



# ACER INCORPORATED ANNUAL REPORT

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<http://mops.twse.com.tw>  
[www.acer-group.com](http://www.acer-group.com)

TSE: 2353

# 2020



Work And Study, Anywhere



ConceptD™



## 1. Name, Title and Contact Details of Company's Spokespersons

Principal	Meggy Chen	CFO	+886-2-2696-1234	Meggy.Chen@acer.com
Deputy	Wayne Chang	Manager	+886-2-2719-5000	Wayne.Chang@acer.com

## 2. Address and Telephone Numbers of Company's Headquarter and Branches

Office	Address	Tel
Acer Inc.	8F., No.88, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City 221, Taiwan	+886-2-2696-1234
Acer Inc. (Shareholder Services)	7F.-5, No.369, Fuxing N. Rd., Songshan Dist., Taipei City 105, Taiwan	+886-2-2719-5000
Acer Inc. (Hsinchu Branch)	3F., No.139, Minzu Rd., East Dist., Hsinchu City 300, Taiwan	+886-3-534-9490
Acer Inc. (Taichung Branch)	3F., No.371, Sec. 1, Wenxin Rd., Nantun Dist., Taichung City 408, Taiwan	+886-4-2250-3355
Acer Inc. (Kaohsiung Branch)	4F.-6, No.38, Xinguang Rd., Lingya Dist., Kaohsiung City 802, Taiwan	+886-7-338-8386
Acer Inc. (Shipping & Warehouse Management Center)	No.28, Neixin Rd., Luzhu Dist., Taoyuan City 338, Taiwan	+886-3-324-5100

## 3. Address and Contact Details of Acer Shareholders' Services

Address: 7F.-5, No.369, Fuxing N. Rd., Songshan Dist., Taipei City 105, Taiwan  
 Tel: +886-2-2719-5000  
 E-mail: [stock.affairs@acer.com](mailto:stock.affairs@acer.com)

## 4. Address and Contact Details of Auditing CPAs in the Most Recent Year

Name: Huei-Chen Chang and Tzu-Chieh Tang at KPMG  
 Address: 68F., No.7, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City 110, Taiwan  
 Tel: +886-2-8101-6666  
 Website: [www.kpmg.com.tw](http://www.kpmg.com.tw)

## 5. Overseas Securities Exchange

Listed Market for GDRs: London Stock Exchange Market  
 For further information, please refer to Website: [www.Londonstockexchange.com](http://www.Londonstockexchange.com)

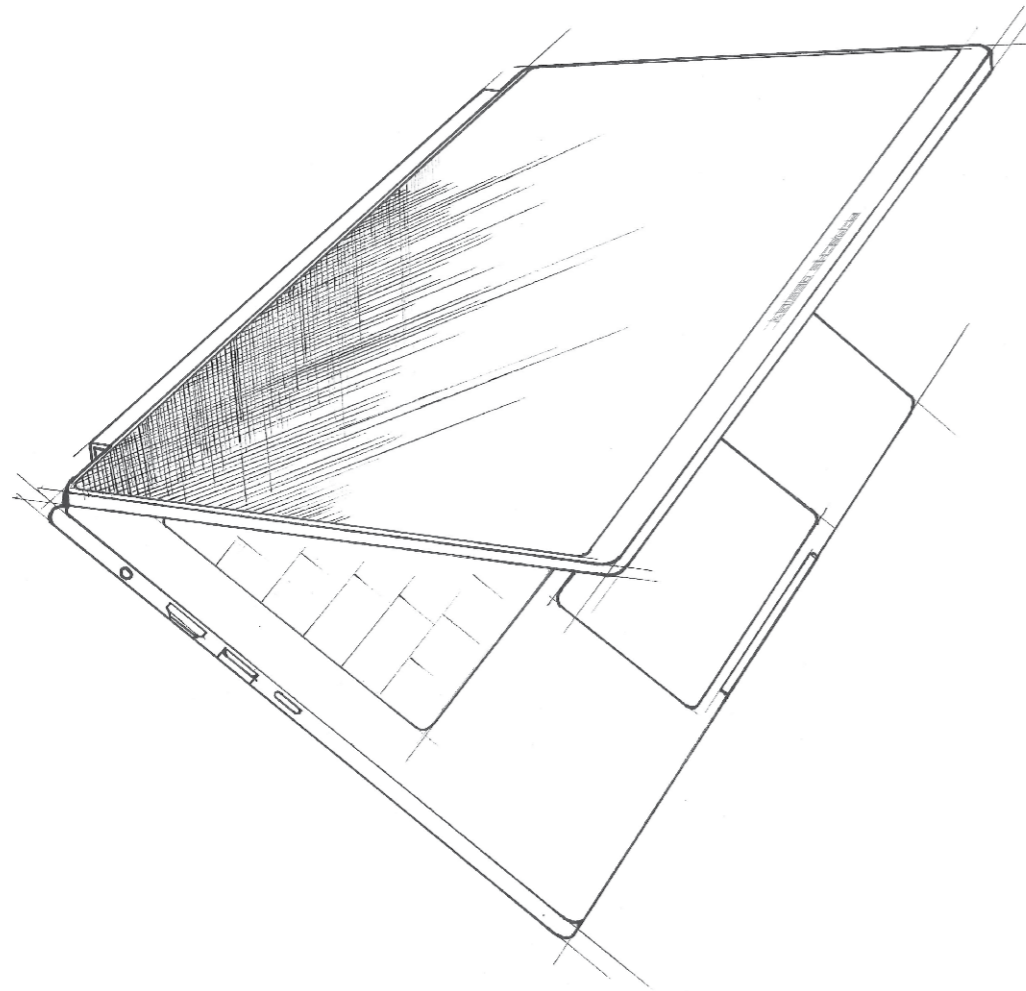
## 6. Acer Group Website: [www.acer-group.com](http://www.acer-group.com)



Acer empowers people with the technology to make their mark and the freedom to live their desired lifestyle. With the mission of “breaking barriers between people and technology,” Acer seeks to make technology accessible to everyone by providing the tools to help educate societies. Acer also invests in designs that consume less resources to reduce waste in its pursuit to make the world a better place.



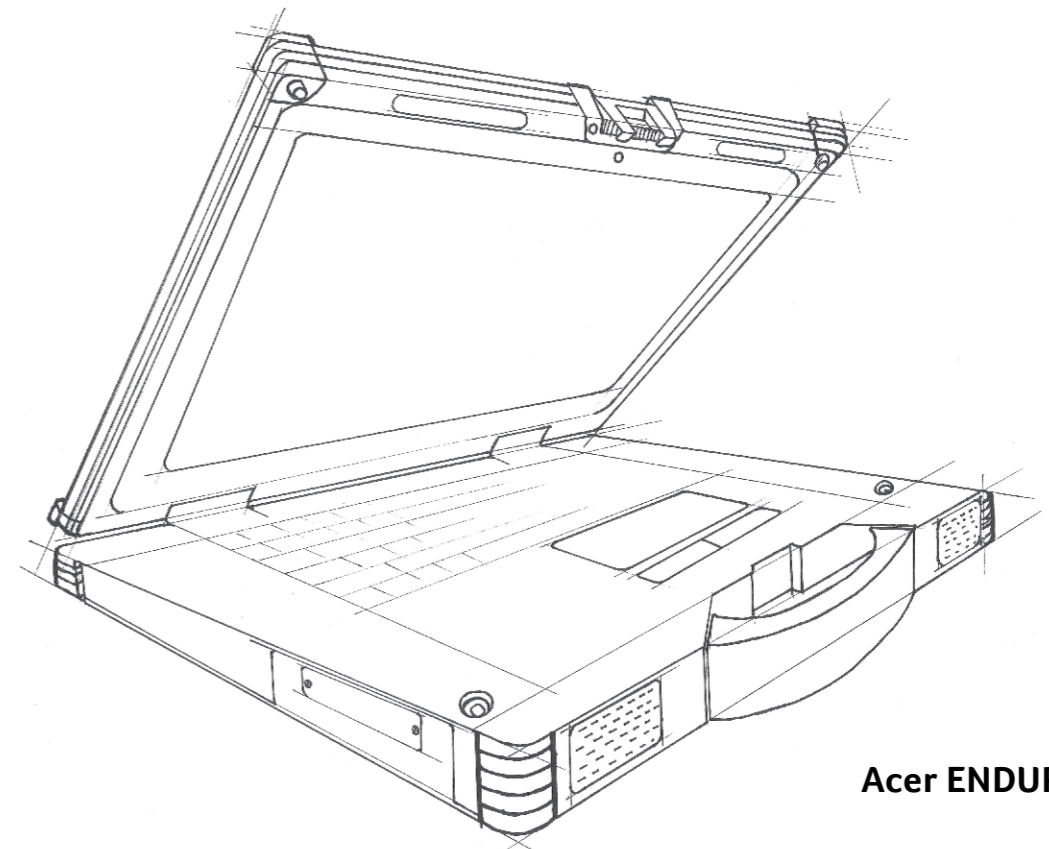
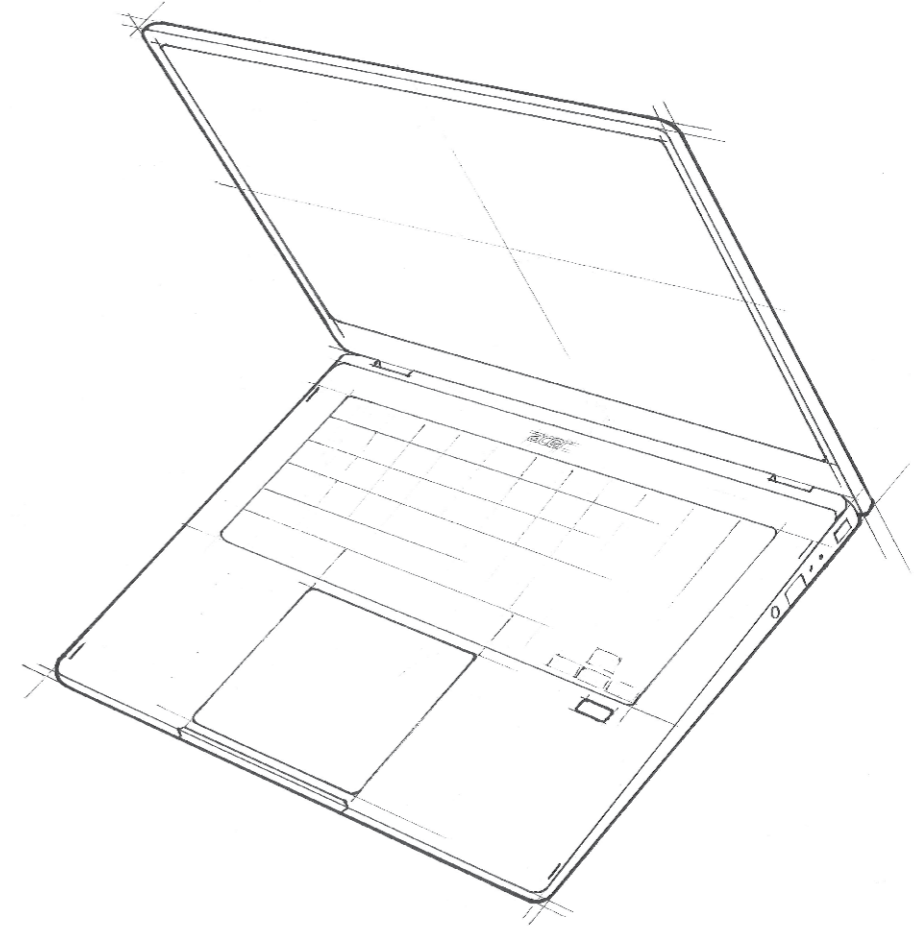
At Acer we believe it's our responsibility to protect the Earth. This report is printed on eco-friendly paper with soy ink. The inner pages featuring our product innovations use black and white printing to reduce the consumption of ink.



## PORSCHE DESIGN | ACER BOOK RS

Crafted with the finest materials, the Porsche Design Acer Book RS follows a clear design philosophy of optimizing function via precise engineering. Bringing together only the most essential design elements and advanced technologies, this high-end device stays true to its ideals, bringing together only the most essential design elements and advanced technologies.

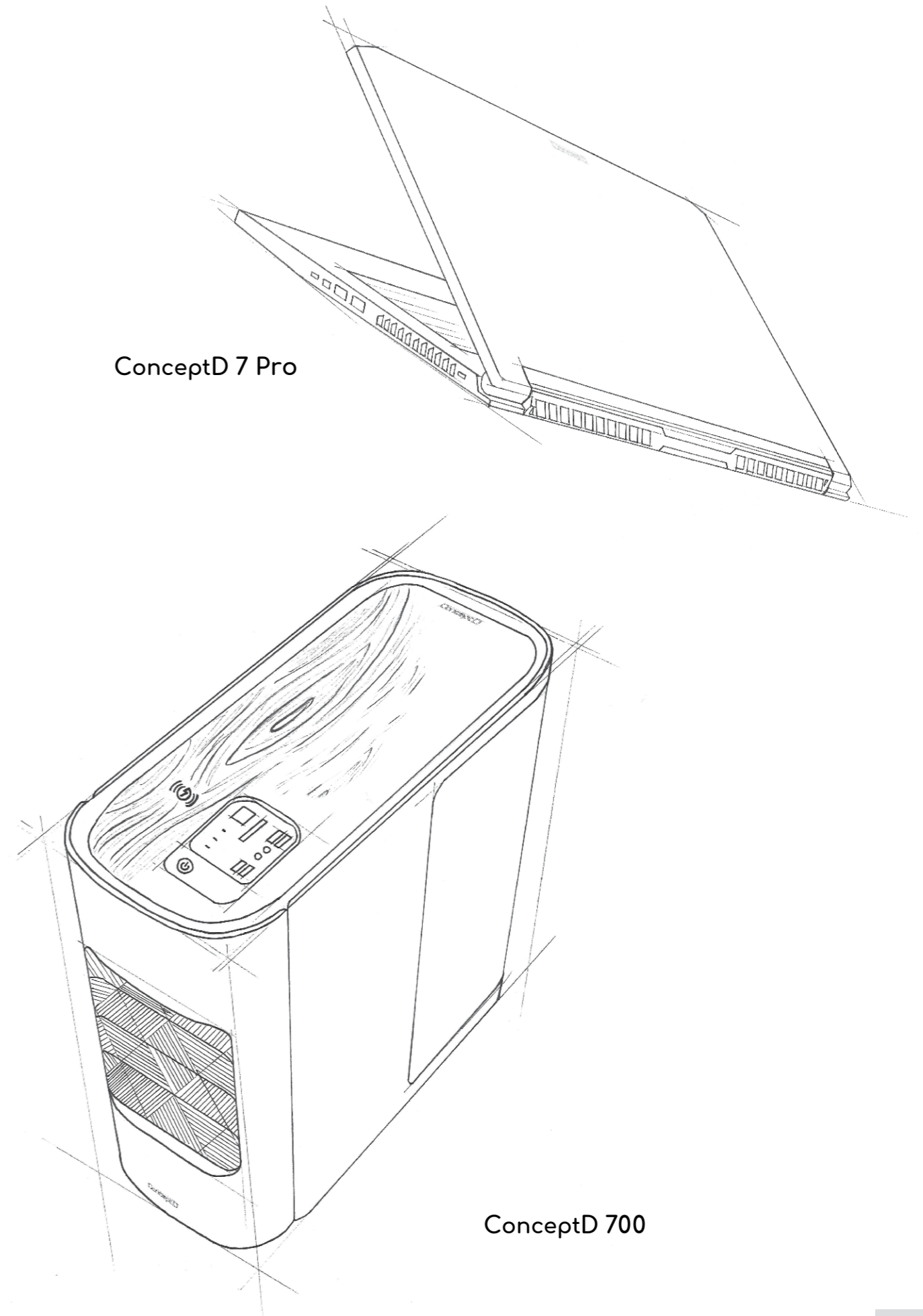
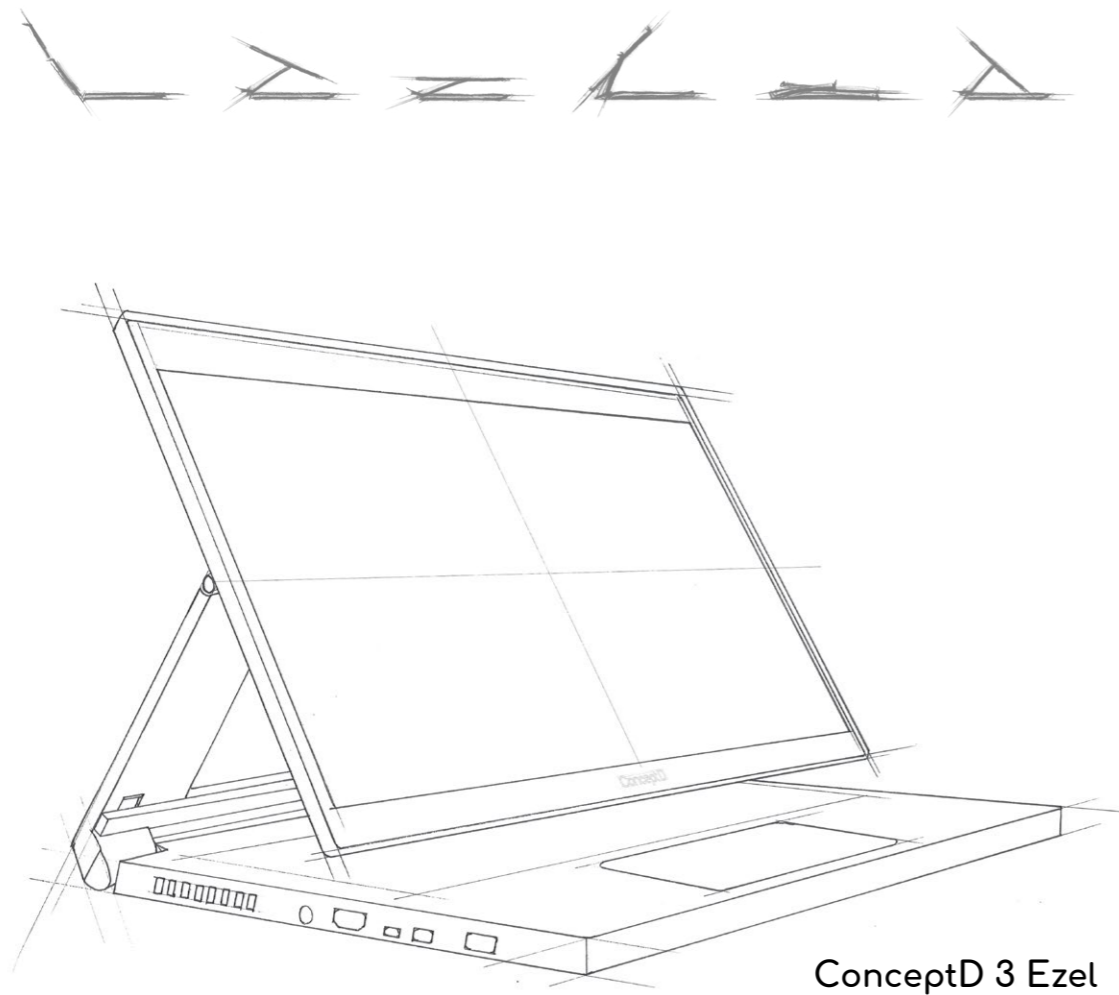
Swift 5



Acer ENDURO N7

# ConceptD™

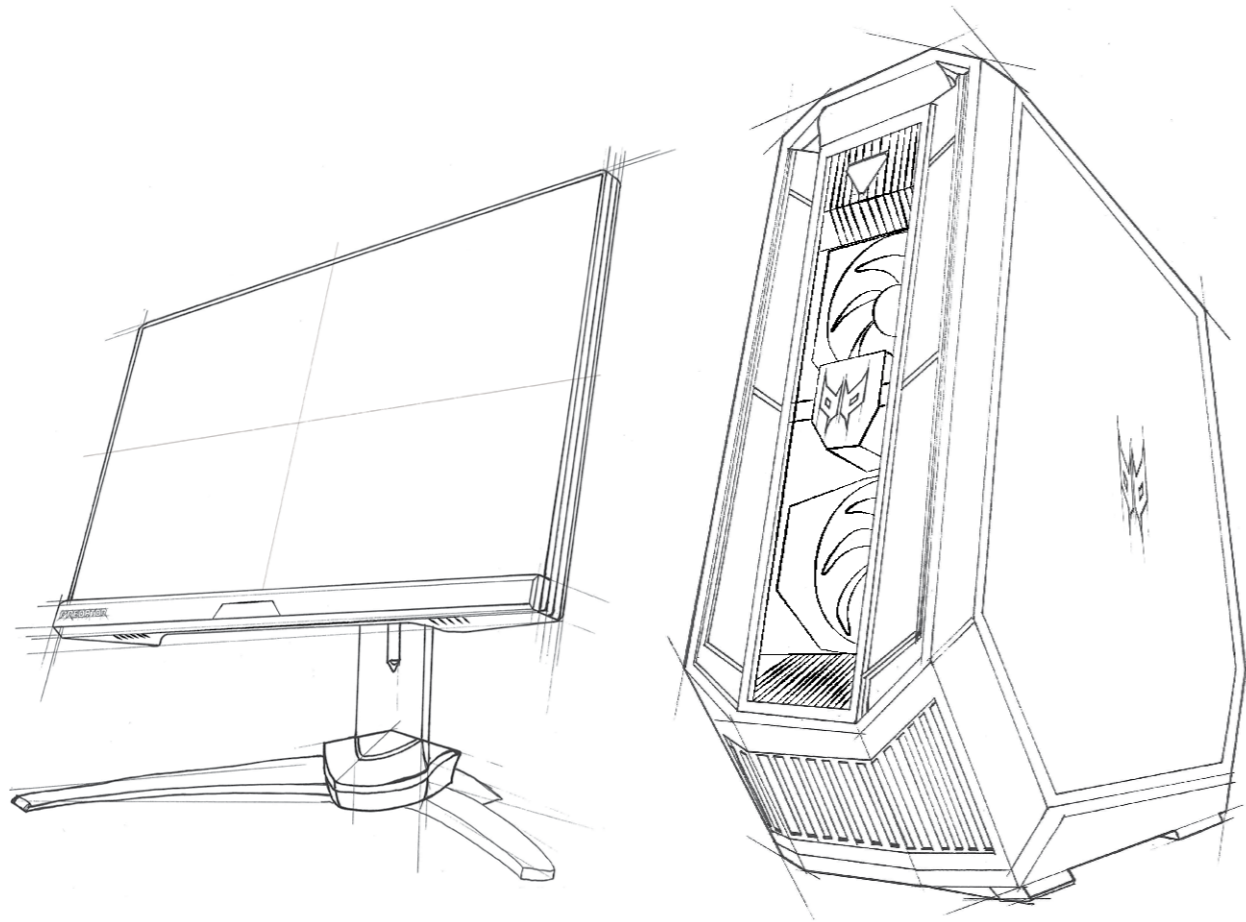
ConceptD devices are made especially for the creative community of designers, engineers, architects, and other creators. Inside and out, they are crafted to cater to every detail of a creator's work. Built for precision with high color accuracy, powerful components, quiet acoustics and a timeless design, the ConceptD brand of devices lets creators be creators.





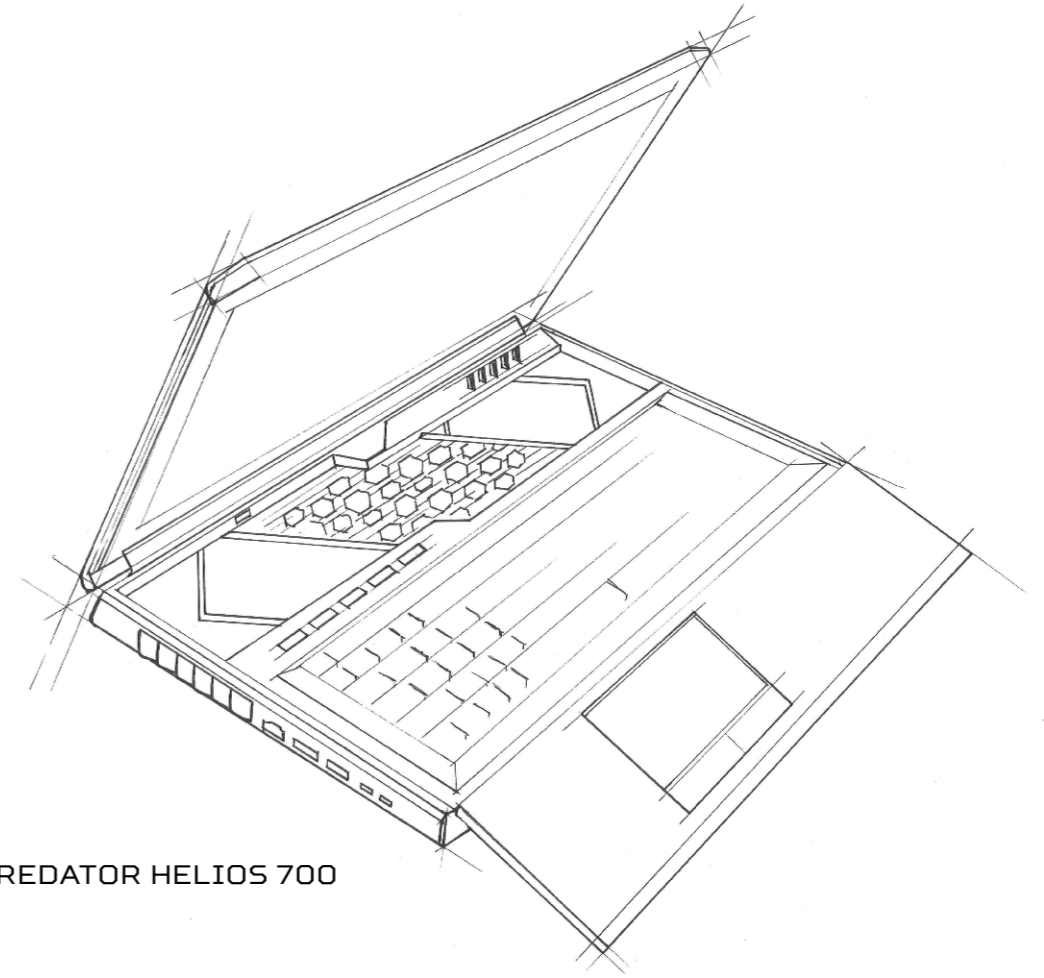
**PREDATOR**

Predator, as a brand, has been developed for gamers who demand a premium, perfected experience. Its mission is to provide best-in-class hardware that enhances every element of gameplay while utilizing the latest, innovative technology and cutting-edge designs. Predator is the first gaming brand to capture the coveted Red Dot brand award.



PREDATOR X25

PREDATOR ORION 9000



PREDATOR HELIOS 700

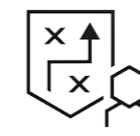
**PLANET9™**

PLANET9 is a unique community-driven esports platform that nurtures gamers of all skill levels to connect with like-minded peers, learn from gaming courses to improve their skills, and compete in tournaments.

**MASTER YOUR PLAY**



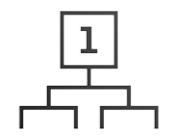
COMMUNITY



COURSES



GAME STATS



TOURNAMENTS



**iF Design Award of Germany: “Product” Category and “Communication” Category**

Three of Acer’s products won iF Design Awards in 2020: the Predator Orion 9000 gaming desktop, the ConceptD 500 & ConceptD 700 workstations, and the Predator Thronos Air gaming chair. Two of Acer’s videos received iF Design Awards for “communication” in 2020. One award went to Predator’s 2019 campaign *PredatorVerse: Summon Your Strength*, and a second award went to a product video for the 2019 model of the Predator Orion 5000 gaming desktop, entitled *Raw Power*.



reddot winner 2020 innovative product

**Red Dot Award of Germany: “Innovative Product” Category**

The Predator Thronos Air gaming chair won a 2020 Red Dot Innovative Product Award, setting a new industry standard by becoming the first gaming chair to receive this distinction.



reddot winner 2020

**Red Dot Award of Germany: “Brand and Communication Design” Category**

Acer’s ConceptD brand for creators won a pair of 2020 Red Dot “Brand and Communication” awards in 2020. One award went to the “Creativity Decoded” online marketing campaign in the “Digital Campaign” sub-category, and another award in the “Sustainable Packaging Design” category went to ConceptD for its eco-friendly packaging.



reddot winner 2020

**Red Dot Award of Germany: “Product Design” Category**

A number of Acer products received 2020 Red Dot Awards for product excellence and design innovation. Red Dot Awards were received by the Predator Helios 700 gaming desktop, the Predator X32 and Predator X38 P gaming monitors, the Predator Thronos Air gaming chair, the ConceptD 7 and ConceptD 9 laptops for creators, the ConceptD 700 workstation, the ultra-thin Acer Swift 5 laptop, the Spin 5 convertible laptop, the Acer TravelMate P6 professional laptop, and the Acer B250i projector.



**CES Innovation Award of the USA – Honoree**

Acer was named a CES 2020 Innovation Award Honoree and won awards in the categories of “Computer Hardware and Components” and “Computer Peripherals and Accessories.” Awards were received by the Acer Swift 5, ConceptD 7 Ezel and the Acer C250i projector.



GOOD DESIGN AWARD 2020

**Good Design Award of Japan**

Three of Acer’s ConceptD products for creators received 2020 Good Design awards: the ConceptD 3 Ezel laptop, the ConceptD 7 Ezel series of laptops, and the ConceptD 700 workstations.

**DISCLAIMER**

This is a translation of the 2020 Annual Report of Acer Incorporated (the “Company”). The translation is intended for reference only and nothing else, the Company hereby disclaims any and all liabilities whatsoever for the translation. The Chinese text of the Annual Report shall govern any and all matters related to the interpretation of the subject matter stated herein.

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# Business Report to Shareholders



## Business Report to Shareholders

Acer's strategy to maintain momentum and secure long-term sustainability is to evolve continuously with the industry and changing lifestyles by pushing for innovation in existing businesses, while expanding to new territories. Our vigilance of the market dynamics and the macro economy, and the velocity of critical actions have enabled Acer to sustain during times of uncertainty and demonstrate the resilience of our organization. Our focus on securing materials to fulfil the urgent demand for our products, so that people could stay connected during the pandemic, helped Acer to achieve some success and resulted in FY2020 consolidated revenues of NT\$277.11 billion, operating income of NT\$8.94 billion with 190.3% in YoY growth, net income of NT\$6.03 billion with 3.2% margin, and EPS of NT\$2.01.

The COVID-19 pandemic has been the topic of concern for almost everyone due to its direct impact on people's lives. In the ICT industry, it caused delays in global PC shipments and exposed the weaknesses of existing supply chains. Ultimately, it triggered new norms in lifestyles and required industries to rapidly adapt to high volatility and unexpected changes in order to continue operations. Despite the cancellation of most physical events due to the pandemic, Acer continued to host two global press conferences in 2020 by pushing creativity limits and announcing our new products to the world via online streaming.

### Innovation and Intrapreneurship

In 2020, Acer ranked No. 5 for total PCs shipments worldwide with 22% YoY growth, exceeding the industry growth of 13% (Source: IDC). Our focus on industry bright spots yielded strong results with Chromebooks and the gaming line (desktops, notebooks, and monitors) gaining 95% and 31% in respective YoY revenue growth. We ranked No. 2 in Taiwan patent application with 523 filings.

In the PC and displays business, Acer is committed to strengthening foundations with technological innovations and offering unique product lines for the specific needs of gamers, creators, education, and more. At the same time, Acer is exploring new opportunities, expanding into adjacent territories, and cultivating multiple business engines through encouraging employees to think outside the box as intrapreneurs.

In the gaming field, Acer continued building on its comprehensive ecosystem that now includes hardware/accessories, esports tournaments, esports social platforms, and energy drinks. In hardware, Acer has stood out from the competition by introducing new generations of its advanced thermal cooling solutions to enable its gaming notebooks and desktops to run at peak performance. For PLANET9, a community-driven esports platform for gamers, Acer released a new in-game live AI translator service that's trained with game jargon to facilitate communication among gamers. The latest addition to the ecosystem is the distribution of popular gaming consoles by Acer subsidiaries in Taiwan.

### Multiple Growth Engines and New Initiatives

Our multiple business engines also kept their momentum and saw viable growth, steadily increasing their contribution to Acer's overall revenues. The strategy of listing our subsidiaries has progressed: in Q4'20 Acer Synergy Tech was listed on the Taipei Exchange; in Q1'21, Acer e-Enabling Service Business was listed on the emerging stock market of the Taipei Exchange, and Weblink International became listed on the Taiwan Stock Exchange.

Many of our new initiatives made notable developments. In medical artificial intelligence (AI), Acer Healthcare collaborated with Novartis Taiwan and the national Taiwan University Hospital and to receive the first AI-assisted diagnostic software ophthalmic medical device certification from the Taiwan Food & Drug Administration (TFDA approved license). Another exciting development of our AI-based technology is an indoor smart air monitoring solution developed in collaboration with experts in the field of air quality. The solution was installed in 3,000 locations in western Taiwan in 2020, representing 90% of the market share. Acer provided a one-stop shop air quality improvement solution starting from detection, data analytics, reporting, solution, to maintenance for schools, hospitals, and other commercial buildings. And we also launched an air quality improvement solution for consumers.

In the realm of smart cities, following the successful installation of Taiwan's first roadside Smart Parking Meter BOT project in Tainan, Acer has won phase two of the project as the supplier of another 2,000 spaces and as operator for the next 20 years.



In addition, Acer e-Enabling Service Business developed an infection and antimicrobial resistance surveillance system in collaboration with Taiwan's Centers for Disease Control. The system won the Global ICT Excellence Award for COVID-19 Best Industry Solution by WITSA (World Information Technology and Service Alliance), an encouraging sign that Acer's efforts in applying information communication technology to pandemic prevention is bearing fruit.

#### Recognition for ESG Performance

Acer's corporate responsibility efforts have consistently been recognized by global sustainability indices that benchmark environmental, social and governance (ESG) performance of organizations. For the first time we have been awarded with a Silver Class distinction in the S&P Global Sustainability Yearbook 2021 for the top ESG scoring companies. Also for the first time, Acer ranked among the "100 most sustainably managed companies in the world" by The Wall Street Journal from a study into 5,500 publicly traded businesses. For the seventh consecutive year we have been listed in the Dow Jones Sustainability Indices Emerging Markets Index.

2020 has been an exceptional year; with your support we've navigated through these challenging times with some success, and tested our resilience. As a stronger company, we will continue to push limits and continue bringing value to our customers, shareholders and employees. Thank you.

Sincerely,

**Jason Chen**

Chairman of the Board

**Jason Chen**

**Meggy Chen**

Corporate Officers

**Sophia Chen**

Accounting Officer

## 1.1 2020 Operating Report

### 1.1.1 Operating Results and Earning Abilities

Financial Information (Consolidated)

Unit: NTD Thousands

Item		2019	2020
Operating Results	Revenue	234,285,354	277,112,477
	Gross profit	24,716,786	30,119,615
	Net income (loss) attributable to shareholders of the Parent	2,632,565	6,029,287
Earning Abilities	Return on assets(%)	1.75	3.69
	Return on equity(%)	4.35	10.15
	Net income ratio(%)	1.10	2.22
	EPS(NTD)	0.87	2.01

In 2020, revenue was NT\$277.1 billion with an 18.28% increase year-over-year, gross profit was NT\$30.1 billion with a 21.86% increase year-over-year, net income attributable to shareholders of the parent was NT\$ 6.0 billion with a 129.03% increase year-over-year which resulted in a higher EPS of NT\$2.01. Due to rise in net income, return on assets and net income ratio went up in 2020.

### 1.1.2 Budget Expenditure in 2021

Not applicable

## 1.2 2021 Business Plan

### 1.2.1 Business Strategy

1. Evolve with the industry and changing lifestyles by continuing to transform its PC and monitor business, and other new opportunities. Continue to focus on building a comprehensive gaming ecosystem. At the same time, grow the commercial market. The common objective of all businesses under the Acer group is to explore new markets and broaden boundaries.
2. Commitment in R&D to stay at the forefront of technology and to ensure long-term competitiveness.
3. Offer a portfolio of products tailored for different target audiences' needs.
4. Optimize operations and efficiently share resources among the Acer group companies. As a corporate group with multiple-growth engines, foster entrepreneurship among subsidiaries by going public.
5. Strengthen environmental, social and governance; expand environmental campaigns and share best practice with partners.

## 1.2.2 Business Goals

1. Build a sustainable company of the future, and enhance brand premium through lifestyle brands for target audiences.
2. Incorporate latest technologies and develop new solutions that evolve with changing lifestyles, needs, and trends. Focus on segments with potential for high growth potential and profitability. Create solutions that create value to fulfill and exceed people's needs.
3. Introduce new brands or sub-brands to target audiences, while developing new offerings in existing brands.
4. Control operating expenditure and increase operating income to enhance sustainability of operations, uphold the interests of shareholders.
5. Initiate actions to take our efforts in environmental protection to the next level by encouraging employees to perform in their professional capacity.

## 1.2.3 Business Planning and Marketing Strategy

1. Expand Acer's gaming ecosystem with PCs and gadgets for hardcore to casual gamers, host international esports tournaments, and gaming community platform for gamers to train and network together. Extend with new product offering such as beverages and distribution of popular gaming consoles.
2. Secure Acer's technology leadership by making ongoing improvements, such as its thermal cooling solutions and award-winning notebook hinge designs. Explore AI-based solutions for vertical markets, such as smart cities and to assist the healthcare industry to achieve breakthroughs. Through both in-house research and partnerships, expand to more verticals which have synergy with our core competencies.
3. Focus on segments with high growth potential, including thin-and-light laptops, creator line for designers, Gaming ecosystem (hardware, social platform, tournaments and beverage), Chromebooks for education, and the newest rugged line for users in outdoor and harsh environments.
4. Prepare more subsidiaries for public listing starting in Taiwan which is the real test of their business independence and optimization.
5. Amplify employee understanding of environmental issues through hosting events for learning and sharing, and internal communication.

## 1.2.4 Future Development Strategy

1. Continuous advancements in industry-leading thermal cooling technologies and powerful performances. Explore new technologies and markets not restricted to the PC structure, research into diversified services and solutions and build on the advantage of Acer's expansive global footprint and service network.
2. Promote innovation within company. Seek new areas where Acer's knowhow in AI and technology could support and improve solutions in various areas such as healthcare and science.
3. Be the first-to-market with new technologies that enhance the user experience. Seek opportunities in the commercial market: Acer's commercial business portfolio includes the new rugged line for use in harsh commercial environments, the creator line for designers, Chromebooks for education, servers, and cloud solutions.
4. Continue to march ahead in new businesses through public listing.
5. Promote deeper understanding of the necessity to reduce burden on the environment. Initiate more actions to protect reduce, reuse, recycle in company operations, and give back to society and shareholders.

## 1.2.5 Impact on Company Due to Competition, Governmental Regulations and Overall Macro Market

1. Respect international laws and regulations on information privacy and security, such as GDPR, especially in the realms of AI and cloud services.
2. Strengthen IT security and preparedness in the event of cyber security risks, which have become prevalent in the growing digitization of business operations and consumer user habits.
3. Observe the China-US trade war impacts and follow all local regulations including the US Trade Act 301. Continue to monitor socioeconomic situations, and dynamically adjust regional business strategies according to local developments.
4. Closely observe the currency fluctuation of emerging markets and remain watchful over the global financial market dynamics, in addition to foreign exchange hedging to minimize related risks.
5. Observe the impacts of the ongoing COVID-19 pandemic; reassess risks such as in supply chain and manufacturing.
6. Keep abreast with the evolving digital infrastructure developments brought about by the combination of AI and 5G, and the new applications, opportunities and challenges this brings across industries.

# Company In General



## 2.1 Date of Founding : August 1, 1976

## 2.2 Brief Account of the Company

### 1976 – 1986

- Commercialized microprocessor technology

### 1987 – 2000

- Created the Acer brand name and went global

### 2001 – 2007

- Transformed from manufacturing to a marketing and sales company

### 2008 – 2013

- Enhanced worldwide presence with a multi-brand strategy

### 2014 – 2019

- Transformed into a "hardware + software + services" company

### 2020 – Present

- Evolving with the industry and changing lifestyles, and expanding boundaries

### 1976

- Founded under the name "Multitech" with NT\$1 million (US\$25,000) in capital, focusing on trade, product design, and consultancy in the use of microprocessor technologies. (Aug. 1, 1976).

### 1978

- Established the Microprocessor Training Centre, training 3,000 engineers for Taiwan's information industry.

### 1979

- Expanded the business to central and southern Taiwan.
- Designed Taiwan's first mass-produced computer for export.

### 1980

- Designed the Dragon Computer Terminal, the Chinese language adaptation for computers.

### 1981

- Established its manufacturing operations at the Hsinchu Science-based Industrial Park in Taiwan.
- Debuted the MicroProfessor-I as the Company's first branded product.

### 1982

- Unveiled the MicroProfessor-II as Taiwan's first 8-bit home computer.

### 1984

- First company to promote 16-bit PC products in Taiwan.

### 1984

- Established Acer Peripherals, Inc. (now BenQ Corp.) .

### 1985

- Founded AcerLand, Taiwan's first and largest franchised computer retail chain.

### 1986

- Beat IBM to offer 32-bit PCs.

**1987**

- Created the "Acer" name.

**1988**

- Completed Acer Inc. initial public offering (April 1988)

**1989**

- Formed the TI-Acer DRAM joint venture with Texas Instruments.

**1990**

- Launched Acer's first notebook.
- Acquired Altos Computer Systems, a manufacturer of multi-user and networked systems for commercial markets.

**1991**

- Introduced ChipUp™ technology – world's first 386-to-486 single-chip CPU upgrade solution.

**1992**

- Co-founder Stan Shih introduced the Smiling Curve concept.

**1995**

- The popular Aspire multimedia PC brought Acer closer to the consumer electronics market.

**1998**

- As official IT Sponsor of the 13th Asian Games in Bangkok, Acer introduced the world's first PC-based management system for a major international sporting event.

**2000**

- As part of its second re-engineering to transform into a marketing and sales company, Acer split off the manufacturing business unit to create Wistron Corp.

**2001**

- Introduced the MegaMicro e-Enabling services, an e-business model that integrates IT equipment, network, management platforms, and application software.

**2002**

- Inaugurated the Product Value Lab to enhance Acer's customer-centric focus in research and design.
- TravelMate C100 was the first convertible Tablet PC available in the worldwide market with pen input.

**2004**

- Acer Co-founder Stan Shih retired from the Group.

**2005**

- J.T. Wang assumed the position of Chairman and CEO, while Gianfranco Lanci stepped into the role of Corporate President.
- Launched Ferrari 4000, the first carbon-fiber notebook available in the worldwide market.
- Became the No. 1 brand in EMEA for notebooks.

**2006**

- Became a Sponsor of Scuderia Ferrari.

**2007**

- Completed the merger of Gateway, Inc.

**2008**

- Announced the acquisition of E-ten and plan to enter the smart handheld market.
- Acquired Packard Bell Inc. through the takeover of Gateway Inc.
- Launched the Aspire One, Acer's first netbook.

**2009**

- Launched the Aspire Timeline line – Acer's first thin and light notebooks with all-day battery life.
- BusinessWeek named Acer among the "10 Hottest Tech Companies of 2009."

- Launched the Liquid line of smartphones.
- Ranked as the world No. 2 company in Total PCs.

**2010**

- Provided and managed computing facilities for the Vancouver 2010 Olympic Winter Games.

**2011**

- Acquired US-based iGware, investing in cloud technology.
- Debuted the first Ultrabook™ with the Aspire S3.
- Jim Wong assumed to role of Corporate President
- Launched the ICONIA tablet PCs.

**2012**

- Supplied all computing equipment for the London 2012 Olympic Games and earned high appraisals from the assembly.

**2013**

- Elected Stan Shih as company Chairman and interim Corporate President.
- Announced Build Your Own Cloud (BYOC™) and the transition to a "hardware + software + services" company.

**2014**

- Appointed Jason Chen as Corporate President and CEO (Jan. 1, 2014).
- Debuted the Liquid Leap as the Company's first wearable device.
- George Huang succeeded Stan Shih as Chairman; Acer's Board invited Stan Shih to become Honorary Chairman.
- Debuted on the Dow Jones Sustainability Emerging Markets Index and listed on the MSCI Global Sustainability Indexes for environmental, social and governance.

**2015**

- As sponsor of Taiwan's First IAAF certified marathon – Wan Jin Shi – Acer provided the runner tracking service.
- Held its inaugural "next@acer" global press conference in New York.

- Announced the availability of the Predator gaming product line.
- Acquired GPS cycling computer brand, Xplover, to expand reach in the sports industry.
- Its subsidiary, MPS Energy, and Studio X-Gen announced a new electric all-terrain vehicle.

**2016**

- Announced strategic partnership with GrandPad to tap into the senior care market.
- Began research and developments into the virtual reality realm.
- Revealed the world's first curved-screen gaming notebook, the Predator 21 X.
- Acquired Pawbo and stepped into the petware market.
- Celebrated its 40th anniversary.

