subsidiaries
AGP Tecnologia em Informatica do Brasil Ltda. (ATB)	Subsidiaries
Aurion Tecnologia, S.A. de C.V. (Aurion)	Subsidiaries
Acer Cloud Technology Inc. (ACTI)	Subsidiaries
Acer Cloud Technology (US), Inc. (ACTUS)	Subsidiaries
Gateway, Inc. (GWI)	Subsidiaries
Acer America Corporation (AAC)	Subsidiaries
Acer Service Corporation (ASC)	Subsidiaries
Acer Holdings International, Incorporated (AHI)	Subsidiaries
Acer Computer Co., Ltd. (ATH)	Subsidiaries
Acer Japan Corp. (AJC)	Subsidiaries
Acer Computer Australia Pty. Limited (ACA)	Subsidiaries
Acer Sales and Services SDN BHD (ASSB)	Subsidiaries
Acer Asia Pacific Sdn Bhd (AAPH)	Subsidiaries
Acer Computer (Singapore) Pte. Ltd. (ACS)	Subsidiaries
Acer Computer New Zealand Limited (ACNZ)	Subsidiaries
PT. Acer Indonesia (AIN)	Subsidiaries
PT. Acer Manufacturing Indonesia (AMI)	Subsidiaries
Acer India Private Limited (AIL)	Subsidiaries
Acer Infotech Pvt Ltd. (AIP)	Subsidiaries
Acer Vietnam Co., Ltd. (AVN)	Subsidiaries
Acer Philippines, Inc. (APHI)	Subsidiaries
Servex (Malaysia) Sdn Bhd (SMA)	Subsidiaries
Weblink International Inc. (WLII)	Subsidiaries
Wellife Inc. (WELL)	Subsidiaries
Pecer Bio-medical Technology Incorporated (PBT)	Subsidiaries
Protrade Global Limited (PGL)	Subsidiaries
Snoqualmie Company Ltd. (SCL)	Subsidiaries
Protrade Asia Limited (PAL)	Subsidiaries
Dakota Co., Ltd. (DCL)	Subsidiaries
Cascadia Resources Inc. (CRI)	Subsidiaries
Portrade Applied Materials Corp. (PAM)	Subsidiaries

(Continued)

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Name of related party	Relationship with the Company
Protrade Shanghai Trading Co., Ltd. (PST)	Subsidiaries
Protrade Resources Vietnam Company Limited (PRV)	Subsidiaries
Acer Synergy Tech Corp. (AST)	Subsidiaries
Shanghai AST Technology Service Ltd. (ASTS)	Subsidiaries
ISU Service Corp. (ISU)	Subsidiaries
Acer Synergy Tech America Corporation (ASTA)	Subsidiaries
Acer Digital Service Co. (ADSC)	Subsidiaries
Acer Property Development Inc. (APDI)	Subsidiaries
Aspire Service & Development Inc. (ASDI)	Subsidiaries
Acer Gaming Inc. (AGM)	Subsidiaries
Cross Century Investment Limited (CCI)	Subsidiaries
Acer SoftCapital Incorporated (ASCBVI)	Subsidiaries
DropZone Holding Limited (DZH)	Subsidiaries
DropZone (Hong Kong) Limited (DZL)	Subsidiaries
Acer Gadget Inc. (AGT, formerly ETEN)	Subsidiaries (note)
Acer BeingWare Holding Inc. (ABH)	Subsidiaries
Acer Cloud Technology (Taiwan) Inc. (ACTTW)	Subsidiaries
Altos Computing Inc. (ALT)	Subsidiaries
MPS Energy Inc. (MPS)	Subsidiaries
Acer e-Enabling Service Business Inc. (AEB)	Subsidiaries
Acer ITS Inc. (ITS)	Subsidiaries
Acer Medical Inc. (AMED)	Subsidiaries
Beijing Altos Computing Ltd. (BJAC)	Subsidiaries
Acer Cloud Technology(Chongqing) Ltd. (ACTCQ)	Subsidiaries
Acer Being Communication Inc. (ABC)	Subsidiaries
Acer Being Signage Inc. (ABST)	Subsidiaries
Acer Being Signage GmbH (ABSG)	Subsidiaries
Xplova Inc. (XPL)	Subsidiaries
Acer AI Cloud Inc. (AIC, Formerly Pawbo Inc.)	Subsidiaries
Xplova (Shanghai) Ltd. (XPLSH)	Subsidiaries
Acer Cyber Security Incorporated (ACSI)	Subsidiaries
ACSI Cyber Security Academy Inc. (ACAD)	Subsidiaries
Acer China Venture Corp (ACVC)	Subsidiaries
Acer China Venture Partnership (ACVP)	Subsidiaries
Acer e-Enabling Data Center Incorporated (EDC)	Subsidiaries
Acer Third Wave Software (Beijing) Co. Ltd (TWPBJ)	Subsidiaries