**2017**

- Unveiled smart transportation solutions that include smart parking, and the intelligent mixology robot solution.
- The Board appointed Jason Chen as Chairman and CEO, and Meggy Chen as Corporate Chief Financial Officer.
- Sponsored 13,000 smartwatches to athletes and sports delegation members participating in the Summer Universiade Taiwan, together with MediaTek Inc. and EasyCard Corp.
- Expanded its digital signage business by participating in the private placement of AOPEN.
- The Board approved to separate the data center business from Acer CyberCenter Services Ltd. (now Acer Cyber Security Inc.) and form a new company called Acer e-Enabling Data Center Inc.

**2018**

- Launched the world's thinnest laptop, Swift 7, measuring at just 8.98 mm thin.
- Hosted the first Asia Pacific Predator League 2018 esports tournament and finals held in Jakarta, Indonesia.
- Expanded its gaming gadgets with the Predator Thronos chair.
- Announced the world's lightest 15-inch notebook with the Swift 5 weighing just 990 grams.



- Introduced the Acer OJO 500 Windows Mixed Reality headset.
- Named Proud Partner and Official Monitor Provider of the 2018 League of Legends World Championship, for the third consecutive year.
- Appointed Tiffany Huang and Jerry Kao as Co-chief Operating Officers.

## 2019

- Hosted the grand finals of the second Asia Pacific Predator League esports tournament in Thailand.
- Launched the ConceptD brand with a full portfolio of high-end products for creators, including desktops, notebooks, and monitors.
- As Official Sponsor of the 2019 Olympiad in Informatics in Azerbaijan, Acer provided servers to run the contest, and notebooks for the contestants and staff.
- Predator was the first gaming brand to win the Red Dot brand award.
- Unveiled PLANET9, a next-generation esports platform and open community for gamers.
- The "Click to Pray eRosary" smart wearable, designed by its subsidiary GadgeTek Inc. in corporation with the Vatican for the Catholic community, captured great international media attention.
- Its subsidiary Acer Cyber Security Inc. (ACSI) became listed on the Taipei Exchange.
- Teamed up with Ubisoft with the Predator brand as official PC and monitor sponsor for the Rainbow Six Pro League and Majors esports events through to 2020.

## 2020

- Implemented buyback of Acer shares to reduce impact due to the COVID-19 pandemic.
- Held the first online next@acer global press conference due to the COVID-19 pandemic.
- Launched the Acer Enduro line of notebook and tablet for rugged use.
- Entered the beverage business with the PredatorShot energy drink and VitaBeauty health drink, expanding its lifestyle products.
- Expanded its air monitoring business by establishing the AcerPure Inc. subsidiary, and launching the "acerpure cool" 2-in-1 air circulator and purifier.

- Collaborated with National Taiwan University Hospital and Novartis Taiwan to receive the first AI-assisted diagnostic software ophthalmic medical device certification from the Taiwan Food & Drug Administration (TFDA approved license).
- Signed a Memorandum of Understanding with a leading medical center in Taiwan to establish an AI-based platform to accelerate vaccine developments.
- Its subsidiary, Acer e-Enabling Service Business (AEB), teamed up with the Centers for Disease Control to build an information system for critical medical supplies and the Taiwan Healthcare-Associated Infection and Antimicrobial Resistance Surveillance System (THAS), providing medical officials with real time data during the COVID-19 pandemic.
- The newly established business, Acer Gaming, became a distributor of products from Sony Interactive Entertainment Taiwan.
- Listed on the Dow Jones Sustainability Indices (DJSI) for the seventh straight year; and on the FTSE4Good Emerging Index for the fifth year.
- Its subsidiary, Acer Synergy Tech Corp. (AST), became listed on the Taipei Exchange.

## 2021

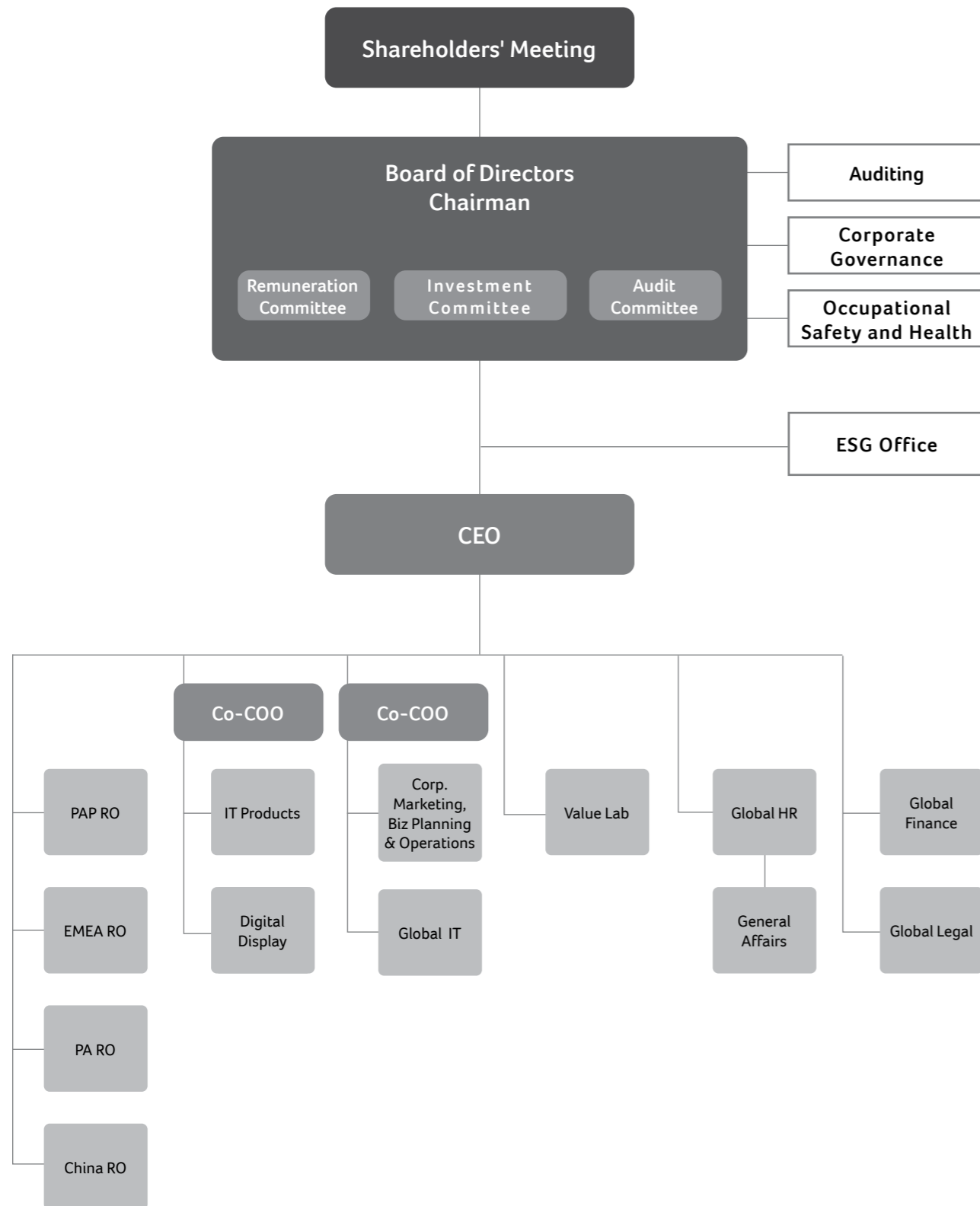
- Its subsidiary, Acer e-Enabling Service Business (AEB) became listed on the emerging stock market of the Taipei Exchange.
- Its subsidiary, Weblink International, became listed on the Taiwan Stock Exchange.
- Received Silver Class distinction in the S&P Global Sustainability Yearbook 2021, which features only the top ESG (environmental, social and governance) scoring companies.

# Corporate Governance Report



### 3.1 Organization of the Company

#### 3.1.1 Department Functions



#### 3.1.2 Corporate Functions

##### Auditing

- To assist Acer Board of Directors and officers in inspecting and reviewing defects in the internal control systems as well as measuring operational effectiveness and efficiency, and make timely recommendations for improvements to ensure the sustained operating effectiveness of the systems and to provide a basis for review and correction

##### Corporate Governance

- The procedures for and relative matters of Shareholders, Board of Directors and functional committees' meeting; to assist Acer Board of Directors and BOD members to execute their power and authority in accordance with laws and regulations, the Company's Articles of Incorporation and relevant internal rules

##### Occupational Safety and Health

- Establish an occupational safety and health management system to achieve safety and health management goals and improve safety and health management standards through planning, implementation, evaluation, and improvement measures

##### ESG Office

- Strategic planning and management in corporate sustainability with the aim of fulfilling corporate social responsibilities

##### PAP RO

- Sales, marketing and after-sales service of Acer's IT products in Taiwan and Asia Pacific

##### EMEA RO

- Sales, marketing and after-sales service of Acer's IT products in Europe, Middle East and Africa

##### PA RO

- Sales, marketing and after-sales service of Acer's IT products in Pan America

##### China RO

- Sales, marketing and after-sales service of Acer's IT products in China

##### IT Products Business

- Managing global notebook, desktops, Tablet, wearable products and gadget products business

##### Digital Display Business

- Managing global monitors, and projectors product lines business

##### Server Products Business

- Managing server products line business

##### Corporate Marketing, Business Planning & Operations

- Corporate brand management, consolidation and implementation of global marketing strategies, corporate communications, and the strategic planning, operations of all IT business back-end function

##### Value Lab

- Research and development, design and devote to the technology for new value creation business

##### Global IT

- Corporate information infrastructure and information systems management

##### Global Finance

- Corporate finance, investment, treasury, credit and risk control and accounting services management

##### Global Legal

- Corporate and legal affairs, intellectual property management

##### Global HR

- In response to market changes of global trends, formalize the human resources-related talent strategies and organizational planning to meet the company's sustainable development needs

##### General Affairs

- General affairs, transportation services, office facilities management

## 3.2 Information Regarding Board of Directors and Key Managers

### 3.2.1 Board of Directors (April 13, 2021)

Title	Nationality or Registration	Name	Gender	Date of Election	Term	Accumulative Term	Date of First Election (Note 5)	Shares Held When Elected		Shares Held at Present		Shares Held by Spouse & Minors		Shares Held by the Other's		Education	Current Position(s) in Other Companies	Spouse or Immediate Family Holding Managerial Position		
								Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage			Title	Name	Relationship
Chairman (Note 1)	R.O.C	Jason Chen	Male	06/12/2020	3 Years	Since June 2014	06/18/2014	2,633,480	0.09	2,633,480	0.09	0	0	3,954,056	0.13	Senior Vice President of Worldwide Sales and Marketing, TSMC MS in Business Administration, Missouri Columbia University	1. Chairman, Mu-jin Investment Co., Ltd. 2. Chairman, Mu-Shi Investment Co., Ltd. 3. Other (Note 4)	-	-	-
Director	R.O.C	Stan Shih	Male	06/12/2020	3 Years	Since July 1979	12/17/2001	34,989,531	1.15	34,989,531	1.15	399,225	0.01	0	0	Chairman, ACER MS in Electrical Engineering, National Chiao Tung University, Taiwan	1. Independent Director, Taiwan Semiconductor Manufacturing Co., Ltd. 2. Director, Nan Shan Life Insurance Co., Ltd. 3. Director, Hung Rouan Investment Corp. 4. Director, Egis Technology Inc. 5. Chairman, Dragon Investment Co., Ltd. 6. Director, CTS Inc. 7. Director, Rongxin Management Consultants Co., Ltd. 8. Director, Bingyu Co., Ltd. 9. Chairman, Ambi Investment and Consulting Inc. 10. Chairman, Stans Foundation 11. Director, Taiwan Public Television Service Foundation 12. Chairman, CLOUD GATE Foundation 13. Director, NSFG Foundation 14. Director, Chew's Culture Foundation	Legal Representative of Director	Maverick Shih	Son
Director	R.O.C	Hung Rouan Investment Corp.	-	06/12/2020	3 Years	Since June 2014	06/14/2005	73,629,933	2.42	73,629,933	2.42	0	0	0	0	-	-	-	-	-
Legal Representative of Director	R.O.C	Maverick Shih (Representative of Hung Rouan Investment Corp.)	Male	06/12/2020	3 Years	Since July 2019	06/14/2005	0	0	10,141,777	0.33	13,172,880	0.43	0	0	President, Acer Cloud Technology Ph.D. in Electrical Engineering, University of Southern California	1. Chairman, MAVs LAB. Inc. 2. Director, Rongxin Management Consultants Co., Ltd. 3. Director, Dragon Investment Co., Ltd. 4. Director, Kiwi Technology Inc. 5. Director, Allxon Inc. 6. Other (Note 4)	Director	Stan Shih	Father
Independent Director	R.O.C	Ching-Hsiang Hsu	Male	06/12/2020	3 Years	Since June 2017	06/21/2017	0	0	0	0	0	0	0	0	Chairman, Research Institute of Electronics Engineering, Tsing-Hua University Ph.D. in Electrical Engineering, University of Illinois at Urban-Champaign	1. Chairman, eMemory Technology Inc. 2. Chairman, iMQ Technology Inc. 3. Chairman, PUFSecurity USA Corporation 4. Chairman and President, PUFSecurity Corp. 5. Director, SecuX Technology Inc. 6. Independent Director, Member of Remuneration Committee and Audit Committee, Materials Analysis Technology Inc. 7. Director, National Applied Research Laboratories	-	-	-
Independent Director	R.O.C	Ji-Ren Lee	Male	06/12/2020	3 Years	Since June 2014	06/18/2014	0	0	0	0	0	0	0	0	Professor of International Business, College of Management, National Taiwan University Ph.D. in Strategic Management, University of Illinois at Urban-Champaign	1. Independent Director, Delta Electronics, Inc. 2. Independent Director, Vivotek Inc. 3. Director, Longchen Paper & Packaging Co., Ltd. 4. Member of Remuneration Committee, MediaTek Inc.	-	-	-
Independent Director (Note 2)	R.O.C	San-Cheng Chang	Male	06/12/2020	3 Years	June 2017- November 2019 Since June 2020	06/21/2017	530,322	0.02	530,322	0.02	6,444	0	0	0	Premier Ph.D. in Civil and Environmental Engineering, Cornell	1. Chairman, SanCode Education Foundation 2. Director, XUE XUE INSTITUTE CO., LTD. 3. Director, Help-Save-A-Pat Fund Taiwan 4. Director, Cancer Care Foundation	-	-	-

Title	Nationality or Registration	Name	Gender	Date of Election	Term	Accumulative Term	Date of First Election (Note 5)	Shares Held When Elected		Shares Held at Present		Shares Held by Spouse & Minors		Shares Held by the Other's		Education	Current Position(s) in Other Companies	Spouse or Immediate Family Holding Managerial Position		
								Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage			Title	Name	Relationship
Independent Director (Note 2)	Japan	Yuri, Kure	Female	06/12/2020	3 Years	Since June 2020	06/12/2020	0	0	0	0	0	0	0	0	Lee and Li, Attorney-at-Law, Senior Associate-Japan Project Manager MS in Law, National Taiwan University	None	-	-	-
Director (Note 3)	R.O.C	George Huang	Male	06/21/2017	3 Years	July 1979-February 1993 Since June 2014	06/14/2005	0	0	0 (Note 3)	0	0	0	0	0	Director, ACER Bachelor, Institute of Communication Engineering of National Chiao Tung University	(Note 3)	-	-	-
Director (Note 3)	R.O.C	Smart Capital Corp.	-	06/21/2017	3 Years	Since June 2005	06/14/2005	0	0	0 (Note 3)	0	0	0	0	0	-	(Note 3)	-	-	-
Legal Representative of Director (Note 3)	R.O.C	Philip Peng (Representative of Smart Capital Corp.)	Male	06/21/2017	3 Years	Since June 2005	06/14/2005	0	0	0 (Note 3)	0	0	0	0	0	CFO, ACER MBA, National Chengchi University	(Note 3)	-	-	-
Independent Director (Note 3)	R.O.C	F.C. Tseng	Male	06/21/2017	3 Years	Since June 2017	06/21/2017	0	0	0 (Note 3)	0	0	0	0	0	Deputy CEO, TSMC Ph.D, National Cheng Kung University	(Note 3)	-	-	-

Note 1: The Company continuously focus on Dual Transformation, which means Acer not only discovers a Niche Market to its core business, but also develops multiple growth engines; to efficiently exercise the limited resource of Acer group, and achieve this challenging and complicated strategy of Dual Transformation, it is periodically necessary for one person to hold a concurrent post of Chairman and CEO. Moreover, to enhance the supervising function to Board, the Company increases the number of Independent Directors to 4 seats, in addition there is no more than half directors hold a concurrent post of employees and executors of the Company; besides, it is estimated that the majority of the Board members are independent directors after the 2020 Board re-election.

Note 2: San-Cheng Chang and Yuri, Kure assumed position on 2020.06.12.

Note 3: George Huang, Smart Capital Corp., Philip Peng and F.C. Tseng released on 2020.06.12.

Note 4: Appointed by Company to be Director and/or President of certain subsidiaries. For further details, please refer to pages 161 to 171.

Note 5: The Date that the Director was first elected when Acer has been a public offering Company.

## Major Shareholders of Acer's Institutional Shareholders (April 13, 2021)

Name of Acer's Institutional Shareholders	Major Shareholders of Acer's Institutional Shareholders	Percentage of Shares
Hung Rouan Investment Corp.	Carolyn Yeh	20.13%
	StanShih Foundation	1.60%
	Shih Hsuen Rouan	17.25%
	Shih Hsuen Huei	26.09%
	Shih Hsuen Lin	17.16%
	Shih Fang Cheng	8.93%
	Yeh Ting Yu	8.84%

Note: StanShih Foundation is established and 100% donated by Mr. Stan Shih.



## Board of Directors (BOD) Diversity Policy

Acer Group constantly pay attention to corporate governance, our BOD Diversity Policy is included into Chapter III Enhancing the Function of Board of Directors of "Acer Incorporated Corporate Governance Best-Practice Principles".

The board of directors of the Company shall direct company strategies, supervise the management, and be responsible to the shareholders meetings. Procedures and arrangement relating to corporate governance shall ensure that, in exercising its authority, the board of directors will comply with laws, regulations, articles of incorporation, and the resolutions of shareholders meetings of the Company.

Regarding the structure of the board of directors, the Company shall determine an appropriate number of board members not less than five persons, in consideration of its business scale, the shareholding of its major shareholders and practical operational needs.

The composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development

needs be formulated and include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, and technology), professional skills, and industry experience.

All members of the board shall have the necessary knowledge, skill, and experience to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

1. Ability to make operational judgment.
2. Ability to perform accounting and financial analysis.
3. Ability to conduct management administration.
4. Ability to conduct crisis management.
5. Industrial knowledge.
6. International market perspective.
7. Ability to lead.
8. Ability to make decisions.

## The specific management objectives of the BOD Diversity Policy

This Policy may make the Board function be more effective. The nomination and selection of board members of the Company is in accordance with the Company's Articles. In addition, there is nomination system to ensure the diversity and independence of the board members. The Company expects to invite and nominate one or more female candidates in the next board election (will be held in 2020), and to select directors with different professional knowledge, for providing different perspectives and contributions to facilitate the Board function.

## The implementation of the BOD Diversity Policy

1. Director specializing in operation and sales of Global brand products and services: Jason Chen
2. Director who be devoted in innovation, public and social services: Stan Shih
3. Director specializing in cloud and IC design: Maverick Shih
4. Director specializing in semiconductor industry and having outstanding contribution on the R&D to non-volatile semiconductor component: Ching- Hsiang Hsu
5. Director specializing in strategic organization and business management: Ji-Ren Lee
6. Director specializing in information security and operation of national business, and who had been Premier of Taiwan: San-Cheng Chang
7. Director specializing in legal affairs: Yuri, Kure

The backgrounds of current Directors:

Name	Gender	Nationality or Registration	Classification	Age			Marketing	Information Security	Cloud	Semiconductor	IC design	Entrepreneur	Transformation	Investment	Accounting	Academia	NPO Experience	Social / Culture	Legal
				40~50	50~60	Above 60													
Jason Chen	M	R.O.C	Non-independent		✓		✓		✓										
Stan Shih	M	R.O.C	Non-independent			✓	✓					✓	✓				✓	✓	
Maverick Shih	M	R.O.C	Non-independent	✓				✓			✓								
Ching-Hsiang Hsu	M	R.O.C	Independent			✓			✓		✓	✓				✓			
Ji-Ren Lee	M	R.O.C	Independent			✓								✓	✓	✓			
San-Cheng Chang	M	R.O.C	Independent			✓		✓					✓				✓		
Yuri, Kure	F	Japan	Independent	✓															✓

### Professional qualifications and independence analysis of directors and supervisors (April 13, 2021)

Name	Criteria	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience				Independence Criteria (Note 1)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company		Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Jason Chen					✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Stan Shih					✓				✓				✓	✓	✓	✓	✓	1
Hung Rouan Investment Corp.		Not applicable.				Not applicable.												
Maverick Shih (Representative of Hung Rouan Investment Corp.)						✓				✓	✓		✓		✓	✓	✓	0
Ching-Hsiang Hsu					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Ji-Ren Lee	✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
San-Cheng Chang					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Yuri, Kure					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
George Huang (Note 2)					✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Smart Capital Corp. (Note 2)		Not applicable.				Not applicable.												
Philip Peng (Representative of Smart Capital Corp.) (Note 2)					✓	✓		✓	✓	✓		✓	✓	✓	✓	✓	✓	0
F.C. Tseng (Note 2)					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note 1 : Please tick the corresponding boxes if directors or supervisors have been any of the following during the two years prior to being elected or during the term of office.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the fifth degree of kinship, of any of the persons in the preceding three subparagraphs.
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings.
- (6) Not a director, supervisor, officer, or shareholder holding 5% or more of the share, of a specified company or institution that has a financial or business relationship with the Company.
- (7) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof.
- (8) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
- (9) Not been a person of any conditions defined in Article 30 of the Company Law.
- (10) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.
- (11) Not been a person of any conditions defined in Article 30 of the Company Law.
- (12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

Note2: George Huang, Smart Capital Corp., Philip Peng and F.C. Tseng released on 2020.06.12.

### 3.2.2 Key Managers (April 13, 2021)

Title	Nationality or Registration	Name	Gender	Date of Accession	Shares Held Directly		Shares Held by Spouse & Minors			Shares Held by the Other's		Education	Current Position(s) in Other Companies	Spouse or Immediate Family Holding Position as President or Vice President		
					Number	Percentage	Number	Percentage		Number	Percentage			Title	Name	Relationship
Chairman & CEO (Note 1)	R.O.C	Jason Chen	Male	01/01/2014	2,633,480	0.09	0	0		3,954,056	0.13	Global Marketing Sales Senior Vice General Manager, TSMC Business Administration Master, University of Missouri	1. Chairman, Mu-Jin Investment Co., Ltd. 2. Chairman, Mu-Shi Investment Co., Ltd. 3. Other (Note 3)	-	-	-
Corp.VP & President	France	Emmanuel Fromont	Male	01/01/2011	750,000	0.02	0	0		0	0	VP, Acer EMEA, Packard Bell Division MBA, University of Southern California (USC)	(Note 3)	-	-	-
Co-COO	R.O.C	Tiffany Huang	Female	01/01/2013	722,817	0.02	90	0		0	0	AVP of Acer PCGO Supply Chain Operations; acting Operation Analysis Officer of Corp. President Office Bachelor, Department of law of National Chung Hsing University	(Note 3)	-	-	-
Co-COO	R.O.C	Jerry Kao	Male	12/01/2014	629,375	0.02	0	0		0	0	AVP of Acer Note Book Business Group MBA, National Chung Hsing University	(Note 3)	-	-	-
President	USA	Gregg Prendergast	Male	09/01/2015	599,000	0.02	0	0		0	0	American East Director, Texas Instruments Business Bachelor, Temple University	(Note 3)	-	-	-
CTO	R.O.C	RC Chang	Male	09/01/2015	370,135	0.01	0	0		0	0	Department of Computer Science Professor, National Chiao Tung University Computer engineering Doctor, National Chiao Tung University	(Note 3)	-	-	-
President	R.O.C	Andrew Hou	Male	03/25/2016	365,500	0.01	19	0		0	0	Vice General Manager, Lite-On Technology Corporation Computer Science Master, Syracuse University	(Note 3)	-	-	-
President	R.O.C	Victor Chien	Male	03/25/2016	322,506	0.01	11	0		0	0	Associate General Manager, Zenitron Corporation Control Engineering and Management Science Bachelor, National Chiao Tung University	(Note 3)	-	-	-
Corp. Governance Officer	R.O.C	Lydia Wu	Female	05/08/2019	290,903	0.01	0	0		0	0	General Counsel of Acer Global Legal Bachelor, Department of law of National Taiwan University	(Note 3)	-	-	-
Corp. CFO	R.O.C	Meggy Chen	Female	07/01/2017	437,265	0.01	0	0		0	0	AVP of Acer Global Treasury Business Administration Master, UCLA Anderson School of Management	(Note 3)	-	-	-
Accounting Officer	R.O.C	Sophia Chen	Female	07/01/2017	12,680	0	0	0		0	0	CFO of Acer Pan Asia Pacific Region Business Administration Master, University of Pittsburgh	(Note 3)	-	-	-
President (Note 2)	R.O.C	Ben Wan	Male	05/16/2002	0 (Note 2)	0	0 (Note 2)	0		0 (Note 2)	0	Chairman & CEO of ARC Consulting Company MBA, University of Southern California	(Note 2)	-	-	-

Note 1: The Company continuously focus on Dual Transformation, which means Acer not only discovers a Niche Market to its core business, but also develops multiple growth engines; to efficiently exercise the limited resource of Acer group, and achieve this challenging and complicated strategy of Dual Transformation, it is periodically necessary for one person to hold a concurrent post of Chairman and CEO. Moreover, to enhance the supervising function to Board, the Company increases the number of Independent Directors to 4 seats, in addition there is no more than half directors hold a concurrent post of employees and executors of the Company; besides, it is estimated that the majority of the Board members are independent directors after the 2020 Board re-election.

Note 2: Ben Wan released on 2020.12.31.

Note 3: Appointed by Company to be Director and/or President of certain subsidiaries. For further details, please refer to pages 161 to 171.





Range of Remuneration	Name of Directors				
	Total of (A+B+C+D)			Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements
Under NT\$ 1,000,000	Stan Shih, Jason Chen, Smart Capital Corp., George Huang	Stan Shih, Jason Chen, Smart Capital Corp., George Huang		Smart Capital Corp	Smart Capital Corp
NT\$1,000,000 ~ Under NT\$2,000,000	F.C. Tseng	F.C. Tseng		F.C. Tseng	F.C. Tseng
NT\$2,000,000 ~ Under NT\$3,500,000	San-Cheng Chang, Yuri Kure	San-Cheng Chang, Yuri Kure		San-Cheng Chang, Yuri Kure	San-Cheng Chang, Yuri Kure
NT\$3,500,000 ~ Under NT\$5,000,000	Hung Rouan Investment Corp., Ji-Ren Lee, Ching-Hsiang Hsu	Hung Rouan Investment Corp., Ji-Ren Lee, Ching-Hsiang Hsu		Jason Chen, Hung Rouan Investment Corp., Ji-Ren Lee, Ching-Hsiang Hsu	Hung Rouan Investment Corp., Ji-Ren Lee, Ching-Hsiang Hsu
NT\$5,000,000 ~ Under NT\$10,000,000					
NT\$10,000,000 ~ Under NT\$15,000,000				Stan Shih	Stan Shih
NT\$15,000,000 ~ Under NT\$30,000,000					
NT\$30,000,000 ~ Under NT\$50,000,000					
NT\$50,000,000 ~ Under NT\$100,000,000					
NT\$100,000,000 & above					Jason Chen
Total	10	10		10	10

### 3.2.3.2 Remuneration of Supervisors

None

### 3.2.3.3 Remuneration of the President and Vice Presidents

Unit: NT\$ thousands

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation Paid to the President and Vice Presidents from an Invested Company Other than the Company's Subsidiary	
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements		
								Cash	Stock	Cash	Stock				
Chairman & CEO	Jason Chen														
Co-COO	Tiffany Huang														
Co-COO	Jerry Kao														
Corp. VP & President	Emmanuel Fromont														
President	Gregg Prendergast														
President	Andrew Hou	57,099	119,454	19,497	24,228	65,301	236,812	70,497	0	111,456	0	3.52%	8.16%	None	
President	Victor Chien														
CTO	RC Chang														
Corporate Governance Office	Lydia Wu														
Corp. CFO	Meggy Chen														
Accounting Officer	Sophia YL Chen														
President	Ben Wan (Note 1)														

Note 1: Ben Wan resigned on December 31, 2020.

Note 2: The above salary includes the estimated amount of the unpaid leave, bonus, special fee and the salary part which is recognized by the "share-based payment" and the Severance Pay includes the pension of Ben Wan.

Note 3: As of the published date of the annual report, the cash amount for the employee compensation will be proposed at 111,456 thousand and the stock amount will be 0, which is the estimate by the actual allocation ratio of last year.

### The distribution of Profit Sharing as employee's compensation to President and Vice Presidents:

Unit: NTD thousand/ thousand shares

Range of Remuneration	Name of President and Vice Presidents	
	The company	Companies in the consolidated financial statements
Under NT\$ 1,000,000	Emmanuel Fromont, Gregg Prendergast	
NT\$1,000,000 ~ Under NT\$2,000,000		
NT\$2,000,000 ~ Under NT\$3,500,000		
NT\$3,500,000 ~ Under NT\$5,000,000	Jason Chen	
NT\$5,000,000 ~ Under NT\$10,000,000		
NT\$10,000,000 ~ Under NT\$15,000,000	Sophia YL Chen	Sophia YL Chen
NT\$15,000,000 ~ Under NT\$30,000,000	Ben Wan, Andrew Hou, Victor Chien, RC Chang, Meggy Chen, Lydia Wu	Ben Wan, Andrew Hou, Victor Chien, RC Chang, Meggy Chen, Lydia Wu
NT\$30,000,000 ~ Under NT\$50,000,000	Tiffany Huang, Jerry Kao	Tiffany Huang, Jerry Kao
NT\$50,000,000 ~ Under NT\$100,000,000		Gregg Prendergast, Emmanuel Fromont
NT\$100,000,000 & above		Jason Chen
Total	12	12

Title	Name	Cash Amount (Note 1)	Stock Amount	Total	Ratio of Total Amount to Net Income(%)
Chairman & CEO	Jason Chen				
Co-COO	Tiffany Huang				
Co-COO	Jerry Kao				
Corp. VP & President	Emmanuel Fromont				
President	Gregg Prendergast				
President	Andrew Hou	111,456	0	111,456	1.85%
President	Victor Chien				
CTO	RC Chang				
Corporate Governance Office	Lydia Wu				
Corp. CFO	Meggy Chen				
Accounting Officer	Sophia YL Chen				
President	Ben Wan (Note 2)				

Note 1: As of the published date of the annual report, the list of the employee compensation of the aforementioned managers was not finalized yet. The cash amount for the employee compensation will be proposed at 111,456 thousand and the stock amount will be 0, which is the estimate by the actual allocation ratio of last year.

Note 2: Ben Wan resigned on December 31, 2020.

### 3.2.3.4 Compare and explain the Company's and all companies in the consolidated statement in the past two years of the total amount of remuneration of the Company's directors, supervisors, general managers and deputy general managers as the percentage of the net profit after tax and after having explained the policies, standards, combination of remuneration; setting remuneration procedures; and the relevance of the business performance and the future risks.

#### (1) The remuneration of the Company's director as the percentage of the net profit after tax in the last two years:

Title	2019 (Company)	2019 (All companies in the consolidated statement)	2020 (Company)	2020 (All companies in the consolidated statement)
Director	0.84%	0.84%	0.39%	0.39%

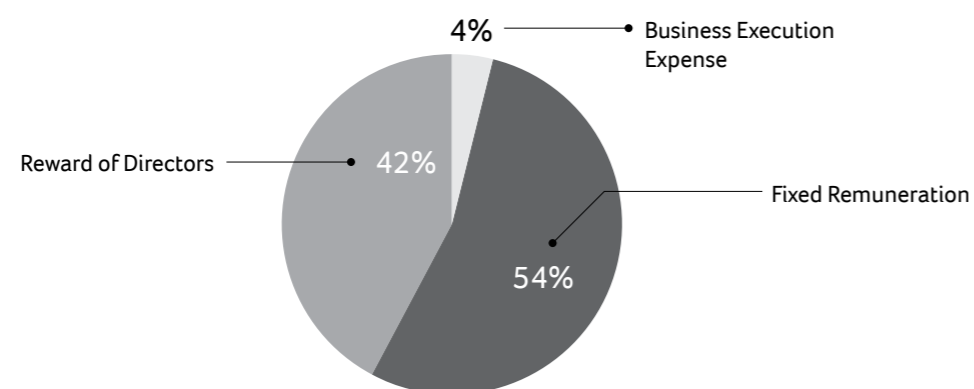
Note: It does not include relevant remuneration to the director who holds a concurrent position as an employee.

#### 1. Policy, Standard and Combination of the Remuneration

The directors' remuneration of the Company is based on the provisions of the Company's Articles of Incorporation; in accordance with the directors' participation in the company's operations and the value of their contributions. The Remuneration Committee refers to the standard of peers in the same industry and submits to the Board of Directors for resolution and issue payment after passing the resolution, and reports to the shareholders during the annual meeting in accordance with the law. The remuneration of the directors includes fixed remuneration, reward of directors, and business execution expenses (travel expenses included). When the company makes profit that year, the profit less an amount reserved to make up for the accumulative losses and no more than 0.8% of that balance is allocated to the directors as the reward. Regardless of fixed remuneration, business execution expenses and reward of directors, they are subject to the standards of the high-tech industry and are submitted by the Remuneration Committee to the Board of Directors for resolution and issue payment after passing the resolution.

In addition, according to the principle of remuneration paid by the company's remuneration committee and the board of directors, the director concurrently served as an employee would not be awarded with other director's remuneration (i.e. fixed remuneration and reward of directors) except for the business execution expenses.

The combination of Director's remuneration is as follows:



#### 2. Remuneration setting procedures

According to the first paragraph of Article 16-1 of the Company's Articles of Incorporation, when the company makes any profit that year, the profit less an amount reserved to make up for the accumulative losses and no more than 0.8% of that balance is allocated to the directors as the reward. The method of allocation is submitted by the Remuneration Committee to the board of directors to decide.

#### 3. The relevance of the business performance and the future risks

The directors' remuneration is stipulated in the company's Articles of Incorporation, and the non-fixed remuneration part is based on the company's annual profitability and is directly related to the company's operating performance. In addition, considering the directors' responsibilities, the company's operating performance and the standard of the peers in the same industry, fixed remuneration is set to avoid the negligence in assessing the future risks resulting from pursuing short-term operation profits. The Remuneration Committee also regularly evaluates and reviews the remuneration of the Board of Directors and reports the results to the Board for discussion to ensure it is balanced with the company's sustainable business operation.

#### (2) The remuneration of the Company's general manager and deputy general manager as the percentage of the net profit after tax in the last two years:

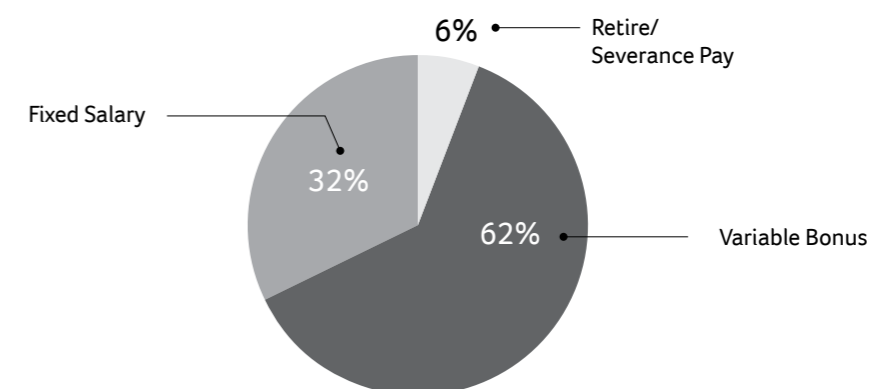
Title	2019 (Company)	2019 (All companies in the consolidated statement)	2020 (Company)	2020 (All companies in the consolidated statement)
General Manager and Deputy General Manager	5.55%	12.96%	3.52%	8.16%

#### 1. Policy, Standard and Combination of the Remuneration

The remuneration of the company to the manager is mainly divided into fixed salary, variable bonus and retire/severance pay; fixed salary is the monthly salary agreed with the employee, and the variable bonus is further divided into short-term bonus and long-term bonus.

Short-term bonuses are awarded when the annual performance has reached the target and in accordance with the Article 20 of the Company's Articles of Incorporation. The short-term bonus considers the performance and contribution in the current year. The remuneration committee will consider the factors such as the responsibilities of the job, the overall market of the industry and the market standard, report to the board of directors for approval. Upon approval, the annual bonus of the company will be released according to the times and date announced.

The long-term bonus is for the period of three years or more, and the profit of the shareholders' investment in the company's stock is used as the standard for issuing the bonus which connects with the interests of the shareholders.



## 2. Remuneration setting procedures

The manager's remuneration is dealt in accordance with the company's Articles of Incorporation and the relevant provisions of the company. The human resources unit submits the manager's remuneration to the remuneration committee. After reviewing and approving by the remuneration committee, it is submitted to the board of directors for verification.

## 3. The relevance of the business performance and the future risks

Employees' remuneration is dealt in accordance with the regulations and the results of the year's business operations. The standards, structure and system of, will be reviewed and adjusted at any time depending on the actual operating conditions and the changes in relevant regulations. The remuneration committee of the Company also regularly assesses the current status of the remuneration of the Manager and provides recommendations to the Board of directors for referencing and discussion to ensure the consideration of the overall remuneration.

# 3.3 Corporate Governance Status

## 3.3.1 Meetings Held by the Board of Directors

**The Board of Directors held three meetings from Jan. 1, 2020 to Jun. 11, 2020.  
The record of the Directors' attendances is shown below:**

Title	Name	No. of Meetings Attended	No. of Meetings Attended by Proxy	Meeting Attendance Rate(%)	Note
Chairman	Jason Chen	3	0	100%	
Director	Stan Shih	3	0	100%	
Director	George Huang	3	0	100%	Resigned on 2020.06.12
Director	Maverick Shih (Representative of Hung Rouan Investment Corp.)	3	0	100%	
Director	Philip Peng (Representative of Smart Capital Corp.)	3	0	100%	Resigned on 2020.06.12
Independent Director	F.C. Tseng	3	0	100%	Resigned on 2020.06.12
Independent Director	Ching-Hsiang Hsu	2	0	67%	
Independent Director	Ji-Ren Lee	2	0	67%	

**The Board of Directors held four meetings from Jun. 12, 2020 to Dec. 31, 2020.  
The record of the Directors' attendances is shown below:**

Title	Name	No. of Meetings Attended	No. of Meetings Attended by Proxy	Meeting Attendance Rate(%)	Note
Chairman	Jason Chen	4	0	100%	
Director	Stan Shih	4	0	100%	
Director	Maverick Shih (Representative of Hung Rouan Investment Corp.)	4	0	100%	
Independent Director	Ching-Hsiang Hsu	4	0	100%	
Independent Director	Ji-Ren Lee	4	0	100%	
Independent Director	San-Cheng Chang	4	0	100%	Take office on 2020.06.12
Independent Director	Yuri, Kure	4	0	100%	Take office on 2020.06.12

**Other matters that are required to be disclosed:**

1. If any of below listed-circumstances of operation of Board Meeting occurs, it's necessary to be disclosure, including dates of board meetings, sessions, the contents of motions, all independent opinions from Independent Directors and the Company's response to such Independent Directors' opinions:

(1) The matters shall be submitted to the board of directors for approval by resolution in accordance with Article 14-3 of the Securities and Exchange Act.

(2) In addition to the above (1) mentioned matters, the matters that any independent director objected or expressed reservations which have been recorded or stated in a written statement.

BOD Meeting Date and Session	Content of Motions and Follow-up (if any)	Matters under Article 14-3 of the Taiwan SEA	Objection or Reservation by any Independent Director
2020.03.13 First 2020 Special Meeting	Acer Board of Directors approves a plan to buy back shares of the Company from open market	V	None
	The Company's response to Independent Director's Objection or Reservation: N/A		
	Resolution: Members of the Board Present Unanimously Approved Above Proposed Items.		
2020.03.18 First 2020 BOD Meeting	To Approve the 2019 Financial Statements and Business Report	V	None
	To approve the Acer's Statement of Internal Control System for 2019	V	None
	To Approve the Proposal for Profit & Loss Appropriation of 2019	V	None
	To Approve the Cash Distribution from Capital Surplus	V	None
	To Approve the Appointment CPAs of KPMG as the Auditors of Acer Incorporated	V	None
	To Approve the Amendments of the Internal Rules	V	None
	To Convene the 2020 General Shareholders' Meeting	V	None
	To Approve the Company's Corporate Guarantees	V	None
	To Adoption of the Company and Worldwide Subsidiaries' Lending of Capital to others	V	None
The Company's response to Independent Director's Objection or Reservation: N/A			
Resolution: Members of the Board Present Unanimously Approved Above Proposed Items.			

BOD Meeting Date and Session	Content of Motions and Follow-up (if any)	Matters under Article 14-3 of the Taiwan SEA	Objection or Reservation by any Independent Director
2020.05.06 Second 2020 BOD Meeting	To Approve the First Quarter of FY2020 Consolidated Financial Statements	V	None
	To Propose the plan of shareholding diversification of Subsidiaries	V	None
	To spin-off the Business of Air Monitor Solutions business into an existence subsidiary company	V	None
	To Amend The "Internal Control Procedure of Stock Affairs Unit"	V	None
	To Approve the Company's Corporate Guarantees	V	None
	To Adoption of the Company and Worldwide Subsidiaries' Lending of Capital to others	V	None
	The Company's response to Independent Director's Objection or Reservation: N/A		
Resolution: Members of the Board Present Unanimously Approved Above Proposed Items.			
2020.06.12 Second 2020 Special Meeting	To Elect The Chairman of Acer Incorporated	V	None
	To Elect Members of Each Functional Committee	V	None
	The Company's response to Independent Director's Objection or Reservation: N/A		
	Resolution: Members of the Board Present Unanimously Approved Above Proposed Items.		
2020.08.05 Third 2020 BOD Meeting	To Approve the Second Quarter of FY2020 Consolidated Financial Statements	V	None
	Proposal of Set the Record Date of Capital Reduction by Treasury Stocks	V	None
	To Approve the Amendments of the Internal Rules	V	None
	To Approve the Company's Corporate Guarantees	V	None
	To Adoption of the Company and Worldwide Subsidiaries' Lending of Capital to others	V	None
	The Company's response to Independent Director's Objection or Reservation: N/A		
Resolution: Members of the Board Present Unanimously Approved Above Proposed Items.			
2020.11.04 Fourth 2020 BOD Meeting	To Approve the Third Quarter of FY2020 Consolidated Financial Statements	V	None
	To Approve the 2021 Business Plan	V	None
	To Approve the Acer's Annual Audit Plan for 2021	V	None
	To Propose the plan of shareholding diversification of Subsidiaries	V	None
	To Approve the Amendments of the Internal Rules	V	None
	To Approve the Company's Corporate Guarantees	V	None
	To Adoption of the Company and Worldwide Subsidiaries' Lending of Capital to others	V	None
	To Propose the Executive Adjustments	V	None
	The Company's response to Independent Director's Objection or Reservation: N/A		
Resolution: Members of the Board Present Unanimously Approved Above Proposed Items.			

2. The Execution Situation of Board Members Abstaining From Discussing and Voting on any Matters Where There is a Conflict of Interest

BOD Meeting Date and Session	Content of Motions	Execution Situation
2020.03.18 First 2020 BOD Meeting	To report 2019 employees' profit sharing bonus and directors' compensation	<ol style="list-style-type: none"> <li>Employee Compensation: The chairman consulted all present directors and obtained unanimously approved to this proposal.</li> <li>The independent directors' compensation: To avoid interest conflicts, Independent Director Ching-Hsiang Hsu, Independent Director F.C. Tseng, and Independent Director Ji-Ren Lee recused themselves from this item in accordance with Article 206 of Company Act, and the chairman consulted other present and non-conflict directors and obtained unanimously approved to this proposal.</li> <li>The non-independent directors' compensation: To avoid interest conflicts, Chairman Jason Chen, Director Stan Shih, Director George Huang, Director Philip Peng, and Director Maverick Shih recused themselves from this item in accordance with Article 206 of Company Act, and Independent Director Ji-Ren Lee consulted other present and non-conflict directors and obtained unanimously approved to this proposal on behalf of the Chairman.</li> </ol>
	To Elect Seven Directors (Including Independent Directors) of the Company	<ol style="list-style-type: none"> <li>The description 1, the number and term of the next session of Director: The chairman consulted all present directors and obtained unanimously approved to this proposal.</li> <li>The description 2, nomination of the candidates: <ol style="list-style-type: none"> <li>To avoid interest conflicts, the nominated Independent Director Ching-Hsiang Hsu and Independent Director Ji-Ren Lee recused themselves from this item in accordance with Article 206 of Company Act, and the chairman consulted other present and non-conflict directors and obtained unanimously approved to this proposal.</li> <li>To avoid interest conflicts, the nominated Director Stan Shih and Director Maverick Shih, the representative of Hung Rouan Investment Corp., recused themselves from this item in accordance with Article 206 of Company Act, and the chairman consulted other present and non-conflict directors and obtained unanimously approved to this proposal.</li> <li>To avoid interest conflicts, the nominated Director Jason Chen recused himself from this item in accordance with Article 206 of Company Act, and Independent Director Ji-Ren Lee consulted other present and non-conflict directors and obtained unanimously approved to this proposal on behalf of the Chairman.</li> </ol> </li> </ol>



BOD Meeting Date and Session	Content of Motions	Execution Situation
2020.03.18 First 2020 BOD Meeting	Proposed to Release Non-Compete Restrictions on Newly-Elected Directors and their Representatives with Approval of GSM	After explaining out and examining Director candidates' present occupation and competitiveness, to avoid interest conflicts, Chairman Jason Chen recused himself from this item in accordance with Article 206 of Company Act, and Director Ji-Ren Lee consulted other present and non-conflict directors and obtained unanimously approved to this proposal on behalf of the Chairman. The other nominated candidates, including Independent Director Ching-Hsiang Hsu, Independent Director Ji-Ren Lee, Director Stan Shih and Director Maverick Shih, the representative of Hung Rouan Investment Corp., recused themselves from this item in accordance with Article 206 of Company Act, and the chairman consulted other present and non-conflict directors and obtained unanimously approved to this proposal.
	To approve the capital injection to the subsidiaries	To avoid interest conflicts, Chairman Jason Chen recused himself from this item in accordance with Article 206 of Company Act, and Independent Director Ching-Hsiang Hsu consulted other present and non-conflict directors and obtained unanimously approved to this proposal on behalf of the chairman.
	Proposal of target bonus for the executives	1. The description 1, Proposal of target bonus for the executives of the Year 2019, and the description 2, Salary Increase Proposal of the Year of 2020: To avoid interest conflicts, Chairman Jason Chen, Director Stan Shih and Director Maverick Shih recused themselves from this item in accordance with Article 206 of Company Act, and Independent Director Ji-Ren Lee consulted other present and non-conflict directors and obtained unanimously approved to this proposal on behalf of the chairman. 2. The description 3, reappointment and remuneration Proposal of 1st Tier Executives: To avoid interest conflicts, Chairman Jason Chen recused himself from this item in accordance with Article 206 of Company Act, and Director Ji-Ren Lee consulted other present and non-conflict directors and obtained unanimously approved to this proposal on behalf of the chairman.
2020.05.06 Second 2020 BOD Meeting	Proposal of profit sharing guideline, executives allocation and Long-Term investment of 2019	To avoid interest conflicts, Chairman Jason Chen, Director Stan Shih and Director Maverick Shih recused themselves from this item in accordance with Article 206 of Company Act, and Independent Director Ji-Ren Lee consulted other present and non-conflict directors and obtained unanimously approved to this proposal on behalf of the chairman.
2020.08.05 Third 2020 BOD Meeting	Proposal of profit sharing guideline and allocation of 2020	To avoid interest conflicts, Chairman Jason Chen, Director Stan Shih and Director Maverick Shih recused themselves from this item in accordance with Article 206 of Company Act, and Independent Director Ji-Ren Lee consulted other present and non-conflict directors and obtained unanimously approved to this proposal on behalf of the chairman.

BOD Meeting Date and Session	Content of Motions	Execution Situation
2020.11.04 Fourth 2020 BOD Meeting	To Approve the Investment/Disposal of Strategic Investment	To avoid interest conflicts, Director Stan Shih and Director Maverick Shih recused themselves from this item in accordance with Article 206 of Company Act, and the chairman consulted other present and non-conflict directors and obtained unanimously approved to this proposal:
	Approve the item 2 authorizing Chairman to sell the shares with other shareholders at fair and reasonable price.	To avoid interest conflicts, Chairman Jason Chen, Director Stan Shih and Director Maverick Shih recused themselves from this item in accordance with Article 206 of Company Act, and Director Ji-Ren Lee consulted other present and non-conflict directors and obtained unanimously approved to this proposal on behalf of the chairman.
	Proposal of Acer Group Global Salary Increase Proposal of the Year of 2021	To avoid interest conflicts, Chairman Jason Chen, Director Stan Shih and Director Maverick Shih recused themselves from this item in accordance with Article 206 of Company Act, and Director Ji-Ren Lee consulted other present and non-conflict directors and obtained unanimously approved to this proposal on behalf of the chairman.
2020.11.18 Third 2020 Special Meeting	To Approve Strategic Investment	To avoid interest conflicts, Director Stan Shih and Director Maverick Shih recused themselves from this item in accordance with Article 206 of Company Act, and, after discussion, the chairman consulted other present and non-conflict directors and obtained unanimously approved to this proposal: Approve executing this proposal under the certain condition, and authorize Chairman with full power, considering actual scenario, procedure, execution, relevant request of government and supervision agency, and relevant regulations, to decide, adjust or revise the execution way and other relevant issue within the above range.

3. The list company shall disclose the information to the Board's self-evaluation(or peer-evaluation), and the information includes evaluation frequency, period, scope, measures, items etc.:

The Implement of the Evaluation by the Company's Board

Frequency	Period	Scope	Measures	Items
Annual	2020.01.01-2020.12.31	Board Performance Evaluation  The Performance Evaluation of the Board of Directors  Functional Committee Performance Evaluation	Board's self-evaluation  Directors' self-evaluation  Peer-Evaluation	Board's self-evaluation 1. Degree of participation in the operation of the Company 2. Enhancing the quality of decision making of the Board of Directors 3. Composition and structure of the Board of Directors 4. Election and continuing education of directors 5. Internal Control  Directors' self-evaluation 1. Controlling the target and mission of the Company 2. Acknowledgement of the duties and responsibilities of the directors 3. Degree of participation in the operation of the Company 4. Election and continuing education of directors 5. Election and continuing education of directors 6. Internal Control  Functional Committees' self-evaluation 1. Degree of participation in the operation of the Company 2. Acknowledgement of the duties and responsibilities of the functional committee 3. Enhancing the quality of decision making of the functional committee 4. Composition and structure of the functional committee 5. Internal Control

4. The Target and Situation Assessment of Strengthening Board of Directors' Functions in current and most recent year:

The Company has established following functional committees to actively strengthen board of director functions and implement good corporate governance through every functional committees' teamwork.

- (1) For the purpose of building sound remuneration system of board of director and officer, the Remuneration Committee was established in August 2011 based on Board resolution in accordance with Taiwan Securities and Exchange Act and relevant Authority' ruling, it consists by three independent directors.
- (2) For the purpose of good corporate governance, the Audit Committee was established in June 2014 after board of director re-election by the shareholders meeting; it consists of all independent directors in accordance with Taiwan Securities and Exchange Act and Company Act.
- (3) For the purpose of previewing the investment, joint venture, M&A regarding new business and other strategic investment, the Investment Committee was established in June 2017 by board resolution in accordance with the Company's Articles of Incorporation; it consists of 5 board of directors, and at least 2 of 5 members shall be independent directors.

"Acer's Corporate Governance Best-Practice Principles" have been amended in 2017 and 2019 to strengthen board of directors' function and duties, and we set up a series of targets to enhance board functions, such as the attendance rate of board meeting, an appropriate policy on diversity of board members, and board of directors' performance evaluation, etc.

The performance assessment result of the Board has been publicly disclosed on Acer Group website in accordance with Acer's "Measures for Performance Evaluation of the Board of Directors" from 2017. For details, please visit: <https://www.acer-group.com>.

### 3.3.2 Operational Situation of the Audit Committee

The main point to audit as follows:

The Audit Committee is responsible to supervise the Board implementation, enhance management mechanism of Board, and assist to advance Corporate Governance. The material duties includes assistance to execute the flows of accounting, audit, financial report, and advance the quality and integrity of financial control.

The adoption of or amendments to the internal control system pursuant to Article 14-5 of the Securities and Exchange Act

- Assessment of the effectiveness of the internal control system
- The adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of the procedures for handling financial or business activities of material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others
- Matters in which a director is an interested party
- Asset transactions or derivatives trading of material nature
- Loans of funds, endorsements, or provision of guarantees of material nature
- The offering, issuance, or private placement of equity-type securities
- The hiring or dismissal of a certified public accountant, or their Remuneration(including qualification, Independence and Evaluation of the certified public accountant).
- The appointment or discharge of a financial, accounting, or internal audit officer.
- Audit financial reports
- Supervise Regulatory Compliance.
- Review Grievance Reports
- Review Fraud-Prevent Plan and Fraud Investigation Report
- Oversee and Evaluate Risk Appetite and Strategy
- Review Operational Situation of the Audit Committee
- Complete the questionnaires of performance self-evaluation of the Committee
- Resolve other material matters as may be required by this Corporation or by the competent authority.

Under R.O.C. law, the membership of Audit Committee shall consist of all independent Directors. Acer's Audit Committee satisfies this statutory requirement.

Acer's Audit Committee is empowered by its Charter to conduct any study or investigation it deems appropriate to fulfill its responsibilities. It has direct access to Acer's internal auditors, the Company's independent auditors, and all employees of the Company. The Committee is authorized to retain and oversee special legal, accounting, or other consultants as it deems appropriate to fulfill its mandate.

The Committee meets at least once every quarter.

Please consult Acer's Annual Report for the relevant year for the number of meetings convened and each member's attendance rate.

**The Audit Committee held four meetings from Jan. 1, 2020 to Jun. 11, 2020. The record of the Members' attendances is shown below:**

Title	Name	No. of Meetings Attended	No. of Meetings Attended by Proxy	Meeting Attendance Rate(%)	Note
Independent Director	Ching-Hsiang Hsu	2	0	100%	
Independent Director	F.C. Tseng	2	0	100%	
Independent Director	Ji-Ren Lee	2	0	100%	

**The Audit Committee held four meetings from Jun. 12, 2020 to Dec. 31, 2020. The record of the Members' attendances is shown below:**

Title	Name	No. of Meetings Attended	No. of Meetings Attended by Proxy	Meeting Attendance Rate(%)	Note
Independent Director	Ching-Hsiang Hsu	2	0	100%	
Independent Director	Ji-Ren Lee	2	0	100%	
Independent Director	San-Cheng Chang	2	0	100%	
Independent Director	Yuri, Kure	2	0	100%	

Other matters that are required to be disclosed:

- If any of below listed-circumstances of operation of Audit Committee occurs, it's necessary to be disclosure, including dates of board meetings, sessions, the contents of motions, Audit Committee's resolution and the Company's response to such Audit Committee's opinions:
  - The matters shall be submitted to Audit Committee for approval and then submitted to the Board for approval by resolution in accordance with Article 14-5 of the Securities and Exchange Act.
  - In addition to above (1) mentioned matters, any resolution made by over two-third of the board of directors but not approved by Audit Committee.

Audit Committee Meeting Date and Session	Content of Motions	Matters under Article 14-5 of the Taiwan SEA	Resolution made by over two-third of the board of directors but not approved by Audit Committee
2020.03.18 First 2020 Audit committee	To Approve the 2019 Financial Statements and Business Report	V	None
	To approve the Acer's Statement of Internal Control System for 2019	V	None
	To Approve the Proposal for Profit & Loss Appropriation of 2019	V	None
	To Approve the Appointment CPAs of KPMG as the Auditors of Acer Incorporated	V	None
	To Approve the Amendments of the Internal Rules	V	None
	Resolution made by Audit Committee: above mentioned items have been approved unanimously by all Audit Committee members who present at the meeting.		
Response to the Audit Committee opinions: The board of directors supported and approved all the items proposed by Audit Committee.			
2020.05.06 Second 2020 Audit committee	To Approve the First Quarter of FY2020 Consolidated Financial Statements	V	None
	To Propose the plan of shareholding diversification of Subsidiaries	V	None
	To spin-off the Business of Air Monitor Solutions business into an existence subsidiary company	V	None
	To Amend The "Internal Control Procedure of Stock Affairs Unit"	V	None
	Resolution made by Audit Committee: above mentioned items have been approved unanimously by all Audit Committee members who present at the meeting.		
Response to the Audit Committee opinions: The board of directors supported and approved all the items proposed by Audit Committee.			
2020.08.05 Third 2020 Audit committee	To Approve the Second Quarter of FY2020 Consolidated Financial Statements	V	None
	To Approve the Amendments of the Internal Rules	V	None
	To Adoption of the Company and Worldwide Subsidiaries' Lending of Capital to others	V	None
	Resolution made by Audit Committee: above mentioned items have been approved unanimously by all Audit Committee members who present at the meeting.		
Response to the Audit Committee opinions: The board of directors supported and approved all the items proposed by Audit Committee.			

Audit Committee Meeting Date and Session	Content of Motions	Matters under Article 14-5 of the Taiwan SEA	Resolution made by over two-third of the board of directors but not approved by Audit Committee
2020.11.04 Fourth 2020 Audit committee	To Approve the Third Quarter of FY2020 Consolidated Financial Statements	V	None
	To Approve the Acer's Annual Audit Plan for 2021	V	None
	To Propose the plan of shareholding diversification of Subsidiaries	V	None
	To Approve the Investment/Disposal of Strategic Investment	V	None
	To Adoption of the Company and Worldwide Subsidiaries' Lending of Capital to others	V	None
	Resolution made by Audit Committee: above mentioned items have been approved unanimously by all Audit Committee members who present at the meeting.		
Response to the Audit Committee opinions: The board of directors supported and approved all the items proposed by Audit Committee.			

2. The Execution Situation of Audit Committee Members Abstaining From Discussing and Voting on any Matters Where There is a Conflict of Interest: None

3. Communication Among Independent Directors and the Company's Chief Internal Auditor and CPAs:

(1) The Company Chief Internal Auditor monthly reports internal audit execution situation to independent directors; and in addition, the Chief Internal Auditor regularly process internal audit report in the quarterly held Audit Committee meeting. She communicates with Audit Committee members about the internal audit results and the improvement; and immediate report will be made to Audit Committee members for special case and circumstances if any.

(2) Audit Committee members and Chief Internal Auditor have good communication, the communication are summarized as below:

Date	Keys of Communication	Communitive Results
2020.03.18	1. FY2019 Internal Audit and Fraud Investigation Report 2. FY2019 Statement of Internal Control System 3. To Approve the Amendments of the Internal Rules	The Independent Directors had no rejection and expressed reservation after consulting with the internal chief audit officer for the related contents and details to the item(s).
2020.05.06	1. 2020 Q1 Internal Audit and Fraud Investigation Report 2. The "Internal Control Systems of Shareholder Services Unit" which is one of the Company's Internal Control Systems	The Independent Directors had no rejection and expressed reservation after consulting with the internal chief audit officer for the related contents and details to the item(s).
2020.08.05	1. 2020 Q2 Internal Audit and Fraud Investigation Report 2. To Approve the Amendments of the Internal Rules	The Independent Directors had no rejection and expressed reservation after consulting with the internal chief audit officer for the related contents and details to the item(s).
2020.11.04	1. 2020 Q3 Internal Audit and Fraud Investigation Report 2. 2021 Annual Audit Plan	The Independent Directors had no rejection and expressed reservation after consulting with the internal chief audit officer for the related contents and details to the item(s).

(3) The CPAs the Company appointed regularly process audit or reviewing result report in the quarterly held Audit Committee meeting, and the matters to be communicated with independent directors required by laws and regulations. CPAs will immediate report to Audit Committee members for special case and circumstances if any.

(4) Audit Committee members and CPAs have good communication, the communication are summarized as below:

Date	Keys of Communication	Communitive Results
2020.03.18	1. Results of Auditing FY2019 Financial Statement 2. Update of Relevant laws and regulations	The Independent Directors had no rejection and expressed reservation after consulting with the CPAs for the related contents and details to the item(s).
2020.05.06	1. Results of Reviewing 2020 Q1 Financial Statement 2. Update of Relevant laws and regulations	The Independent Directors had no rejection and expressed reservation after consulting with the CPAs for the related contents and details to the item(s).
2020.08.05	1. Results of Reviewing 2020 Q2 Financial Statement 2. Update of Relevant laws and regulations	The Independent Directors had no rejection and expressed reservation after consulting with the CPAs for the related contents and details to the item(s).
2020.11.04	1. Results of Reviewing 2020 Q3 Financial Statement 2. Update of Relevant laws and regulations	The Independent Directors had no rejection and expressed reservation after consulting with the CPAs for the related contents and details to the item(s).

### 3.3.3 Situation of Supervisor's participation in Board Operation

Not Applicable

### 3.3.4 Enforcement of Corporate Governance Implemented by the Company and Reasons for Discrepancy

Evaluation items	Enforcement Status			Discrepancy between the corporate governance principles implemented by the Company and the Principles, and the reason for the discrepancy
	Yes	No	Summary	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"?	✓		The Company has enacted Acer's "Corporate Governance Best-Practice Principles" to establish sound corporate governance systems.	No discrepancy
2. Shareholding structure & shareholders' rights				



Evaluation items	Enforcement Status			Discrepancy between the corporate governance principles implemented by the Company and the Principles, and the reason for the discrepancy
	Yes	No	Summary	
(1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		The Company has enacted related procedures to handle the shareholders' proposals, disputes and litigations, and designated the Office of Shareholders' Affairs, Investment Relations Unit, and Legal Unit to take care to these issues in accordance with these procedures.	No discrepancy
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		The Company holds information on the identities of major shareholders and its ultimately controlling persons.	No discrepancy
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		The Company has established the appropriate risk control mechanism and firewalls according to Internal Controlling Systems and related procedures such as rules of supervision over subsidiaries, rules governing endorsement and guarantee, and the rules governing acquisitions and dispositions of assets, etc.	No discrepancy
(4) Does the company establish internal rules against insiders trading with undisclosed information?	✓		The Company enacted Regulations on Insider Trading to prevent any illegal activities in terms of insider trading.	No discrepancy
3. Composition and Responsibilities of the Board of Directors				
(1) Does the Board develop and implement a diversified policy for the composition of its members?	✓		The Company has set the diversity policy of the board of directors by of issued and valid Acer's Corporate Governance Best Practice Principles. Moreover, the Company endeavors to execute the diversity policy and elected a female director with different-nationality on the shareholders meetings in which re-electing all directors in 2020.	No discrepancy
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	✓		The Company has set up Audit Committee, Remuneration Committee, and Investment Committee. Acer is willing to set up other functional committees depends on practical needs.	No discrepancy
(3) Does the company establish a standard to measure the performance of the Board, implement it annually, recommend its result to Board of Directors, and make the result as reference of individual directors' remuneration and his renomination?	✓		The Company has formulated rules and procedures for board of directors' performance assessments, and that each year we conduct regularly scheduled performance assessments of the board of directors, and the result of assessments will be offered to Board of Directors, and the result of assessments will be considered for compensation and renomination of each directors.	No discrepancy

Evaluation items	Enforcement Status			Discrepancy between the corporate governance principles implemented by the Company and the Principles, and the reason for the discrepancy
	Yes	No	Summary	
(4) Does the company regularly evaluate the independence of CPAs?	✓		<ol style="list-style-type: none"> <li>The annual evaluation by the CPA is one of the main duties of the Audit Committee, and being passed by the Board of Directors meeting.</li> <li>The Board of Directors and Audit Committee comprehensively evaluates the independence of CPA based on CPA's Statement of Independence and items stated in relevant regulations. The important evaluation items are summarized as following:               <ol style="list-style-type: none"> <li>Whether the management of the Company will respect objective and challenging audit procedures.</li> <li>Whether CPA's non-audit service may affect the independence of CPA's auditing.</li> <li>Whether CPA firm enacts independence rules and request the itself, staffs and any other person to keep independence in accordance with the Norm of Professional Ethics for CPA, and prohibit insider trading, misusing internal information or any behavior which the security or capital market may be misleading.</li> <li>Whether the CPA mandatory rotation is applied and implemented to the lead auditor and review auditor in accordance with competent regulations.</li> </ol> </li> </ol>	No discrepancy
4. Does a TWSE/TPEX listed company set up a full/part-time corporate governance unit or personnel to be in charge of corporate governance affairs including, but not limited to, providing directors and supervisors with required information for business execution, assisting board of directors and supervisors in in compliance with laws and regulations, handling relevant matters with board meetings and shareholders meetings according to the laws, processing corporate registration and amendment registration, and preparing minutes of board meetings and shareholders meetings?	✓		On May 8th, 2019, Board of Directors has resolved that Acer General Counsel acting as Corporate Governance Officer. Pursuant to "Procedures to Standard Operating Procedures for the Handling of Requests made by Directors" set forth by Acer, the Secretary of Board of Directors is appointed as the agenda working group of Board of Directors and functional committees, and Corporate Governance Officer leads the Company's Global Finance, Legal, Office of Shareholders' Affairs, HR, Corporate Venture and relevant departments to comprise a specific Corporate Governance Team to handle related matters as following summary:	No discrepancy



Evaluation items	Enforcement Status			Discrepancy between the corporate governance principles implemented by the Company and the Principles, and the reason for the discrepancy
	Yes	No	Summary	
	✓		<ol style="list-style-type: none"> <li>1. Developing and designing a competent system to improve transparency, compliance and implementation of internal auditing.</li> <li>2. Handling the affairs of Shareholder's meetings, including but not limited preparing and providing Shareholder's meeting notices, agendas and minutes within the prescribed period.</li> <li>3. Sending the board of directors (including independent directors, Audit Committee and other functional committees) the notice, information and materials which will be discussed in the meeting at least 7 days in advance.</li> <li>4. Providing and updating the status of applicable laws and regulations related to the Company's operation and business to assist the board of directors (including independent director) in compliance.</li> </ol>	
5. Does the company establish a communication channel and build a designated section on its website for stakeholders, including but not limited shareholders, employees, customers, and suppliers, as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		The Company has established the appropriate communication channels with suppliers, buyers, banks, investors and other stakeholders, including a stakeholders section on our website. Also, the "Stakeholder Grievance Mechanism" has been disclosed on Acer Inc.'s official website( <a href="http://www.acer-group.com">http://www.acer-group.com</a> ) and there is a public E-mail Box ( <a href="mailto:Whistleblower.acer@acer.com">Whistleblower.acer@acer.com</a> ) handled by a dedicated officer. To regulate Acer's actions after being informed of the ethical or other regulatory violation by any person, Acer has stipulated the procedures dealing with incident reports in the Standard of Business Conduct.	No discrepancy
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?		✓	The Company's Office of Shareholders' Affairs will take charge in, with the standard which is no less than the one of professional shareholder service agency, the affair of shareholder meeting specifically in accordance with Regulations Governing the Administration of Shareholder Services of Public Companies.	The Company's Office of Shareholders' Affairs will take charge in the affair of shareholder meeting specifically.

Evaluation items	Enforcement Status			Discrepancy between the corporate governance principles implemented by the Company and the Principles, and the reason for the discrepancy
	Yes	No	Summary	
7. Information Disclosure				
(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		The Company has set up Acer Group website ( <a href="https://www.acer-group.com/ag/en/TW/content/home">https://www.acer-group.com/ag/en/TW/content/home</a> ), both in Mandarin and English, containing the information regarding its finance and operations. The Company also discloses the enforcement of corporate governance in the shareholders' meeting and other institutional investor meetings.	No discrepancy
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	✓		The Company has one speaker, one acting speaker and a designated team to be responsible for gathering and disclosing relevant information.	No discrepancy
(3) Does the company announce and declare current annual financial report within 2 months after the close of each fiscal year, and early announce and declare the financial reports of First, Second, Third Quarter and the company's operations of each month within the lawful period?	✓		The Company has announced and declared the first, second and third quarter financial reports and the operation of each month in advance of the legal period. However, the company has a large number of global subsidiaries, which are distributed in different countries, in which the accounting standards and systems are different. Besides, annual reports are not only prepared by ourselves but also audited by accountants. Although it is difficult for the Company to announce and report the annual financial report within two months after the end of the fiscal year, we still completed the announcement and declaration within the period specified in Article 36 of the Securities and Exchange Act.	Only slight gap of the period of announcement and declaration of the annual financial report, the others are all complied with "Corporate Governance Best-Practice Principles".
8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	✓		<ol style="list-style-type: none"> <li>1. The relevant information has been disclosed on Acer Inc.'s official website (<a href="https://www.acer-roup.com/ag/en/TW/content/home">https://www.acer-roup.com/ag/en/TW/content/home</a>) and the chapter of Corporate Social Responsibility in the annual reports</li> <li>2. The Company has set up an exclusive web site for the new labor pension system containing information for employees regarding to the laws and regulations, and to offer assistance</li> <li>3. In addition to the training courses required by authorities, the Company also held related training courses for members of the Board.</li> </ol>	No discrepancy

Evaluation items	Enforcement Status			Discrepancy between the corporate governance principles implemented by the Company and the Principles, and the reason for the discrepancy
	Yes	No	Summary	
			<p>4. The Company has clearly set forth in the rules for the proceedings of Board meetings, that a director shall voluntarily abstain from voting on a proposal involved with his/her own interests.</p> <p>5. It's stipulated in Acer's "Corporate Governance Best-Practice Principles" that in case the Chairman also acts as the President or the Chairman and President are spouses or relatives within one degree of consanguinity, it is advisable that the number of independent directors be increased accordingly. Acer has raised the number of independent directors to four.</p> <p>6. Acer has purchased liability insurance for directors and officers.</p> <p>7. The Company has actively participated in community or charitable activities, as the content in the chapter of Corporate Social Responsibility.</p> <p>8. The company has set the targets and strategies of Green Mission measures such as reduction of Greenhouse Gas and Carbon Emissions, Energy and Water saving etc.</p>	

9. Please indicate the improvement that has been done for the results of the corporate governance evaluation issued by the Center for Corporate Governance of TWSE in the most recent year and provide priority measures for those items that have not yet been improved.

(1) The company has completed the priority measures for the item last year as following:

The Company has appointed Acer General Counsel as the Corporate Governance Officer, who leads Corporate Governance Team to assist the independent directors and directors to accomplish his/her responsibilities, provide the must materials, arrange the continuous education of directors and assist in other legal compliance affairs regarding the procedures and resolutions of the Board and Shareholders' meetings.

(2) The Company makes the following as the priority measures this year:

Disclose the Corporate Conduct and Ethics Policy in multiple public communication channels.

### 3.3.5 The Establishment and Enforcement of Remuneration Committee

A. Remuneration Committee held two meetings from Jan. 1, 2020 to Jun. 11, 2020. The record of their attendance is shown below:

Title	Name	No. of Meetings Attended	No. of Meetings Attended by Proxy	Meeting Attendance Rate(%)	Remark
Independent Director	Ji-Ren Lee	2	0	100%	Note
Independent Director	F.C. Tseng	2	0	100%	
Independent Director	Ching-Hsiang Hsu	2	0	100%	

Remuneration Committee held two meetings from Jun. 12, 2020 to Dec. 31, 2020. The record of their attendance is shown below:

Title	Name	No. of Meetings Attended	No. of Meetings Attended by Proxy	Meeting Attendance Rate(%)	Remark
Independent Director	Ji-Ren Lee	2	0	100%	Note
Independent Director	San-Cheng Chang	2	0	100%	
Independent Director	Ching-Hsiang Hsu	2	0	100%	

#### Other mentionable items:

- If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None
- Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified.

Date	Meeting	Major Resolutions	Resolution made by over two-third of the board of directors but not approved by Remuneration Committee
2020.03.18	First 2020 BOD Meeting	Amendments of "Organization Rule of Remunerations Committee"	None
		2020 Profit Sharing for employees and directors	None
		2021 Annual package proposal of Corporate Officers	None
		Resolution made by Remuneration Committee: above mentioned items have been approved unanimously by all Remuneration Committee members who present at the meeting. Response to the Remuneration Committee opinions: The board of directors supported and approved all the items proposed by Remuneration Committee.	
2020.05.06	Second 2020 BOD Meeting	2019 Special Bonus and LTI program Proposal for Corporate Officers	None
		Resolution made by Remuneration Committee: above mentioned items have been approved unanimously by all Remuneration Committee members who present at the meeting. Response to the Remuneration Committee opinions: The board of directors supported and approved all the items proposed by Remuneration Committee.	

Date	Meeting	Major Resolutions	Resolution made by over two-third of the board of directors but not approved by Remuneration Committee	
2020.08.05	Third 2020 REMCO Meeting	Amendments of "Organization Rule of Remunerations Committee"	None	
		Annual proposal of 2021 Global Merit Increase budget	None	
		Amendments of "BOD performance evaluation policy"	None	
		2020 Special Bonus allocation for Corporate Officers	None	
		Resolution made by Remuneration Committee: above mentioned items have been approved unanimously by all Remuneration Committee members who present at the meeting.		
		Response to the Remuneration Committee opinions: The board of directors supported and approved all the items proposed by Remuneration Committee.		
2020.11.04	Fourth 2020 REMCO Meeting	Proposal of 2021 MBO bonus for the Corporate Officers	None	
		Acer Group Global Salary Increase Proposal of the Year of 2021	None	
		Proposal of 2021 Global Long Term Incentive program	None	
		Specific Personnel change report	None	
		Resolution made by Remuneration Committee: above mentioned items have been approved unanimously by all Remuneration Committee members who present at the meeting.		
		Response to the Remuneration Committee opinions: The board of directors supported and approved all the items proposed by Remuneration Committee.		

## B. Responsibilities of the Remuneration Committee

The Acer Inc. "Board of Directors and Supervisors Remuneration Guidelines" and "Executive Remuneration Guideline" are proposed by Remuneration Committee, effective upon the approval of Acer Inc. Board of Directors. The compensation of the Board of Directors is defined in "Acer's Articles of Incorporation". Where there are earnings at the end of the fiscal year after making up the losses of previous years. Then, if any balance left over, no more than 0.8% of profits shall be distributed as profit sharing for the Board of Directors and supervisors according to Acer Inc. "Board of Directors and Supervisors Remuneration Guidelines". Employee Director are not entitled to receive Director profit-sharing.

The remuneration of Acer executive is governed under Acer Group "Executive remuneration guideline". The short-term incentive links to both individual and company overall team performance, while the long-term incentive links to long-term shareholders' value. The annual KPIs, which includes a portion of strategic KPIs assigned by the board whether financial or non-financial, ensures the executive team move on the same direction to reach the strategic goal of the company. Standards of Business Conduct (SBC) is reminded and confirmed by each executive on the compensation sign back letter each year.

## C. Professional Qualifications and Independence Analysis of Remuneration Committee Members

Title	Criteria	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years' Work Experience	Independence Criteria (Note)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member	Remark			
			An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7			8	9	10
Independent Director	Ji-Ren Lee	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	
Independent Director	Ching-Hsiang Hsu			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	
Independent Director	San-Cheng Chang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Independent Director	F.C. Tseng			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	Resigned on 2020.06.12

Note: Please tick the corresponding boxes that apply to a member during the two years prior to being elected or during the term(s) of office.

- Not an employee of the Company or any of its affiliates.
- Not a director or supervisor of the Company or any of its affiliates. (This item does not apply, however, in cases where the person is an independent director of the Company, its parent company, subsidiaries, or the affiliates and subsidiaries owned/controlled by the same parent company, as appointed in accordance with Taiwan Securities and Exchange Act or with the laws of the country of the parent or subsidiary.)
- Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
- Not a spouse, relative within the second degree of kinship, or lineal relative within the fifth degree of kinship, the officers set forth in paragraph 1 or any of the persons listed in the preceding two subparagraphs.
- Not/director, supervisor, or employee be as of a shareholder that directly holds 5% or more of the total number of issued shares of the Company, a top 5 shareholder, or the juristic person or the authorized representative of the juristic person who is the director, supervisor, or employee of the Company elected in accordance with Article 27 of Taiwan Company Act. (This item does not apply, however, in cases where the person is an independent director of the Company, its parent company, subsidiaries, or the affiliates and subsidiaries owned/controlled by the same parent company, as appointed in accordance with Taiwan Securities and Exchange Act or with the laws of the country of the parent or subsidiary.)
- Not/director, supervisor, or employee of other company who controlling over the half of directors or 50% voting right of the Company. (This item does not apply, however, in cases where the person is an independent director of the Company, its parent company, subsidiaries, or the affiliates and subsidiaries owned/controlled by the same parent company, as appointed in accordance with Taiwan Securities and Exchange Act or with the laws of the country of the parent or subsidiary.)
- Not a director (managing member), supervisor (observer), or employee of other company, together the person's spouse, be as of the chairman, general manager, or equivalent officer of the Company. (This item does not apply, however, in cases where the person is an independent director of the Company, its parent company, subsidiaries, or the affiliates and subsidiaries owned/controlled by the same parent company, as appointed in accordance with Taiwan Securities and Exchange Act or with the laws of the country of the parent or subsidiary.)
- Not a director (managing member), supervisor (observer), officer, or shareholder holding 5% or more of the Company shares, of a specified company or institution that has a financial or business relationship with the Company. (This item does not apply, however, in cases where specified company or institution holds 20% or more of the total number of issued shares but not over 50%, in the same time, the person is an independent director of the Company, its parent company, subsidiaries, or the affiliates and subsidiaries owned/controlled by the same parent company, as appointed in accordance with Taiwan Securities and Exchange Act or with the laws of the country of the parent or subsidiary.)

- (9) Not a professional individual, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides audit services, or the aggregated compensation exceeds NT\$ 500,000 in the past 2-year for commercial, legal, financial, accounting services to the Company or to any of its affiliate, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to Taiwan Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Not been a person of any conditions defined in Article 30 of the Company Law.

### 3.3.6 Code of Ethics and Business Conduct

As good corporate citizens Acer Group respect human rights, local communities and compliance with laws, environment, ethics, safety standards, regulations and social norms. Based on our core values of "Serve with honor and work with pride", we have formulated a Standards of Business Conduct (SBC) document to guide us on how we interact with each other, our customers, our business partners, our shareholders and the communities where the Acer Group does business. This is done every day in every decision and every action by each one of us. We continue to build on our reputation for trust, integrity and honesty, both internally and externally, by appreciating people, their diversities and cultures.

You are welcome to visit Acer Group website(<http://www.acer-group.com>) for the details of our "Standards of Business Conduct."

Items	Enforcement Status			Discrepancy between the corporate governance principles implemented by the Company and the Principles, and the reason for the discrepancy
	Yes	No	Summary	
<p>1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures</p> <p>(1) Has the Company formulated a Board-approved policy related to code of ethics and business Conduct? Are the Company's guidelines on corporate conduct and ethics provided in internal policies and disclosed publicly? Have the Board of Directors and the top management team demonstrated their commitments to implement the policies?</p>	✓		<p>(1) Integrity is the most important core value of Acer's culture. The Board of Directors and the management team are dedicated to enforcing the Company's guideline on corporate conduct and ethics. Apart from the "Standards of Business Conduct (SBC)", Acer further formulated and promulgated a series policies related to business integrity, including "Anti-Bribery and Anti-Corruption Policy" approved by the Board on March 20, 2018, "Regulations on Insider Trading", "Export Compliance Policy", "Antitrust and Fair Competition Guidelines", "Group Personal Data Protection Management Policy" and so on.</p>	No discrepancy

Items	Enforcement Status			Discrepancy between the corporate governance principles implemented by the Company and the Principles, and the reason for the discrepancy
	Yes	No	Summary	
<p>(2) Has the company established any evaluation system for analyzing its business activities periodically to avoid unethical conducts, and strengthen the preventive measures, when establishing appropriate preventive measures at least against the acts listed in Paragraph 2 of Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies or other higher potential unethical conducts in the relevant policies?</p>	✓		<p>(2) As above-mentioned, Acer formulated and promulgated a series policies related to business integrity. Furthermore, Acer established the Risk Management Working Group in 2012, the membership of which spans the Legal, Finance, Human Resource, Supply Chain Management, Enterprise Communication, Marketing, QA &amp; Services, IT, Environmental Safety and Health, Asset Management, all Product Business Groups, and the Corporate Sustainability Office. Every year, the working group holds regular meetings, inviting members of various working groups to engage in identifying, assessing, and discussing risks the Company may face in three aspects: economic, environmental, and social. The Risk Management Working Group uses risk mapping to assess potential threats to the Company's future operations based on the likelihood of various risks and the extent of the damage were they to occur, classifying the risks and ensuring proper prioritization of risk management strategies. At the same time, we use sensitivity analysis and stress testing to undertake further regularly quantitative analysis of relatively high risk business activities in the scope of Acer business, and aggregates the results of these analyses and tests, then drafting follow-up action plans. The assessed items, content and preventive measures have exceeded the relevant provisions of Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"</p>	No discrepancy
<p>(3) Has the company established relevant policies for preventing any unethical conduct? Are the implementation of the relevant procedures, guidelines and training mechanism provided in the policies and review the abovementioned policies regularly?</p>	✓		<p>(3) As above-mentioned, Acer has formulated and promulgated a series policies related to business integrity. The plan to prevent unethical conducts, including normative measures and cycles under the internal control systems; also, there are relevant regulations for the disciplinary and appeal system for employee violations. Furthermore, we arrange new employee orientation and on-the-job training for our employees to prevent any unethical conduct. Most importantly, our Internal Audit Unit would conduct regular audits to raise overall awareness, detect potential misconduct and monitor the procedures compliance, then review the abovementioned policies regularly.</p>	No discrepancy



Items	Enforcement Status			Discrepancy between the corporate governance principles implemented by the Company and the Principles, and the reason for the discrepancy
	Yes	No	Summary	
2. Corporate Conduct and Ethics Compliance Practice				
(1) Has the company conducted investigation regarding unethical records with whomever the Company doing business with, and included business conduct and ethics related clauses in the business contracts.	✓		(1) To avoid transactions with those with unethical records, all business activities in Acer will be conducted by the operation department to review and evaluation of current and potential business partners, and the Legal Unit will review the contracts. Acer will request its Business Partners to enter into a "VENDOR'S LETTER OF DECLARATION" or other documents related to compliance to ensure honesty and integrity in all dealings with or on behalf of Acer. Acer also remind or request appropriate business partners to comply affirm with their compliance with this policy by sending email every year.	No discrepancy
(2) Has the Company set up dedicated unit in charge of promotion and execution of the company's corporate conduct and ethics, and the dedicated unit shall report to the board regularly (at least once every year)?	✓		(2) Acer Group has committed ourselves to meeting high standards of law and ethics compliance to carry out our business. The management is required to establish a paragon of placing a high value of corporate conduct and ethics. Under the supervision of the board of directors, HR, Legal, Internal Auditor and other cross-functional teams co-work to promote the Company's corporate conduct and ethics and urge all employees and stakeholders to act up to the corporate conduct and ethics. For the concrete implementation of the code of conduct and ethics, the pertinent compliance status, as an audit item of the annual audit plan, will be reported to Audit Committee and the Board of Directors meeting by Chief Internal Auditor. The core implementation is summarized as follows: 1. Reviewing contractual terms and conditions to avoid dealing with someone who has negative record regarding corporate conduct and ethics. 2. Promoting the Company's cooperative parties to sign Acer's integrity declaration and undertaking (or including similar terms and conditions in the contracts) 3. Disseminating Acer's corporate conduct and ethics relevant policies to every employee. 4. Requesting anyone who participates in important project to sign non-disclosure agreement and promise not to disclose the Company's trade secret or other significant information to third party. 5. Promoting other project with respect to the corporate conduct and ethics.	No discrepancy

Items	Enforcement Status			Discrepancy between the corporate governance principles implemented by the Company and the Principles, and the reason for the discrepancy
	Yes	No	Summary	
(3) Has the Company established policies to prevent conflicts of interest and provided appropriate communication and complaint channels?	✓		(3) As above-mentioned, we have enacted "Acer Group Standards of Business Conduct", "Anti-Bribery and Anti-Corruption Policy", "Acer's Corporate Governance Best-Practice Principles" and "Regulations Governing Procedure for Board of Directors Meetings" to prevent the conflicts of interest and provide whistleblower mailbox on our website ( <a href="http://www.acer-group.com/public/Investor_Relations/corporate.htm">http://www.acer-group.com/public/Investor_Relations/corporate.htm</a> ).	No discrepancy
(4) Has the Company established effective accounting and internal control systems for the implementation of policies? Besides, has the Company appointed internal auditor to draw up an audit plan based on the risk assessment for preventing from the unethical behaviors, or assigned CPA to audit?	✓		(4) All the implementation of our accounting system, internal control system, and anti-corruption and anti-bribery policies will be part of the risk assessment process. The Internal Audit Unit will perform such execution and compliance according to the annual audit plan, and further entrusting external CPA to carry out an audit.	No discrepancy
(5) Does the Company provide training regarding ethic compliance practice regularly?	✓		(5) Internally, "Standards of Business Conduct (SBC)" instructs all employees how to do their business practices. Every newly coming staff would be requested to attend internal SBC training, and Acer has regularly held online anti-corruption and anti-bribery courses arranged by HR unit for current staffs. Externally, we will emphasize the importance of the Policy and encourage compliance with the Policy to our business partners by every gathering or opportunity, such as the annual Acer supplier conference, agents and distributor conferences.	No discrepancy
3. Channels for reporting any ethical irregularities				
(1) Has the Company established policy and channels in terms of reporting ethical irregularities and designated competent personnel to handle such matters?	✓		(1) We have established specific channels in terms of reporting ethical irregularities in "Standards of Business Conduct (SBC)" and "Anti-bribery and anti-corruption policy". Acer has specific reporting systems both in its "Standards of Business Conduct (SBC)" and "Anti-corruption and Anti-bribery Policy". In addition, Acer provides a whistleblower mailbox (Whistleblower. acer@acer.com) on our website for people to report any threats of involvement of fraudulence, corruption, violation of Acer's Standards of Business Conduct, any illegal conducts or conducts violated corporate governance by Acer employee. The Internal Audit Unit, which functions directly under the board of directors, will handle the report exclusively.	No discrepancy



Items	Enforcement Status			Discrepancy between the corporate governance principles implemented by the Company and the Principles, and the reason for the discrepancy
	Yes	No	Summary	
(2) Has the Company established policy and security mechanisms regarding the procedures for responding to the reports of ethical irregularities, follow-up measures after the investigation is completed, and related confidentiality mechanisms?	✓		(2) Acer has further established the "Stakeholder Grievance Mechanism" which details the standard operating procedures and security mechanisms regarding responding to the reports of ethical irregularities, and announced it on acer group's website.	No discrepancy
(3) Has the Company established measures to protect the identity of the informer?	✓		(3) The "Stakeholder Grievance Mechanism" specified that we have to take measures to protect the identity of the informant.	No discrepancy
<b>4. Information Disclosure</b>				
Has the Company published information relating to the Company's corporate conduct and ethics on its website or Market Observation Post System?	✓		The Company has published information relating to the Company's corporate conduct and ethics on our website (www.acer-group.com) and Market Observation Post System, and disclosed the relevant promotion results in this annual report.	No discrepancy
5. If the company has established corporate governance policies based on TSE Corporate Conduct and Ethics Best Practice Principles, please describe any discrepancy between the policies and their implementation: No discrepancy				
6. Other important information to facilitate better understanding of the Company's corporate conduct and ethics compliance practices (e.g., promote and demonstrate the Company's commitment to ethical standard and provide training to its business partners; review the Company's corporate conduct and ethics policy). For details on the implementation of Acer's Corporate Conduct and Ethics, please refer to "Acer's Corporate Governance Best-Practice Principles".				

### 3.3.7 Disclosure to the Company's Corporate Governance Principles

The Company has enacted "Corporate Governance Best-Practice Principles" and related internal rules. You are welcome to visit Acer Group website (<http://www.acer-group.com>) and Mops (<http://mops.twse.com.tw>)

### 3.3.8 Any other information would enhance the understanding of the Company's implementation of corporate governance

#### Board of Directors Training Status

Training Time		Sponsoring Organization	Course	Training Hours	Training Participants (Board of Directors)
From	To				
2020.03.18	2020.03.18	Taiwan Corporate Governance Association	Sustainable Business Operations	1.5	Jason Chen, Stan Shih, Maverick Shih, Ji-Ren Lee, Ching-Hsiang Hsu
2020.05.06	2020.05.06	Taiwan Corporate Governance Association	Hostile Takeover and Corporate Governance	1.5	Jason Chen, Stan Shih, Maverick Shih, Ji-Ren Lee, Ching-Hsiang Hsu
2020.07.02	2020.07.02	Taiwan Corporate Governance Association	Appliance and Explanation of International Accounting Standards	3	Jason Chen, Maverick Shih, Yuri Kure
2020.07.02	2020.07.02	Taiwan Corporate Governance Association	Introduction and Updating of International and Taiwan Taxation Regulation	3	Jason Chen, Maverick Shih, Yuri Kure
2020.07.03	2020.07.03	Taiwan Corporate Governance Association	Securities Regulations and Corporate Governance	3	Jason Chen, Maverick Shih, San-Cheng Chang, Yuri Kure
2020.07.29	2020.07.29	Taiwan Corporate Governance Association	The Chance and Challenge of 5G through Aspect of Telecommunication Development	3	Ji-Ren Lee
2020.08.05	2020.08.05	Taiwan Corporate Governance Association	New US Order - the Impact and Reaction to the Export Administration Regulations and the Investment in the US	1.5	Jason Chen, Stan Shih, Maverick Shih, Ching-Hsiang Hsu, Ji-Ren Lee, San-Cheng Chang, Yuri Kure
2020.11.04	2020.11.04	Taiwan Corporate Governance Association	Sustainable Business Operations and Trend of ESG	1.5	Jason Chen, Stan Shih, Maverick Shih, Ching-Hsiang Hsu, Ji-Ren Lee, San-Cheng Chang, Yuri Kure

#### The Implement and continuous education of Chief Corporate Governance Officer

The Implement to the Corporate Governance Matters of 2020:

1. Assisting the Independent Directors and directors to accomplish his/her responsibilities, providing the must materials and arrange the continuous education of directors:
  - a. Providing directors the reversion to the laws and regulations of corporate governance matters;
  - b. Handling and providing members of meetings the substantial meeting materials, adequate and timely information, and administrative assistances; and
  - c. Arranging the independent directors to meet the CPA for figuring out the finance and business status of the Company; assisting directors (including independent directors) to communicate with internal chief audit officer for the matters of internal control.