(Continued)

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Name of related party	Relationship with the Company
Sertec (Beijing) Ltd. (SEB)	Subsidiaries
StarVR Corporation (ASBZ)	Subsidiaries
StarVR Europe SA (VRE)	Subsidiaries
AOPEN Inc. (AOI)	Subsidiaries
AOPEN America Inc.(AOA)	Subsidiaries
AOPEN Computer B.V.(AOE)	Subsidiaries
AOPEN Technology Inc.(AOTH)	Subsidiaries
AOPEN Japan Inc.(AOJ)	Subsidiaries
Aopen SmartVision Incorporated (AOSV)	Subsidiaries
Heartware Alliance and Integration Limited (HTW)	Subsidiaries
AOPEN Global Solutons Pty Ltd.(AOGS)	Subsidiaries
AOPEN SmartView Incorporated (AOSD)	Subsidiaries
Great Connection LTD.(GCL)	Subsidiaries
AOPEN International (ShangHai) Co., Ltd (AOC)	Subsidiaries
AOPEN Information Products (Zhongshan) Inc. (AOZ)	Subsidiaries
AOPEN Australia & New Zealand Pty Ltd (AOAU)	Subsidiaries
Bluechip Infotech Pty Ltd. (Bluechip)	Subsidiaries
Bluechip Infotech Incorporated (BLI)	Subsidiaries
Dingo Tech Pty Ltd. (DTP)	Subsidiaries
Digital Networks Australia Pty Ltd. (DNA)	Subsidiaries
Ingeniq Pty Ltd. (IGP)	Subsidiaries
Bluechip Infotech (NZ) Limited (BLNZ)	Subsidiaries
Soft Solutions Limited (SSL)	Subsidiaries
GadgeTek (Shanghai) Limited (GCN)	Subsidiaries
Highpoint Service Network Corporation (HSNC)	Subsidiaries
Highpoint Service Network (Thailand) Co., Ltd (HSNT)	Subsidiaries
Highpoint Service Network Vietnam Company Limited (HSNV)	Subsidiaries
PT HSN Tech Indonesia (HSNI)	Subsidiaries
HighPoint Service Network Sdn Bhd (HSN)	Subsidiaries
Highpoint Services Network Philippines, Inc. (HSNP)	Subsidiaries
AcerPure Inc. (API)	Subsidiaries
Acer Asset Management Incorporated (AAM)	Subsidiaries
Smart Frequency Technology Inc. (SFT)	Joint venture
Aegis Semiconductor Technology Inc. (ATI)	Associates, liquidated on August 26th, 2021

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Name of related party	Relationship with the Company
GrandPad Inc. (GrandPAD)	Associates
Piovision International Inc. (HPT)	Associates
ECOM Software Inc. (ECS)	Associates
Kbest Technology Inc. (KBest)	Associates
Erics Co., LTD (Erics)	The entity' s chairman is the first-degree relatives of one of the key management of the Company
Acer Foundation	Substantive related party
Taurus Insterstellar Inc.	The entity's chairman is the Company's director
Mu-Jin Investments Co., Ltd.	Same chairman with the Company

(Note) GadgetTek Inc. (GTI), one of subsidiaries of the Company, has been merged into Acer Gadget Inc. in the second quater of 2021.

(b) Significant related-party transactions

(i) Revenue

The amounts of significant sales to related parties were as follows:

	2021	2020
Subsidiaries		
AEG	$ 93,323,424	81,108,431
AAC	73,481,903	69,391,765
Others	58,522,673	45,901,657
Associates	128,715	197,093
Joint venture	-	22
Other related parties	89	5,917
	$ 225,456,804	196,604,885

The sales prices and trade term with related parties depend on the economic environment and market competition, and are not comparable to those with third-party customers.

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Notes to Parent-Company-Only Financial Statements

(ii) Purchases

The amounts of significant purchases from related parties were as follows:

	2021	2020
Subsidiaries	$ 3,274,588	1,869,722

The purchase price with related parties are not comparable to the purchase price with third-party vendors as the specifications of products are different.

(iii) Operating costs and expenses

The operating costs and expenses related to services including management consulting, system maintenance, product development and design provided by related parties and the donation to related parties were as follows:

Accounts	Related-party categories	2021	2020
Cost of revenue	Subsidiaries	$ 400,493	380,197
Operating expense	Subsidiaries	85,976	70,445
Operating expense	Associates	1,745	6,225
Operating expense	Other related parties	-	12,500
		$ 488,214	469,367

(iv) Lease

The Company leased investment property and rental offices to its related parties. The related rental income was included in "other operating income and expenses－net" and summarized as follows:

	2021	2020
Subsidiaries:		
ASDI	$ 38,434	38,434
AEB	15,619	17,436
Others	11,047	9,190
Associates	2,623	2,491
Joint venture	2,584	1,668
Other related parties	83	78
	$ 70,390	69,297

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Notes to Parent-Company-Only Financial Statements

(v) Service income

The service income related to the management consulting service and system maintenance service provided to related parties was included in “ other gains and losses ” and was summarized as follows:

	2021	2020
Subsidiaries	$ 39,187	16,792
Associates	48	48
Joint venture	3,223	3,223
Other related parties	165	19
	$ **42,623**	**20,082**

(vi) Loans to related parties

The actual drawdown amounts were as follows:

	December 31, 2021	December 31, 2020
Subsidiaries:		
AFE	$ 330,294	-
ITS	110,000	-
AGM	-	95,000
MPS	56,000	-
ALT	78,000	63,000
AGT	-	20,000
	$ **574,294**	**178,000**
Interest rate	**0.65%-0.85%**	**0.80%**

Interest income related to loans to subsidiaries in 2021 and 2020 was $2,759 and $330, respectively.

(vii) Borrowings from related parties

The borrowings from related parties were as follows:

	December 31, 2021	December 31, 2020
Subsidiaries:		
ADSC	$ 100,000	-
EDC	-	250,000
AGT	70,000	80,000
CCI	100,000	100,000
ABH	-	150,000
Others	45,000	15,000
	$ **315,000**	**595,000**
Interest rate	**0.60%**	**0.75%**

(Continued)

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Notes to Parent-Company-Only Financial Statements

Interest expenses related to borrowings from subsidiaries in 2021 and 2020 were $3,042 and $7,822, respectively.