2. Assisting the procedures and resolutions of the Board and Shareholder meetings with legal compliance:
  - a. Reporting to the implement of the relevant corporate governance affairs to the Board, independent directors and members of Audit Committee;
  - b. Ensuring all the procedures of shareholding and Board meetings in accordance with relevant laws and the guidance of corporate governance;
  - c. Assisting and reminding the directors to comply with laws when executing business or reaching a resolutions of Board meetings; and
  - d. Reviewing that the resolutions whether applying to the public announce requirements, ensuring the announcement is legally and accurate to protect the investors using these information to their transactions.
3. Responsible to issue the notice and provide necessary materials 7 days prior to the date of Board meeting, notifying the interest conflicts to the proposed items in advance, and producing the meeting minutes within 20 days after the Board meeting.
4. Urging to arrange and register the date of shareholder meetings in advance, producing the meeting notices, agenda, minutes, and registration to the reversion of the Company Article of Incorporation within statutory period.

### The continuous education of Chief Corporate Governance Officer on 2020

Institute	Name of Courses	Date	Period
Taiwan Corporate Governance Association	Introduction and Updating of International and Taiwan Taxation Regulation	2020.07.02	3 hours
Taiwan Corporate Governance Association	New US Order - the Impact and Reaction to the Export Administration Regulations and the Investment in the US	2020.08.05	1.5 hours
Governance Professionals Institute of Taiwan	2020 Beneficial Ownership Regulation Seminar	2020.09.24	3 hours
Taiwan Stock Exchange Corporation	2020 Corporate Governance and Anti-corruption Seminar	2020.10.23	3 hours
Taiwan Corporate Governance Association	Sustainable Business Operations and Trend of ESG	2020.11.04	1.5 hours

## 3.3.9 Statement of Internal Control System

### 3.3.9.1 A Statement on Internal Control

Date: March 17, 2021

Based on the findings of a self-assessment, Acer Incorporated (hereinafter, the "Company") states the following with regard to its internal control system during year 2020:

1. The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and managers. The Company has established such a system aimed at providing reasonable assurance regarding the achievement of objectives in the following categories: (1) effectiveness and efficiency of operations (including profitability, performance, and safe-guarding of assets), (2) reliability, timeliness, transparency, and regulatory compliance of reporting, and (3) compliance with applicable laws, regulations and bylaws.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three objectives mentioned above. Moreover, the effectiveness of an internal control system may be subject to changes of environment or circumstances. Nevertheless, the internal control system of the Company contains self-monitoring mechanisms, and the Company promptly takes corrective actions whenever a deficiency is identified.
3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" promulgated by the Securities and Futures Bureau of the Financial Supervisory Commission (hereinafter, the "Regulations"). The criteria adopted by the Regulations identify five constituent elements of internal control based on the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communications, and (5) monitoring activities. Each constituent element further contains several items. Please refer to the Regulations for details.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the results of the evaluation mentioned in the preceding paragraph, the Company believes that, as of December 31, 2020, its internal control system (including its supervision of subsidiaries), was effective in design and operation, and reasonably assured the achievement of the above-stated objectives.
6. This Statement will be an essential content of the Company's Annual Report for the year 2019 and Prospectus, and will be publicly disclosed. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchanged Act.
7. This Statement has been passed by the Board of Directors in their meeting held on March 17, 2021, with 0 of the 7 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Acer Incorporated

CEO

Chairman

**3.3.9.2 Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report**

None

**3.3.10 For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the company or its internal personnel, any sanctions imposed by the company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements**

None

**3.3.11 Resolutions of the Board of Directors' Meeting and the General Shareholders' Meeting**

**Resolutions of the Board of Directors' Meeting**

Date	Meeting	Major Resolutions
2020.03.13	First 2020 Special Meeting	<ul style="list-style-type: none"> <li>Acer Board of Directors approves a plan to buy back shares of the Company from open market</li> </ul>
2020.03.18	First 2020 BOD Meeting	<ul style="list-style-type: none"> <li>To report 2019 employees' profit sharing bonus and directors' compensation</li> <li>To Approve the 2019 Financial Statements and Business Report</li> <li>To approve the Acer's Statement of Internal Control System for 2019</li> <li>To Approve the Proposal for Profit &amp; Loss Appropriation of 2019</li> <li>To Approve the Cash Distribution from Capital Surplus</li> <li>To Approve the Appointment CPAs of KPMG as the Auditors of Acer Incorporated</li> <li>To Elect Seven Directors (Including Independent Directors) of the Company</li> <li>To Approve the Amendments of the Internal Rules</li> <li>To Release Non-Compete Restrictions on Newly-Elected Directors and their</li> </ul>

Date	Meeting	Major Resolutions
		<ul style="list-style-type: none"> <li>To Convene the 2020 General Shareholders' Meeting</li> <li>To approve the capital injection to the subsidiaries</li> <li>To Approve the Company's Corporate Guarantees</li> <li>To Adoption of the Company and Worldwide Subsidiaries' Lending of Capital to others</li> <li>Proposal of target bonus for the executives</li> </ul>
2020.05.06	Second 2020 BOD Meeting	<ul style="list-style-type: none"> <li>To Approve the First Quarter of FY2020 Consolidated Financial Statements</li> <li>To Propose the plan of shareholding diversification of Subsidiaries</li> <li>To spin-off the Business of Air Monitor Solutions business into an existence subsidiary company</li> <li>To Amend The "Internal Control Procedure of Stock Affairs Unit"</li> <li>To Approve the Company's Corporate Guarantees</li> <li>To Adoption of the Company and Worldwide Subsidiaries' Lending of Capital to others</li> <li>Proposal of profit sharing guideline, executives allocation and Long-Term investment of 2019</li> </ul>
2020.06.12	Second 2020 Special Meeting	<ul style="list-style-type: none"> <li>To Elect The Chairman of Acer Incorporated</li> <li>To Elect Members of Each Functional Committee</li> </ul>
2020.08.05	Third 2020 BOD Meeting	<ul style="list-style-type: none"> <li>To Approve the Second Quarter of FY2020 Consolidated Financial Statements</li> <li>Proposal of Set the Record Date of Capital Reduction by Treasury Stocks</li> <li>To Approve the Amendments of the Internal Rules</li> <li>To Approve the Company's Corporate Guarantees</li> <li>To Adoption of the Company and Worldwide Subsidiaries' Lending of Capital to others</li> <li>Proposal of profit sharing guideline and allocation of 2020</li> </ul>
2020.11.04	Fourth 2020 BOD Meeting	<ul style="list-style-type: none"> <li>To Approve the Third Quarter of FY2020 Consolidated Financial Statements</li> <li>To Approve the 2021 Business Plan</li> <li>To Approve the Acer's Annual Audit Plan for 2021</li> <li>To Propose the plan of shareholding diversification of Subsidiaries</li> <li>To Approve the Investment/Disposal of Strategic Investment</li> <li>To Approve the Amendments of the Internal Rules</li> <li>To Approve the Company's Corporate Guarantees</li> <li>To Adoption of the Company and Worldwide Subsidiaries' Lending of Capital to others</li> <li>Proposal of target bonus for the executives of the Year 2021</li> <li>Proposal of Acer Group Global Salary Increase Proposal of the Year of 2021</li> <li>To Propose the Executive Adjustments</li> </ul>
2020.11.18	Third 2020 Special Meeting	<ul style="list-style-type: none"> <li>To Approve Strategic Investment</li> </ul>

### Implementation of Resolutions in 2020 General Shareholders' Meeting

Major Resolutions	Carries out the Situation
1. Ratification Proposal of the Financial Statements and Business Report for the Year 2019	The shareholder resolution was adopted and approved as proposed.
2. Ratification Proposal of Profit Appropriation for the Year 2019	To set July 10, 2019 and August 6, 2019 as the record date and the distribution date of ex-dividend respectively. (Distribution ratio for cash dividend : NT\$0.443909 per share)
3. To Approve the Proposal of Cash Distribution from the Capital Surplus	To set July 10, 2019 and August 6, 2019 as the record date and the distribution date of ex-dividend respectively. (Distribution ratio for cash dividend : NT\$0.332932 per share)
4. To Approve the Proposal of Amendments to Acer's Internal Rule: Procedures for Acquiring or Disposing of Assets	The shareholder resolution was adopted and approved as proposed.
5. To Release Non-Compete Restrictions on Newly-Elected Directors and their Representatives	The shareholder resolution was adopted and approved as proposed.

**3.3.12 Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof**

None

**3.3.13 Summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairman, general manager, principal accounting officer, principal financial officer, chief internal auditor, chief corporate governance officer and principal research and development officer**

None

## 3.4 Information Regarding the Company's Audit Fee and Independence

### 3.4.1 Audit Fee

Accounting Firm	Name of CPA(s)		During the Inspection	Note
KPMG	Huei-Chen Chang	Tzu-Chieh Tang	FY2020	

Unit: NTD Thousands

Fee Range	Fee Items	Auditing Fee	Non-Auditing Fee	Total
1	Below 2,000 thousands			
2	2,000 thousands (included) ~ 4,000 thousands			
3	4,000 thousands (included) ~ 6,000 thousands		✓	
4	6,000 thousands (included) ~ 8,000 thousands			
5	8,000 thousands (included) ~ 10,000 thousands			
6	Over 10,000 thousands (included)	✓		✓

**3.4.2 When non-audit fees paid to the certified public accountant, to the accounting firm of the certified public accountant, and/or to any affiliated enterprise of such accounting firm are one quarter or more of the audit fees paid, the amounts of both audit and non-audit fees as well as details of non-audit services shall be disclosed**

None

**3.4.3 When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed**

None

**3.4.4 When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed**

None

**3.5 Information on replacement of certified public accountant**

None

**3.6 The company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm**

None

**3.7 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders**

Unit: Shares

Title	Name	2020		As of April 13, 2021	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman & CEO	Jason Chen	0	0	0	0
Director	Stan Shih	0	0	0	0
Director	Hung Rouan Investment Corp.	0	0	0	0
Legal Representative of Director	Maverick Shih (Representative of Hung Rouan Investment Corp.)	4,044	0	0	0
Independent Director	Ching-Hsiang Hsu	0	0	0	0
Independent Director	Ji-Ren Lee	0	0	0	0
Independent Director (Note 1)	San-Cheng Chang	0	0	0	0
Independent Director (Note 1)	Yuri, Kure	0	0	0	0
Director (Note 2)	George Huang	0	0	0	0
Director (Note 2)	Smart Capital Corp.	0	0	0	0
Legal Representative of Director (Note 2)	Philip Peng (Representative of Smart Capital Corp.)	0	0	0	0
Independent Director (Note 2)	F.C. Tseng	0	0	0	0
Corp.VP & President	Emmanuel Fromont	280,000	0	0	0
Co-COO	Tiffany Huang	222,000	0	0	0
Co-COO	Jerry Kao	140,000	0	0	0
President	Gregg Prendergast	216,000	0	0	0
CTO	RC Chang	97,000	0	0	0
President	Andrew Hou	110,000	0	0	0
President	Victor Chien	110,000	0	0	0
Corp. Governance Officer	Lydia Wu	0	0	0	0
Corp. CFO	Meggy Chen	120,000	0	0	0
Accounting Officer	Sophia Chen	0	0	0	0
President (Note 2)	Ben Wan	0	0	0	0

Note 1: San-Cheng Chang and Yuri, Kure assumed position on 2020.06.12.

Note 2: George Huang, Smart Capital Corp., Philip Peng and F.C. Tseng released on 2020.06.12. Ben Wan released on 2020.12.31.



## Shares Trading information

None

## Shares Pledge information

None

## 3.8 Relationship among the Top Ten Shareholders (April 13, 2021)

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Hung Rouan Investment Corp. Representative: Carolyn Yeh	73,629,933	2.42%	0	0.00%	0	0.00%	Stan Shih	The spouse of this company's Chairman	-
	399,225	0.01%	34,989,531	1.15%	0	0.00%			
JPMorgan Chase Bank N.A. Taipei Branch in custody for Universities Superannuation Scheme Limited	46,750,000	1.53%	0	0.00%	0	0.00%	-	-	-
VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	40,425,897	1.33%	0	0.00%	0	0.00%	-	-	-
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	36,964,771	1.21%	0	0.00%	0	0.00%	-	-	-
Credit Suisse International	36,645,000	1.20%	0	0.00%	0	0.00%	-	-	-
J.P. MORGAN SECURITIES PLC	35,310,023	1.16%	0	0.00%	0	0.00%	-	-	-
Stan Shih	34,989,531	1.15%	399,225	0.01%	0	0.00%	Hung Rouan Investment Corp.	This company's Chairman is the spouse of the stakeholder to this company	-
ISHARES MSCI TAIWAN ETF	30,844,737	1.01%	0	0.00%	0	0.00%	-	-	-
Saudi Arabian Monetary Authority - fund manager Amundi Asset Management - Mandate: Emerging Market Equity	29,632,230	0.97%	0	0.00%	0	0.00%	-	-	-
Acer GDR	28,910,790	0.95%	0	0.00%	0	0.00%	-	-	-

Note: The total share proportion held by all family members of Stan Shih is 6.03%.

### 3.9 Ownership of Shares in Affiliated Enterprises (December 31, 2020)

Unit: shares/ %

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors/ Supervisors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Acer European Holdings SA	147,000	100.00%	0	0.00%	147,000	100.00%
Boardwalk Capital Holdings Limited	1,263,432,141	92.02%	109,639,200	7.98%	1,373,071,341	100.00%
Acer Digital Service Co.	68,000,000	100.00%	0	0.00%	68,000,000	100.00%
Cross Century Investment Limited	company limited	100.00%	0	0.00%	company limited	100.00%
Acer Holdings International, Incorporated	191,155,465	100.00%	0	0.00%	191,155,465	100.00%
Acer SoftCapital Incorporated	158,475,324	100.00%	0	0.00%	158,475,324	100.00%
Weblink International Inc.	48,173,116	65.32%	1,915,096	2.60%	50,088,212	67.92%
E-TEN Information Systems Co., Ltd	10,000,000	100.00%	0	0.00%	10,000,000	100.00%
Acer Cyber Security Incorporated	10,755,900	64.54%	0	0.00%	10,755,900	64.54%
Acer BeingWare Holding Inc.	130,308,478	100.00%	0	0.00%	130,308,478	100.00%
Sertec (Beijing) Ltd.	company limited	100.00%	0	0.00%	company limited	100.00%
Acer China Venture Corp.	company limited	100.00%	0	0.00%	company limited	100.00%
Acer China Venture Partnership	partnership	93.33%	partnership	6.67%	partnership	100.00%
StarVR Corporation	32,211,790	66.80%	0	0.00%	32,211,790	66.80%
AOPEN Inc.	28,970,000	40.55%	3,791,000	5.30%	32,761,000	45.85%
Acer e-Enabling Data Center Incorporated	152,181,250	100.00%	0	0.00%	152,181,250	100.00%
Bluechip Infotech Pty Ltd	1,225,000	33.39%	570,000	15.54%	1,795,000	48.93%
GadgeTek Inc.	4,500,000	83.64%	560,000	10.41%	5,060,000	94.05%
Highpoint Service Network Corporation	15,000,000	92.54%	700,000	4.31%	15,700,000	96.85%
Acer Synergy Tech Corp.	6,775,489	52.00%	934,773	7.17%	7,710,262	59.17%
Smart Frequency Technology Inc.	13,200,000	55.00%	0	0.00%	13,200,000	55.00%
Aegis Semiconductor Technology Inc.	1,202,840	19.39%	1,626,519	26.21%	2,829,359	45.60%
AcerPure Inc.	8,221,900	100.00%	0	0.00%	8,221,900	100.00%

## Capital and Shares



## 4.1 Sources of Capital

### 4.1.1 Sources of Capital (April 13, 2021)

Unit: Share/NTD Thousands

Date	Price of Issuance	Authorized Common stock		Paid-in Common stock		Note
		Shares	Value	Shares	Value	
September, 2020	Share/NTD10	4,000,000,000	40,000,000	3,047,853,828	30,478,538	-

Unit: Share

Shares Category	Authorized capital			Note
	Issued shares	Non-issued	Total	
Common shares	3,047,853,828	952,146,172	4,000,000,000	-

### 4.1.2 Shareholding Structure (April 13, 2021)

Unit: Share

Category Number	Government Institution	Financial Institution	Other Institution	Individual	FINI and Foreign Investors	Total
No. of Shareholders	6	30	457	284,553	1,161	286,207
Shares	10,477,515	15,624,790	188,553,636	1,525,304,654	1,307,893,233	3,047,853,828
Percentage	0.34%	0.51%	6.19%	50.05%	42.91%	100.00%

### 4.1.3 Distribution of Shareholdings (April 13, 2021)

Par value NTD 10

Category	The Number of Shareholders	Shares	Percentage
1~999	110,001	27,090,413	0.89%
1,000~5,000	126,445	275,698,979	9.05%
5,001~10,000	24,699	187,806,293	6.16%
10,001~15,000	8,454	104,015,490	3.41%
15,001~20,000	4,816	87,233,980	2.86%
20,001~30,000	4,343	107,738,222	3.53%
30,001~50,000	3,294	129,390,188	4.25%
50,001~100,000	2,179	153,930,483	5.05%
100,001~200,000	972	135,220,081	4.44%
200,001~400,000	449	125,856,829	4.13%
400,001~600,000	121	59,864,225	1.96%
600,001~800,000	76	51,931,601	1.70%
800,001~1,000,000	58	51,173,976	1.68%
1,000,001 and above	300	1,550,903,068	50.89%
Total	286,207	3,047,853,828	100.00%

Preferred shares: None

### 4.1.4 List of Major Shareholders (April 13, 2021)

Item	Shares	Percentage
Hung Rouan Investment Corp.	73,629,933	2.42%
JPMorgan Chase Bank N.A. Taipei Branch in custody for Universities Superannuation Scheme Limited	46,750,000	1.53%
VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	40,425,897	1.33%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	36,964,771	1.21%
Credit Suisse International	36,645,000	1.20%
J.P. MORGAN SECURITIES PLC	35,310,023	1.16%
Stan Shih	34,989,531	1.15%
ISHARES MSCI TAIWAN ETF	30,844,737	1.01%
Saudi Arabian Monetary Authority - fund manager Amundi Asset Management - Mandate: Emerging Market Equity	29,632,230	0.97%
Acer GDR	28,910,790	0.95%

Note: The total share proportion held by all family members of Stan Shih is 6.03%.

### 4.1.5 Market Price Per Share, Net Value, Earning & Dividend For Last Two Years

Unit: NTD

Item	Period	2019	2020	Until Mar. 31, 2021	
Market Price Per Share	Highest	22.25	26.70	32.45	
	Lowest	16.40	12.80	23.25	
	Average	18.82	19.82	27.24	
Net Value Per Share	Before Distribution	19.10	20.09	-	
	After Distribution	18.65	18.57 (Note)	-	
Earning Per Share	Weighted Average Share Numbers	3,028,188 Thousand shares	3,006,934 Thousand shares	-	
	Earning Per Share	Current	0.87	2.01	-
		Adjusted	0.87	1.99(Note)	-
Dividend Per Share	Cash Dividend (NTD)	0.44	1.50(Note)	-	
	Stock Dividend	Retained Earning (%)	0	0(Note)	-
		Capital Surplus (%)	0	0(Note)	-
	Accumulated unpaid dividends	0	0(Note)	-	
Return on Investment Analysis	P/E Ratio	21.63	9.86(Note)	-	
	P/D Ratio	42.77	13.21(Note)	-	
	Cash Dividend Yield	2.34%	7.57%(Note)	-	

Note: The appropriation of 2020 earnings had been proposed by the Board of Directors on March 17, 2021, which included the distribution of cash dividends.

## 4.1.6 Dividend Policy and the Execution

### 4.1.6.1 Dividend Policy

Due to rapid changes of the industrial situation and development trend, the Company's dividend strategy depends on annual earnings and external environments, therefore, the Company adopts balance dividend policy in accordance with relevant laws and regulations: Cash dividends shall be distributed at least ten percent of total annual dividends, such policy has been approved at the General Shareholder's Meeting held on June 17, 2004.

### 4.1.6.2 Dividends of the Company Proposed to 2021 General Shareholders Meeting

1. The Board of Directors proposed FY2020 dividends to 2021 General Shareholders Meeting as following:

The beginning balance of the un-appropriated retained earnings of this Company is NT\$13,167,658 in 2020. After plus the net income after tax of 2020, the disposal gain or loss of financial assets at fair value through other comprehensive income, and set aside legal reserve, and special reserve in accordance with applicable laws and regulations, the total accumulative retained earnings available for appropriation is NT\$4,578,855,432. It is proposed to distribute NT\$4,571,780,742 as the dividends to the shareholders. The ending balance of the unappropriated retained earnings is NT\$7,074,690, which is reserved for distribution in the future.

All dividends will be paid in the form of cash distributions to the shareholders whose names and respective shares are in the shareholders' register on the record date for ex-dividend, at a ratio of NT\$1.5 per share. (Rounded down to NT\$1.0 and the residue will be calculated as the Company's other income)

2. Should the cash distribution be adjusted due to the amendment of laws or regulations, a request by competent authorities, or any change of the numbers of outstanding share, subject to the approved distribution, it is proposed the General Shareholders' Meeting to authorize the chairman of Board of Directors with full power to adjust the distribution ratio.
3. The record date for ex-dividend is temporarily set on July 6, 2021, and the distribution date is set on August 5, 2021. Should the dates above be adjusted due to the amendment of laws or regulations, a request by competent authorities, it is proposed to authorize the chairman of Board of Directors with full power to adjust accordingly.

### 4.1.7 Analysis on Impact of Proposed Stock Dividends Appropriation in Terms of Operating Results, Earnings Per Share and Rate of Return of Shareholders' Investment

Not Applicable

### 4.1.8 Compensation of Employees, Directors, and Supervisors

1. Remuneration of the Board of Directors and Employee Compensation Stipulated in Acer's Articles of Incorporation:

- (1) Remuneration of the Board of Directors:

Where there is profit in each fiscal year, after covering the accumulated losses, not more than eight thousandths (8‰) of the profit shall be distributed as remuneration of directors; the standard for distribution of remuneration will be recommended by Remuneration Committee and determined by the Board of Directors.

- (2) Employees' Compensation Resulted from Annual Earnings:

Where there is profit at the end of each fiscal year, after covering the accumulated losses, at least 4% of the profit shall be distributed as employees' compensation.

The employees' compensation in the previous section may be distributed in the form of either cash or stock bonus, and may be distributed to the employees of subsidiaries of this Company. Qualification requirements of the employees who are entitled to receive the employees' compensation may be specified by the Board of Directors.

2. The standard of accruing employee compensation and remuneration of the Board of Directors and Supervisors, the standard of distributing employees' compensation in the form of stock bonus, and the accounting treatment of difference between the actual distribution amount and the accrued amount:

The Company accrues employee compensation and remuneration of the Board of Directors proportionally from the pre-tax income which referred in Acer's Articles of Incorporation before deducting employee compensation and remuneration of the Board of Directors. Should there be any differences between the actual distribution amount and the accrued amount after the annual financial statements is made and ratified, the difference should be treated as changes in accounting estimates and adjusted in the following year.

3. Distribution of Remuneration of the Board of Directors and Employee Compensation:

- (1) The total amount of employees' compensation distributed in the form of either cash or stock bonus, and remuneration of the Board of Directors. Should there be any differences between the actual distribution amount and the accrued amount after the annual financial statements is made and ratified, the revealing differences, causes and treatment:

- The total amount of employees' 2020 profit sharing bonus is NT\$480,000,000, and the total amount of Board Directors' 2020 compensation is NT\$10,013,320. The Board of Directors approved the proposal of employees' 2020 profit sharing bonus and Board Directors' compensation on March 17, 2021. The employees' profit sharing bonus and Board Directors' compensation are to be distributed in cash.
- There is difference of NT\$13,807,991 between the actual distribution amount and the accrued amount, and this difference will be recognized as profit or loss at next year.

- (2) The proportion that the amount of employees' compensation distributed in stock bonus to net income stated in this year financial statement or individual financial reports, and the total amount employee compensation: Not applicable.

4. The actual distribution to the remunerations to employees, Directors and Supervisors of last fiscal year (including distributed shares, amount and price of shares). Should there be any differences between the actual distribution amount and the accrued amount after the annual financial statements is made and ratified, the revealing differences, causes and treatment:

	FY2019		
	Dividend Distribution Proposed by the BOD	Actual Dividend Distribution	
		Amount	Share
Remunerations to Employees is (paid in cash)	NT\$138,000,000	NT\$138,000,000	-
Remunerations to Employees (paid in stock by market value)	NT\$0	NT\$0	0 Share
Remunerations to Directors	NT\$5,697,078	NT\$5,697,078	-
Total	NT\$143,697,078	NT\$143,697,078	0 Share

## 4.1.9 The Execution for Shares Buyback

### 1. The status of Buyback (executed):

Number of times of Buyback	Number 16
Purpose of Buyback	In order to maintain the Company's credit and shareholders' equity
Type of Shares Buyback	Common Shares
Announced Price Range of Buyback	NTD 10.05 ~ NTD 13.50
Number of bought back Shares	27,080,000 Shares
Amount of bought back Shares	NTD 361,943,540
Ratio of Number bought back Shares to Estimated Number of Buyback Shares (%)	11.77%
Estimated Number of Shares to Buyback	27,080,000 Shares
Number of the Company Shares Held in accumulation	0 Shares
Number of the Company Shares Held in accumulation out of the Total Number Shares issued (%)	0%

### 2. The status of Buyback (executing): None

## 4.2 Corporate Bonds

None

## 4.3 Special Shares

None

## 4.4 Global Depository Receipts (GDRs) Issuance (March 31, 2021)

Description	Date of issuance	
	November 1,1995	July 23, 1997
Date of issuance	November 1,1995	July 23, 1997
Location of issuance and transaction	London	London
Total amount of issuance	US\$220,830,000	US\$160,600,000
Unit price of issuance	US\$32.475	US\$40.15
Total number of units issued	6,800,000units	4,000,000units
Sources of valuable securities demonstrated	Capital increased in cash	Capital increased in cash
Number of valuable securities demonstrated	Each unit stands for Acer's 5 common shares	Each unit stands for Acer's 5 common shares

Description	Date of issuance		
	November 1,1995	July 23, 1997	
Rights and obligations of GDR holders	Same as Acer's common shareholders	Same as Acer's common shareholders	
Consignee	None	None	
Depository organization	Citicorp	Citicorp	
Custodian organization	Citibank Taipei Branch	Citibank Taipei Branch	
Balance not retrieved	5,787,140 units of Global Deposit Receipt as representing 28,935,795 shares of common stocks		
Method to allocate fees incurred during the period of issuance and existence	The expenses incurred by issuance being taken to offset premium reserve. Expenses incurred during existence being taken as expenses of the current term.	The expenses incurred by issuance being taken to offset premium reserve. Expenses incurred during existence being taken as expenses of the current term.	
Any key issue for the depository and custodian agreements	None	None	
Market Price Per Share	2020	Highest	US\$ 4.47
		Lowest	US\$ 2.18
		Average	US\$ 3.36
	Until March 31, 2021	Highest	US\$ 5.59
		Lowest	US\$ 4.21
		Average	US\$ 4.77

## 4.5 Employee Stock Options

None

## 4.6 Restricted Stock Awards

None

## 4.7 Issuance of New Shares Due to Company's Mergers and Acquisitions

None

## 4.8 Issuance of New Shares by Cash

None



# Acer's Business Formula

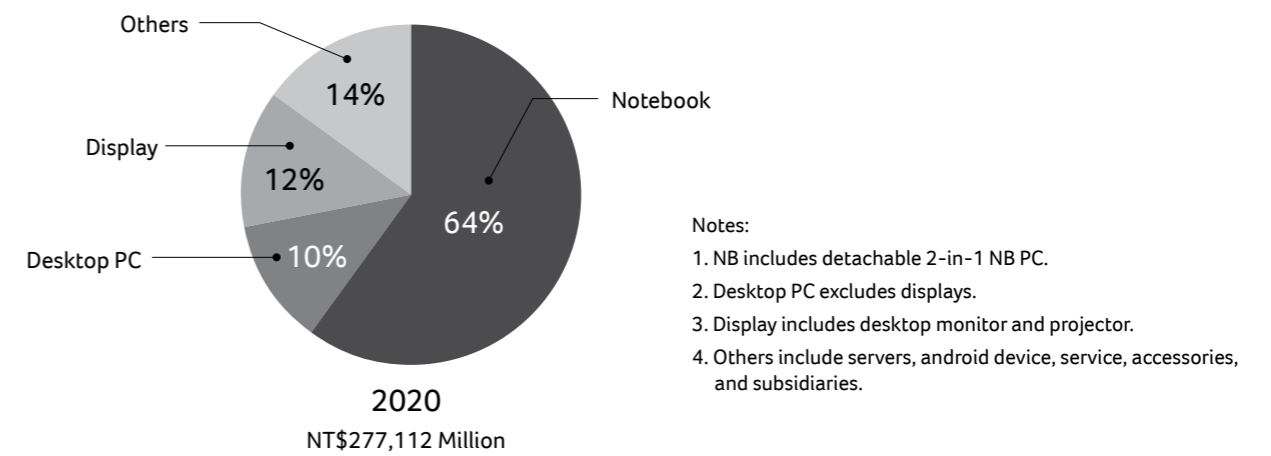


## 5.1 Business content

### 5.1.1 Business Scope

#### 5.1.1.1 Business Portfolio

Founded in 1976, Acer is now one of the world's top ICT companies and has a presence in over 160 countries. As Acer evolves with the industry and changing lifestyles, it is focused on enabling a world where hardware, software and services will fuse with one another, creating ecosystems and opening up new possibilities for consumers and businesses alike. Acer's 7,500 employees are dedicated to the research, design, marketing, sale, and support of products and solutions that break barriers between people and technology.



#### 5.1.1.2 Industry Highlights

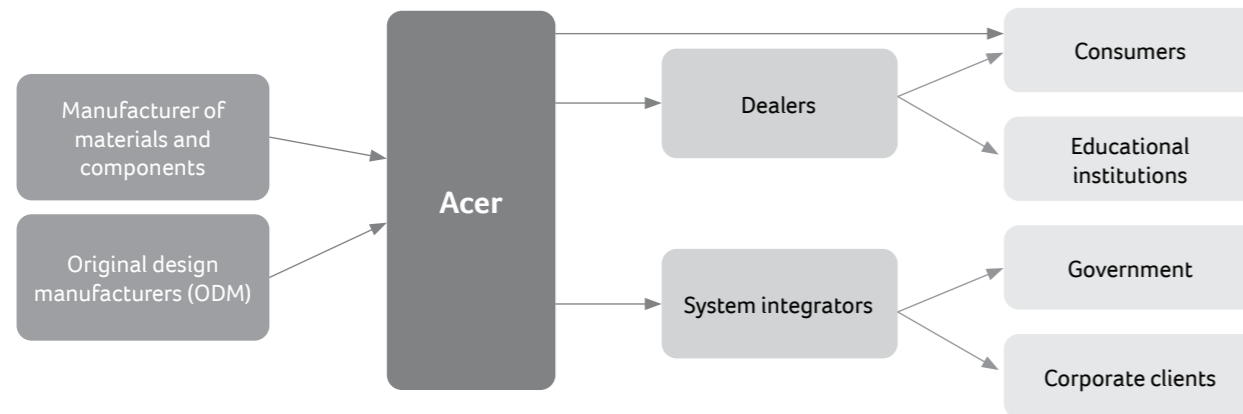
1. Status and Opportunity: The digital infrastructure developments led by AI and 5G will enable a new network that connects everyone to all kinds of devices. The faster data speed, reliability, and huge network capacity will enable new applications, opportunities and challenges across industries.

AIoT is the convergence of artificial intelligence (AI) and internet of things (IoT) technologies and solutions, which leads to smarter networks and systems that are becoming ever more capable of solving problems across a diverse number of industry verticals. The direct connectivity of AIoT devices to the cloud has opened the way for a wider scope of innovation. AI adds value to IoT with big data analytics and machine learning to more sophisticated decision making, while IoT brings the additional benefits of connectivity, signaling, and data exchange to AI. Smart medical, transportation or cities are examples of the various solutions being developed by Acer through AIoT.

The COVID-19 pandemic has propelled a surge in digitization and connectivity through the internet and cloud, and the need to step up security measures to ensure the information of companies and organizations stays safe against cyberattacks. Acer Cyber Security, an Acer subsidiary, is an established leader of cyber security business in Taiwan and offers solutions in this realm.

Under the situation of the pandemic, restrictions applied to people across the globe to work and learn from home has resulted in huge demands for notebook PCs, Chromebooks, and other mobile devices. Also, as people learned to adopt the stay-at-home culture, demands for monitors for more comfortable and spacious viewing, home entertainment devices like headsets also saw growth, such as the shortage of a popular gaming consoles distributed by Acer Gaming and the Acer subsidiary, Web-link International, in Taiwan. The pandemic has also raised the awareness of self-hygiene, for which, Acer was prepared for with antimicrobial solutions on several notebook models.

2. Upstream to Downstream Suppliers:



3. Trends: Acer is constantly evolving with the industry and changing lifestyles. While continuing to research and innovate to enhance its product offerings, including notebook and desktop PCs, projectors, monitors, gadgets and other smart devices, Acer has also dedicated more resources to segments with high margin and high growth opportunities to optimize investments, such as gaming PCs, thin-and-light notebooks, and Chromebooks. With the prevalence of AIoT, Acer has already invested in several areas of cyber security and smart city solutions to embrace this trend. Some of these services are provided through the various Acer subsidiaries.

Acer Cyber Security Inc. (ACSI) is an established leader of cybersecurity business in Taiwan. The surge in digitization and connectivity through the internet and cloud has accelerated the need for enhanced security measures to safeguard the information of companies and organizations against cyber-attacks.

Acer Synergy Tech lets companies focus on business development by taking care of the systems integration and IT outsourcing. It provides customers with a one-stop-shop of integrated IT services including planning, integration, installation, and management of enterprise information infrastructure.

AOPEN integrates digital signage, smart kiosk, and machine vision, into solutions for clients in retail, traffic, medical care, and automated equipment. During the COVID-19 pandemic, it quickly adjusted its strategy to manage the crisis, by developing AI facial recognition systems capable of detecting high body temperatures with higher efficiency.

Acer e-Enabling Service Business Inc. (AEB) provides digital transformation services including cloud services, applications, AIoT, appliances (edge computing), and PaaS (platform as a service). AEB serves more than 1,000 companies across diversified industries, including the public sector, finance, telecommunications, manufacturing, healthcare, education and culture and high-tech industries.

4. Competition: The gaming market is rigorous, and Acer has built a comprehensive ecosystem that includes hardware/accessories, esports tournaments, social platforms, and beverages. In gaming hardware, Acer has stood out from competition by introducing generation after generation of its advanced thermal cooling solutions to enable its gaming notebooks and desktops to run at peak performance. Each year, Acer's Predator League esports event has expanded in participating teams, watched by increasing physical and online audiences. For PLANET9, an open community platform for gamers, Acer released a new in-game live AI translator service that's trained with game jargon, to break the language barrier and facilitate communication among gamers. Finally, the latest additions to the ecosystem are the PredatorShot energy drinks, and the distribution of popular gaming consoles by Acer subsidiaries in Taiwan.

Through ongoing research, Acer continues to identify new groups of PC users. In addition to the Predator and Nitro lines for gamers, ConceptD line for creators (such as graphic designers, architects, and developers who need quiet yet powerful functioning PCs), the Acer Enduro line of rugged PCs was developed for first responders, field and manufacturing use.

At the same time, the PC industry continues to demand thinner, lighter, and more mobile devices. Acer has introduced a series of thin and light notebooks offering all-day power with outstanding performance on the move.

5.1.1.3 Technology and R&D

In 2020, Acer spent NT\$2.38 billion on research and development, which accounted for 1% of total revenues, focusing on user interface, industrial design and usage scenarios, ICT related hardware and software, IoT technology. In addition, the company has been building on its existing PC and displays business and expanding into new areas that can seamlessly integrate PCs with new software applications and also integrate cloud services in its transition to a "hardware + software + services" company. Focusing on areas high margin with high growth opportunities, Acer has been working on designs that fulfill the needs and desires of various markets, such as mobile professionals, gamers, creators, and education. In addition, the PLANET9 gaming social platform has been enhanced with a new in-game live AI translator service that can decipher game jargon to facilitate smooth communication among gamers.

Underscoring the importance it places on research and development, in 2020 Acer ranked No. 2 in Taiwan patent applications with 523 filings.

With the commitment in designing for customer needs, Acer has received many international awards for design excellence in 2020:

Design Awards

Design Award	Award Winners
<b>iF Design Award of Germany: Product</b>	Gaming desktop: Predator Orion 9000 Creator desktop: ConceptD 500 & ConceptD 700 Gaming chair: Predator Thonos Air
<b>iF Design Award of Germany: Communication</b>	Campaign video: PredatorVerse: 2019 Summon Your Strength Campaign video: 2019 Orion 5000 gaming desktop, Raw Power.
<b>Red Dot Award of Germany: Brand and Communication</b>	Marketing campaign: "Creativity Decoded", winner in "Digital Campaign" category Packing design: ConceptD eco-friendly packaging, winner in "Sustainable Packaging Design" category
<b>reddot winner 2020</b> <b>Red Dot Award of Germany: Product Design</b>	Gaming line: Predator Thronos Air chair, Predator Helios 700 notebook, and Predator X32 & Predator X38 P monitors Creator line: ConceptD 7 & ConceptD 9 notebooks, and ConceptD 700 desktop Projector: B250i projector Notebooks: Acer Spin 5, Acer Swift 5 & Acer TravelMate P6
<b>reddot winner 2020</b> innovative product <b>Red Dot Award of Germany: Innovative Product</b>	Gaming chair: Predator Thronos Air
<b>CES Innovation Award Honorees of USA</b>	Notebooks: ConceptD 7 Ezel Pro & Acer Swift 5 Projector: Acer C250i
<b>GOOD DESIGN AWARD 2020</b>	Notebooks: ConceptD 3 Ezel and ConceptD 7 Ezel Desktop: ConceptD 700

## New Technologies

- In the medical AI field, Acer Healthcare collaborated with Novartis Taiwan and the National Taiwan University Hospital to receive the first AI-assisted diagnostic software ophthalmic medical device certification from the Taiwan Food & Drug Administration (TFDA approved license) in September 2020. Combining advanced AI and ICT solutions with the pharmaceutical industry's expertise in diseases and treatments, the cooperation used AI technology in clinical trial design, inspection and registration, disease detection, and patient care integration.
- Acer has been actively involved in realizing the smart city vision to build a resilient city. Its subsidiary, Acer Being Communication, offers several business IoT solutions for smart cities and Industry 4.0. With smart connection as the foundation, the smart solutions include agriculture monitoring stations, water quality monitoring, water meter, street lighting, air pollution detection, and such, providing a variety of choices for more efficient and effective business IoT applications. In 2021, Acer ITS has won phase two of Taiwan's first roadside Smart Parking Meter BOT project in Tainan, as a result of high customer satisfaction rate of its solution for the first phase. The second phase involves the installation of another 2,000 parking spaces and to serve as operator for the next 20 years.

### 5.1.1.4 Long and Short Term Business Plan

Acer is constantly evolving with the industry and changing lifestyles by continuing to push for innovation in existing businesses, while expanding to new territories. In the PC and displays business, Acer is committed to strengthening the foundations with technological innovations such as its state-of-the-art thermal cooling solutions, and designing unique product lines for the specific needs of gamers, creators, education, usage in harsh environments, and more. At the same time, Acer's strategy is to explore new opportunities, expand into adjacent territories, and cultivate multiple business engines. Acer is encouraging employees to think outside the box by promoting intrapreneurship.

#### Short Term Plan:

Acer will continue to optimize its PC and displays business, and has dedicated more resources in segments with high growth opportunities to optimize investments, such as thin-and-light notebooks, gaming PCs, Chromebooks, and PCs for creators and rugged use. At the same time, Acer is constantly observing the changes of the global economy and taking measures as necessary to minimize impacts and maintain operational growth.

#### Long Term Plan:

Acer continues to research and develop customer-centric products, and explore beyond boundaries to identify and incubate micro trends that have potential for growth. Its strategy is to create a fleet of business growth engines for the group's long-term sustainability, and this strategy has been making progress. In addition to the existing stock listing of its subsidiary AOPEN, four more subsidiaries have become publicly traded companies: Acer Cyber Security, Acer Synergy Tech, Weblink International, and Acer e-Enabling Service Business.

Moreover, Acer applies the Responsible Business Alliance (RBA) Code of Conduct as the standard to ensure responsible sourcing of materials, and compliant working environments that uphold human rights. It demonstrates Acer's commitment to environmental protection, social responsibility, while optimizing its operations.

For more information may be found in Chapter 6: Corporate Social Responsibility.

## 5.1.2 Market Highlights

### 5.1.2.1 Market Analysis

#### 1. Market Share of PC Products

Acer's 2020 revenue breakdown by regional operations were: Pan Asia Pacific with 40% share, EMEA with 33% share, and Pan America with 27% share. In worldwide PC shipments (Source: IDC), Acer ranked No. 5 for total PCs with 7% share, No. 5 for notebooks with 8% share, and No. 4 for desktops with 4% share.

According to IDC, PCs (including desktops, notebooks and workstations) for Acer grew by 22% year-over-year in 2020, exceeding the industry growth of 13%.

#### 2. The Future of Market Demand and Supply

The COVID-19 pandemic disrupted people's lifestyle, in which remote working and learning fueled the demand for PC substantially. Acer saw increased demands for multiple product lines, including notebook PCs, Chromebooks, monitors, and others. The situation was reflected in Q4'20: Acer reported its highest quarterly revenue in six years at NT\$82.62 billion, up 34% YoY. In 2021, although Acer does not give financial guidance, we do see that demand is higher than our supply into the foreseeable future.

Acer has been considering various locations for outsourced production besides China, and maintains a flexible strategy in response to the changing situation worldwide. The industry's component shortage, from the strong demand for notebooks continued throughout 2020 and into 2021 deeply impacted Acer's output. Acer is communicating with its suppliers on a daily bases of its needs and component availability, and strives to fulfill the back log of demand due to remote working and distance learning needs.

Opportunities continue to arise from the expanding gaming ecosystem with diversified business models and innovative applications. Total esports viewership is expected to grow at a 9% compound annual growth rate (CAGR) between 2019 and 2023, up from 454 million in 2019 to 646 million in 2023 (Source: Insider Intelligence). And revenue from esports is expected to hit U\$1.8 billion by 2022 (Newzoo).

According to 2021 forecasts by IDC, there will be significant growth for ultra-slim (<18 mm) notebooks and gaming PCs.

In 2020, year-on-year growth of Acer gaming PC was 36%, exceeding the industry's 16%. In China, Acer gaming PCs grew by 55%, while the industry was almost flat at only 1% growth.

In the year ahead, the company will continue to evolve with the industry and changing lifestyles by observing users' needs and identifying micro-trends that have the potential to create a new blue ocean of opportunities. In parallel to focusing on its PC and displays products, Acer will persist in developing multiple growth engines, and integrate "software + hardware + services" as a forward-looking company.

#### 3. Competitive Advantage

The common objective among all of Acer's businesses is to explore new markets, and broaden current boundaries. Underscoring the importance the company places on research and development, in 2019 Acer ranked No. 2 in Taiwan patent applications with 523 filings.

In addition, its R&D takes into account of the design thinking process and key technologies, creating a competitive advantage for the company and resulting in the launch of numerous highly competitive and innovative products. Shifting away from traditional

computer hardware manufacturers' mindset, Acer's Value Lab has gradually invested more resources in developing artificial intelligence, big data and more, while exploring new business models to create opportunities for growth. Acer also has a number of subsidiaries in diverse scopes of business including information security, smart parking, smart wearables, AI medical, smart public health systems, and these are just some examples of the multiple growth engines. Several of these engines have made progress to becoming listed companies: Acer Cyber Security, Acer Synergy Tech, Weblink International, AOPEN, and Acer e-Enabling Service Business.

In terms of sales channel reach, Acer has a presence in over 160 countries and a lean organization for effective and fast decision making. Its R&D, design, marketing, sales, and services all adopt a global strategy, which is the Company's advantage.

#### 4. Advantages, Disadvantages and Counter Measures

##### Advantages

- (1) Social distancing, remote working and learning during the COVID-19 pandemic have revived the demand for PCs. Workers and students use PCs to handle projects, assignments, and for video conferencing. PCs are also needed for entertainment when physical activities are limited. The long duration of use also meant that sharing one device among several in one household was no longer feasible. The new lifestyle has led to a surge in demand for PCs in 2020.
- (2) Prior to the pandemic, while the traditional PC market had been stagnating, Acer focused on segments with high growth potential, and continues to do so. They are PCs in the areas of thin-and-light, gaming, creators, Chromebooks, and more, for different users' needs. Market segments are further divided to address specific users, for example, gaming PCs for hardcore and casual gamers.
- (3) Consistent marketing activities for high-profile brand and products, such as the Predator gaming brand, the ConceptD line for creators, and the new notebook in partnership with Porsche Design, have helped to build the Company's image for high-end designs and enhanced brand awareness. This is proven by the rise of average selling price of Acer PCs by 5.5% in 2020 (Source: GfK & NPDP 47 countries) demonstrating its gain in brand premium.
- (4) Facing the rapidly changing market dynamics, innovation and entrepreneurship pave the way to the future. Acer ranked No. 2 in Taiwan patent applications, reflecting its competitive edge in design and innovation.
- (5) With a presence in over 160 countries, Acer has a comprehensive network of sales channels, and a lean organization for effective and fast decision making.
- (6) Acer has continued to innovate in the PC and display market, while also expanding to new areas and cultivating multiple business engines to maintain the Company's momentum and ensure the long-term sustainability.
- (7) Environmental, social, governance (ESG): Through transparent reporting of its efforts in ESG, Acer has been recognized and won major industry accolades. These include being ranked among the "100 most sustainably managed companies in the world" by The Wall Street Journal, ranked No. 246 in the World's Best Employers Report by Forbes, and selected in the Dow Jones Sustainability Indices Emerging Market Index for the seventh consecutive year.

##### Disadvantages and Countermeasures:

- (1) While the COVID-19 pandemic has caused a surge in demand for PCs, it also caused component shortages and production delays.  
Actions: Acer will consider various locations for outsourcing production besides China, since the pandemic exposed weaknesses of existing supply chains. Acer is communicating with its component suppliers on a daily basis of its needs, and strives to fulfill the back log of demand due to remote working and distancing learning needs.
- (2) The volatile and rapidly changing ICT industry presents a challenge to forecast the future PC demand with accuracy.  
Actions: Constantly evolve with industry and changing lifestyle is Acer's firm belief to creating renewed growth. The common objective for both its consumer and commercial markets is to explore new markets and broaden current boundaries. Acer will continue to explore different markets and launch products for different applications, identify micro trends for a blue ocean of opportunities. In addition to the PC and display businesses, fulfill the needs of more user groups

and market segments; Acer is expanding its offering to beverages, systems integration, medical AI, information security and others, to discover new opportunities. With issues such as global trade and tax, Acer is open to consider additional locations for outsourced productions.

- (3) The speed of information digitalization and ecommerce has accelerated with the COVID-19 pandemic, with the increase to remote working, distance learning, and online shopping.
- (4) Market volatility may result in greatly fluctuating demands.  
Actions: Acer and its subsidiaries will continue to adopt the channel business model and strengthen cooperation with key suppliers and distributors, while continuously monitoring market demands and new trends. In addition, e-commerce sales models have been adopted to directly serve consumers and understand their preferences.

#### 5.1.2.2 Key Products and Manufacturing Process

##### 1. Current product and service offering

- (1) Notebook PCs
- (2) Desktop PCs
- (3) LCD monitors
- (4) Projectors
- (5) Gaming & esports platform
- (6) Gadgets
- (7) Servers
- (8) Cloud services
- (9) E-business and services
- (10) Commercial solutions
- (11) Digital signage solutions
- (12) Cyber security and datacenter
- (13) Beverages
- (14) Smart city
- (15) Medical AI

##### 2. Manufacturing process

Acer and its subsidiaries outsource all manufacturing, and are not directly involved in the manufacturing processes. However, to fulfill its responsibilities as a corporate citizen, Acer strictly requires its suppliers to comply with environmental protection and local labor regulations, such as the European Union's Restriction of Hazardous Substances (RoHS), in the production and manufacturing processes. In addition, since 2008 Acer has joined the Responsible Business Alliance (RBA), formerly known as the Electronic Industry Citizenship Coalition (EICC), which requires suppliers to adhere to the RBA Code of Conduct to ensure the operational compliance of the company and its suppliers.



### 5.1.3 Production Process of Key Products

Acer has long-term cooperation with reputable firms, in and out of Taiwan, for the supply for raw materials. In addition, the company strictly prohibits suppliers from using components and finished products produced with raw materials obtained illegally or via inhumane ways; or purchasing tantalum, tin, tungsten and gold (known as 3TG) from sources with direct or indirect funding or benefits from armed groups of Congo or neighboring countries. Acer also updated the "Responsible Raw Materials Purchasing Policy" in 2017 by expanding the scope of mineral management beyond 3TG and Congo to ensure minerals management is consistent with the OECD's guidance for mineral supply chains in conflict-affected and high-risk areas. The company requires suppliers to provide mineral procurement policies and processes, take due diligence process, and shoulder the responsibility of social and environmental protection.

Since 2016, the company has expanded its supplier responsibility management to the second-tier supplier (i.e. the supplier of suppliers), and plans to expand to third-tier suppliers in 2021 to promote a positive cycle for sustainable future.

### 5.1.4 Key Buyers and Suppliers Accounting Over 10% of Total Net Sales and Purchase:

#### (1) Key Buyers for Acer Group: None

#### (2) Key Suppliers for Acer Group

Unit: NTD Thousands

Item	Year 2019				Year 2020			
	From	Amount	Percentage of total net purchase (%)	Relationship with Acer Inc.	From	Amount	Percentage of total net purchase (%)	Relationship with Acer Inc.
1	Supplier D	39,354,092	25.99	None	Supplier D	40,833,524	22.31	None
	Others	112,041,542	74.01		Others	142,213,624	77.69	
	Total Net Purchase	151,395,634	100.00		Total Net Purchase	183,047,148	100.00	

Note: The key suppliers are not significant change in 2019 and 2020.

### 5.1.5 Production Value in the Last Two Years:

Not applicable.

### 5.1.6 The Sales Value in the Last Two Years:

Unit: NTD Thousands

Major production	Year	2019		2020	
		Domestic Sales	Foreign Sales	Domestic Sales	Foreign Sales
Computer		6,761,776	165,656,209	5,798,648	200,241,642
Peripherals & Others		25,997,577	35,869,792	31,566,005	39,506,182
Total		32,759,353	201,526,001	37,364,653	239,747,824

## 5.2 Keys to a Sustainable Future

### 5.2.1 Optimize operations by strengthening the foundations and exploring new possibilities

To maintain the Company's momentum and long-term sustainability, Acer is evolving with the industry and changing lifestyles by continuing to push for innovation in existing businesses, while expanding to new territories.

Acer will continue to research and innovate in its notebook and desktop PC, projector, and monitor businesses, and has dedicated more resources to segments with high growth opportunities to optimize investments, such as gaming PCs, thin-and-light notebooks, Chromebooks, and PCs for creators.

At the same time, Acer is exploring new opportunities, expanding into adjacent territories, and cultivating multiple business engines built on the advantage of its expansive global channel reach. Employees are encouraged to think outside the box and pursue intrapreneurship; this means providing them with the freedom and support to discover untapped markets for the group's long-term sustainability.

The new possibilities being explored include smart gadgets, smart cities, air quality improvement solutions, medical AI, and other cloud application solutions. Some of these services are provided through subsidiaries.

Evolving with the industry and changing lifestyles is the key to creating renewed growth in the PC industry and beyond, and ensuring Acer's long-term sustainability.

### 5.2.2 Create synergies with partners and regional operations

Acer diligently builds on the synergy of partnerships and resources to effectively operate, safeguard, and grow its business. With a flexible and nimble mindset, the global headquarters works closely with regional offices to understand local market conditions and customers preferences. The close collaboration between Acer and its partners has always been its competitive advantage. Through the concerted efforts of Acer's management team, employees, and stakeholders, the company continues to demonstrate the highest resilience to power through times of high volatility in the industry and global economy.

## 5.3 Employees

### 5.3.1 Global Human Asset Management

Employees are the Company's key assets and the main driver of business growth. Acer has fostered a work environment that empowers employees by entrusting them with the tasks matched to their skill or qualification. There are clear objectives and reward for achievement, extensive communication and interaction among coworkers, constant encouragement for innovations, and an effective decision making process. On-the-job training provides the ideal platform for learning and development.

As a result of employees' joint effort, Acer has received numerous industry and media recognition. For example, Acer has been listed on the DJSI Sustainability Indices (Emerging Markets Index) for the seventh consecutive year since 2014. Also has been selected in 100 Most Sustainably Managed Companies in the World and ranked 22nd in the world in the field of innovation on The Wall Street Journal in 2020. All Acer employees also have many opportunities for development. Acer also been listed in World's Best Employers 2020 by Forbes.



Besides, Acer spent NT\$2.57 billion on research and development in 2019 and ranked No. 2 in Taiwan patent applications with 565 filings. With the commitment in designing for customer needs, Acer has received many international awards for design excellence in 2020 such as Red Dot Awards for product excellence and design innovation, Red Dot Awards for Brand and Communication Design, Good Design Awards, iF Design Awards, Taiwan Excellence Award and CES Innovation Awards. All above results are contributed by our most valuable assets: our employees.

#### -Human Asset Analysis by Manpower, Average Age and Years of Employment

Category	Date	End of 2019	End of 2020	March of 2021
Manpower		7,240	7,467	7,516
Average Age		40.03	40.2	40.3
Average Years of Employment		8.7	8.7	8.7
Male (%)		62.5%	62.8%	63.1%
Female (%)		37.5%	37.2%	36.9%

#### -Human Asset Analysis by Job Function

Job Function	Date	End of 2019	End of 2020	March of 2021
General Management		179	182	181
Sales & Product Marketing		2,146	2,050	2,040
Customer Service		1,782	1,975	2,031
Research & Development		1,202	1,246	1,248
Sales Support		988	1,062	1,058
Administration		943	952	958
Total		7,240	7,467	7,516

#### - Human Asset Analysis by Education Level

Education Level	Date	End of 2019	End of 2020	March of 2021
Doctor of Philosophy		1.6%	1.5%	1.6%
Master's Degree		28.8%	28.3%	28.2%
Bachelor's Degree		43.3%	46.5%	47.0%
Vocational Study		24.2%	22.2%	21.7%
Senior High School or below		2.1%	1.5%	1.5%
Total		100.0%	100.0%	100.0%

## 5.3.2 Recruitment

The Company abides to each country's labor laws and customs. We are committed to providing equal opportunities and following Anti-discrimination law that it is illegal to make employment decisions based on legally protected factors like race, class, language, thought, religion, political party, place of origin, place of birth, gender, gender orientation, age, marital status, appearance, facial features, disability, or past membership in any labor union, and we are sticking to the principle of putting the right people at the right position. Acer seeks high-potential candidates with multi-disciplinary backgrounds in order to build a strong global workforce.

## 5.3.3 Continuing Learning and Growth

### People Development and Career Growth

The company's training policy in 2020 was set to be aligned with the corporate strategy, which was to build lifestyle brands through expanding boundaries anchored around core businesses and optimizing operations. By the policy's guidance, the training and development was to equip the employees with the capabilities to stay on top of cutting-edge trends, to explore AI technology with business opportunities, and to enhance the efficiency of data analysis and customer service. All of the efforts were directed to strengthen the consolidation of hardware, software, and service, create value, boost profitability, and ultimately, improve Company's brand premium.

- For leadership / management training, we helped the supervisory-level managers to acquire the essential people management competencies; while the leadership training and guided the mid-level managers to develop strategic thinking and leadership capabilities.
- For profession development, we delivered the trainings to strengthen the ability of AI programming and the machine learning that can be embedded in a series of product lines. We also endeavored to enhance the skills of data analysis for serving customers in more effective way, and incorporate the factors of "data implication" and "business growth" to pinpoint the potential opportunities of future product development.
- As for general education and training, by taking eLearning approach, we helped the staff to understand more of corporate social responsibility, and to enhance the awareness of information security, anti-corruption and anti-trust. By taking the strict online tests, we ensured that all employees have a full understanding of the code of business conduct.

In order to ensure the quality of training, all trainings were conducted in accordance with the "Training Management Process". The evaluation measures included training satisfaction, after-class interviews, and action learning. In 2020, the number of employees trained worldwide reached 42,872, accounting for 98,863 man-hours. The averaged training hours reached up to 13.3 per person. All trainings were done in accordance with the principles of job requirements, gender equality, and equal opportunity.

### Multiple Approaches of Learning and Development

Each employee was provided with multiple development paths to enhance the profession--- for example, from company within, such opportunities can be found as on-the-job trainings, coaching, job rotations, forums, online learnings. For the company outside, they included profession club seminars, short-term intensive training hosted by the prestigious universities or training institutions.

### New Employee Orientation Training

On their first day of work, new staff were given orientation training to help them quickly come to grip with the Company's basic operating processes. Within their first month, new staff were put through training to better understand the company's mechanisms, regulations, core values, brand values, corporate culture, and the Standards of Business Conduct (including instruction on labor rights, freedom of expression, individual privacy rights, information security awareness, sexual harassment prevention, and corruption prevention), thus helping them become fully integrated parts of the team.

New staff working in the product lines also received training on patent protection, CSR (including green products, Responsible Business Alliance [RBA], and greenhouse gasses), and electrostatic discharge (ESD). We also actively encourage staff to take the training in CPR and the use of automated external defibrillator (AED), which have been persistently held for the staff in the company.

## Performance Management and Development

The goal of Acer's performance management and development system is to improve performance at individual, departmental and organizational levels, and includes goal setting, delegation, communication & coaching, the link between performance & remuneration, and career development.

### 5.3.4 Compensation

Acer provides a competitive salary package to attract and retain high-potential human assets. The Company surveys global IT companies' salary levels annually, to ensure that our salary packages are adjusted accordingly and reasonably to reflect market conditions. On top of the monthly salary, the Company offers the bonuses that are differentiated from the performance of business unit and each individual. Taking Taiwan for example, in addition to the fixed monthly salary and festival bonuses, Acer offers incentives that reward new innovations, intellectual property rights, sales achievements, performance bonus and profit sharing.

### 5.3.5 Welfare

The Company shall abide by the labor laws of local governments and also conform to social norms. By sticking to these principles, we strived to provide the comfortable working environment, attractive welfare programs, candid communication ways to enhance productivity and creativity. Taking Taiwan for example, Acer has established a welfare committee that initiated activities for employees' welfare. For the past years of activities, they included company trips, sports competition activities, Acer Family Days, arts appreciation events, speeches for enriching employee's life, celebrations for upcoming holidays, social clubs, gift vouchers, educational grants, subsidies covering wedding, funerals, or hospitalization. In addition, we also have established the fitness center, recreation and leisure facilities to help the employees to release employees' pressure after work, and besides, we rolled-out the health-promotion programs to keep a well-balanced life.

### 5.3.6 Pension

The Company abides to each country's labor laws and customs. Taking Taiwan for example, Acer conforms to the Labor Standards Act and Labor Pension Act by contributing a portion of employees' salaries toward a pension scheme. Besides, employees who have served for 15 years and have reached 50 years of age can apply for early retirement.

### 5.3.7 Employee Relations

Acer respects employees' opinions and is dedicated to maintaining a harmonious relations between managers and their team members. We obey the business laws and follow the practices of each local authority around the world. And in the past two years, we had no loss resulting from labor disputes.

Acer offered multiple channels for interaction in order to improve two-way communication:

- **A Dedicated Hotline:** A hotline for each supporting function has been set up for employees to express their concerns or issues. With the channel of expression, we can take essential actions to solve the problems in more efficient way.

- **Open and Candid Communication Channels:** Employees may report issues to their immediate supervisors or higher authorities for seeking solutions. Furthermore, the Chairman & CEO hosted the face-to-face meetings, where the top level leaders attended and had direct communication with employee representatives coming from each office site on a quarterly basis. To ensure the resolution that can be carried out, the authority-in-charge followed up the improvement progress at the next quarterly meeting. For the meeting minutes, they were publicized on the Company Intranet for all employees' attention.
- **Communications on the results achieved:** With the multiple growth engines being created for maximizing Acer's market cap, we emphasized the internal communication to better collaboration. We expected all of our employees to strive together based on shared vision, belief, and core values to ensure the ultimate goals of dual transformation successful.

The communication meetings 'Engaging with Jason' was held periodically. In these meetings, the Chairman & CEO communicated the achieved results and future development directions, and responded to the questions that employees raised. In addition, Chairman & CEO traveled to the business sites around the globe to explain the Company's latest policies and do face-to-face communications with employees.

## 5.3.8 Acer Employee Management

### Standards of Business Conduct

We have completed the revision of Standards of Business Conduct (SBC) in November 2020. The newly revised SBC guides us on how we interact with each other, our customers, our business partners, our shareholders and the communities where the Acer Group does business.

Below are the features of the revisions:

1. Get more aligned with the new amendments of "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and "Procedures for Ethical Management and Guidelines for Conduct" enacted by Taiwan's governing authority of Stock Exchange and Futures Trading.
2. Call for a more strict compliance with the principles of human rights set by the United Nations Universal Declaration of Human Rights, the International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights.
3. Require not only all employees of the Acer Group to obey these rules and adhere to the highest standards of business ethics, but also the board members and all other parties who do business with Acer.
4. Incorporate the issues of Corporate Social Responsibility that address increasing attention during the recent years, the rules of social media interaction, and the past incidents that we have learned from the industry.
5. Specify the procedures dealing with the incident reports in anticipation of providing a guidance for the units to follow and to prevent recurrence.

All employees are required to undergo training regarding anti-corruption measures. During annual performance reviews, we require management and employees to review their adherence to our standards of professional behavior. In the event of corruption being found, the company must immediately report the incident and implement management measures, while also reminding employees that they must follow the regulations of the Standards of Business Conduct.

- Sexual Harassment Prevention Measures

The Company is dedicated to ensuring gender equality and human dignity in workplace, securing work environment free from sexual harassment and discrimination. With the promise, the Prevention Measures and Disciplinary Actions on Sexual Harassment is enacted, which specifies the reporting channels, dealing procedures, and disciplines.

- Declaration of Secrecy and Intellectual Property Rights

The Company places extreme importance on the protection of intellectual properties rights. All staff are required to have the Declaration on Non-Disclosure Agreement signed when onboard, which declares the obligations to protect confidential information and the restrictions on use of the confidential information during the employment period and employment termination.

## 5.4 Important Contracts

Nature of Contracts	Contracting Parties	Beginning and Ending Dates of Contracts	Major Content	Restrictive Clauses
Software License Agreement	Microsoft Inc.	Aug. 1, 2018 until triggering the terminating terms of this Agreement	Obtain license from Microsoft for using certain software	Confidential Non-assignable
Patent License Agreement	IBM Corporation	Oct. 29, 2003 until the end of related patents period	Cross license arrangements for certain patents	Confidential Non-assignable
		Nov 22, 2006 until the end of related patents period		
Purchase Agreement	Worldwide Vendors	Annual 2020	Component Purchase	Confidential Non-assignable

# Corporate Social Responsibility



Acer's corporate social responsibility mission aligns the Company's CSR strategy with the Company's new development direction and the core spirit of the brand:

While pursuing profitability, leading transformation, and providing innovative services, we will continue to create tangible and intangible value while focusing on our three core beliefs of creating value, balancing interests, and developing sustainably in order to promote sustainability model transfer and leverage our social influence as we become a future-oriented business.

Acer's CSR policy covers three axes: integrated sustainable governance, pioneering green innovation, and comprehensive sustainable impact.

- **Integrated Sustainable Governance:** Deepening CSR governance and stakeholder engagement, as well as strengthening the overall management and transparent disclosure of both financial and non-financial performance.
- **Pioneering Green Innovation:** Incorporating low-carbon, sustainable, and cyclically innovative technologies and concepts into products and services, taking the lead in smart cities and the development of a new green economy.
- **Comprehensive Sustainable Impact:** Creating real corporate value and leveraging our influence on suppliers and partners to help the overall industry move toward a sustainable future.

As Acer continues to be recognized by global sustainability indices, for the first time we have been awarded with a Silver Class distinction in the S&P Global Sustainability Yearbook 2021, which features only the top ESG (environmental, social and governance) scoring companies. Our listing on three global indices are: the Dow Jones Sustainability Indices Emerging Markets Index for seven consecutive years, the MSCI ESG Leaders Indexes with "AA" rating for seven consecutive years, and the FTSE4Good Emerging Index for the fifth year. In addition, Acer was ranked among the "100 most sustainably managed companies in the world" by The Wall Street Journal from a study into 5,500 publically traded businesses.

We established Corporate Substitutability Office (CSO) in 2008. It is our unit dedicated to corporate social responsibility. Led by the corporate sustainability officer, its primary responsibility is managing ESG issues. Reporting directly to the chairman of the board, the CSO also regularly provides reports to the Corporate Sustainability Committee on trends, impact, and performance concerning these issues. The Corporate Sustainability Office plays a vital role in bridging the various working groups with the CSC. To facilitate effective communication across locations worldwide, we have put executive secretaries for corporate social responsibility in each regional headquarters tasked with implementing our CSR agenda. In addition, in 2020, we launched CSR e-learning courses for staff to help them better understand CSR concepts and how Acer puts them into action. As of March 2021, the Corporate Sustainability Office has been renamed the ESG Office. Its mission is to embed ESG considerations into company policy, strategy, planning, and action to boost Acer's value. It is to serve as a platform for communication and cooperation between the company and our stakeholders, providing a catalyst for innovation toward realizing a sustainable Acer.

In the environment, safety and health management aspects, we implement office carbon reduction programs, enhance suppliers' capacity of greenhouse gases management, launch several projects to improve the health and safety of our employees and have third party verification for the GHGs emissions data of Acer Group global operation sites every year. For supply chain management, we conduct suppliers' Social and Environmental Responsibility (SER) on-site audits, investigate smelters in our supply chain for conflict minerals issue to enhance the SER performance of acer suppliers. Regarding communication, we build a good communication channel with stakeholders to ensure mutual understandings and respect, and we continuously improve the quality of our customer service and the protection of customer privacy. About community involvement, Acer is committed to give back to the society by creating digital opportunities for the disadvantages through Acer Volunteer Team and Acer Foundation.

## 6.1 Environment, Safety and Health Management

### 6.1.1 The Environmental Protection

#### 6.1.1.1 Energy and Climate Change

In the area of energy and climate change, Acer continues to enact our Integrated Energy and Climate Change Strategy, completing third-party assurance of greenhouse gas emissions data from Acer Group locations worldwide. Along with the above-mentioned integrated strategy, we have also set long-term carbon reduction targets in line with the Science-Based Targeting (SBT) initiative's methodology. We expect to accomplish an 80% reduction in Scope 1 and Scope 2 carbon emissions in 2050 from the baseline year of 2009.

Concerning the management of supplier greenhouse gas emissions, we are continuing our participation in the Carbon Disclosure Project Supply Chain Program, providing relevant consultation and education/training courses to strengthen our suppliers' ability to respond to climate change and reduce their emissions. We also require major suppliers to set reduction targets and work together with us on reducing the carbon emissions created in the manufacturing process. According to reports, the overall disclosure and performance of suppliers participating in our surveys have exceeded the global average.

On the green electricity front, in 2020, we again expanded our use of renewable energy in operating locations with the addition of solar power generation facilities in Germany, continuing our gradual development of renewable energy use toward our medium-term goal of reducing carbon emissions by 60% by 2020.

#### 6.1.1.2 Green Product Management

Acer's green product policy is:

- Based on the "product life cycle" concept, we offer high-quality products that are energy and resource efficient, low in pollutants and hazardous substances, and easy to recycle.
- By employing green purchasing and through communications with our suppliers we have been able to establish a green supply chain that is fully compliant with international environmental practice.

All of Acer's products are in compliance with regulatory and customer requirements in all respective territories, protecting the health and safety of users and reducing potential risk to the environment. In addition to legal compliance, we also proactively comply with our various markets' voluntary environmental demands including product life cycle considerations such as energy efficiency, reduced use of toxic and/or hazardous substances, and end-of-life product processing. Since 2009, Acer has kept launching PVC-free and BFR (Bromine Flame Retardants)-free products, and is steadily accomplishing the target of non-halogenated products. We also continually evaluate the related regulations and the concerns of external stakeholders, gradually extending the control scope of the chemicals.

We back the concept of recycling resources, and since 2019, we have been using post-consumer recycled plastics (PCR) with our notebook computer products. In 2020, we again expanded the scope of this effort, with some 8.8 million products making use of PCRs, accounting for 24.08% of hardware revenues.

Through the Acer Packaging Design Principles, we are able to examine the life cycle of our packaging material and make informed decisions about the environmental impact of our packaging at every stage, from initial R&D into and selection of materials through production methods, transportation and fuel consumption, durability in use, and waste handling. The Acer Packaging Design Principles also address ongoing reduction in design, the use of environmentally friendly materials, and improved recyclability.

Acer is committed to improving energy efficiency in our products to help consumers reduce the amount of energy they consume while using our products. During product design, we comply with energy consumption guidelines in each of our markets, including the European ErP eco-design directive. To ensure our products comply with the requirements of particular customers and markets around the world, we have acquired US Energy Star® and China Energy Conservation labels for selected products.

Acer not only supports the concept of resource recycling, but also actively strives to use post-consumer recycled plastics (PCR) in our products. At the same time, with regard to the materials that are most likely to create problems of pollution or occupational safety in the recycling process, we work with plastics manufacturers and upstream recyclers to conform to international standards of quality, environmental safety, occupational health and safety, and responsible recycling (R2), earning international export licenses and recycling service provision qualifications from local governments.



### 6.1.1.3 Office Carbon Reduction

The Company's energy consumption is primarily office-based, and so to stay on top of power consumption data for our office locations around the world, we use systematic management to collect data for an insight into the usage situation and trends therein. According to analysis and statistics, the primary sources of office power consumption are, in order, the use of air conditioning, lighting, and computer equipment. Although we engage in no production activities ourselves, we continue to pursue the use of green electricity, with optimizing electrical equipment and strengthening power management major management goals. As well as evaluating the benefits of existing energy-saving measures each year, we also continue to explore the feasibility of various other options. Looking at green electricity statistics, we see that Acer Taiwan's total solar power generation reached about 3.24 million kWh in 2020, enough to supply some 900 households for a year. In addition to replacing old air-conditioning equipment and switching to energy-saving lamps as planned, Acer Taiwan's main energy-saving measures in 2020 included further adding microwave sensors to control lighting in common areas in the Acer eDC Longtan offices, resulting in estimated annual savings of approximately 16,000 kWh. On top of this, Aspire Park has installed an energy management system to provide insights into the condition of each building's electrical and mechanical equipment to facilitate appropriate adjustments. Additionally, our Xizhi office has made changes to the hours in which air conditioning is operational and put in place an automated system to turn off lighting during afternoon breaks and after working hours. We intend to continue evaluating the benefits of existing energy-saving measures into the future and planning for ISO 50001 Energy Management Systems certification in 2021, facilitating further explorations into the feasibility of other measures to save energy.

## 6.1.2 Safety and Health

### 6.1.2.1 Environmental Safety and Health Management

As a global IT company focused on marketing and service, Acer endeavors to achieve balanced development in economy, environment and society. We are devoted to environmental protection. We understand that all our products, services and activities have potential impact to the environment and community where we conduct business. We are also dedicated to providing a safe and healthy workplace for employees believing that occupational health and safety is the foundation of sound and responsible business operations. We ensure all employees understand their roles and responsibilities and are working with our partners and suppliers to meet or exceed the environmental, health and safety commitments. Our policies on environmental safety and health management are as below:

- Meet or exceed relevant laws, industry regulations, and voluntary commitments.
- Strive to prevent pollution, improve energy efficiency, reduce waste, and increase resource productivity.
- Implement green design and careful selection of both materials and suppliers to provide products that are both safe and low in environmental impact.
- Provide healthy, safe working environments to protect workers' physical and mental well-being and reduce occupational safety and health risks.
- Continually improve environmental, health, and safety performance and communication through participation by all staff.

We have put in place thorough environmental health and safety management systems to help us achieve our goals and commitments in this regard. These include regular monitoring of adherence to and applicability of Acer standards to the management of potential risks to people and the environment and the environmental impact of our products. A range of measures has been put in place to help ensure staff enjoy a comfortable working environment that values health and safety. In 2020, the bulk of Acer's Taiwanese business units passed new ISO 14001:2015 Environmental Management System reviews, again receiving third-party certification. Other subsidiaries that have introduced ISO environmental management systems have similarly passed ISO 14001:2015 review.

### 6.1.2.2 Working Environment and Employee Safety

Acer cares about the working environment where employee's safety and health would largely depend on. We conducted a series of improvements, including water filtration system, drinking water quality, indoor air quality; strengthen the computer room and warehouse safety. Acer also implemented environment, health and safety management system and conducted office sites hazards identification. We then improved items with significant risks to lower the hazards.

### 6.1.2.3 Emergency Accident Operation

Acer has established its own emergency operation procedures in the events of fire, earthquake, typhoon, power failure, water supply failure, contagious disease and other major accidents. In the fire safety aspect, we have organized a self-protection firefighting team by the employees and their main duties are to extinguish the fire at the initial stage, evacuate the rest of the employees when necessary and reduce possible damage from the accidents.

### 6.1.2.4 Employee Health

The company has always considered our staff to be among our most important assets, and we believe that strengthening staff health management is a crucial factor in maintaining our competitiveness. Concrete actions taken include carrying out annual employee health checks, hiring full-time medical staff to conduct employee health management, organizing a wide variety of activities and events promoting good health, sponsoring large-scale sports events, holding a range of sports competitions, encouraging the establishment of sports clubs, and fostering a pro-exercise internal environment. Through such actions, we strive to constantly be boosting the health and performance of our staff. In 2020, we were actively involved in health certifications from both government and civic organizations, including receiving for the third consecutive time both the Taiwan iSports certification from the Ministry of Education's Sports Administration and the Badge of Accredited Healthy Workplace from the Ministry of Health and Welfare's Health Promotion Administration. We were also honored for a second consecutive time with a Silver Award in Commonhealth Magazine's Corporate Health Responsibility evaluations in the Companies with between 1,000 and 4,999 Staff group. Such recognition demonstrates our commitment to providing a healthy workplace.

## 6.2 Supply Chain Management

We treat our suppliers from all parts of the globe with consistent fairness in order to achieve efficient global operations and partnerships and to provide clients with high quality products. We also strive to ensure that a safe working environment is provided throughout the supply chain, that employees are treated with dignity and respect, and that suppliers observe ethical codes and shoulder their environmental responsibilities throughout their business operations. We will continuously investigate the necessary responses to sustainability issues with a positive attitude and from a broad perspective so as to increase the positive effect of the supply chain on society and the environment.

Acer has been a member of the Responsible Business Alliance (RBA) since 2008, and actively participates in actions and discussions around supply chain social and environmental responsibility to better understand international trends in CSR and share in the practical experience of its members. All Acer manufacturers and service providers are required to comply with both the RBA Code of Conduct and local regulations.

We carry out annual on-site RBA Code of Conduct supplier audits, gaining a deeper understanding of each location's working environment and the human rights conditions of the staff. We also encourage and require suppliers to uphold their corporate responsibility by ensuring their own suppliers implement socially and environmentally responsible management and to advocate for RBA Code of Conduct adherence, thus improving the working environment in the electronics supply chain worldwide.



We have also established the Acer Responsible Supply-Chain Management (ARSM) system, not only setting in place the social and environmental responsibilities of our first-tier suppliers, but also rolling it out to second- and third-tier suppliers in phases with the aim of further expanding the reach of our social responsibility and influence. Acer requires first-tier suppliers to implement risk assessment and management of second-tier suppliers based on the RBA Code of Conduct. For higher risk suppliers, we also carry out on-site audits and tracking of improvements. We have also integrated performance in these into our Vendor CSR Scorecard assessments, realizing and expanding the environmental and social responsibility of our supply chain.

To review the practical performance of our suppliers in terms of CSR, we have established a Vendor CSR Scorecard, through which are able to gain an early insight into supply chain ESG risks and help suppliers implement appropriate measures to mitigate or eliminate those risks, following up on their progress as needed. Overall, average performance across supplier categories in the 2020 scorecard continued to show improvement. We also demand underperforming suppliers implement appropriate actions to improve their CSR performance. Acer has taken multiple actions to verify the absence of forced labor, slavery and human trafficking in supply chain, including supplier risk assessment, declaration, on-site audit and training etc.

Responsible minerals sourcing continues to be a major focus for Acer. As a program that began with a focus on tantalum, tin, tungsten and gold (3TG) in the Democratic Republic of the Congo (DRC), Acer's Responsible Minerals Sourcing program has expanded to a program capable of addressing any minerals identified by Acer that involve social and environmental risks. The Acer Responsible Minerals Procurement Project sets out the need for priority management of minerals based on their ubiquity in products and their having come from a conflict-affected and high-risk area (CAHRA). Congolese tin, tantalum, tungsten, and gold (3TG), Congolese cobalt, and Indonesian tin have been defined as priority minerals under Acer's Responsible Sourcing Strategy. We will continue to evaluate priority minerals, and to participate in the process of identifying CAHRAs. Acer expects to publish our 2020 Responsible Minerals Report in 2021, which will cover the steps involved in our due diligence regarding priority minerals.

## 6.3 Communication

### 6.3.1 Communication with Stakeholders

Acer is positioned to be a global citizenship among its stakeholders. With that in mind, we endeavor to understand stakeholder's opinions and recommendations, and build a good communication channel with them to ensure mutual understandings and respects. Stakeholders are defined as consumers, investors, suppliers, media, Non-governmental Organizations (NGOs), government, community, academia, trade organizations and others. In addition to CSR performance disclosure for stakeholders on all fronts via Acer's designated Acer Sustainability webpage.

### 6.3.2 Improve Supplier Capabilities and Supplier CSR Communication Meetings

We offer information and training on the latest trends and developments in social and environmental responsibility, helping suppliers better confront the challenge of sustainable development. We continue to invite suppliers to participate in annual supplier CSR communication meetings, CDP project briefings, and major training programs on social and environmental responsibility. This helps them access the latest information on global trends while also presenting opportunities for suppliers to engage in multilateral communication with Acer senior management or relevant industry experts. We share the latest global trends in corporate sustainability, human rights issues, and mitigation action, along with Acer's requirements of and goals for supply chain CSR management performance. In 2020, our focus was on the practical management of supply chain and environmental issues and extend it to second- and third-tier supply chain vendors to improve the CSR performance of the overall supply chain.

### 6.3.3 Customer Relations

Acer has always followed a quality policy of "Delivering zero-defect, competitive products and services on time" and adheres to the concept of "Serve with honor and work with pride" in providing professional products and services. Acer designs and conducts regular customer satisfaction surveys tailored to each region to get customer feedback and work on the area that need improvement to enhance the quality of customer service. In addition, we also establish a complete globalized service structure in all major localized service sites and design different service programs for variety of customers and retailers. Consumers and corporate customers can communicate with us through multiple channels.

## 6.4 Information Security and Privacy Protection

As a global brand, Acer considers maintaining information security paramount, especially concerning earning and keeping the trust of those invested in the brand, customers, and other interested stakeholders.

We continue to improve global information security organization and policy and coordinate work on the various aspects of information security management systems, ensuring that our information assets comply with relevant laws, regulations, and standards. We also strive to set out the security control measures necessary to protect the Group's information systems and services. Acer obtained ISO 27001 Information Security Management Systems certification in 2019, and we are committed to maintaining verification and certification, regularly carrying out internal and external audits and convening management review and information security management systems (ISMS) meetings to oversee implementation. In 2020, we completed our ISO 27001 review.

We are committed to protecting our customers' confidential information and strictly adhere to the Acer Privacy Policy. All Acer employees are required to carefully safeguard confidential or proprietary information provided by customers, and our products make use of data security technology to protect the personal information of consumers. In addition, we have set up a dedicated mailbox to handle any complaints about privacy rights worldwide. In line with Taiwanese legislation on the protection of personal data information, from the point that we collect any personal information from a customer through any means, that information will be retained and used only when necessary until the customer requests its deletion.

## 6.5 Community Involvement

### 6.5.1 Acer Volunteer Team

The Acer Volunteer Team was established for the purpose of giving employees a channel to contribute their spare time and energy to public welfare service. Apart from providing opportunities for interaction and friendship between employees from different departments and backgrounds, the volunteer service also bring Acer employees new life experiences and personal growth through the activities. The focused areas of the Volunteer Team include digital inclusion, charity and philanthropy, international volunteer work, and environmental conservation. Our volunteer teams have also created many opportunities to give back to the community through volunteer experiences, organizing a number of activities for both staff and their families to promote concepts of charity. In the past, such activities have included recruiting IT volunteers, working to protect mountains and the oceans, second-hand item donation drives, blood drives, electronics recycling, working with people with dementia, promoting carbon reduction and energy saving to address climate change, and helping both disadvantaged children and the elderly.

## 6.5.2 Acer Foundation

In 2018, the Acer Foundation launched the Acer Digital Literacy Project, sowing seeds for the future and advocating for the importance of digital literacy. 2020 marked the third year of the project. With online learning sweeping the globe in response to the COVID-19 pandemic, the Acer Foundation produced three online seminars, inviting experts in science, education, and psychological counseling to provide education in three major issues of digital literacy—digital mindset, protecting privacy, and digital interpersonal skills. These seminars aimed to offer parents practical strategies to best guide their children in building positive digital learning habits and becoming good digital citizens. As for our own staff, we also set up special lectures and workshops to help them better understand the deeper core of the links between education and IT tools while also providing them with opportunities for further self-improvement and growth.

The results of the third Acer Foundation Longterm Smile Internet of Beings Competition were also announced through a combination of online and offline channels in February 2020, including the holding of the awards ceremony. Despite the disruptions caused by the COVID-19 pandemic, the teams in the 2020 competition nonetheless showed some surprising creativity, with several highlights standing out: The team from National Cheng Kung University's Graduate Institute of Industrial Design not only made it to the final ten with their "Smart Health Promotion Services System," designed for the "Responding to Health and Recovery Needs in an Aging Population" theme, but actually came out on top, taking the NT\$1 million in venture funding. With a smart, customizable, and gamified product, they provided recovery suites of a variety of strengths to enable users to undertake effective and engaging remote recovery programs at home.

In addition to this, to encourage younger students to unleash their innovative energy in the modern digital realm, the Acer Foundation founded the Digital Creation Awards in 2004. In 2016, after 12 years, these awards transitioned into the BeingLife Creativity Competition. In the course of this competition, we collect thousands of entries from junior and senior high students throughout Taiwan while also selecting seed schools and providing technical guidance and subsidies to help cultivate innovative talent. In the past two years, this has expanded further to include Internet of Beings camps which offer teams a chance to learn from industry experts and exchange ideas. After over a decade of evolution in technology education, the BeingLife Creativity Competition's phased tasks will now be coming to an end. We believe that Taiwanese students have, through this journey, cultivated their own innovative skills, which was the core spirit of this competition.

## 6.6 Social Responsibility Implementation Status as Required by the Taiwan Financial Supervisory Commission

Assessment Items	Implementation Status (Note 1)		Non-implementation and Its Reason(s)
	Yes	No	
(1) Does the company conduct risk assessment of environmental, social, and corporate governance issues related to the company's operations per the principle of materiality and formulate relevant risk management policies or strategies? (Note 3)	✓		Every year, the Acer's Risk Management Working Group holds regular meetings, inviting members of various working groups to engage in identifying, assessing, and discussing potential and emerging risks the company may face in three aspects: economic, environmental, and social. Relevant department personnel are responsible for the drafting of follow-up risk management strategies related implementation plans concerning risk items identified and analyzed.

Assessment Items	Implementation Status (Note 1)		Non-implementation and Its Reason(s)
	Yes	No	
(2) Does the company establish exclusively (or concurrently) dedicated units to be in charge the corporate social responsibility policies and report to the Board of Directors?	✓		We established Corporate Sustainability Office (CSO) in 2008. It is our unit dedicated to corporate social responsibility. Led by the corporate sustainability officer, its primary responsibility is managing ESG issues. Reporting directly to the chairman of the Board, the CSO also regularly provides reports to the Corporate Sustainability Committee on trends, influence, and performance with regard to these issues. The Corporate Sustainability Office plays an important role in as a communications bridge between the various working groups and the CSC. To facilitate effective communication across global locations, we have put in place executive secretaries for corporate social responsibility in each regional headquarters who are tasked with implementing our CSR agenda. (Note: As of March 2021, the Corporate Sustainability Office has been renamed the ESG Office.)
(3) Environmental Issues			
i. Does the company establish proper environmental management systems based on the characteristics of their industries?	✓		i. Acer employs the ISO 14001 Environmental Management Systems international standard to establish standard procedures for environmental management at each operating location, as well as continuously maintaining valid certifications. In 2020, the bulk of Acer's Taiwanese business units passed new ISO 14001:2015 Environmental Management System review, continuing to receive third-party certification. Other subsidiaries that have introduced ISO environmental management systems have similarly passed ISO 14001:2015 review.
ii. Is the company committed to improving the usage efficiency of its various resources and to using renewable materials with a lower impact on the environment?	✓		ii. Acer is committed to reducing the impact of our operations and products on the environment and to improving our resource usage efficiency. We actively strive to use post-consumer recycled plastics (PCR) in our products and carefully considers the materials we use in our packaging, with packaging design emphasizing recyclability and making use of easily recyclable materials a priority. All of the posters included with products are produced with Forest Stewardship Council certified paper, while all printing uses environmentally friendly water-based and soy inks.
iii. Does the company assess potential risks and opportunities for the company now and in the future related to climate change and take measures to address climate-related issues?	✓		iii. Acer continues to grasp the risks associated with climate-change-related policies and regulations, physical operations, and transition strategies. We are analyzing and developing countermeasures for the various factors involved in these risks according to their probability of occurrence and their potential impact. In addition, with regard to opportunities that come with climate change, we continue to pursue improvements to product energy efficiency, but also strive to integrate our existing and new business groups to create a unified low carbon, sustainable strategies and innovative products.
iv. Has the Company collected statistics on greenhouse gas emissions, water consumption, and total weight of waste produced over the past two years? Has the Company formulated policies on energy conservation, carbon reduction, greenhouse gas reduction, water consumption reduction, or other waste management?	✓		iv. The Company continues to collect information on electricity, water, and waste through its online system and discloses greenhouse gas emissions, water consumption, and total waste weight in its annual CSR report. We also have an integrated energy and climate change strategy and have set long-term carbon reduction targets according to the methodology proposed by the Science-Based Targeting (SBT) initiative. We expect to achieve an 80% reduction in Scope 1 and Scope 2 emissions by 2050 compared to the baseline year of 2009. As far as greenhouse gas information is concerned, in both 2019 and 2020, we obtained ISO 14064-1 certification through third-party assurance. Water and waste information also undergoes assurance through KPMG and is disclosed in the annual CSR report.