(viii) Organizational restructuring－Intelligent solutions of air quality business

In May 2020, the Company acquired 3,222 thousand shares of API's common stock from ACTTW for a cash consideration of $43,365. Additionally, the Company spun off its intelligent solutions of air quality business in Taiwan to API on July 7, 2020 in accordance with Business Merger and Acquisition Act, Company Act and other relevant regulations. The carrying value of the net assets transferred was $22,282; in the meantime, the Company made a cash payment of $27,718 to acquire 5,000 thousand shares of API's common stock. The carrying amounts of the respective assets and liabilities transferred were as follows:

Assets:	
Inventories, net	$ 23,581
Other current assets	2,519
Subtotal	26,100
Liabilities:	
Accounts payables	(3,687)
Other payables	(131)
Subtotal	(3,818)
Net Assets	**$ 22,282**

(ix) Payables related to defined benefit liabilities due to personnel transfer to subsidiaries

The net defined benefit liabilities have been transferred while certain employees transferred from the Company to AEB, EDC, AGT, HSNC and other subsidiaries. Related payables were included in "other payables to related parties" and "long-term payable to related parties".

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Notes to Parent-Company-Only Financial Statements

(x) Receivables from related parties

Accounts	Related-party categories	December 31, 2021	December 31, 2020
Notes and accounts receivable from related parties	Subsidiaries:		
	AAC	$ 15,257,348	10,693,291
	AJC	720,672	3,889,769
	AEG	6,603,418	1,887,259
	AIL	5,039,862	2,785,837
	Others	9,897,209	5,313,782
Notes and accounts receivable from related parties	Associates	-	26,020
Note and accounts receivable from related parties	Other related parties	16	-
Other receivables from related parties	Subsidiaries	89,811	35,512
Other receivables from related parties (financing)	Subsidiaries	574,294	178,000
Other receivables from related parties	Associates	10	323
Other receivables from related parties	Joint venture	294	297
Other receivables from related parties	Other related parties	173	20
		$ 38,183,107	24,810,110

(xi) Payables to related parties

Accounts	Related party categories	December 31, 2021	December 31, 2020
Accounts payable to related parties	Subsidiaries	$ 628,776	503,171
Accounts payable to related parties	Associates	89	-
Other payables to related parties	Subsidiaries	190,675	143,946
Other payables to related parties	Other related parties	12,500	25,000
Other payables to related parties (financing)	Subsidiaries	315,000	595,000
Long-term payable to related parties	Subsidiaries	14,594	20,034
		$ 1,161,634	1,287,151

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Notes to Parent-Company-Only Financial Statements

(xii) Guarantees and endorsements provided to related parties

As of December 31, 2021 and 2020, the balances of guarantees and endorsements provided to subsidiaries were $21,183,939 and $21,503,281, respectively, and the amounts actually drawn were $4,285,862 and $5,012,962, respectively.

(c) Compensation for key management personnel

	2021	2020
Short-term employee benefits	$ 283,252	214,259
Post-employment benefits	3,187	19,709
	$ 286,439	233,968

8. Pledged assets

The carrying values of pledged assets (reported under other financial assets－non-current) were as follows:

Assets	Pledged to secure	December 31, 2021	December 31, 2020
Cash in bank and time deposits	Contract bidding, refundable deposits, and project fulfillment guarantee	$ 160,566	88,955

9. Significant commitments and contingencies

(a) The Company has entered into software and royalty license agreements with Microsoft, IBM, and other companies. The Company has fulfilled its obligations according to the contracts.

(b) In the ordinary course of its business from time to time, the Company received notices from third parties asserting that Acer has infringed certain patents and demanded that Acer should obtain certain patent licenses. Although the Company does not expect that the outcome of any of these legal proceedings (individually or collectively) will have a material adverse effect on the Company's business operations and finance, the litigation is inherently unpredictable. Therefore, the Company could incur judgments or enter into settlements of claims that could adversely affect its operating results or cash flows in a particular period.

(c) As of December 31, 2021 and 2020, the Company had outstanding stand-by letters of credit provided by the banks totaling $6,720 and $14,227, respectively, for purposes of bids and contracts.

(d) As of December 31, 2021 and 2020, the Company had issued promissory notes amounting to $35,247,050 and $36,809,506, respectively, as collateral for obtaining credit facilities from financial institutions.