Assessment Items	Implementation Status (Note 1)			Non-implementation and Its Reason(s)																	
	Yes	No	Summary Description (Note 2)																		
	✓		<p>Our greenhouse gas emissions, water consumption, and total waste production for 2019 and 2020 are as seen below:</p> <table border="1"> <thead> <tr> <th rowspan="2">Year</th> <th colspan="2">Greenhouse Gas Emissions (tCO<sub>2</sub>e)</th> <th rowspan="2">Water Consumption (m<sup>3</sup>)</th> <th rowspan="2">Total Waste Products (t)</th> </tr> <tr> <th>Scope 1</th> <th>Scope 2 (market-based)</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>3,540.22</td> <td>10,223.62</td> <td>190,048</td> <td>1,666.61</td> </tr> <tr> <td>2020</td> <td>3,004.03</td> <td>9,195.35</td> <td>173,805</td> <td>1,803.71</td> </tr> </tbody> </table> <p>Note: ISO 14064-1 Certifications Download <a href="https://www.acer-group.com/sustainability/en/reports-certificates.html">https://www.acer-group.com/sustainability/en/reports-certificates.html</a></p>	Year	Greenhouse Gas Emissions (tCO <sub>2</sub> e)		Water Consumption (m <sup>3</sup> )	Total Waste Products (t)	Scope 1	Scope 2 (market-based)	2019	3,540.22	10,223.62	190,048	1,666.61	2020	3,004.03	9,195.35	173,805	1,803.71	No discrepancy
Year	Greenhouse Gas Emissions (tCO <sub>2</sub> e)		Water Consumption (m <sup>3</sup> )		Total Waste Products (t)																
	Scope 1	Scope 2 (market-based)																			
2019	3,540.22	10,223.62	190,048	1,666.61																	
2020	3,004.03	9,195.35	173,805	1,803.71																	
(4) Social Issues																					
i. Has the company formulated relevant management policies and procedures in accordance with relevant laws and the International Bill of Human Rights?	✓		i. Acer Inc. has set out the Acer Group Human Rights Policy, extending the scope of human rights protections to suppliers and customers. This policy recognizes and follows the UN Universal Declaration of Human Rights, the UN Global Compact, the International Labor Organization's Declaration of Fundamental Principles and Rights at Work, and local laws and regulations in its implementation of rights guarantees through the principles of protection, dignity, and remedy.	No discrepancy																	
ii. Does the company formulate and implement reasonable employee benefits measures (including salaries or staff compensation that appropriately reflect results)?	✓		ii. Acer conducts a global survey of salaries among peers every year to formulate a reasonable and competitive salary system. We also provide differentiated performance bonuses to employees based on the performance of each unit and the real contributions of staff members. In addition, the Company's operating locations around the world all operate in compliance with local regulations and customs, providing staff with outstanding benefits and accessible communications channels.	No discrepancy																	
iii. Does the company provide a safe and healthy working environment for employees and regularly provide employees with health and safety education?	✓		iii. To effectively implement internal communication and health & safety policy, Acer Taiwan has put in place an environmental health and safety management system and brought together representatives of various units to form an Occupational Safety and Health Committee. Each year, health and safety projects are carried out in line with the annual plan, ensuring that the system continues to function effectively. We have also launched a variety of health and safety education and training opportunities in compliance laws and regulations.	No discrepancy																	
iv. Has the company set up effective career development training programs for employees?	✓		iv. Acer provides a variety of training programs for new staff and in specialist, management, and general fields. These work in concert with our organizational development needs and the skills of our employees, providing said employees with opportunities to challenge themselves and develop their careers while also creating value for the company.	No discrepancy																	
v. Does the company comply with relevant legislation and international standards on customer health and safety, customer privacy, marketing, and labeling with regard to its products and services, and has it formulated relevant policies and complaints mechanisms for the protection of consumer rights?	✓		v. We adhere to all laws and regulations pertaining to customer health and safety, customer privacy, and marketing/labeling with regard to products and services across the regions in which it operates. In accordance with the law, all Acer products and services carry required labeling and product information. Manuals for Acer products include guidelines for safe usage, laying out the proper usage of the product and relevant items to be aware of, as well as environmentally friendly recycling methods for when replacing a product. Consumers will also find details on how to contact Acer and how to find our website, further facilitating troubleshooting via telephone or online customer service.	No discrepancy																	

Assessment Items	Implementation Status (Note 1)			Non-implementation and Its Reason(s)
	Yes	No	Summary Description (Note 2)	
vi. Has the company formulated supplier management policies that require suppliers to comply with regulations on environmental protection, occupational health and safety, and labor rights, and does it monitor their implementation?	✓		vi. Contracts between the company and its primary suppliers include compliance with relevant CSR policies, regulations, and codes of responsible business conduct. We have adopted the RBA Code of Conduct and are dedicated to compliance in terms of environmental, health and safety, labor rights, ethics, and management systems. We also refer to the RBA Supplier Engagement Process and make use of a range of supplier social and environmental management approaches, engaging with suppliers through multiple channels and working with them to improve their capabilities.	No discrepancy
(5) Does the company make reference to international reporting standards or guidelines in its preparation of reports such as CSR reports that disclose non-financial information? Do the aforementioned reports receive assurance from third-party organizations?	✓		The content of our reports follows the Global Reporting Initiative's Sustainability Reporting Standards Core Option, with reference to the Sustainability Accounting Standard published by the Sustainability Accounting Standards Board (SASB). Acer also commissions the accounting firm KPMG Certified Public Accountants in accordance with the limited assurance standards of ISAE3000.	No discrepancy
(6) If the company has established its corporate social responsibility code of practice according to the Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies, please describe the operational status and differences:			<p>To boost Acer's overall competitiveness; fulfill our corporate responsibility in social, economic, and environmental terms; and make Acer a leading brand, our Standards of Business Conduct (SBC) were revised and promulgated in 2009. The SBC gives Acer employees worldwide guidance and principles for conduct when interacting with customers, business partners, stakeholders, and the community. Amendments to the SBC were completed in November 2020 and approved and promulgated by the Board of Directors. These amendments not only conform to guidance and instruction provided by government agencies and international treaty declarations integrity management and respect for human rights, but also stridently hold company management, staff, and even business partners to the highest standards of ethical conduct. In addition, our legal, HR, and auditing departments have collectively formulated incident notification and handling procedures incorporating issues of importance to CSR in recent years, along with social media interaction guidelines and infringement cases from the industry. Through these procedures, we aim to provide staff with rules for handling violations and preventing their recurrence. These standards provide fundamental guidance and instruction to staff for interactions with customers, business partners, shareholders, and the community. They are built around Acer's core values of passion, user-orientation, innovation, teamwork, balancing interests, and integrity. They serve as detailed guidelines for decision-making and action concerning fair competition; respect for the environment; intellectual property rights; conflicts of interest; the prohibition of improper payments, gifts, or hospitality; political contributions and activities; and so forth.</p> <p>We have also formulated Principles of Corporate Governance Best-Practice, Anti-Bribery and Anti-Corruption Policy, Anti-trust and Fair Competition Guidelines, Regulations on Insider Trading, Principles for the Management of Personal Information, and Subject Regulations of Prevention, Complaint and Punishment of Sexual Harassment to strengthen the implementation of corporate social responsibility at all levels of our business activities. For further information on the Company's corporate social responsibility operations, please refer to this report's explanation of "Corporate Social Responsibility" and related information on CSR on our Company's website. URL: <a href="https://www.acer-group.com/sustainability/en">https://www.acer-group.com/sustainability/en</a>.</p> <p>Other important information to facilitate better understanding of the Company's implementation of corporate social responsibility (e.g., environmental protection, community participation, social contribution, social services, social welfare, consumers' rights, human rights and safety and health):</p> <p>More information can be found at:</p> <p>Acer Sustainability website: <a href="http://www.acer-group.com/sustainability/en/">http://www.acer-group.com/sustainability/en/</a></p>	

# Financial Standing



## 7.1 Five-year Consolidated Financial Information

### 7.1.1 Condensed Balance Sheet

#### Financial Information (Consolidated)

Unit: NTD Thousands

Item		2016	2017	2018	2019	2020
Current assets		133,863,136	126,294,298	123,120,995	121,729,074	148,736,476
Property, plant and equipment		4,321,152	4,106,559	3,846,752	3,561,644	3,865,909
Intangible assets		18,595,922	17,184,151	17,311,344	16,930,072	16,292,729
Other assets		8,893,852	10,027,763	9,710,319	13,875,774	15,013,558
Total assets		165,674,062	157,612,771	153,989,410	156,096,564	183,908,672
Current liabilities	Before Distribution	105,421,675	93,239,933	86,816,928	84,473,257	110,720,318
	After Distribution	106,936,746	95,360,731	89,148,576	86,804,540	115,221,980(note)
Non-Current liabilities		2,573,909	6,397,432	8,186,196	12,428,068	11,246,390
Total Liabilities	Before Distribution	107,995,584	99,637,365	95,003,124	96,901,325	121,966,708
	After Distribution	109,510,655	101,758,163	97,334,772	99,232,608	126,468,370(note)
Equity						
Common stock		30,807,328	30,765,028	30,749,338	30,749,338	30,478,538
Capital surplus	Before Distribution	34,743,105	29,852,184	27,913,351	28,152,962	27,378,068
	After Distribution	29,779,637	27,731,386	27,949,402	27,174,650	27,448,187
Retained Earnings	Before Distribution	(3,448,397)	2,815,587	5,901,450	6,196,256	10,869,033
	After Distribution	0	2,815,587	3,533,751	4,843,285	6,297,252(note)
Other equity		(1,512,785)	(3,198,500)	(3,381,189)	(4,342,227)	(5,517,452)
Treasury Stock		(2,914,856)	(2,914,856)	(2,914,856)	(2,914,856)	(2,914,856)
Non-controlling interests		4,083	655,963	718,192	1,353,766	1,648,633
Total equity	Before Distribution	57,678,478	57,975,406	58,986,286	59,195,239	61,941,964
	After Distribution	56,163,407	55,854,608	56,654,638	56,863,956	57,370,183 (note)

Note: The amount approved by Board of Directors on March 17, 2021.



## Financial Information (Unconsolidated)

Unit: NTD Thousands

Item		Period	2016	2017	2018	2019	2020
Current assets			56,336,952	46,638,306	44,854,355	43,308,261	61,019,791
Property, plant and equipment			1,396,807	1,358,581	1,355,056	1,310,885	1,844,520
Intangible assets			320,315	261,992	229,136	207,915	180,529
Other assets			71,960,719	70,841,818	72,121,938	71,916,038	73,557,412
Total assets			130,014,793	119,100,697	118,560,485	116,743,099	136,602,252
Current Liabilities	Before Distribution		70,814,249	56,709,827	54,079,626	50,149,978	69,214,147
	After Distribution		72,329,320	58,830,625	56,411,274	52,481,261	73,715,809(note)
Non-Current liabilities			1,526,149	5,071,427	6,212,765	8,751,648	7,094,774
Total Liabilities	Before Distribution		72,340,398	61,781,254	60,292,391	58,901,626	76,308,921
	After Distribution		73,855,469	63,902,052	62,624,039	61,232,909	80,810,583(note)
Equity							
Common stock			30,807,328	30,765,028	30,749,338	30,749,338	30,478,538
Capital surplus	Before Distribution		34,743,105	29,852,184	27,913,351	28,152,962	27,378,068
	After Distribution		29,779,637	27,731,386	27,949,402	27,174,650	27,448,187
Retained Earnings	Before Distribution		(3,448,397)	2,815,587	5,901,450	6,196,256	10,869,033
	After Distribution		0	2,815,587	3,569,801	4,843,285	6,367,371 (note)
Other equity			(1,512,785)	(3,198,500)	(3,381,189)	(4,342,227)	(5,517,452)
Treasury Stock			(2,914,856)	(2,914,856)	(2,914,856)	(2,914,856)	(2,914,856)
Total equity	Before Distribution		57,674,395	57,319,443	58,268,094	57,841,473	60,293,331
	After Distribution		56,159,324	55,198,645	55,936,446	55,510,190	55,791,669(note)

Note: The amount approved by Board of Directors on March 17, 2021.

## 7.1.2 Condensed Statement of Comprehensive Income

## Financial Information (Consolidated)

Unit: NTD Thousands

Item		Period	2016	2017	2018	2019	2020
Revenue			232,724,161	237,274,883	242,270,406	234,285,354	277,112,477
Gross profit			23,212,458	25,361,234	25,828,199	24,716,786	30,119,615
Operating income			1,192,513	3,669,734	3,738,489	3,077,814	8,935,838
Non-operating income and (expenses)			(5,916,838)	(230,602)	513,891	634,206	(30,735)
Income (loss) before taxes			(4,724,325)	3,439,132	4,252,380	3,712,020	8,905,103
Net income (loss)			(4,900,740)	2,796,733	2,901,960	2,568,374	6,145,610
Other comprehensive income (loss)			(1,752,356)	(1,697,788)	(192,878)	(950,104)	(1,171,551)
Total comprehensive income (loss)			(6,653,096)	1,098,945	2,709,082	1,618,270	4,974,059
Net income (loss) attributable to shareholders of the Parent			(4,900,296)	2,815,587	3,060,429	2,632,565	6,029,287
Net income (loss) attributable to non-controlling interests			(444)	(18,854)	(158,469)	(64,191)	116,323
Total comprehensive income (loss) attributable to shareholders of the Parent			(6,654,809)	1,115,222	2,876,293	1,693,913	4,850,535
Total comprehensive income (loss) attributable to non-controlling interests			1,713	(16,277)	(167,211)	(75,643)	(123,524)
EPS ( in New Taiwan Dollars)			(1.62)	0.93	1.01	0.87	2.01

Consolidated financial statements for each year have been audited by CPA.



## Financial Information (Unconsolidated)

Unit: NTD Thousands

Item	2016	2017	2018	2019	2020
Revenue	175,496,371	174,273,511	177,953,077	173,659,404	209,586,473
Gross profit	6,980,589	8,474,204	8,470,194	7,735,758	10,523,192
Operating income	1,053,292	3,027,940	2,726,867	2,299,916	4,490,834
Non-operating income and (expenses)	(5,933,773)	(1,722)	1,185,723	964,619	2,873,428
Income (loss) before taxes	(4,880,482)	3,026,219	3,912,590	3,264,535	7,364,262
Net income (loss)	(4,900,296)	2,815,587	3,060,428	2,632,565	6,029,287
Other comprehensive income (loss)	(1,754,513)	(1,700,365)	(184,136)	(938,652)	(1,178,752)
Total comprehensive income (loss)	(6,654,809)	1,115,222	2,876,293	1,693,913	4,850,535
EPS (in New Taiwan Dollars)	(1.62)	0.93	1.01	0.87	2.01

Financial statements for each year have been audited by CPA.

## 7.1.3 CPAs' and Auditors' Opinions

CPAs and opinions in the past five years

Year	Name of CPA(s)	Auditors' Opinion
2016	Huei-Chen Chang, Tzu-Chieh Tang	An Unqualified Opinion
2017	Huei-Chen Chang, Tzu-Chieh Tang	An Unqualified Opinion
2018	Huei-Chen Chang, Tzu-Chieh Tang	An Unqualified Opinion with the paragraph on emphasis of matter
2019	Huei-Chen Chang, Tzu-Chieh Tang	An Unqualified Opinion
2020	Huei-Chen Chang, Tzu-Chieh Tang	An Unqualified Opinion

## 7.2 Five-Year Financial Analysis

### Financial Information (Consolidated)

Item	Period	2016	2017	2018	2019	2020	
Financial Ratio	Total liabilities to total assets(%)	65.19	63.22	61.69	62.08	66.32	
	Long-term debts to fixed assets (%)	1,394.36	1,567.56	1,746.21	2,010.96	1,893.17	
Ability to Payoff Debt	Current ratio(%)	126.98	135.45	141.82	144.10	134.34	
	Quick ratio(%)	86.93	88.99	89.02	90.30	91.89	
	Interest protection	(17.88)	16.23	25.26	20.61	58.34	
Ability to Operate	A/R turnover (times)	5.03	5.20	5.13	4.83	5.30	
	A/R turnover days	72.56	70.19	71.15	75.56	68.86	
	Inventory turnover (times)	5.73	5.35	5.27	5.04	5.88	
	A/P turnover (times)	4.38	4.43	5.23	5.57	5.84	
	Inventory turnover days	63.69	68.22	69.25	72.42	62.07	
	Fixed assets turnover (times)	50.88	56.31	60.92	63.25	74.62	
	Total assets turnover (times)	1.38	1.47	1.55	1.51	1.63	
Earning Ability	Return on assets(%)	(2.78)	1.85	1.95	1.75	3.69	
	Return on equity(%)	(7.93)	4.84	4.96	4.35	10.15	
	To Pay-in Capital (%)	Operating income	3.87	11.93	12.16	10.01	29.32
		PBT	(15.34)	11.18	13.83	12.07	29.22
	Net income ratio(%)	(2.11)	1.18	1.20	1.10	2.22	
	EPS(NTD)	(1.62)	0.93	1.01	0.87	2.01	
Cash Flow(%)	Cash flow ratio	7.85	(8.06)	(2.46)	(1.63)	24.59	
	Cash flow adequacy ratio	40.90	(26.72)	20.94	(20.56)	110.62	
	Cash reinvestment ratio	13.58	(16.40)	(7.34)	(5.90)	37.42	
Leverage	Operating leverage	18.62	6.70	6.68	7.81	3.27	
	Financial leverage	1.27	1.07	1.05	1.07	1.02	

Analysis of Deviation over 20%:

Interest protection, return on assets, return on equity, operating income to pay-in capital, PBT to pay-in capital, net income ratio, EPS and operating leverage: mainly due to increase in operating income, income before taxes and net income.

Cash flow ratio and cash reinvestment ratio: mainly due to increase in cash flows from operating activities.

Cash flow adequacy ratio: mainly due to increase in the most recent 5-year cash flow from operating activities.

## Financial Information (Unconsolidated)

Item		Period	2016	2017	2018	2019	2020	
Financial Ratio	Total liabilities to total assets(%)		55.64	51.87	50.85	50.45	55.86	
	Long-term debts to fixed assets (%)		4,238.28	4,592.36	4,758.54	5,080.01	3,653.42	
Ability to Payoff Debt	Current ratio(%)		79.56	82.24	82.94	86.36	88.16	
	Quick ratio(%)		61.61	58.37	57.53	60.51	68.11	
	Interest protection		(37.95)	14.89	32.79	29.64	113.38	
Ability to Operate	A/R turnover (times)		7.78	7.65	7.93	6.65	7.44	
	A/R turnover days		46.92	47.71	46.03	54.88	49.06	
	Inventory turnover (times)		15.69	12.87	12.59	12.61	15.09	
	A/P turnover (times)		4.28	4.21	5.01	5.39	5.64	
	Inventory turnover days		23.26	28.35	28.99	28.94	24.18	
	Fixed assets turnover (times)		122.39	126.50	131.15	130.28	132.84	
	Total assets turnover (times)		1.33	1.40	1.50	1.48	1.65	
Earning Ability	Return on assets(%)		(3.64)	2.41	2.66	2.32	4.80	
	Return on equity(%)		(7.93)	4.90	5.30	4.53	10.21	
	To Pay-in Capital (%)	Operating income		3.42	9.84	8.87	7.48	14.73
		PBT		(15.84)	9.84	12.72	10.62	24.16
	Net income ratio(%)		(2.79)	1.62	1.72	1.52	2.88	
	EPS(NTD)		(1.62)	0.93	1.01	0.87	2.01	
Cash Flow(%)	Cash flow ratio		(4.46)	1.22	(9.66)	(1.10)	25.48	
	Cash flow adequacy ratio		31.37	53.14	(23.75)	(57.81)	60.46	
	Cash reinvestment ratio		(7.69)	(1.28)	(11.10)	(4.27)	21.69	
Leverage	Operating leverage		6.36	2.81	3.02	3.22	2.28	
	Financial leverage		1.14	1.08	1.05	1.05	1.01	

Analysis of Deviation over 20%:

Long-term debts to fixed assets: mainly due to increase in property, plant and equipment.

Interest protection, return on assets, return on equity, operating income to pay-in capital, PBT to pay-in capital, net income ratio, EPS and operating leverage: mainly due to increase in operating income, income before taxes and net income.

Cash flow ratio and cash reinvestment ratio: mainly due to increase in cash flows from operating activities.

Cash flow adequacy ratio: mainly due to increase in the most recent 5-year cash flow from operating activities.

## 1. Financial Ratio

(1) Total liabilities to total assets=total liabilities/total assets

(2) Long-term funds to Net property, plant and equipment=(net equity+long term debts)/net property, plant and equipment

## 2. Ability to Pay off debt

(1) Current ratio=current assets/current liability

(2) Quick ratio=(current assets-inventory-prepaid expenses)/current liability

(3) Interest protection=net income before income tax and interest expense/interest expense

## 3. Ability to Operate

(1) Account receivable (including account receivable and notes receivable from operation) turnover=net sales/the average of account receivable (including account receivable and notes receivable from operation) balance

(2) A/R turnover day=365/account receivable turnover

(3) Inventory turnover=cost of revenue/the average of inventory

(4) Account payable (including account payable and notes payable from operation) turnover=cost of revenue /the average of account payable (including account payable and notes payable from operation) balance

(5) Inventory turnover day=365/Inventory turnover

(6) Net property, plant and equipment turnover=net sales/average Net property, plant and equipment

(7) Total assets turnover=net sales/average Total assets

## 4. Earning Ability

(1) Return on assets=[PAT+interest expense×(1-tax rate)]/the average of total assets

(2) Return on equity=PAT/the average of total equity

(3) Net income ratio=PAT/net sales

(4) EPS=(Earning attributable to shareholders of the Company -dividend from prefer stock)/weighted average outstanding shares

## 5. Cash Flow

(1) Cash flow ratio=cash flow from operating activities/current liability

(2) Cash flow adequacy ratio=most recent 5-year cash flow from operating activities=most recent 5-year (capital expenditure+the increase of inventory+cash dividend)

(3) Cash reinvestment ratio=(cash flow from operating activities-cash dividend)/(gross property, plant and equipment+long-term investment+other non-current assets+working capital)

## 6. Leverage

(1) Operating leverage=(net revenue-variable cost of revenue and operating expense)/operating income

(2) Financial leverage=operating income/(operating income-interest expenses)

## 7.3 Audit Committee Review Report

The Board of Directors has prepared the Company's 2020 Business Report, Financial Statements, and the Proposal for profit & loss appropriation. The CPA Huei-Chen Chang and Tzu-Chieh Tang from KPMG were retained to audit Acer's Financial Statements and have issued an audit report relating to the Financial Statements. The said Business Report, Financial Statements, and Proposal for profit & loss appropriation have been reviewed and determined to be correct and accurate by the Audit Committee of Acer Incorporated in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, I hereby submit this Report.

Acer Incorporated

Convener of the Audit Committee: Ching-Hsiang, Hsu

March 17, 2021

## 7.4 Consolidated Financial Statements Audited by CPAs of the Past Year

**Please refer to Appendix I.**

## 7.5 Parent-Company-Only Financial Statements Audited by CPAs of the Past Year

**Please refer to Appendix II.**

## 7.6 Disclosure of the Impact on Company's Financial Status Due to Financial Difficulties

**None**

## Review of Financial Position, Management Performance and Risk Management



## 8.1 Financial position (Consolidated Financial Statements)

### 8.1 Financial position (Consolidated Financial Statements)

#### Major impact on financial position

Unit: NTD Thousands

Item	Period	2020	2019	Difference	
				Amount	%
Current assets		148,736,476	121,729,074	27,007,402	22.19
Property, plant and equipment		3,865,909	3,561,644	304,265	8.54
Intangible assets		16,292,729	16,930,072	(637,343)	(3.76)
Other assets		15,013,558	13,875,774	1,137,784	8.20
Total assets		183,908,672	156,096,564	27,812,108	17.82
Current liabilities		110,720,318	84,473,257	26,247,061	31.07
Non-current liabilities		11,246,390	12,428,068	(1,181,678)	(9.51)
Total liabilities		121,966,708	96,901,325	25,065,383	25.87
Common stock		30,478,538	30,749,338	(270,800)	(0.88)
Capital surplus		27,378,068	28,152,962	(774,894)	(2.75)
Retained earnings		10,869,033	6,196,256	4,672,777	75.41
Other equity		(5,517,452)	(4,342,227)	(1,175,225)	27.07
Treasury stock		(2,914,856)	(2,914,856)	0	0.00
Equity attributable to shareholders of the Parent		60,293,331	57,841,473	2,451,858	4.24
Total equity		61,941,964	59,195,239	2,746,725	4.64

#### Analysis of Deviation over 20%:

Current assets: The increase was mainly due to higher cash and cash equivalents.

Current liabilities: The increase was mainly due to higher notes and accounts payable.

Retained earnings: The increase was mainly due to increase in net income attributable to shareholders of the Parent.

Other equity: The increase was mainly due to increase in loss from foreign currency translation difference.

## 8.2 Financial performance (Consolidated Financial Statements)

### Major impact on financial performance

Unit: NTD Thousands

Item	Period	2020	2019	Difference	
				Amount	%
Revenue		277,112,477	234,285,354	42,827,123	18.28
Cost of revenue		(246,992,862)	(209,568,568)	(37,424,294)	17.86
Gross profit		30,119,615	24,716,786	5,402,829	21.86
Operating expenses		(21,412,550)	(21,733,522)	320,972	(1.48)
Other operating income and expenses, net		228,773	94,550	134,223	141.96
Operating income		8,935,838	3,077,814	5,858,024	190.33
Non-operating income and loss		(30,735)	634,206	(664,941)	(104.85)
Income before taxes		8,905,103	3,712,020	5,193,083	139.90
Income tax expense		(2,759,493)	(1,143,646)	(1,615,847)	141.29
Net income		6,145,610	2,568,374	3,577,236	139.28
Other comprehensive loss for the year, net of taxes		(1,171,551)	(950,104)	(221,447)	23.31
Total comprehensive income		4,974,059	1,618,270	3,355,789	207.37
Net income attributable to shareholders of the Parent		6,029,287	2,632,565	3,396,722	129.03
Total comprehensive income attributable to shareholders of the Parent		4,850,535	1,693,913	3,156,622	186.35

#### Analysis of Deviation over 20%:

1. Gross profit: The increase was mainly due to higher revenue.
2. Other operating income and expenses, net: The increase was mainly due to higher government grant.
3. Operating income: The increase was mainly due to higher gross profit.
4. Non-operating income and loss: The decrease was mainly due to higher foreign currency exchange gain and higher loss on financial assets and liabilities measured at fair value through profit and loss.
5. Income before taxes: The increase was mainly due to higher gross profit.
6. Income taxes expense: The increase was mainly due to higher income before taxes.
7. Net income: The increase was mainly due to higher gross profit.
8. Other comprehensive loss for the year, net of taxes: The increase was mainly due to increase in loss on remeasurement of defined benefit plans and increase in loss from foreign currency translation difference.

## 8.3 Cash flows (Consolidated Financial Statements)

### 8.3.1 Major impact on cash flows

Unit: NTD Thousands

Item	Period	2020
Cash and cash equivalents at beginning of period		24,184,332
Cash flows from operating activities		27,223,615
Cash flows from investing activities		(4,986,610)
Cash flows from financing activities		(6,010,213)
Effect of foreign exchange rate changes		(1,230,101)
Cash and cash equivalents at end of period		39,181,023

Analysis of cash flows in 2020:

NT\$27.2 billion net cash provided by operating activities: mainly from increase in profit after tax, notes and accounts payable, other payables and other current liabilities, and decrease in notes and accounts payable and inventories.

NT\$5.0 billion net cash used in investing activities: mainly from acquisition of financial assets at fair value through profit or loss.

NT\$6.0 billion net cash used in financing activities: mainly from cash dividends paid, cash distributed from capital surplus and decrease in long-term debt.

### 8.3.2 Remedial actions for liquidity shortfall

Remedial actions are not required.

### 8.3.3 Analysis of cash liquidity for next year

Not applicable

## 8.4 Major capital expenditures and impact on financial and business in recent years

None

## 8.5 Long-term investment policy and results

The investments accounted for using equity method are for strategic purpose. The share of profits of associates and joint ventures amounted to NT\$ 3,512 thousands on consolidated statements mainly due to transformation. Acer will still focus on strategic purpose with adequate and prudent assessment.

## 8.6 Risk Management

### 8.6.1 Impact of Interest Rate, Exchange Rate and Inflation on Company's P&L and Future Strategy

#### 1. Interest Rate Fluctuation

FED might keep the monetary policy stable to support the development of COVID vaccine and economic recovery, however, the market will be interested in the timing for raising rate. ECB and other central banks may follow the footsteps of FED to adjust monetary policy. Central Bank of the Republic of China (Taiwan) may keep the interest rate stable and the interest expense from loan of Acer will reduce. Short-term TWD and foreign currency deposits remain to be the most common used instruments for Acer to optimize return while reducing risk.

#### 2. Exchange Rate

USD would be the natural outperformer in recovering global economy and EUR might weaken accordingly. US-China trade tensions ease and strong economic recovery will support RMB. The monetary policies of major economies influence the stability of the currencies in emerging markets. Acer will maintain its strategy to meticulously hedge its foreign positions to minimize the impacts on earnings caused by foreign exchange rate fluctuations.

#### 3. Inflation

According to recent IMF World Economic Outlook, the expectations of recovering global growth lead to positive implications for global commodity prices. Consumer price inflation might still keep at low level. Appropriate measures will be taken accordingly to minimize impacts on business operation if need.

### 8.6.2 The Policy Regarding High-Risk/Highly Leveraged Investments, Lending, Endorsements, and Guarantees for Other Parties; The Main Reasons for the Profits/Losses Generated Thereby; And Response Measures To Be Taken In The Future

Company will use high-safety, high-liquidity, and fixed-income financial instruments provided by financial institutions with high credit rating for the utilization of short-term idle funds. Company will use investment of leading and relative industry for the utilization of long-term idle funds.



Company does not engage in lending, endorsements and guarantees, unless for its subsidiaries; provides, if there is any necessities to lend, endorse, and guarantee to other parties for business purpose, it shall be done in accordance with Company's "Procedures Governing the Acquiring or Disposing of Assets" and "Procedures Governing Endorsement and Guarantee".

As of December 31, 2020, the aggregated amount of guarantees provided is NTD 21,503,281,000, among which NTD 5,012,962,000 was actually used.

Company does not engage in financial derivative transactions unless for hedging purpose. ; If Company engages in financial derivative transactions for business purpose, it shall be done in accordance with Company's "Regulations of Foreign Exchange Risk Management and Structured Deposit."

### 8.6.3 Research and Development Plan in the Future and Estimated Expense

Company and its affiliates focus on keeping invest in researching and developing (R&D) not only for computers and accessories & peripherals, but for smart retail, artificial intelligence application, smart medicine and healthcare, technology of big data, cloud platform, Video System and Electric bicycle etc. in the near future. The plans are summarized as follows:

Research item	Description
Artificial intelligence	R&D of algorithm, application and service of machine learning and artificial intelligence.
Smart medicine and healthcare	To develop assistant tools and service of artificial intelligence diagnosis, and wearable of physiology monitor by Acer's deep learning and big data system technologies, as well as cooperation with hospital's huge amount of data and medical knowledge.
Big data technology	Data mining, data cleaning, big data management, machine learning and advance analysis of big data.
Cloud platform	To build and develop a cloud platform, and provide a complete solution with the applications of information analysis and artificial intelligence for the necessity for IOT devices.
Video System	In response to post-epidemic era, we develop Video Conference System, Remote Medical System, and apply key Video Technology to the field needing the system in the future.
Electric bicycle	Research and develop motor controller hardware and software algorithm, combine various electric-assist bicycle motors, and analyze those data to optimize motor output power and performance.

It is estimated expense around 0.8% to 1.5% of 2021 total revenue for all R&D plans.

### 8.6.4 Impacts associated with domestic and international important policies and regulation changes to Company's financial and business and the response measures to be taken in the future

As of the date of print of this annual financial report, the relevant domestic and international important policies and regulation changes have no immediate, obvious and significant expected impacts on the Company's finances and business. Company continues to pay attention to domestic and international important policies and regulation changes to evaluate the impacts timely and then take appropriate steps to protect the Company's finance and business.

### 8.6.5 Impact Associated with Changes in technology and industry to Company's financial and business and the response measures to be taken in the future

Nowadays, the Information and Communication Industry and relevant technologies change rapider and rapider, which, though, causes no immediately foreseeable, significant and negative impacts on the company's finance and business, Company still continuously and densely focus on the prospects of technology and trends of markets for lead arrangement of business operating. Except self-developing /controlling technologies, Company cooperates with partners in Joint-Development and Joint-Business, and develops new business to foresee the future trendy to technologies and changes of business for keeping competitiveness. Meanwhile, Acer puts the dual transformation strategy into practice vigorously not for finding new markets to its core business, but for new business multiple growth engines by its existing sources and reputations, and that will ambitiously strengthen its performance and new business development. Moreover, Company will focus on gaming PCs, Creator solutions, commercial business growth, in addition to new initiatives including AOPEN, ACSI, AST, Weblink, and more, as its main growth energy to maintain Acer's energy of innovation and progress.

### 8.6.6 The Impacts of enterprise crisis management from Changes in Corporate Reputation and the response measures to be taken in the future

Company has transformed manufacturing into a brand company of information and communication products and service, thus, it focuses on global operations and supply chain management, which results in the shift of the scope of corporate crisis management. Via multi-vendor strategies to separate the risks of cooperation with a single partner, the inventory management of Company will be more resilient. In addition, due to the uncertain global situation, crisis and challenges may occur at any time, Company actively strengthens the awareness of crisis management, develops preventive measures to avoid the occurrence of crisis, and establishes risk management mechanism. If a crisis should be encountered, the losses of risk could be reduced to ensure Company will be evergreen.

### 8.6.7 Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken

None

### 8.6.8 Predicted Benefits and Potential Risk to Company with Factory/Office Expansion

None

### 8.6.9 Potential Risks to Company from the Concentration of Procurement and Sales

None

### 8.6.10 Affect on Company from Shares Transfers by Directors, Supervisors or Shareholders Holding More Than 10% Shares

None

### 8.6.11 Impact and Potential Risks to Company Management Team Change

None

### 8.6.12 The major litigious, non-litigious or administrative disputes that: (1) involve Acer and/or any Acer director, any Acer supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 %, and/or any company or companies controlled by Acer; and (2) have been concluded by means of a final and definitive judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of printing of this annual report shall be disclosed as follows

1. The status of the dispute as of the date of printing of this annual report:

- (1) A US company filed a lawsuit against Acer in the superior court of California based on cause of actions for misappropriation of trade secrets and breach of a non-disclosure agreement. Acer has engaged external law firms to deal such litigation. So far, the final verdict is still unpredictable; however, Acer has properly accrued provisions based on development of the aforesaid lawsuit. Thus, Acer foresees no immediate material adverse effect on the Acer's business operations and finance.

tion of trade secrets and breach of a non-disclosure agreement. Acer has engaged external law firms to deal such litigation. So far, the final verdict is still unpredictable; however, Acer has properly accrued provisions based on development of the aforesaid lawsuit. Thus, Acer foresees no immediate material adverse effect on the Acer's business operations and finance.

- (2) Acer from time to time receives notices from third parties asserting that Acer has infringed certain patents or demands Acer obtain certain patents licenses. Although Acer does not expect that outcome of the notices, individually or collectively, will have a material adverse effect on Acer's financial position or operation, given the outcome of legal proceedings are difficult to foresee, relevant settlements may affect Acer's result of operation or cash flow in a particular period.
- (3) Due to the globally fast-changing environment, Acer has faced many kinds of challenges and different interpretation from local tax authorities; therefore, for the tax cases which reach the requirements of liability reserve (including but not limited income tax, withholding tax, and sale tax), Acer has prior-estimated properly accordance with relevant rules. However, tax issues are usually complicated, time-consuming, and unpredictable, thus there would be an influence to Acer's business result or cash flow on specific period.
2. In year 2020 and as of the date of printing of this annual report, any Acer director, supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10% were not involved in any material litigious, non-litigious or administrative disputes of which the result could materially affect shareholders' equity or the prices of Acer's securities.
3. In year 2020 and as of the date of printing of this annual report, any subsidiaries and affiliates controlled by Acer were not involved in any material litigious, non-litigious or administrative disputes of which the result could materially affect Acer shareholders' equity or the prices of Acer's securities.

### 8.6.13 Other important risks

The ultimate goal of Acer's business philosophy is "sustainable development." We firmly believe that rigorous and robust risk management not only speaks to Acer's long-term commitment to customers, employees, supply chain partners, and investors but also ensures that we take concrete measures that result in stable business and the implementation of corporate social responsibility. Sustainable development and risk management are inextricably linked. Only by continuously identifying and analyzing the short-term changes and long-term trends in risk and implementing relevant risk management strategies can we ensure that the Company's hard-won results are maintained and our development goals achieved.

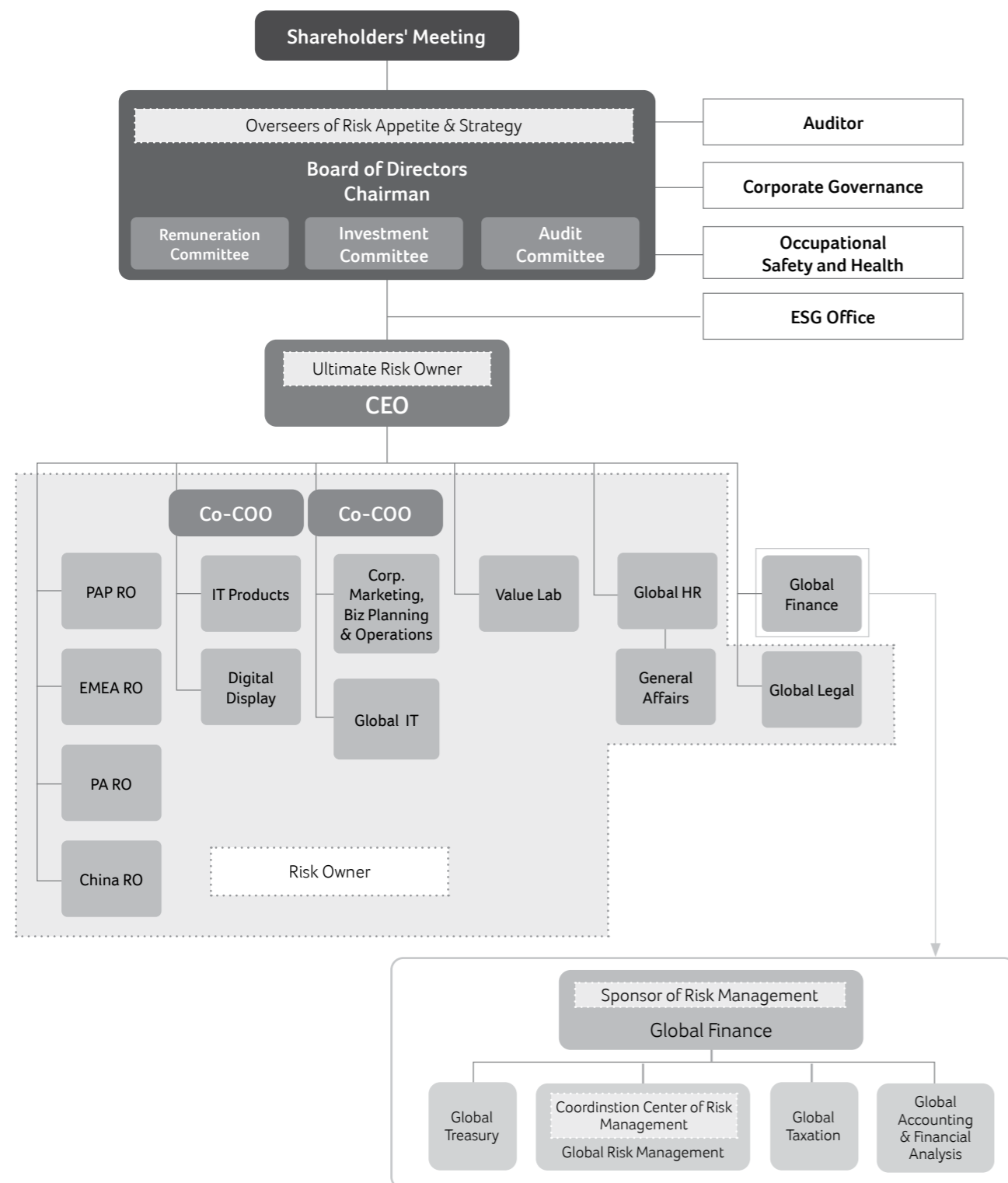
Acer regularly carries out overall evaluations, risk prioritizations, and risk appetite boundary definitions for potential strategic, operational, financial, and hazard risks, both internal and external, that our operations face. In response, we set out risk management strategies, enforcement mechanisms, and organizations to ensure key risks are effectively controlled and appropriately dealt with. To continuously monitor and strengthen risk management practices and response measures, the Audit Committee assesses importance and urgency through risk prioritization and includes this into the routine discussion agenda to decide on the issues to be reported and the competent authority. The Audit Committee regularly aggregates risk environment, risk management priorities, risk assessment results, and related response measures, with the chair reporting this to the board.

### Acer's Risk Management Organizational Structure

In late 2012, Acer established the Risk Management Working Group, the membership of which spans the Legal, Finance, Human Resource, Supply Chain Management, Enterprise Communication, Marketing, QA & Services, IT, Environmental Safety and Health, Asset Management, all Product Business Groups, and the Corporate Sustainability Office. Every year, the working group holds regular meetings, inviting members of various working groups to identify, assess, and discuss risks the Company may face in three aspects: economic, environmental, and social.

In addition, Acer reorganized the former Global Corporate Social Responsibility Committee (GCSRC) into the Corporate Sustainability Committee (CSC) in 2018, with the Risk Management Working Group as a unit under the CSC. We believe that this reorganization will not only further strengthen our existing risk management practices but also help in gradually building a corporate culture with a strong awareness of risk management through discussion with and participation by top-level management across departments and business units.

**Acer's Risk Management Organizational Structure**



- The Board of Directors determines the strategic direction of risk management in order to improve and strengthen corporate governance. At the same time, in response to various operational risks, relevant measures and designated units of responsibility are set out and progress on the implementation of risk management items reported by the various committees and management levels is monitored, with internal management functions further strengthened to boost the effectiveness of risk management.
- Management is responsible for supervising and complying with risk management strategies and conducting regular assessments of effectiveness.
- The Audit Office regularly reviews and monitors internal control processes, the annual audit plan, etc.
- The Corporate Sustainability Office is responsible for identifying and managing sustainability risks using various analytical methods to identify operational risks, including risk management of forward-looking social and environmental issues, and formulating follow-up management plans to mitigate the impact of these risks on organizational operations.
- The Global Human Resources Headquarters is responsible for implementing the planning, organization, instruction, control, and coordination of HR policies, including hiring, performance, and compensation, in order to accomplish enterprise developing goals and the creation of highly adaptable organizational systems.
- The Global Legal Headquarters is responsible for legal risk management, reviewing and processing contract disputes, and so on to reduce legal risk.
- The Global Information Technology Headquarters is responsible for the building and planning of overall information systems and information security management.
- Global Financial Headquarters:
  - ✓ The Global Accounting and Business Analysis Head Office is responsible for verifying and checking global transactions, ensuring the validity of transactions and reliability of financial statements. It is also responsible for responding to related risks through business analysis and planning, financial information integration, and investment management.
  - ✓ The Global Funds Head Office is responsible for financial planning, relevant financial risk sharing, and insurance allocation.
  - ✓ The Global Taxation Head Office is responsible for international investment framework planning and tax-related risk planning, management, and response.
  - ✓ The Global Risk Management Head Office is responsible for coordinating the Group's global credit risk, operational risk, and other related risk management and insurance allocation services.
- The General Affairs Head Office is responsible for environmental health and safety policy and managing potential risks to Group assets.
- The Global Brand Marketing and Strategic Operations Center is responsible for risk management strategy planning, execution, and follow-up improvement relating to business intelligence and market analysis, supply chain risk management, brand and PR risk management, and quality control.

**Risk Identification and Management**

The Risk Management Working Group uses risk mapping to assess potential threats to the Company's future operations based on the likelihood of various risks and the extent of the damage were they to occur, classifying the risks and ensuring proper prioritization of risk management strategies. At the same time, we use sensitivity analysis and stress testing to undertake further quantitative analysis of each risk item and examine whether there is a high correlation between risk factors.

The Risk Management Working Group aggregates the results of these analyses and tests, then drafting follow-up action plans and reporting to the convener of the Group. In 2020, the Risk Management Working Group identified a total of 64 risk items, of which seven (7) were categorized as medium-high risk or higher in areas including IP and associated litigation risk, information security risk, and extreme climate risk. Designated personnel from the relevant departments are responsible for drafting follow-up risk management strategies related implementation plans with regard to risk items identified and analyzed, including commonly used response methods such as loss prevention, avoidance, separation & duplication, transfer, and retention. In addition, they also assess appropriate resource inputs, execution priorities, methods for follow-up progress tracking. At the same time, risk contingency

plans and crisis management mechanisms are developed to reduce the possible adverse effects of various potential risks on operations. Significant risk information is also reported to the Audit Committee. 2020 Annual Report content includes:

- Enterprise Risk Management Report—Intellectual Property Rights Management Report
- Enterprise Risk Management Report—Acer Global Supply Chain Management
- Enterprise Risk Management Report—Assessment of the Impact of 5G on the PC Market
- Enterprise Risk Management Report—Acer's ESG Initiatives

Bringing together all of the above, we continue to actively implement relevant risk management practices, employing a forward-looking outlook on prevention and a cautious approach to the risks and challenges facing the Company both now and in the future. The Audit Committee aggregates risk environments, risk management priorities, risk assessment results, and corresponding response measures, with the chair reporting to the board.

Severity (Impact)	Frequency (Possibility)										
	Negligible-1	Negligible-2	Minor-3	Minor-4	Moderate-5	Moderate-6	Significant-7	Significant-8	Severe-9	Severe-10	
10											Extreme
9											
8								A			High
7				F				C			
6				G		D			B		Considerable
5						E					
4						L	H				Moderate
3							I				
2								J			Low
1											

Note:

1. The risk identification/analysis process begins in Q4 each year and is completed in Q1 the following year.
2. The risk map is based on the results of the assessment of the risk levels of 2020 risk items.
3. Some risk items are presented by category.

A	Information security risk	Losses arising from leaks of personal information, malicious programs, computer viruses, or hackers
B	Extreme climate risk	Risks due to global warming and various extreme climate phenomena
C	Supply chain related risk	Relates to reliability or otherwise of sourcing and vendor management of environment and labor rights risks
D	IP and litigation risk	Includes patent litigation filed by competitors regarding intellectual property
E	Low-carbon technology/product transition risk	Regulatory, policy, and market risks associated with the transition of products, services, or technologies to low carbon
F	Large-scale infectious disease outbreaks	Risks due to large-scale outbreaks of infectious diseases and subsequent adverse impacts
G	Labor-related risk	Risks such as labor shortages, loss of high-level management talent, or human rights issues
H	Interest rate risk	Impairment of property value due to exchange rate fluctuations
I	Credit risk	Risks relating to payee's ability or willingness to repay
J	Liability risks for directors and managers	Potential liability risks produced by the execution of directorial and managerial duties
K	Tax risk	Potential risks due to tax reform trends
L	Business interruption risk	Losses due to interruption of business caused by accidents

### Emerging Risks

With regard to the many emerging risks initially identified by the Risk Management Working Group in 2020–2021, including those relating to information security, extreme climate, large-scale infectious disease outbreaks, and trade protectionism, we additionally have invited staff from relevant departments for in-depth discussions and brainstorming to assess the potential adverse effects on the Company's future operations. In response to information security risk, the Risk Management Working Group summarizes patterns of possible losses, including loss of goodwill, interruptions to operations, data leakage, and ransomware. The Group also works with the IT Department to consolidate basic information security principles and work toward ongoing refinements, helping us earn ISO 27001 international information security certification in 2020. Beyond this, since 2018, Acer has implemented the planning and implementation of a global cyber insurance policy out of concern for risk transfer as well as to make use of the international insurance market to receive further assistance and resources from external information security experts. With the rapid development of information technology and continuous investment into various innovative applications, we will continue to pay attention to the development of trends in information security risk (e.g., information security risks arising from the use of remote working models) to continuously review and improve the relevant information security principles and appropriate risk transfer measures.