10. Significant loss from disaster: None

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11. Significant subsequent events:

The Company's subsidiaries were exposed to the risk of recoverability of accounts receivables from customers in Russia and Ukraine due to the conflict between Russia and Ukraine occurred in the end of February 2022. As of March 16, 2022, the exposure of accounts receivable arising from revenue recognized in 2021 amounted to $1,032,000 approximately. The Company's subsidiaries initially assessed that some of such accounts receivable might be impaired as they might not be recovered. The Company's subsidiaries have proactively managed to ensure the above-mentioned accounts receivable will be collected, and evaluated any ways to reduce the potential impairment loss such as insurance claim and other safeguard actions. The impairment loss of accounts receivable could not be estimated certainly at this stage as the conflict situation is still evolving. The impairment loss of accounts receivable in respect of the above-mentioned conflict, if any, will be recognized in 2022.

12. Others

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

	2021			2020		
	Cost of revenue	**Operating expenses**	**Total**	**Cost of revenue**	**Operating expenses**	**Total**
Employee benefits:						
Salaries	-	3,753,103	3,753,103	-	2,738,139	2,738,139
Insurance	-	174,644	174,644	-	156,719	156,719
Pension	-	119,812	119,812	-	111,744	111,744
Remuneration of directors	-	42,819	42,819	-	36,821	36,821
Others	-	207,345	207,345	-	175,306	175,306
Depreciation	-	140,120	140,120	-	154,282	154,282
Amortization	12,068	12,525	24,593	16,245	27,796	44,041

	2021	**2020**
Employees	**1,662**	**1,627**
Directors not in concurrent employment	**4**	**4**
Average employee benefits	**$ 2,566**	**1,961**
Average employee salaries	**$ 2,264**	**1,687**
Adjustment of average employee salaries	**34.20 %**	
Supervisor's remuneration	**$ -**	**-**

The Company's compensation policy, including directors, managers, and employees, is as follows:

The compensation of directors and managers is evaluated and reviewed by Compensation Committee periodically. The compensation of employees is determined by participating in salary surveys every year and reviewing salary level regularly to provide competitive compensation to employees.

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Notes to Parent-Company-Only Financial Statements

13. Additional disclosures

(a) Information on significant transactions:

(i) Financing provided to other parties: See Table 1 attached;

(ii) Guarantees and endorsements provided to other parties: See Table 2 attached;

(iii) Marketable securities held at reporting date (excluding investments in subsidiaries, associates, and jointly controlled entities): See Table 3 attached;

(iv) Marketable securities for which the accumulated purchase or sale amounts for the period exceed $300 million or 20% of the paid-in capital: See Table 4 attached;

(v) Acquisition of real estate at costs which exceeds $300 million or 20% of the paid-in capital: None;

(vi) Disposal of real estate at prices which exceeds $300 million or 20% of the paid-in capital: None;

(vii) Total purchases from and sales to related parties which exceed $100 million or 20% of the paid-in capital: See Table 5 attached;

(viii) Receivables from related parties which exceed $100 million or 20% of the paid-in capital: See Table 6 attached;

(ix) Information about derivative instruments transactions: See notes 6(b);

(b) Information on investees: See Table 7 attached;

(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investees, share of profits (losses) of investees, ending balance, amount received as earnings distributions from the investment, and limitation on investment: See Table 8 attached;

(ii) Significant direct or indirect transactions with investee companies, the prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in Mainland China on financial reports: For the Company’ s significant direct or indirect transactions (eliminated when compiling the consolidated financial statements) with investee companies in Mainland China for the year ended December 31, 2021, please refer to “Information on significant transactions” above.

(d) Major shareholders:

According to the information provided by Taiwan Depository & Clearing Corporation, none of the shareholders holds over 5% of the Company’s stocks.

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14. Segment information

Please refer to the consolidated financial statements for the year ended December 31, 2021.