- Review externally oriented services
- Make use of principle of least privilege and encryption
- Identify and protect endpoint security
- Pay attention to application security
- Educational users
- Find and protect the weakest link
- Pay attention to the latest information security standards and attack methods

Acer continues to focus on the long-term trends and threats of global warming and extreme climate phenomena and will formally introduce the Task Force on Climate-related Financial Disclosures (TCFD) assessment framework in 2020. Currently, our Supply Chain Management Department is assessing changes in low temperature that may be encountered during transportation along particular routes, discussing and cooperating with shipping companies to enact feasible preventive measures based on the type and characteristics of products. In addition, we expect to develop a basic emergency response/continuity of operations management plan for global warehousing locations in 2021, starting with a pilot in Taiwan, to address infrastructure service interruptions and other operational risks (e.g., typhoons, floods, or fires) that are more likely to occur due to the effects of storms or blizzards like the one that struck Texas. In the future, we will gradually evaluate and incorporate implementation/improvements and regular audits according to the situation of each location's resources, or further incorporate evaluation items in the selection of storage service providers to strengthen the risk resilience of storage logistics management in a gradual and orderly fashion.

With regard to future trends and potential negative impacts of trade protectionism risk, such as trade protectionism and related trade barriers between countries and the imposition of tariffs on goods not produced domestically to alleviate trade deficits, ICT products produced in Asia are likely to become a point of focus, becoming a bargaining chip in trade negotiations and even causing changes in pricing that may affect sales. The Risk Management Working Group has collated the types of losses that may occur (including a decline in sales or market share due to political/economic instability, labor-related costs due to migration of production bases, and so forth). We will closely monitor long-term development trends in trade protectionism and the subsequent impacts while also continuing to expand into new niche markets and sales channels so as to distribute operational risks and reduce the impact and uncertainty so caused.

With the rapid development of the SARS-CoV-2 (COVID-19) pandemic in early 2020, Acer Global Headquarters quickly established an Emergency Response Committee and instructed operations worldwide to similarly set up local response committees to facilitate prompt risk assessment and internal communications for work relating to epidemic response. In order to ensure the health and safety of company staff during the pandemic, the Emergency Response Committee also set out temporary restrictions and safety regulations for cross-border business travel, requiring company employees to declare daily contact history and travel history on internal systems and instructing them to strengthen access control management measures to minimize the opportunities for contact between company employees and outside personnel.

In addition, Acer has continued to evaluate how to maintain smooth operations through remote systems via "work from home" measures while ensuring the data and system security should a future pandemic occur; we have also conducted drills to confirm that prior planning and arrangements can be implemented in the event of unforeseen circumstances.

During this pandemic, Acer is also keeping a close eye on the potential impact of COVID-19 on supply chain management staff and partners, monitoring the resumption of work and production along with contingency plans. In this way, we aim to ensure a suitable inventory of critical components and finished products, minimizing the subsequent negative impact of COVID-19.

## 8.7 Other Necessary Supplement: None

# Special Notes





## 1.2 Acer Subsidiaries

### 1.2.1 Acer IPO Subsidiaries

#### AOPEN Inc. (AOPEN, 3046.TW)

##### 1. General Information

- (1) Establishment date : 1996/12/1
- (2) Address : 21F, No.92, Sec. 1 Xintai 5th Road, Xizhi, New Taipei City 221, Taiwan, R.O.C
- (3) Telephone : 886-2-7710-1195
- (4) Website:www.aopen.com

##### 2. Introduction

AOPEN Incorporated is a multinational technology company headquartered in Taiwan that provides global certified service and specializes in commercial and industrial services and products, including industrial PC (IPC) products for process control and data acquisition, as well as Artificial Intelligence of Things (AIoT) technologies.

AOPEN creates hardware for different solutions in different scenarios, using our broad in-house knowledge as the backbone for the operation. Our devices are ideal for digital signage, analytics, kiosks, machine vision and many more. With a product range of Digital Engines, all-in-one touch displays, Chromeboxes and Chromebases, there's an AOPEN device for every situation.

##### 3. Management Team

Chairman : Jason Chen

Directors : Dale Tsai, Victor Chien, Maverick Shih

Independent Directors : Grace Lung, Steve Tso, Andrew Chang

General Manager : Dale Tsai

##### 4. The Company's Shareholding

Number of shares: 28,970,000 shares

Percentage of Ownership:40.55%

##### 5. Company Profile (Consolidated)

As date of 2020/12/31  
Unit : NT\$K

Capital	Total Assets	Total Liabilities	Total Equity	Operating Revenue	Operating Income(Loss)	Income after Tax	EPS(NT\$)
714,480	1,597,659	996,341	601,318	1,756,214	(64,904)	(65,391)	(0.93)

## Acer Cyber Security Inc. (ACSI, 6690.TW)

##### 1. General Information

- (1) Date of Incorporation: 1990/5/29
- (2) Address: 8F., No. 563, Sec. 4, Zhongxiao E. Rd., Xinyi Dist., Taipei City 110, Taiwan (R.O.C.)
- (3) Tel: 886-2-8979-6286
- (4) Website: www.acercsi.com

##### 2. Introduction

Acer Cyber Security Inc. (ACSI) provides professional digital information management services for businesses. ACSI's mainly services are Security Operation Center (SOC), Information Sharing and Analysis Center (ISAC), Anti-Hack Monitoring Service, Anti-Virus Monitoring Service, DDoS(Denial-of-service attack) Drill Service, System Vulnerability Assessment, Webpage Vulnerability Assessment, Social Engineering Drill, APP Security Review, BS10012 Personal Information Management Consultancy Service, e-Commerce Security Health Check, Security Health Check, Security Forensic Service, ISO/IEC 27001-Information Security Management System Consultancy Service, etc. ACSI has professional security research and development capabilities as the business core, and purchases related cyber security tools from global hardware and software vendors or resellers to build SOC and provide SOC related operating management, cyber security assessment, Security Forensic Service and consultant service to clients.

Future/Currently Developing New Products and Services

In response to increasingly diversified information security threats, to further optimize the quality of information security services and meet market needs. ACSI continues to invest resources in the development of emerging information security services and solutions. Currently, ACSI's primary development plans focus on the application of artificial intelligence information security and the development of OT information security solutions. In terms of artificial intelligence application, ACSI relies on the client's practical work data accumulated by long-term service. Through the application of regression analysis, classification and clustering, graph recognition, similarity analysis and other technologies, as well as the professional knowledge input from our technical experts, case and trend study, optimization and feedback of platforms and systems to develop highly practical application requirements and have real-time correlation analysis rules. In terms of OT field, in view of the extremely high requirements for the stability of the infrastructure or production facilities involved, the traditional IT security detection method such as simulated threats could not be directly applied. ACSI intends to continue developing the TestBed platform. By using the actual OT system configuration information provided by the client to construct a highly similar operating environment. So that evaluation of cyber security protection mechanism, vulnerability analysis, and practical solutions can be developed without contacting to the actual operating and producing activities.

##### 3. Management Team

Chairman: Maverick Shih

Director: Ben Wan, Meggy Chen

Independent Director: MingTo Yu, Chie-Shiang Tong, Sen Chou Lo, Yuan-Chen Sun

President: Rex Wu

##### 4. The company's shareholding

Number of shares: 10,755,900 shares

Percentage of Ownership: 64.54%

##### 5. Company Profile

As date of 2020/12/31  
Unit : NT\$K

Capital Stock	Assets	Liabilities	Net Worth	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	Basic Earning (Loss) Per Share (in NTD)
166,664	923,103	309,700	613,403	803,373	100,449	82,154	4.93

## Acer Synergy Tech Corp. (AST, 6751.TW)

### 1. General Information

- (1) Date of Incorporation: 2017/9/13
- (2) Address: 7F.-10, No. 8, Ziqiang S. Rd., Zhubei City, Hsinchu County, Taiwan (R.O.C.)
- (3) Tel: 886-3-533-9141
- (4) Website: [www.acer-ast.com](http://www.acer-ast.com)

### 2. Introduction

Acer Synergy Tech Corp. ("AST") was founded in 2017 and listed on the Taipei Exchange in December 2020 with the stock symbol: 6751. AST provides customers one-stop-shop for integrated IT services. The extensive experience and knowledge of AST's professional and technical teams, combined with the collaboration with strategic business partner, AST provides customized application systems based on the needs of customers for the IT environment. The AST's service of information system integration includes the installation of computer equipment, network equipment, storage devices, application software and planning, integration, consulting, and management of enterprise infrastructure, as well as long and short term outsourcing services. Customers can rely on AST for the technical knowhow and the aforementioned service, and achieves their goals of operation and strategy related to the information technology plan.

Current service offering are as follows:

#### A. Enterprise Infrastructure

AST will consider and design the Information Technology ("IT") architecture planning and application architecture planning together to provide customers a comprehensive enterprise infrastructure planning. IT architecture planning includes: Datacenter Planning; Network Planning; Infrastructure Planning; Information Security Surveillance and Consulting; Sustainable Development and IT Backup Planning; Virtual Infrastructure Planning; Shared System Mechanism Planning; and Operation Management Planning.

#### B. Information System Integration Service

The service item includes: Server Infrastructure Optimization; Network Setting and Optimization; Infrastructure Implementation and Optimization; Solution Designation and Implementation; and the Planning, integration, installation, fault diagnosis, troubleshooting, online support and management of enterprise information infrastructure.

#### C. Information Infrastructure Operation Service

AST will provide support service in various fields after setting up the information infrastructure completely, and the service includes: Server Monitoring; Storage Management and Monitoring; Communication Management for Datacenter; Virtual System Management; Terminal Desktop Management (PC/NB/VDI).

AST can monitor relevant data, aggregate the information system application situation, and provide customers suggestions and optimization of operation management and system capacity planning.

#### D. IT Project Outsourcing Service

AST will provide IT Project Outsourcing Service to clients, including : Information Service management Outsourcing and Long and Short Term Project Outsourcing.

Future/Current Development of New Products and Service:

#### A. The Consulting Service of Enterprise Infrastructure:

- Industry application information system architecture planning in the financial and manufacturing industries.
- Information system integration application in other industries.

#### B. The Integrated Application between Information Security Products and System Platform.

- The integrated application solutions for information security (network isolation) products.
- The integrated application solution for Software define data center.
- The information platform establishment and integration services.
- The integrated application solutions for IT service management services.

### 3. Management Team

Chairman: Maverick Shih

Director: Meggy Chen, Andrew Hou, Jessica Chou

Independent Director: Nancy Hu, Teresa Cheng, Victor Tsao

President: KS Harn

### 4. The company's shareholding

Number of shares: 6,775,489

Percentage of Ownership: 52%

### 5. Company Profile (Consolidated)

As date of 2020/12/31  
Unit : NT\$K

Capital Stock	Assets	Liabilities	Net Worth	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	Basic Earning (Loss) Per Share (in NTD)
130,300	602,023	239,952	362,071	983,605	40,609	30,785	2.76

## Weblink International Inc. (Weblink, 6776.TW)

### 1. General Information

- (1) Date of Incorporation: 1977/12/22
- (2) Address: 2-4F., No. 39, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)
- (3) Tel: 886-2-2371-6000
- (4) Website: www.weblink.com.tw

### 2. Introduction

Weblink was founded in 1997, spun off from Acer, Technology Software and Peripherals Department. Weblink was a listed company at emerging stock market in March, 2020, and a listed company at stock exchange market in March, 2021. Weblink is positioned as a professional channel agent, and fully cooperate with vendors to provide the product distribution, stocking, technical support. Weblink's product portfolio comprises of 150 leading brands including commercial and home information electronics, application software, digital entertainment, system integration, and SMB's solution services etc. In addition to computer and communication related products, Weblink also entered to the beauty-life product business, towards multi-business operations, and to meet the diverse needs of customers.

Weblink acts as the agent for following products:

Category	Main Products
Peripheral products	Screens, Printers and consumables, Motherboards, Graphic cards, Handy drives, Memory cards, Video systems, etc
System and Mobile device products	Desktop PC, NB, Tablets, and Mobile phones, etc.
Software	Office software, ERP, Graphics, font software, etc.
Game Software & Hardware products	Game console, Software and peripheral products
Home Appliance	TV, Refrigerators, Washing machines, Air conditioners, Air purifiers, etc.
System Integration products	Workstations, Servers, Netcom, UPS, Digital signages, etc.

Future/Current Development of New Products and Service:

- A. Act as agent for the related artificial intelligence, big data analysis, cloud computing products.
- B. Increase the distributorship for or the right of agency of international brands related to computing system.
- C. Aggressively expand the right of agency for the software of business management solutions.
- D. Combine the resources of physical appliance stores and virtual channels, to develop a new O2O business operation by Online to Offline model and to create a multiple win-win business model for vendors, distributors, dealers and customers.
- E. Expand the distributorship for or the right of agency of beauty-life product business.

### 3. Management Team

Chairman: Jason Chen

Director: Meggy Chen, Dave Lin

Independent Director: Rex Dang, Steven Shaw, JJ Wang, YR Cheng

President: Dave Lin

### 4. The company's shareholding

Number of shares: 48,173,116 shares

Percentage of Ownership: 65.32%

### 5. Company Profile (Consolidated)

As date of 2020/12/31  
Unit : NT\$K

Capital Stock	Assets	Liabilities	Net Worth	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	Basic Earning (Loss) Per Share (in NTD)
737,484	4,786,852	3,260,398	1,526,454	17,281,341	176,950	194,218	2.63

## Acer e-Enabling Service Business Co., Ltd (AEB, 6811 TW)

### 1. Company Profile

- (1) Establishment date : 2012/2/22
- (2) Address : 9F., No. 6, Sec. 4, Xinyi Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)
- (3) Telephone : 886-2-2784-1000
- (4) Web address : <https://www.aceraeb.com>

### 2. Introduction

AEB was incorporated in 2012 and aims to be the smart IT partner for enterprises in pursuit of digital transformation. The company is a key-account based, enterprise focus, B2B IT service provider that serves more than 2000 large accounts from government, high-tech, finance institutions, telecommunications, manufacturing, medical and education industries. In the era of Cloud, AEB partners with 200 plus first-tier solution vendor such as Microsoft, IBM, TrendMicro, Google, AWS, Adobe, Autodesk, Commvault, etc., translates global best practices of digital transformation into local use cases, and enables the success of customers' DX journey with professionals of both business and technology domains. AEB offers technology consultancy, value-added application development and integration services, system operation and business continuity services to enterprises looking to on board new technologies such as Cloud, edge computing, big data, AI, AR/VR/MR, AIOT, and so on. The company commits to bring enterprises proven and best-in-class solutions of "C3A+P":

- A. Cloud Service: Private Cloud/ Public Cloud/ Hybrid Cloud.
- B. AIoT: Smart Retail/ AI Ward/ Smart Inspection/ AI Factory.
- C. Application: Mobile/ Web/ Commercial/ e-Commerce/ Value-added system integration/ Turn-key develop & deploy.
- D. Appliance: Network and Edge Computing.
- E. PaaS (Platform as a Service): Cloud Managed Service Platform/ e-Book Platform/ e-Payment Platform/ e-Ticketing Platform.

Future/Currently Developing New Products (Services):

- A. Continue innovation of smart solutions for medical industry, such as hospital health examination platform services, medical technology e-forum platform will be available in near future.
- B. Level up smart exhibition solution with new application of edge appliance.
- C. Offer precision marketing and smart retail solution to retail industry.
- D. Expand "AEB Smart Cloud Management Platform" services.

### 3. Management Team

Chairman: Jason Chen

Director: Meggy Chen, Maverick Shih

Independent Directors : H.T. Chou, M.C. Tseng, David Yeh, Kevin Hou

General Manager : Sandy Chou

### 4. The company's shareholding

Number of shares: 26,404,000 shares

Percentage of Ownership: 72.44%

### 5. Company Profile

As date of 2020/12/31  
Unit : NT\$K

Capital Stock	Assets	Liabilities	Net Worth	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	Basic Earning (Loss) Per Share (in NTD)
364,490	3,336,417	2,642,553	693,864	5,424,307	273,361	209,232	5.74



## 1.2.2 Acer IPO Subsidiaries in plans

### Altos Computing Inc. (ALT)

#### 1. General Information

- (1) Date of Incorporation: 2016/9/20
- (2) Address: 6F., No. 99, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City 221, Taiwan (R.O.C.)
- (3) Telephone: 886-2-2696-0289
- (4) Website: www.altoscomputing.com

#### 2. Introduction

The business model of Altos Computing Inc. (ALT) is to provide solution of High-Performance Computing system (including artificial intelligent computing) and cloud computing. ALT also provides customized system and solutions to customers for their needs on meteorology simulation, fluid dynamics calculation, deep learning calculation, computer learning calculation, edge computing, cloud computing. The main products and service scope of ALT are as following :

##### A. High-Performance Computing solution:

ALT provides High-Performance Computing system with high clock speed and multi-core processor, large capacity memory, and broadband internet. ALT High-Performance Computing system has the ability to provide remote system management, preventive error detection management, server group management, group power management strategy, automatic prompt alert and multi-tunnel notification service to satisfy the demand of high-performance computing from government institution, universities, and enterprise clients for fundamental science research and development of advanced technology.

ALT also provides customized system for the requirement of artificial intelligence computing system. The customized system may provide optimal management on existing accelerator through unique load-balancing algorithm based on the demand of deep learning and computer learning and would effectively enhance preciseness of artificial intelligence computing system and calculation efficiency.

##### B. Cloud computing solution

ALT supplies various systems architecture integrated with servers, workstations, storage system, Thin Client, or virtualization technology as application solutions to help education institution and enterprise clients. For example, Virtual Desktop Infrastructure (VDI) can simplify system management and operation, and enhance flexibility to reduce the cost incurred from computer terminal control and improve system liability. And Intelligent Desktop Virtualization (IDV) can satisfy clients' demand on computer terminal's centralization management, flexibility, computing efficiency optimization but keep uniformity of system management and operation simultaneously by utilizing virtualization technology in computer terminal to enhance computing performance.

##### C. Computing system products

ALT provides various series of servers and workstations to clients, and develops AI Development Platform (ADP), Thin Clients, Uninterruptible Power Supply system.

##### Future/Current Development of New Products and Service:

##### A. Intelligent computing application solution:

Virtual Desktop Infrastructure and Intelligent Desktop Virtualization platform service solution.

##### B. New generation of computing system:

New generation of high density server, rack server, tower server, workstation, edge computing system, storage system, Thin Client, Uninterruptible Power Supply system.

### 3. Management Team

Chairman : Andrew Hou

Directors : Jason Chen, Tiffany Huang, Meggy Chen, Ted Chou

Independent Directors : Dick Tan, Vincent Chi

General Manager : Jackie Lee

### 4. The company's shareholding

Number of shares: 6,580,717 shares

Percentage of Ownership: 86.59%

### 5. Company Profile (Consolidated)

As date of 2020/12/31  
Unit : NT\$K

Capital Stock	Assets	Liabilities	Net Worth	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	Basic Earning (Loss) Per Share (in NTD)
76,000	351,298	265,858	85,440	525,996	(24,846)	(27,409)	(3.61)

## Highpoint Service Network Corporation (HSNC)

### 1. General Information

- (1) Date of Incorporation: 2018/9/14
- (2) Address: 7F.-5, No. 369, Fuxing N. Rd., Zhongshan Dist., Taipei City 105, Taiwan (R.O.C.)
- (3) Telephone: 886-2-2719-5000

### 2. Introduction

Highpoint Service Network Corporation (HSNC) is a company providing computer, computer accessories, server, workstation, consumer electronics, network equipment, and server room equipment malfunction detect, repair and maintenance service for multiple brands.

Besides headquarter and several service centers in Taiwan, HSNC has also set up subsidiaries in Malaysia, Thailand, Philippines, Indonesia, and Vietnam to provide service around Taiwan and South East Asia region.

HSNC not only services enterprise clients but also general consumers. HSNC can provide customization service for equipment malfunction detect, repair and maintenance depending on enterprise clients' need. To service consumers, HSNC has established several service centers around Taiwan and South East Asia region. Consumers may obtain professional malfunction detect, repair service in HSNC service centers during normal business hours. In addition, HSNC has successfully built business relationship with some well-known electronic product and accessories brand companies as their authorized malfunction detect, repair and maintenance service provider. HSNC would keep expand service scope and enhance service quality.

Currently, HSNC's main business scope includes:

#### A. Multi-brands malfunction detect and repair service center:

HSNC has established several multi-brands repair service centers in Taiwan and South East Asia region. By those service centers, HSNC can cooperate with well-known electronic product and accessories brand companies, provide them satisfied and high-quality service, assist them to build service base rapidly in specific areas, and play a professional malfunction detect and repair service consultant role for them. Meanwhile, general consumers also have access to HSNC service center for professional repair service.

#### B. Global Contact Center:

In order to fulfill clients' service demand globally, HSNC has established Global Contact Center in Philippines due to the language advantage there, aiming global Business Process Outsourcing (BPO) market. By doing so, HSNC can provide brand clients with more valuable service and expand its service area to other areas.

#### C. Enterprise malfunction detect, repair and maintenance service:

Currently, HSNC's business is focus on Taiwan and South East Asia region, providing hardware and software on-site repair and maintenance service and solutions to enterprise clients. One of the major competition advantage of HSNC is its capability of providing service in multiple countries, therefore HSNC would be able to cover multinational enterprise clients. HSNC is successfully being clients' primary cooperation choice because of its consistent high-quality service and the capacity of creating extra value.

### 3. Management Team

Chairman :Andrew Hou

Directors : Meggy Chen, Lydia Wu

Supervisor : Vincent Chi

General Manager :Jacky Lin

### 4. The company's shareholding

Number of shares: 15,000,000 shares

Percentage of Ownership: 92.54%

### 5. Company Profile (Consolidated)

As date of 2020/12/31  
Unit : NT\$K

Capital Stock	Assets	Liabilities	Net Worth	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	Basic Earning (Loss) Per Share (in NTD)
162,100	358,196	187,832	170,364	440,465	(3,441)	1,519	0.09

## Acer ITS Incorporated (ITS)

### 1. Company Profile

- (1) Establishment date : 2017/9/21
- (2) Address: 23F., No. 94, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City 221, Taiwan (R.O.C.)
- (3) Telephone: 886-2-2696-3690
- (4) Web address : www.acerits.com

### 2. Introduction

Acer ITS Incorporated ("Acer ITS") is the largest bus traffic ticket system supplier in Taiwan and is fully capable of serving a complete e-Ticketing service platform, whose products are applied to the operating environment of public transportation, including buses, rails, taxis, and rehabilitation buses. Acer ITS products include:

#### A. e-Ticketing Validator:

Used in buses, taxis, exhibition venues, and the LRT, The e-Ticketing Validator accepts the smartcards from four different smart-card companies. All of the transaction data can be transmitted to the backend management system based on the operational needs, while the system supports multi-issues transaction upload/settlement/reconciliation process flow.

#### B. Smart Parking Meter System:

The Smart Parking Meter System is the world's first roadside parking management system that integrates automatic occupancy detection, license plate recognition technology, cloud platform, and multi-payment. It enhances the management efficiency and turnover rate of existing roadside parking spaces and can provide full function backend support system. The Smart Parking Meters can be seen in operation in Tainan City and the Kaohsiung Software Park. Besides, Drivers can obtain real-time information on the availability of the roadside parking spots. For the parking operators, this system can automatically issue parking fee tickets, reduce costs and errors, and can immediately report the availability of the roadside parking spaces.

#### C. The Parking Validator:

The parking lot access control validator can validate four different smartcards and can accept up to eight smartcards. It integrates with the parking lot operator's management system, making it able to remotely control the gate, and transmit transaction data through the internet to the operator's management system, usually at an assigned time, to clear, settle and reconcile transactions.

#### D. PKLOT App:

PKLOT App is Taiwan's most widely used App that integrates on- and off-street parking information and cashless parking payments. It links to the on-street operator's management systems and the parking lot operators' servers, collects real-time parking availability data, and feeds it into the App to help drivers find nearby spots. It aggregates more than 10,000 parking lots nationwide, offering the most comprehensive real-time parking information. Designed to make every aspect of parking hassle-free, PKLOT supports in-app credit card payment by linking the vehicle's license plate number and the driver's credit card.

### 3. Management Team

Chairman : Jason Chen

Directors : Maverick Shih, Meggy Chen, Lydia Wu, Andy Lin

Supervisor : Dick Tan, Vincent Chi

General Manager: Kenny Yu

### 4. The company's shareholding

Number of shares: 34,307,799 shares

Percentage of Ownership: 94.41%

### 5. Company Profile

As date of 2020/12/31  
Unit : NT\$K

Capital Stock	Assets	Liabilities	Net Worth	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	Basic Earning (Loss) Per Share (in NTD)
363,385	296,001	132,789	163,212	145,792	(33,976)	(42,983)	(1.18)

## Acer Healthcare Inc. (ABHI)

### 1. General Information

- (1) Date of Incorporation: 2018/04/25
- (2) Address: 7F., No. 86, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City 221006, Taiwan (R.O.C.)
- (3) Website: <https://zh.acer-healthcare.com/>

### 2. Introduction

Founded in 2008, Acer Healthcare Inc. (ABHI) is a subsidiary of the Acer Group that employs communication expertise and focuses on AI and big data analysis technology to work with hospitals and healthcare-related industries in cross-domain collaboration, and designs and develops intelligent medical products for use within the healthcare field and promotion on the international market. ABHI is the first company in Taiwan passed GMP and ISO 13485 certification regarding AI-assisted diagnostic software, its product "VeriSee DR", AI-assisted diagnostic software for Diabetic Retinopathy (DR) identification, is even the first TFDA-certified AI-assisted diagnostic software for ophthalmic smart medical materials.

VeriSee DR is an AI diagnostic aid that has been trained using DR diagnosis experience from multiple ophthalmologists and uses AI deep learning techniques to produce diagnosis results similar to that of professional physicians. ABHI uses hardware integration to construct an edge computing device that can be used without a network connection. The introduction of VeriSee DR in medical clinics and health examination centers with ophthalmoscopes allows initial screening to be conducted without an ophthalmologist. Analysis results are used to inform patients whether or not they require a referral to an ophthalmology department for a more detailed examination, in order to avoid missing opportunities for treatment. ABHI has signed cooperation agreements with various medical centers, research institutions, international pharmaceutical companies and international medical device manufacturers for expanding the application and commercialization of VeriSee DR.

The research projects ABHI develops now:

#### A. Cardiovascular risk detection:

ABHI and partners have developed an algorithm for arrhythmia. The algorithm can be used in conjunction with an Acer Leap Ware wearable device, so that patients may monitor their own day-to-day health. Physiological signals are continuously recorded using the Acer wearable device. Patients can use the health management platform to view their heart rate, graphs for heart rate distribution and waveform, and other AI arrhythmia analysis results. Results on the health management platform can be used to inform patients if any arrhythmia or cardiovascular-related risk signals are present.

#### B. Abdominal ultrasound —organ and lesion recognition technology

ABHI and partners have developed ultrasound-imaging-assisted diagnosis technology. Combining AI technology with ultrasound diagnostic equipment, physicians are able to make timely interpretations of abdominal ultrasound images and quickly mark abdominal organs and possible lesions on the detection screen following an abdominal scan. Photographs of suspected lesions can also be captured, providing physicians with the ability to make further diagnoses and the means to better understand the condition of various abdominal organs.

#### C. Echocardiography — automatic left ventricular ejection fraction measurement

Acer Healthcare Inc. and partners have developed the technology of automatic left ventricular ejection fraction measurement. This technology is using artificial intelligence technology to improve the efficiency and accuracy by identifying the chamber views, image segmentation and modified Simpson's method. And the technology has been successfully developed on mobile devices in real-time measurement of cardiac blood volume and the ventricular ejection fraction which can also be used on wireless handheld ultrasound scanning devices.

### 3. Management Team

Chairman: RC Chang

Director: Jason Chen, Meggy Chen

Supervisor: Sophia Chen

President: YH Hsu

### 4. The company's shareholding

Number of shares: 5,000,000

Percentage of Ownership: 100%

### 5. Company Profile

As date of 2020/12/31  
Unit: NT\$K

Capital Stock	Assets	Liabilities	Net Worth	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	Basic Earning (Loss) Per Share (in NTD)
50,000	43,542	1,273	42,269	1,014	(5,045)	(4,952)	(0.99)

## Acer Gaming Inc. (AGM)

### 1. General Information:

- (1) Date of Incorporation: 2020/07/31
- (2) Address: 7F.-5, No. 369, Fuxing N. Rd., Songshan Dist., Taipei City 105611, Taiwan (R.O.C.)
- (3) Telephone: 886-2-2696-0068
- (4) Web address : <https://www.acergaming.com/>

### 2. Introduction

Founded in 2020, Acer Gaming Inc. (AGM) is the eSports product brand extension of Acer Inc. and aims to create a complete online and offline life experience for game players by providing game entertainment channel agency sales and other services. For expanding game market, AGM has been designated as a distributor of PlayStation® products (including PlayStation®5, peripheral products and PlayStation® game software) in Taiwan by Sony Interactive Entertainment Taiwan Limited (SIET). The business AGM develops and promotes is providing eSports social platform services and e-sports products regarding Acer group.

### 3. Management Team

Chairman : Jerry Kao

Directors : James Hsu, Meggy Chen

Supervisor : Sophia Chen

President: James Hsu

### 4. The company's shareholding

Number of shares: 1,000,000

Percentage of Ownership: 100%

### 5. Company Profile

As date of 2020/12/31  
Unit : NT\$K

Capital Stock	Assets	Liabilities	Net Worth	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	Basic Earning (Loss) Per Share (in NTD)
10,000	153,046	141,799	11,247	220,056	2,054	1,247	1.25

## 1.3 Information of Acer Subsidiaries

As of December 31, 2020

No.	Company Code	Brief Name	Company	Date of Incorporation	Place of Registration	Capital Stock		Exchange Rate	Business Activities
						Currency	Amount		
0	001	AI	Acer Incorporated	8/1/1976	Taiwan	NTD	30,478,538	1.00	Sale of brand-name IT products
1	007	AURION TECH.	Aurion Tecnologia, S.A. de C.V.	9/17/1987	Mexico	MXN	301	1.43	Service company
2	011	APX	Asplex Sp. z o.o.	5/15/2009	Poland	PLN	100	7.64	Repair and maintenance of brand-name IT products
3	013	API	AcerPure Inc.	10/24/2016	Taiwan	NTD	82,219	1.00	Intelligent solutions of air quality
4	014	WLII	Weblink International Inc.	12/22/1977	Taiwan	NTD	737,484	1.00	Sale of computers and communication products
5	017	ASC	Acer Service Corporation	9/12/2005	U.S.A.	USD	0	28.51	Repair and maintenance of IT products
6	022	AJC	Acer Japan Corp.	2/9/1988	Japan	JPY	200,000	0.28	Sale of brand-name IT products
7	023	AEB	Acer e-Enabling Service Business Inc.	2/22/2012	Taiwan	NTD	364,490	1.00	Providing solutions of cloud and digitalization
8	024	APL	Acer Poland sp. z o.o.	11/25/2010	Poland	PLN	100	7.64	Marketing of brand-name IT products
9	028	XPL	Xplova Inc.	9/5/2008	Taiwan	NTD	23,098	1.00	Design, development and sale of smart bicycle speedometer
10	030	ACA	Acer Computer Australia Pty. Limited	9/21/1989	Australia	AUD	67,296	21.93	Sale of brand-name IT products
11	034	AMI	PT. Acer Manufacturing Indonesia	1/12/2012	Indonesia	IDR	2,300,000	0.00	Assembly of brand-name IT products
12	035	GCL	Great Connection LTD.	6/1/1993	H.K.	HKD	300	3.68	Sale of computer, apparatus system, and peripheral equipment
13	041	ACNZ	Acer Computer New Zealand Limited	8/18/1993	New Zealand	NZD	12,179	20.48	Sale of brand-name IT products
14	042	ATH	Acer Computer Co., Ltd.	10/29/1993	Thailand	THB	215,078	0.94	Sale of brand-name IT products
15	043	AFE	Acer Computer (Far East) Limited	9/30/1986	H.K.	HKD	147,420	3.68	Sale of brand-name IT products
16	046	ITS	Acer ITS Inc.	9/21/2017	Taiwan	NTD	363,385	1.00	Programs and services of intelligent transportation and electronic ticketing
17	047	WELL	Wellife Inc.	12/22/2015	Taiwan	NTD	10,000	1.00	Matchmaking of professional services, platform of client service and sale of products, and providing of professional seminars and courses



No.	Company Code	Brief Name	Company	Date of Incorporation	Place of Registration	Capital Stock		Exchange Rate	Business Activities
						Currency	Amount		
18	048	ACTTW	Acer Cloud Technology (Taiwan) Inc.	6/6/2016	Taiwan	NTD	29,000	1.00	Development of internet of Beings and cloud technology, and integration of cloud technology, software and hardware
19	049	PBC	Pawbo, Inc.	10/1/2014	Taiwan	NTD	29,471	1.00	Pet interaction device and social networking service
20	051	ACS	Acer Computer (Singapore) Pte. Ltd.	11/29/1990	Singapore	SGD	3,985	21.56	Sale of brand-name IT products
21	054	APDI	Acer Property Development Inc.	7/27/1989	Taiwan	NTD	29,577	1.00	Property development
22	056	ASBZ	StarVR Corporation	10/3/2016	Taiwan	NTD	482,180	1.00	Solutions provider of B2B virtual reality
23	057	ASSB	Acer Sales and Services SDN BHD	9/18/1990	Malaysia	MYR	30,969	7.09	Sale of brand-name IT products
24	058	AHI	Acer Holdings International, Incorporated	4/8/1991	B.V.I.	USD	191,155	28.51	Investment and holding activity
25	059	AME	Acer Computer (M.E.) Limited	4/16/1992	B.V.I.	USD	2,335	28.51	Sale of brand-name IT products
26	060	AMEX	Acer Computec Mexico, S.A. de C.V.	6/1/1998	Mexico	MXN	1,374,595	1.43	Sale of brand-name IT products
27	061	XPLSH	Xplova (Shanghai) Ltd.	5/17/2016	China	RMB	2,000	4.37	Sale of smart bicycle speedometer and operating social platform for bicycle riding and sports
28	062	AAF	Acer Africa (Proprietary) Limited	11/29/1994	South Africa	ZAR	368	1.94	Marketing, repair and maintenance of brand-name IT products
29	064	ABH	Acer BeingWare Holding Inc.	5/17/2016	Taiwan	NTD	1,303,085	1.00	Investment and holding activity
30	065	ALT	Altos Computing Inc.	9/20/2016	Taiwan	NTD	76,000	1.00	High performance computing, cloud computing, software-defined storage, and IT solution
31	066	ACCN	Acer Computer (Shanghai) Ltd.	10/31/2005	China	RMB	16,168	4.37	Sale of brand-name IT products
32	067	ACTCQ	Acer Cloud Technology(Chongqing) Ltd.	7/21/2015	China	RMB	31,325	4.37	Design, development, sales, and advisory of computer software and hardware
33	068	ACTI	Acer Cloud Technology Inc.	1/12/2012	U.S.A.	USD	6,155	28.51	Investment and holding activity
34	069	SMA	Servex (Malaysia) Sdn Bhd	6/25/1991	Malaysia	MYR	4,748	7.09	Sale of computers and communication products
35	070	AMS	Acer Market Services Limited	12/8/1992	H.K.	HKD	1,218,717	3.68	Investment and holding activity
36	073	ASIN	Acer Sales International SA	5/8/2015	Switzerland	USD	105	28.51	Sale of brand-name IT products
37	074	ATR	Acer Bilisim Teknolojileri Limited Sirketi	3/20/2013	Turkey	TRY	100	3.83	Marketing of brand-name IT products

No.	Company Code	Brief Name	Company	Date of Incorporation	Place of Registration	Capital Stock		Exchange Rate	Business Activities
						Currency	Amount		
38	086	ACCQ	Acer (Chongqing) Ltd.	11/9/2010	China	RMB	991,050	4.37	Sale of brand-name IT products
39	087	SEB	Sertec (Beijing) Ltd.	4/14/2017	China	RMB	1,000	4.37	Repair and maintenance of IT products
40	089	AAH	Acer American Holdings Corp.	10/15/2007	U.S.A.	USD	0	28.51	Investment and holding activity
41	091	ACTUS	Acer Cloud Technology (US), Inc.	8/15/2016	U.S.A.	USD	2	28.51	Cloud technology service and research, development, and design of IoT platform
42	095	ABST	Acer Being Signage Inc.	5/17/2017	Taiwan	NTD	25,000	1.00	Technical service and research of aBeing cloud digital content management
43	096	ABSG	Acer Being Signage GmbH	12/15/2016	Germany	EUR	6,029	34.83	Technical service and research of aBeing cloud digital content management
44	097	AVN	Acer Vietnam Co., Ltd.	1/10/2000	Vietnam	VND	53,613,170	0.00	Sale of brand-name IT products
45	104	AOI	AOPEN Inc.	12/1/1996	Taiwan	NTD	714,480	1.00	Sale, manufacture, import and export of commercial computer products, software, components, peripheral equipment and apparatus; repair and maintenance service of computer products
46	107	AOE	AOPEN Computer B.V.	12/1/1997	Netherlands	EUR	18	34.83	Sale of computer, apparatus system, and peripheral equipment
47	111	GTI	GadgeTek Inc.	9/27/2018	Taiwan	NTD	53,800	1.00	Sale of peripheral 3C products
48	115	ASZ	Acer Computer (Switzerland) AG	12/1/1997	Switzerland	CHF	50	32.21	Sale of brand-name IT products
49	120	AAC	Acer America Corporation	5/4/1984	U.S.A.	USD	42,292	28.51	Sale of brand-name IT products
50	121	ACG	ACER Computer GmbH	5/17/1987	Germany	EUR	14,561	34.83	Sale of brand-name IT products
51	122	SAL	Bluechip Infotech Pty Ltd	12/13/1996	Australia	AUD	4,035	21.93	Sale of computer peripherals and software system
52	123	AUK	Acer U.K. Limited	5/9/1988	U.K.	GBP	9,072	38.97	Sale of brand-name IT products
53	124	ACF	Acer Computer France S.A.S.U.	9/3/1987	France	EUR	13,609	34.83	Sale of brand-name IT products
54	128	ACH	Acer Computer B.V.	5/9/1988	Netherlands	EUR	2,612	34.83	Sale of brand-name IT products
55	129	AOA	AOPEN America Inc.	12/1/1997	U.S.A.	USD	15,000	28.51	Sale of computer, apparatus system, and peripheral equipment
56	134	CCI	Cross Century Investment Limited	11/11/1997	Taiwan	NTD	28,000	1.00	Investment and holding activity
57	137	ASDI	Aspire Service & Development Inc.	10/13/1997	Taiwan	NTD	225,931	1.00	Property development

No.	Company Code	Brief Name	Company	Date of Incorporation	Place of Registration	Capital Stock		Exchange Rate	Business Activities
						Currency	Amount		
58	138	ABC	Acer Being Communication Inc.	12/16/2014	Taiwan	NTD	25,000	1.00	Software design service
59	139	AIT	Acer Italy S.R.L.	2/19/1996	Italy	EUR	802	34.83	Sale of brand-name IT products
60	141	AOSV	Aopen SmartVision Incorporated	2/1/2002	Taiwan	NTD	40,000	1.00	Sale of computer, apparatus system, and peripheral equipment
61	142	HTW	Heartware Alliance And Intergation Limited	8/1/2015	H.K.	HKD	100	3.68	Software development and agency
62	143	AOSD	AOPEN SmartView Incorporated	10/9/2018	Taiwan	NTD	25,000	1.00	Sale of display device
63	144	BLI	Bluechip Infotech Incorporated	5/11/2020	Taiwan	NTD	1,000	1.00	Sale of computer peripherals and software system
64	145	ACD	Acer Denmark A/S	10/1/1991	Denmark	DKK	1,000	4.68	Marketing of brand-name IT products
65	146	TWPBJ	Acer Third Wave Software (Beijing) Co. Ltd	12/3/1997	China	RMB	24,659	4.37	Sale of commercial and cloud application software and technical and services
66	156	MPS	MPS Energy Inc.	7/31/2015	Taiwan	NTD	72,487	1.00	Research, development, and sale of batteries
67	160	ACV	Acer Austria GmbH	7/30/1992	Austria	EUR	218	34.83	Marketing of brand-name IT products
68	165	ASCBVI	Acer SoftCapital Incorporated	12/2/1997	B.V.I.	USD	118,856	28.51	Investment and holding activity
69	167	ABHI	Acer Healthcare Inc.	4/25/2018	Taiwan	NTD	50,000	1.00	Intelligent medical examination and data interpretation analysis, medical big data, and health management and related information exchange
70	168	AEH	Acer European Holdings SA	12/28/1996	Switzerland	EUR	131	34.83	Investment and holding activity
71	171	GCN	GadgeTek (Shanghai) Limited	7/3/2019	China	RMB	3,529	4.37	Sale of peripheral 3C products
72	172	AOTH	AOPEN Technology Inc.	5/1/1999	B.V.I.	USD	50	28.51	Sale of computer, apparatus system, and peripheral equipment
73	173	PBT	Pecer Bio-medical Technology Incorporated	9/17/2020	Taiwan	NTD	1,000	1.00	Sale of health supplements and biotech service
74	174	ACN	Acer Computer Norway AS	11/22/1994	Norway	NOK	6,531	3.32	Marketing, repair and maintenance of brand-name IT products
75	177	EDC	Acer e-Enabling Data Center Incorporated	12/31/2017	Taiwan	NTD	1,521,813	1.00	Data center and cloud services
76	180	AIB	Acer Computer Iberica, S.A.	3/16/1995	Spain	EUR	855	34.83	Sale of brand-name IT products
77	181	AIZS	Acer Information (Zhong Shan) Co., Ltd.	4/26/1999	China	RMB	12,416	4.37	Sale of brand-name IT products

No.	Company Code	Brief Name	Company	Date of Incorporation	Place of Registration	Capital Stock		Exchange Rate	Business Activities
						Currency	Amount		
78	182	AIN	PT. Acer Indonesia	6/2/1999	Indonesia	IDR	2,077,485	0.00	Sale of brand-name IT products
79	189	HSN	HighPoint Service Network Sdn Bhd	7/16/1999	Malaysia	MYR	500	7.09	Repair and maintenance of IT products
80	192	AIL	Acer India Private Limited	9/9/1999	India	INR	78,804	0.39	Sale of brand-name IT products
81	193	ADSC	Acer Digital Service Co.	10/5/1999	Taiwan	NTD	680,000	1.00	Investment and holding activity
82	194	AFN	Acer Computer Finland Oy	10/25/1996	Finland	EUR	8	34.83	Marketing, repair and maintenance of brand-name IT products
83	197	AHN	Acer Europe B. V.	11/15/1996	Netherlands	EUR	3,321	34.83	Investment and holding activity
84	199	ACW	Acer Computer Sweden AB	5/21/1996	Sweden	SEK	100	3.47	Marketing of brand-name IT products
85	200	SER	Sertec 360 SA	8/26/2014	Switzerland	EUR	82	34.83	Repair and maintenance of IT products
86	203	CPY	CPYou B.V.	2/20/2020	Netherlands	EUR	1	34.83	Sale of brand-name IT products
87	223	AST	Acer Synergy Tech Corp.	9/13/2017	Taiwan	NTD	130,300	1.00	System integration service
88	224	ASTS	Shanghai AST Technology Service Ltd.	6/15/2018	China	RMB	4,400	4.37	System integration service
89	225	ISU	ISU Service Corp.	11/20/2019	Taiwan	NTD	20,000	1.00	Human resources and project service
90	227	ACLAH	Boardwalk Capital Holdings Limited	6/26/2000	B.V.I.	USD	1,373,071	28.51	Investment and holding activity
91	228	ACLAN	ACLA Holdings North, LLC	11/10/1999	U.S.A.	USD	-	28.51	Investment and holding activity
92	229	ACLAS	ACLA Holding South, LLC	11/10/1999	U.S.A.	USD	-	28.51	Investment and holding activity
93	230	ACLAE	ACLA Holding East, LLC	11/10/1999	U.S.A.	USD	-	28.51	Investment and holding activity
94	231	ACLAW	ACLA Holding West, LLC	11/10/1999	U.S.A.	USD	-	28.51	Investment and holding activity
95	232	ATB	AGP Tecnologia em Informatica do Brasil Ltda.	8/6/2009	Brazil	BRL	249,467	5.48	Sale of brand-name IT products
96	244	ACSI	Acer Cyber Security Incorporated	5/29/2000	Taiwan	NTD	166,664	1.00	Cyber security service
97	249	AOC	AOPEN International (ShangHai) Co., Ltd	7/1/2000	China	RMB	39,244	4.37	Sale of computer, apparatus system, and peripheral equipment
98	251	ETEN	E-ten Information System Co., Ltd.	3/27/1986	Taiwan	NTD	100,000	1.00	Research, design and sale of smart handheld products
99	257	ARU	Acer Marketing Services LLC	7/1/2009	Russia	RUB	20,000	0.38	Marketing of brand-name IT products
100	259	AGU	AGP Insurance (Guernsey) Limited	10/1/2009	Guernsey	EUR	5,000	34.83	Insurance captive
101	265	BJAC	Beijing Altos Computing Ltd.	3/1/2018	China	RMB	4,400	4.37	High performance computing, cloud computing, software-defined storage, and IT solution
102	269	AOJ	AOPEN Japan Inc.	10/1/2000	Japan	JPY	10,000	0.28	Sale of computer, apparatus system, and peripheral equipment
103	275	AOZ	AOPEN Information Products (Zhongshan) Inc.	4/1/2001	China	RMB	104,954	4.37	Manufacture and sale of computer parts and components

No.	Company Code	Brief Name	Company	Date of Incorporation	Place of Registration	Capital Stock		Exchange Rate	Business Activities
						Currency	Amount		
104	276	AOGS	AOPEN GLOBAL SOLUTIONS PTY LTD.	11/1/2013	Australia	AUD	150	21.93	Sale of computer, apparatus system, and peripheral equipment
105	277	AOAU	AOPEN Australia & New Zealand Pty Ltd	11/1/2013	Australia	AUD	0	21.93	Sale of computer, apparatus system, and peripheral equipment
106	284	ACVC	Acer China Venture Corp	4/19/2017	China	RMB	5,000	4.37	Fund company management
107	285	ACVP	Acer China Venture Partnership	8/9/2017	China	RMB	15,000	4.37	Investment fund
108	287	AGM	Acer Gaming Inc.	7/31/2020	Taiwan	NTD	10,000	1.00	Agency of video game console and peripherals
109	288	DZH	DropZone Holding Limited	7/9/2001	Cayman Islands	USD	100	28.51	Investment and holding activity
110	289	DZL	DropZone (Hong Kong) Limited	12/9/2019	H.K.	USD	30	28.51	Operation and maintenance of eSports platform
111	293	AAPH	Acer Asia Pacific Sdn Bhd	11/14/2007	Malaysia	USD	1,000	28.51	Sale of brand-name IT products
112	310	AEG	Acer Europe SA	4/1/2002	Switzerland	EUR	1,164	34.83	Sale of brand-name IT products
113	313	ACZ	Acer Czech Republic s.r.o.	4/8/2002	Czech	CZK	2,000	1.33	Marketing, repair and maintenance of brand-name IT products
114	336	APHI	Acer Philippines, Inc.	1/1/2003	Philippines	PHP	13,510	0.59	Sale of brand-name IT products
115	338	HPA	HigHPoint Australia Pty Ltd	2/1/2003	Australia	AUD	500	21.93	Repair and maintenance of brand-name IT products
116	345	HSNI	PT HSN Tech Indonesia	11/15/2018	Indonesia	IDR	14,900,000	0.00	Repair and maintenance of IT products
117	346	AIP	Acer Infotech Pvt Ltd	6/21/2018	India	INR	-	0.39	Sale of brand-name IT products
118	347	HSNP	HigHPoint Services Network Philippines, Inc.	8/28/2018	Philippines	PHP	-	0.59	Repair and maintenance of IT products
119	348	HSNT	HigHPoint Service Network (Thailand) Co., Ltd	11/7/2018	Thailand	THB	1,838	0.94	Repair and maintenance of IT products
120	349	HSNC	HigHPoint Service Network Corporation	9/14/2018	Taiwan	NTD	162,100	1.00	Repair and maintenance of IT products
121	356	VRE	StarVR Europe SA	4/10/2018	Switzerland	EUR	84	34.83	Research of solutions to B2B virtual reality
122	400	GWI	Gateway, Inc.	1/14/1991	U.S.A.	USD	0	28.51	Investment and holding activity

## 1.4 A company assumed to be controlled, subordinated or there would be same shareholders with the parent company: None

## 1.5 The business and operating scope of the Company's affiliates:

Acer 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 in the future to provide more products and integrated applications combining software, hardware and service for consumer and commercial markets.

## 1.6 Operational Highlights of Acer's Subsidiaries

As of December 31, 2020  
Unit: NT\$ thousands, except EPS (NT\$)

No.	Company Code	Brief Name	Company	Capital Stock	Assets	Liabilities	Net Worth	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	Basic Earning (Loss) Per Share
0	001	AI	Acer Incorporated	30,478,538	136,602,252	76,308,921	60,293,331	209,586,473	4,490,834	6,029,287	2.01
1	007	AURION TECH.	Aurion Tecnologia, S.A. de C.V.	430	43,362	24,998	18,364	47,499	2,854	1,330	4.42
2	011	APX	Asplex Sp. z o.o.	764	1,317,614	810,496	507,117	2,989,708	13,676	(14,383)	(7,191.57)
3	013	API	AcerPure Inc.	82,219	101,392	7,935	93,457	127,520	15,685	10,806	1.31
4	014	WLII	WebLink International Inc.	737,484	4,761,570	3,235,358	1,526,212	17,265,523	171,342	194,226	2.63
5	017	ASC	Acer Service Corporation	0	656,452	780,735	(124,283)	840,586	17,675	16,598	16,598.36
6	022	AIC	Acer Japan Corp.	55,221	3,947,946	4,671,434	(723,488)	4,939,085	64,146	(20,572)	(899.84)
7	023	AEB	Acer e-Enabling Service Business Inc.	364,490	3,336,417	2,642,553	693,864	5,424,307	273,361	209,232	5.74
8	024	APL	Acer Poland sp. z o.o.	764	39,452	10,452	28,999	82,585	7,175	5,729	2,864.54
9	028	XPL	Xplova Inc.	23,098	13,794	1,559	12,235	7,009	1,929	2,737	1.19
10	030	ACA	Acer Computer Australia Pty. Limited	1,476,074	3,149,775	2,773,855	375,920	6,973,936	94,305	22,289	0.33
11	034	AMI	PT. Acer Manufacturing Indonesia	4,667	73,271	24,704	48,567	556,302	3,975	3,121	12.48
12	035	GCL	Great Connection LTD.	1,103	3,789	155	3,634	92	4	1	0.00
13	041	ACNZ	Acer Computer New Zealand Limited	249,425	414,685	267,441	147,245	972,306	9,249	5,173	0.42
14	042	ATH	Acer Computer Co., Ltd.	202,982	1,691,174	1,055,072	636,102	5,929,722	76,997	25,813	1.20
15	043	AFE	Acer Computer (Far East) Limited	542,061	367,734	571,644	(203,910)	864,155	(157,901)	(158,321)	(1.35)
16	046	ITS	Acer ITS Inc.	363,385	296,001	132,789	163,212	145,792	(33,976)	(42,983)	(1.18)
17	047	WELL	Wellife Inc.	10,000	87,654	79,827	7,826	232,952	5,640	5,531	5.53
18	048	ACTTW	Acer Cloud Technology (Taiwan) Inc.	29,000	(8,510)	3,543	(12,053)	27,496	41,034	(9,934)	(3.43)
19	049	PBC	Pawbo, Inc.	29,471	5,764	681	5,083	388	(2,244)	(2,220)	(0.75)
20	051	ACS	Acer Computer (Singapore) Pte. Ltd.	85,936	973,691	735,998	237,693	2,365,746	21,788	14,839	3.72
21	054	APDI	Acer Property Development Inc.	29,577	145,153	40,302	104,852	16,582	3,491	2,326	0.79
22	056	ASBZ	StarVR Corporation	482,180	36,491	25,408	11,083	(345)	(21,382)	(22,084)	(0.46)

No.	Company Code	Brief Name	Company	Capital Stock	Assets	Liabilities	Net Worth	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	Basic Earning (Loss) Per Share
23	057	ASSB	Acer Sales and Services SDN BHD	219,604	1,822,976	829,664	993,312	3,344,177	27,972	24,286	0.78
24	058	AHI	Acer Holdings International, Incorporated	5,449,460	15,234,098	656	15,233,443	0	(1,213)	1,274,225	6.67
25	059	AME	Acer Computer (M.E.) Limited	66,566	8,056	10,759	(2,703)	0	37,809	38,237	16.38
26	060	AMEX	Acer Computec Mexico, S.A. de C.V.	1,964,258	1,292,679	1,112,755	179,924	1,316,017	30,797	129	0.00
27	061	XPLSH	Xplova (Shanghai) Ltd.	8,737	6,446	729	5,717	6,275	(3)	100	N.A.
28	062	AAF	Acer Africa (Proprietary) Limited	714	114,078	12,511	101,567	96,973	4,931	2,492	0.07
29	064	ABH	Acer BeingWare Holding Inc.	1,303,085	1,532,108	121	1,531,987	0	(139)	71,484	0.55
30	065	ALT	Altos Computing Inc.	76,000	334,335	248,895	85,440	404,292	(38,309)	(27,409)	(3.61)
31	066	ACCN	Acer Computer (Shanghai) Ltd.	70,614	1,322,372	124,262	1,198,110	1,630,141	713,635	760,077	N.A.
32	067	ACTCQ	Acer Cloud Technology(Chongqing) Ltd.	136,814	30,625	(3,275)	33,900	1,293	(5,063)	(12,880)	N.A.
33	068	ACTI	Acer Cloud Technology Inc.	175,470	459,326	1,685	457,640	0	(7,517)	(42,106)	(0.00)
34	069	SMA	Servex (Malaysia) Sdn Bhd	33,668	800,354	136,273	664,081	3,153,790	5,603	6,822	1.44
35	070	AMS	Acer Market Services Limited	4,481,199	5,973,920	1,821	5,972,099	0	(4,376)	1,150,905	0.94
36	073	ASIN	Acer Sales International SA	2,997	6,284,429	5,924,840	359,589	25,734,278	108,222	118,957	1,189.57
37	074	ATR	Acer Bilisim Teknolojileri Limited Sirketi	383	10,034	3,343	6,691	11,202	677	1,632	1,631.76
38	086	ACCQ	Acer (Chongqing) Ltd.	4,328,480	7,983,966	3,639,391	4,344,575	11,473,175	329,310	362,190	N.A.
39	087	SEB	Sertec (Beijing) Ltd.	4,368	11,331	2,414	8,917	37,072	(1,738)	(1,782)	N.A.
40	089	AAH	Acer American Holdings Corp.	0	25,917,936	7,512	25,910,424	0	(0)	912,835	1,014,260.65
41	091	ACTUS	Acer Cloud Technology (US), Inc.	57	414	0	414	0	(864)	(863)	(0.22)
42	095	ABST	Acer Being Signage Inc.	25,000	55,650	106,078	(50,429)	7,938	(741)	(41,979)	(16.79)
43	096	ABSG	Acer Being Signage GmbH	209,962	147,157	189,256	(42,099)	143,483	(39,997)	(41,460)	(1,658.42)
44	097	AVN	Acer Vietnam Co., Ltd.	65,965	114,985	61,532	53,453	232,893	10,478	9,777	N.A.
45	104	AOI	AOPEN Inc.	714,480	1,401,952	816,582	585,370	641,999	(56,216)	(66,475)	(0.93)
46	107	AOE	AOPEN Computer B.V.	632	120,938	150,644	(29,706)	456,471	(12,467)	(14,808)	(370,200.00)
47	111	GTI	GadgeTek Inc.	53,800	334,254	252,337	81,917	834,373	22,574	22,220	4.13
48	115	ASZ	Acer Computer (Switzerland) AG	1,610	947,905	726,225	221,679	2,809,789	33,721	28,648	572,962.43
49	120	AAC	Acer America Corporation	1,205,670	32,005,508	22,156,889	9,848,619	75,999,710	1,144,351	891,148	287.47
50	121	ACG	ACER Computer GmbH	507,078	9,858,606	7,415,724	2,442,882	25,537,911	191,520	139,216	N.A.



No.	Company Code	Brief Name	Company	Capital Stock	Assets	Liabilities	Net Worth	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	Basic Earning (Loss) Per Share
51	122	SAL	Bluechip Infotech Pty Ltd	88,513	788,964	547,999	240,965	2,771,030	44,625	27,086	7.38
52	123	AUK	Acer U.K. Limited	353,532	4,712,186	3,484,487	1,227,699	9,380,037	69,496	54,133	5.97
53	124	ACF	Acer Computer France S.A.S.U.	473,935	4,532,385	2,756,695	1,775,689	10,275,730	55,630	25,965	9.96
54	128	ACH	Acer Computer B.V.	90,973	2,032,090	1,204,423	827,667	6,865,202	50,130	56,596	216.66
55	129	AOA	AOPEN America Inc.	427,620	88,155	255,621	(167,465)	351,722	(8,428)	(17,971)	(1.20)
56	134	CCI	Cross Century Investment Limited	28,000	341,039	58	340,981	0	(95)	5,627	N.A.
57	137	ASDI	Aspire Service & Development Inc.	225,931	268,459	52,914	215,545	130,077	(12,241)	(7,710)	(0.34)
58	138	ABC	Acer Being Communication Inc.	25,000	6,686	6,744	(59)	8,927	(12,802)	(12,780)	(5.11)
59	139	AIT	Acer Italy S.R.L.	27,930	3,150,343	2,138,221	1,012,122	6,020,042	59,145	41,389	N.A.
60	141	AOSV	Aopen SmartVision Incorporated	40,000	50,844	9,812	41,032	28,386	1,757	303	0.08
61	142	HTW	Heartware Alliance And Intergation Limited	368	774	3	772	6	(51)	(72)	(0.72)
62	143	AOSD	AOPEN SmartView Incorporated	25,000	352,118	306,548	45,570	700,050	24,756	20,077	8.03
63	144	BLI	Bluechip Infotech Incorporated	1,000	1,481	1,474	7	314	(1,241)	(993)	(9.93)
64	145	ACD	Acer Denmark A/S	4,680	57,600	29,956	27,645	78,885	4,056	2,932	29,318.46
65	146	TWPBJ	Acer Third Wave Software (Beijing) Co. Ltd	107,701	123,904	128,064	(4,160)	238,592	(1,237)	5,830	N.A.
66	156	MPS	MPS Energy Inc.	72,487	73,360	16,785	56,576	75,602	(14,073)	(17,475)	(2.41)
67	160	ACV	Acer Austria GmbH	7,593	34,906	7,673	27,232	24,428	1,183	849	N.A.
68	165	ASCBVI	Acer SoftCapital Incorporated	3,388,361	670,082	71	670,010	0	(3,202)	20,379	0.13
69	167	ABHI	Acer Healthcare Inc.	50,000	43,542	1,273	42,269	1,014	(5,045)	(4,952)	(0.99)
70	168	AEH	Acer European Holdings SA	4,571	17,297,750	239,258	17,058,491	264,196	12,618	240,981	1,639.32
71	171	GCN	GadgeTek (Shanghai) Limited	15,411	40,553	19,575	20,979	112,953	6,091	4,983	N.A.
72	172	AOTH	AOPEN Technology Inc.	1,425	255,854	0	255,854	0	(46)	518	10.36
73	173	PBT	Pecer Bio-medical Technology Incorporated	1,000	968	0	968	0	(32)	(32)	(0.43)
74	174	ACN	Acer Computer Norway AS	21,702	61,881	27,367	34,513	174,465	3,163	1,681	257.34
75	177	EDC	Acer e-Enabling Data Center Incorporated	1,521,813	1,813,626	253,552	1,560,074	643,613	33,362	42,318	0.28
76	180	AIB	Acer Computer Iberica, S.A.	29,791	2,457,845	1,523,063	934,782	4,892,483	35,222	27,863	195.75

No.	Company Code	Brief Name	Company	Capital Stock	Assets	Liabilities	Net Worth	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	Basic Earning (Loss) Per Share
77	181	AIZS	Acer Information (Zhong Shan) Co., Ltd.	54,228	211,808	362	211,446	0	(9)	3,403	N.A.
78	182	AIN	PT. Acer Indonesia	4,215	1,759,683	964,521	795,162	5,194,172	28,624	92,818	309.39
79	189	HSN	HighPoint Service Network Sdn Bhd	3,546	142,745	48,840	93,905	332,080	12,958	9,444	18.89
80	192	AIL	Acer India Private Limited	30,747	4,607,054	4,195,892	411,162	9,611,927	13,695	24,422	0.31
81	193	ADSC	Acer Digital Service Co.	680,000	1,317,442	20,434	1,297,009	0	(257)	33,816	0.50
82	194	AFN	Acer Computer Finland Oy	293	46,971	6,281	40,690	22,361	1,060	836	16,723.72
83	197	AHN	Acer Europe B.V.	115,650	11,380,696	29,803	11,350,893	0	(13,838)	321,657	1,937.19
84	199	ACW	Acer Computer Sweden AB	347	51,822	11,158	40,664	33,353	1,576	1,064	1,063.87
85	200	SER	Sertec 360 SA	2,866	364,637	290,852	73,784	1,149,007	1,562	1,138	1,137.58
86	203	CPY	CPYou B.V.	35	125,321	0	125,321	0	(13,187)	(13,545)	(13,544.62)
87	223	AST	Acer Synergy Tech Corp.	130,300	562,551	200,480	362,071	830,728	23,147	30,785	2.76
88	224	ASTS	Shanghai AST Technology Service Ltd.	19,217	23,152	885	22,267	11,177	2,489	2,395	N.A.
89	225	ISU	ISU Service Corp.	20,000	71,380	39,709	31,671	192,711	14,775	11,825	5.91
90	227	ACLAH	Boardwalk Capital Holdings Limited	39,143,518	27,261,796	261,495	27,000,300	0	(62)	773,714	0.56
91	228	ACLAN	ACLA Holdings North, LLC	0	0	0	0	0	0	0	N.A.
92	229	ACLAS	ACLA Holding South, LLC	0	0	0	0	0	0	0	N.A.
93	230	ACLAE	ACLA Holding East, LLC	0	0	0	0	0	0	0	N.A.
94	231	ACLAW	ACLA Holding West, LLC	0	0	0	0	0	0	0	N.A.
95	232	ATB	AGP Tecnologia em Informatica do Brasil Ltda.	1,368,049	3,788,207	2,953,100	835,107	9,143,172	201,059	147,079	0.59
96	244	ACSI	Acer Cyber Security Incorporated	166,664	923,103	309,700	613,403	803,373	100,449	82,154	4.93
97	249	AOC	AOPEN International (Shanghai) Co., Ltd	171,400	37,126	21,613	15,513	63,910	(4,511)	(3,448)	N.A.
98	251	ETEN	E-ten Information System Co., Ltd.	100,000	2,018,681	124,621	1,894,059	193,860	(51,117)	(39,802)	(3.98)
99	257	ARU	Acer Marketing Services LLC	7,662	42,795	100,470	(57,675)	132,856	(12,166)	(16,749)	N.A.
100	259	AGU	AGP Insurance (Guernsey) Limited	174,127	1,063,937	77,274	986,663	72,660	53,732	50,246	10.05
101	265	BIAC	Beijing Altos Computing Ltd.	19,217	100,320	16,963	83,357	121,594	13,440	12,301	N.A.
102	269	AOI	AOPEN Japan Inc.	2,761	49,272	18,893	30,378	49,861	1,056	742	3,710.00



No.	Company Code	Brief Name	Company	Capital Stock	Assets	Liabilities	Net Worth	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	Basic Earning (Loss) Per Share
103	275	AOZ	AOPEN Information Products (Zhongshan) Inc.	458,393	262,431	25,977	236,454	223,060	(9,413)	3,868	N.A.
104	276	AOGS	AOPEN GLOBAL SOLUTIONS PTY LTD.	3,290	22,780	0	22,780	0	(8)	(4,773)	(31.82)
105	277	AOAU	AOPEN Australia & New Zealand Pty Ltd	2	65,552	45,051	20,501	69,700	(14,907)	(9,773)	(97,730.00)
106	284	ACVC	Acer China Venture Corp	21,838	4,529	244	4,285	0	(2,685)	(2,688)	N.A.
107	285	ACVP	Acer China Venture Partnership	65,514	9,312	0	9,312	0	(18)	(16)	N.A.
108	287	AGM	Acer Gaming Inc.	10,000	153,046	141,799	11,247	220,056	2,054	1,247	1.25
109	288	DZH	DropZone Holding Limited	2,851	954	0	954	0	(213)	(256)	(2.56)
110	289	DZL	DropZone (Hong Kong) Limited	855	816	2	814	0	(42)	(43)	(14.32)
111	293	AAPH	Acer Asia Pacific Sdn Bhd	28,508	107,409	38,494	68,915	0	(1,834)	(574)	(0.17)
112	310	AEG	Acer Europe SA	40,524	19,065,365	17,146,762	1,918,603	87,493,676	571,073	(345,097)	(209,149.52)
113	313	ACZ	Acer Czech Republic s.r.o.	2,655	217,105	135,932	81,173	578,414	13,522	6,267	N.A.
114	336	APHI	Acer-Philippines, Inc.	8,019	619,704	547,103	72,601	2,410,925	25,316	15,434	114.24
115	338	HPA	HighPoint Australia Pty Ltd	10,967	0	(26,455)	26,455	0	0	0	0.00
116	345	HSNI	PT HSN Tech Indonesia	30,233	65,618	31,412	34,207	5,151	(3,596)	1,657	1.67
117	346	AIP	Acer Infotech Pvt Ltd	0	6,356	62	6,294	0	(36)	(63)	(0.00)
118	347	HSNP	HighPoint Services Network Philippines, Inc.	0	62,055	64,988	(2,932)	29,287	(11,056)	(8,327)	(78.56)
119	348	HSNT	HighPoint Service Network (Thailand) Co., Ltd	1,734	29,447	21,503	7,944	34,557	2,186	3,200	63.99
120	349	HSNC	HighPoint Service Network Corporation	162,100	189,332	21,145	168,187	47,892	(1,942)	1,519	0.09
121	356	VRE	StarVR Europe SA	2,936	486	409	77	0	(427)	(460)	(4.60)
122	400	GWI	Gateway, Inc.	0	20,537,356	278,951	20,258,405	28	66	915,710	9,157,100.77

## 1.7 Rosters of Directors, Supervisors, and Presidents of Acer's Subsidiaries

As of December 31, 2020

No.	Company Code	Brief Name	Company	Title	Name	Number of shares (in thousands)	Percentage of Ownership
1	007	AURION TECH.	Aurion Tecnologia, S.A. de C.V.	Director	Juan Jose Cordova	301,000	99.95%
				President	Germano Couy		
2	011	APX	Asplex Sp. z o.o.	Director	Mustafa Ozbilen, Emmanuel Fromont, Tai Chi Shih	2,000	100.00%
				President	-		
3	013	API	AcerPure Inc.	Director	Andrew Hou, Jason Chen, Meggy Chen		
				President	-		
				Supervisor	Sophia YL Chen	8,221,900	100.00%
4	014	WLII	Weblink International Inc.	Director	Jason Chen, Dave Lin, Meggy Chen		
				President	Dave Lin	48,173,116	65.32%
				Independent Director	Cheng Yeh Ran, Jui Po Tang, Wang Ming-Ihy, Steven Shaw		
5	017	ASC	Acer Service Corporation	Director	Gregg Prendergast, Ming Wang, Meggy Chen	1,000	100.00%
				President	Gregg Prendergast		
6	022	AIC	Acer Japan Corp.	Director	Andrew Hou, Meggy Chen, Bob Sen	22,862	100.00%
				President	-		
				Supervisor	Sophia YL Chen, Ryan Yen		
7	023	AEB	Acer e-Enabling Service Business Inc.	Director	Jason Chen, Maverick Shih, Meggy Chen	26,404,000	72.44%
				President	Sandy Chou		
				Independent Director	Kevin Hou, David Yeh, H.T. Chou, M.C. Tzeng		
8	024	APL	Acer Poland sp. z o.o.	Director	Emmanuel Fromont, Tai Chi Shih, Lukasz.Lopuszynski	2,000	100.00%
				President	-		
9	028	XPL	Xplova Inc.	Director	Jason Chen, Meggy Chen, Lydia Wu	2,309,770	100.00%
				President	-		
				Supervisor	Sophia YL Chen		
10	030	ACA	Acer Computer Australia Pty. Limited	Director	Darren Simmons, Sophia YL Chen, Andrew Hou	67,295,984	100.00%
				President	-		

No.	Company Code	Brief Name	Company	Title	Name	Number of shares (in thousands)	Percentage of Ownership
11	034	AMI	PT. Acer Manufacturing Indonesia	Director President	Herbet Ang, Meggy Chen, Andrew Hou, Parman Iskak Herbet Ang	250,000	100.00%
12	035	GCL	Great Connection LTD.	Director President	Dale Tsai, Edward Chen -	300,000	40.55%
13	041	ACNZ	Acer Computer New Zealand Limited	Director President	Darren Simmons, Sophia YL Chen, Andrew Hou -	12,178,861	100.00%
14	042	ATH	Acer Computer Co., Ltd.	Director President	Alan Chiang, Andrew Hou, Sophia YL Chen Alan Chiang	21,507,750	100.00%
15	043	AFE	Acer Computer (Far East) Limited	Director President	Jason Chen, Meggy Chen -	147,420,000	100.00%
16	046	ITS	Acer ITS Inc.	Director President Supervisor	Jason Chen, Meggy Chen, Andy HT Lin, Maverick Shih, Lydia Wu Kenny Yu Dick Tan, Vincent Chi	34,307,799	94.41%
17	047	WELL	Wellife Inc.	Director President Supervisor	Dave Lin, Meggy Chen, Lydia Wu - Sophia YL Chen	1,000,000	65.32%
18	048	ACTTW	Acer Cloud Technology (Taiwan) Inc.	Director President Supervisor	Maverick Shih, Jason Chen, Meggy Chen - Sophia YL Chen	2,900,000	100.00%
19	049	PBC	Pawbo, Inc.	Director President Supervisor	Maurice Chang, Meggy Chen, Lydia Wu - Sophia YL Chen	2,947,098	100.00%
20	051	ACS	Acer Computer (Singapore) Pte. Ltd.	Director President	Andrew Hou, Pin Gek Nea, Sophia YL Chen -	3,985,385	100.00%
21	054	APDI	Acer Property Development Inc.	Director President Supervisor	Andy HT Lin, Meggy Chen, Mercury Kuo - Sophia YL Chen	2,957,742	100.00%

No.	Company Code	Brief Name	Company	Title	Name	Number of shares (in thousands)	Percentage of Ownership
22	056	ASBZ	StarVR Corporation	Director President Supervisor	Emmanuel Marquez, Jason Chen, Jerry Kao, Meggy Chen - Sophia YL Chen, Maeva Sponbergs	32,211,790	66.80%
23	057	ASSB	Acer Sales and Services SDN BHD	Director President	Tek Young Kon, Ricky Tan, Andrew Hou -	30,969,332	100.00%
24	058	AHI	Acer Holdings International, Incorporated	Director President	Meggy Chen, Jason Chen -	191,155,465	100.00%
25	059	AME	Acer Computer (M.E.) Limited	Director President	Paul Collins, Tai Chi Shih -	2,335,000	100.00%
26	060	AMEX	Acer Computec Mexico, S.A. de C.V.	Director President	Juan Jose Cordova Germano Couy	1,373,840,957	99.95%
27	061	XPLSH	Xplova (Shanghai) Ltd.	Director President Supervisor	Lydia Wu, Meggy Chen, Mercury Kuo Mercury Kuo Sophia YL Chen	N.A.	100.00%
28	062	AAF	Acer Africa (Proprietary) Limited	Director President	Emmanuel Fromont, Riaad Mangera, Tai Chi Shih -	36,800,000	100.00%
29	064	ABH	Acer BeingWare Holding Inc.	Director President Supervisor	Jason Chen, Meggy Chen, Lydia Wu - Sophia YL Chen	130,308,478	100.00%
30	065	ALT	Altos Computing Inc.	Director President Supervisor	Jason Chen, Meggy Chen, Andrew Hou, Tiffany Huang, Ted Chiou Jackie Lee	6,580,717	86.59%
31	066	ACCN	Acer Computer (Shanghai) Ltd.	Director President Supervisor	Dick Tan, Vincent Chi Jim Liu, Jason Chen, Lydia Wu Jim Liu	N.A.	100.00%
32	067	ACTCQ	Acer Cloud Technology (Chongqing) Ltd.	Director President Supervisor	Maverick Shih, Jason Chen, Meggy Chen Ann Lin Dick Tan	N.A.	100.00%

No.	Company Code	Brief Name	Company	Title	Name	Number of shares (in thousands)	Percentage of Ownership
33	068	ACTI	Acer Cloud Technology Inc.	Director President	Maverick Shih, Meggy Chen, Jason Chen Maverick Shih	32,000,000,001	100.00%
34	069	SMA	Servex (Malaysia) Sdn Bhd	Director President	Tek Young Kon, Ricky Tan -	4,748,000	100.00%
35	070	AMS	Acer Market Services Limited	Director President	Meggy Chen -	1,218,717,000	100.00%
36	073	ASIN	Acer Sales International SA	Director President	Paul Collins, Tai Chi Shih, Grigory Nizovsky Grigory Nizovsky	100,000	100.00%
37	074	ATR	Acer Bilisim Teknolojileri Limited Sirketi	Director President	Emmanuel Fromont, Grigory Nizovsky, Tai Chi Shih, Savas Yalcin -	1,000	100.00%
38	086	ACCQ	Acer (Chongqing) Ltd.	Director President Supervisor	Jim Liu Jim Liu Sophia YL Chen	N.A.	100.00%
39	087	SEB	Sertec (Beijing) Ltd.	Director President Supervisor	Sophia YL Chen, Andrew Hou, Victor Soon Victor Soon Jim Liu	N.A.	100.00%
40	089	AAH	Acer American Holdings Corp.	Director President	Gregg Prendergast, Jason Chen, Meggy Chen -	900	100.00%
41	091	ACTUS	Acer Cloud Technology (US), Inc.	Director President	Maverick Shih, Dick Tan Wei Ding	3,899,800	100.00%
42	095	ABST	Acer Being Signage Inc.	Director President Supervisor	Maverick Shih, Jason Chen, Meggy Chen - Dick Tan	2,500,000	100.00%
43	096	ABSG	Acer Being Signage GmbH	Director President	Wayne Ma -	25,000	100.00%
44	097	AVN	Acer Vietnam Co., Ltd.	Director President	Andrew Hou, Tony Vo, Sophia YL Chen Tony Vo	N.A.	100.00%

No.	Company Code	Brief Name	Company	Title	Name	Number of shares (in thousands)	Percentage of Ownership
45	104	AOI	AOPEN Inc.	Director President Independent Director	Jason Chen, Maverick Shih, Dale Tsai, Victor Chien - Grace Lung, Steve Tso, Andrew Chang	28,970,000	40.55%
46	107	AOE	AOPEN Computer B.V.	Director President	Dale Tsai, Jack Chou, Edward Chen Jack Chou	40	40.55%
47	111	GTI	GadgeTek Inc.	Director President Supervisor	Jerry Kao, Meggy Chen, Lydia Wu - Dick Tan	4,500,000	83.64%
48	115	ASZ	Acer Computer (Switzerland) AG	Director President	Emmanuel Fromont, Tai Chi Shih, Thomas Berli -	50	100.00%
49	120	AAC	Acer America Corporation	Director President	Jason Chen, Ming Wang, Gregg Prendergast Gregg Prendergast	3,100,000	100.00%
50	121	ACG	ACER Computer GmbH	Director President	Emmanuel Fromont, Tai Chi Shih, Wilfried Thom, Robert Perenz -	N.A.	100.00%
51	122	SAL	Bluechip Infotech Pty Ltd	Director President	Chiang Sheng Hsiung, Ronald Keith Jarvis, Guan- Sheng Renn, Jerry Lin, Yu-Hsiu Chen -	1,795,000	39.69%
52	123	AUK	Acer U.K. Limited	Director President	Emmanuel Fromont, Tai Chi Shih, Craig Booth -	9,071,790	100.00%
53	124	ACF	Acer Computer France S.A.S.U.	Director President	Jean-Luc Bayel, Angelo D'Ambrosio, Emmanuel Fromont, Tai Chi Shih -	2,606,140	100.00%
54	128	ACH	Acer Computer B.V.	Director President	Bart Janssen, Emmanuel Fromont, Tai Chi Shih -	261,226	100.00%
55	129	AOA	AOPEN America Inc.	Director President	Dale Tsai, Jim Chen, Edward Chen Aaron Pompey	15,000,000	40.55%
56	134	CCI	Cross Century Investment Limited	Director President	Jason Chen, Sophia YL Chen, Meggy Chen -	N.A.	100.00%

No.	Company Code	Brief Name	Company	Title	Name	Number of shares (in thousands)	Percentage of Ownership
57	137	ASDI	Aspire Service & Development Inc.	Director President Supervisor	Andy HT Lin, Meggy Chen, Mercury Kuo - Sophia YL Chen	22,593,100	100.00%
58	138	ABC	Acer Being Communication Inc.	Director President Supervisor	Jason Chen, Maverick Shih, Po Po - Sophia YL Chen	2,500,000	100.00%
59	139	AIT	Acer Italy S.R.L.	Director President	Diego Cavallari, Emmanuel Fromont, Tai Chi Shih, Marco Peverelli (outside), Roberta Matrone(outside), Giovanni Borgini(outside) -	N.A.	100.00%
60	141	AOSV	Aopen SmartView Incorporated	Director President Supervisor	Dale Tsai, Richard Lin, Steve Yu - Edward Chen	4,000,000	40.55%
61	142	HTW	Heartware Alliance And Intergation Limited	Director President	Dale Tsai, Steve Yu -	100,000	40.55%
62	143	AOSD	AOPEN SmartView Incorporated	Director President Supervisor	Victor Chien, Jason Chen, Dale Tsai - Edward Chen	2,000,000	32.44%
63	144	BLI	Bluechip Infotech Incorporated	Director President Supervisor	Jerry Lin, Chiang Sheng Hsiung, Peter L.J. Pan - Edward Chen	100,000	39.69%
64	145	ACD	Acer Denmark A/S	Director President	Tai Chi Shih, Henrik Frydahl, Emmanuel Fromont -	100	100.00%
65	146	TWPBJ	Acer Third Wave Software (Beijing) Co. Ltd	Director President Supervisor	Mercury Kuo - -	N.A.	100.00%
66	156	MPS	MPS Energy Inc.	Director President Supervisor	RC Chang, Jason Chen, Meggy Chen - Sophia YL Chen	7,248,736	100.00%

No.	Company Code	Brief Name	Company	Title	Name	Number of shares (in thousands)	Percentage of Ownership
67	160	ACV	Acer Austria GmbH	Director President	Emmanuel Fromont, Michael Stuhr, Tai Chi Shih -	N.A.	100.00%
68	165	ASCBVI	Acer SoftCapital Incorporated	Director President	Meggy Chen, Jason Chen -	158,475,324	100.00%
69	167	ABHI	Acer Healthcare Inc.	Director President Supervisor	RC Chang, Jason Chen, Meggy Chen YH Hsu Sophia YL Chen	5,000,000	100.00%
70	168	AEH	Acer European Holdings SA	Director President	Emmanuel Fromont, Bruno Pelletier, Tai Chi Shih, Jason Chen, Meggy Chen -	147,000	100.00%
71	171	GCN	Gadge Tek (Shanghai) Limited	Director President Supervisor	Jack Lan - -	N.A.	83.64%
72	172	AOTH	AOPEN Technology Inc.	Director President	Dale Tsai, Edward Chen -	50,000	40.55%
73	173	PBT	PecerBio-medical Technology Incorporated	Director President Supervisor	Jason Chen, Dave Lin, Steve Lin - Sophia YL Chen	75,000	48.99%
74	174	ACN	Acer Computer Norway AS	Director President	Emmanuel Fromont, Anne-Mette Guthus, Tai Chi Shih, Wilfried Thom -	6,531	100.00%
75	177	EDC	Acer e-Enabling Data Center Incorporated	Director President Supervisor	Maverick Shih, Rex Wu, Meggy Chen - Sophia YL Chen	152,181,250	100.00%
76	180	AIB	Acer Computer Iberica, S.A.	Director President	Ivana Clemente, Emmanuel Fromont, Tai Chi Shih -	142,338	100.00%
77	181	AIZS	Acer Information (Zhong Shan) Co., Ltd.	Director President Supervisor	KV Cheng, Sophia YL Chen, Mercury Kuo - Jim Liu	N.A.	100.00%

No.	Company Code	Brief Name	Company	Title	Name	Number of shares (in thousands)	Percentage of Ownership
78	182	AIN	PT. Acer Indonesia	Director	Herbet Ang, Parman Iskak, Andrew Hou, Meggy Chen, Ryan Yen	300,000	100.00%
79	189	HSN	HighPoint Service Network Sdn Bhd	President	Herbet Ang		
80	192	AIL	Acer India Private Limited	Director	Tek Young Kon, Ricky Tan	500,000	92.54%
81	193	ADSC	Acer Digital Service Co.	President	Gerald Ho		
82	194	AFN	Acer Computer Finland Oy	Director	Sophia YL Chen	78,803,764	100.00%
83	197	AHN	Acer Europe B. V.	President	Jason Chen, Meggy Chen, Lydia Wu	68,000,000	100.00%
84	199	ACW	Acer Computer Sweden AB	Supervisor	Tai Chi Shih, Wilfried Thom, Henrik Frydahl, Emmanuel Fromont	50	100.00%
85	200	SER	Sertec 360 SA	Director	Emmanuel Fromont, Els Vandersickel, Tai Chi Shih	166,043	100.00%
86	203	CPY	CPYou B.V.	President	Emmanuel Fromont	1,000	100.00%
87	223	AST	Acer Synergy Tech Corp.	Director	Tobi Musson, Marcus Kueppers, Emmanuel Fromont, Tai Chi Shih	1,000	100.00%
88	224	ASTS	Shanghai AST Technology Service Ltd.	President	Els Vandersickel, Joachim de Rooij, Tai Chi Shih, Philippe Henry	1,000	100.00%
				Director	Maverick Shih, Meggy Chen, Andrew Hou, Jessica Chou		
				President	KS Harn	6,775,489	52.00%
				Independent Director	Nancy Hu, Teresa Cheng, Victor Tsao		
				Director	Lydia Wu, Maverick Shih, Meggy Chen		
				Supervisor	KS Harn	N.A.	52.00%
				Supervisor	Sophia YL Chen		

No.	Company Code	Brief Name	Company	Title	Name	Number of shares (in thousands)	Percentage of Ownership
89	225	ISU	ISU Service Corp.	Director	Maverick Shih, Meggy Chen, KS Harn	2,000,000	52.00%
90	227	ACLAH	Boardwalk Capital Holdings Limited	President	Grace Ou		
91	228	ACLAN	ACLA Holdings North, LLC	Supervisor	Jason Chen, Meggy Chen	1,373,071,341	100.00%
92	229	ACLAS	ACLA Holding South, LLC	Director	Ming Wang	N.A.	100.00%
93	230	ACLAE	ACLA Holding East, LLC	President	Ming Wang	N.A.	100.00%
94	231	ACLAW	ACLA Holding West, LLC	Director	Ming Wang	N.A.	100.00%
95	232	ATB	AGP Tecnologia em Informatica do Brasil Ltda.	President	Ming Wang	N.A.	100.00%
96	244	ACSI	Acer Cyber Security Incorporated	Director	Alexandre Gerardo	249,466,846	100.00%
97	249	AOC	AOPEN International (Shanghai) Co., Ltd.	President	Maverick Shih, Ben Wan, Meggy Chen	10,755,900	64.54%
98	251	ETEN	E-ten Information System Co., Ltd.	Supervisor	Rex Wu		
99	257	ARU	Acer Marketing Services LLC	Independent Director	Ming To Yu, Chie-Shiang Tong, Sen Chou Lo, Yuan-Chen Sun		
100	259	AGU	AGP Insurance (Guernsey) Limited	Director	Dale Tsai, Edward Chen, Richard Lin	N.A.	40.55%
				President	Sunny Liao		
				Supervisor	Jason Chen, Maverick Shih, Meggy Chen	10,000,000	100.00%
				Director	Maurice Chang		
				President	Sophia YL Chen		
				Supervisor	Tai Chi Shih, Julia Volodina, Bruno Pelletier	N.A.	100.00%
				Director	David Allen, Christopher Andersen, Alfredo Crespi, Meggy Chen, Christian Greisberger	5,000,000	100.00%
				President			



No.	Company Code	Brief Name	Company	Title	Name	Number of shares (in thousands)	Percentage of Ownership
101	265	BJAC	Beijing Altos Computing Ltd.	Director President Supervisor	Jackie CC Lee, Jason Chen, Meggy Chen - Sophia YL Chen	N.A.	86.59%
102	269	AOJ	AOPEN Japan Inc.	Director President Supervisor	Dale Tsai, Edward Chen, Frank Huang - Julin Tai	200	40.55%
103	275	AOZ	AOPEN Information Products (Zhongshan) Inc.	Director President Supervisor	Dale Tsai Steve Yu Edward Chen	N.A.	40.55%
104	276	AOGS	AOPEN GLOBAL SOLUTIONS PTY LTD.	Director President	Dale Tsai, Edward Chen, Stephen Borg -	105,000	28.39%
105	277	AOAU	AOPEN Australia & New Zealand Pty Ltd	Director President	Dale Tsai, Edward Chen, Stephen Borg Stephen Borg	100	28.39%
106	284	ACVC	Acer China Venture Corp	Director President Supervisor	Joseph Hsueh, Jason Chen, Jerry Lin - Meggy Chen	N.A.	100.00%
107	285	ACVP	Acer China Venture Partnership	Director President Supervisor	Joseph Hsueh - -	N.A.	100.00%
108	287	AGM	Acer Gaming Inc.	Director President Supervisor	Jerry Kao, Meggy Chen, James Hsu - Sophia YL Chen	1,000,000	100.00%
109	288	DZH	DropZone Holding Limited	Director President	Jason Chen, Jerry Kao, Meggy Chen -	100,000	100.00%
110	289	DZL	DropZone (Hong Kong) Limited	Director President	Jason Chen, Jerry Kao, Meggy Chen -	3,000	100.00%
111	293	AAPH	Acer Asia Pacific Sdn Bhd	Director President	Jason Chen, Tek Yoong Kon, Ricky Tan, Andrew Hou -	3,319,995	100.00%
112	310	AEG	Acer Europe SA	Director President	Emmanuel Fromont, Jason Chen, Tai Chi Shih -	1,650	100.00%

No.	Company Code	Brief Name	Company	Title	Name	Number of shares (in thousands)	Percentage of Ownership
113	313	ACZ	Acer Czech Republic s.r.o.	Director President	Emmanuel Fromont, Tomas Cech, Tai Chi Shih -	N.A.	100.00%
114	336	APHI	Acer Philippines, Inc.	Director President	Manuel Wong, Ryan Yen, Andrew Hou, Susan M Santos, Yolanda S. Sebastian Manuel Wong	135,101	100.00%
115	338	HPA	HighPoint Australia Pty Ltd	Director President	Darren Simmons -	500,000	100.00%
116	345	HSNI	PT HSN Tech Indonesia	Director President	Parman Iskak, Andrew Hou, Ryan Yen, Herbert Ang Herbet Ang	990,000	92.54%
117	346	AIP	Acer Infotech Pvt Ltd	Director President	Harish K. Kohli, Alok Dubey -	16,250,000	100.00%
118	347	HSNP	HighPoint Services Network Philippines, Inc.	Director President	Manuel Wong, Ryan Yen, Andrew Hou, Susan M Santos, Yolanda S. Sebastian Manuel Wong	106,000	100.00%
119	348	HSNT	HighPoint Service Network (Thailand) Co., Ltd	Director President	Nitipat Praweenwongwuthi, Alan Chiang, Andrew Hou Toasaksiri, Sombat	24,499	92.54%
120	349	HSNC	HighPoint Service Network Corporation	Director President Supervisor	Andrew Hou, Lydia Wu, Meggy Chen Jacky Lin Vincent Chi	15,000,000	92.54%
121	356	VRE	StarVR Europe SA	Director President	Guido Wennemer, Ted Chiou, Meggy Chen -	100,000	66.80%
122	400	GWI	Gateway, Inc.	Director President	Meggy Chen, Gregg Prendergast, Ming Wang -	100	100.00%

2. Where the company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose the date on which the placement was approved by the board of directors or by a shareholders meeting, the amount thus approved, the basis for and reasonableness of the pricing, the manner in which the specified persons were selected, the reasons why the private placement method was necessary, the targets of the private placement, their qualifications, subscription amounts, subscription price, relationship with the company, participation in the operations of the company, actual subscription (or conversion) price, the difference between the actual subscription (or conversion) price and the reference price, the effect of the private placement on shareholders' equity, and, for the period from receipt of payment in full to the completion of the related capital allocation plan, the status of use of the capital raised through the private placement of securities, the implementation progress of the plan, and the realization of the benefits of the plan

None

### 3. Status of Acer common shares and GDRs acquired, disposed of, and held by subsidiaries

Unit: NTD Thousands

Name of Investee	Total Amount of Paid-in Capital	Source	Percentage of Acer	Acquired/ disposed date	Acquisitions	Disposal	Gain (Loss)	Number shares(units) and amount as of the Date of this Annual Report	Pledged	Guarantees and endorsements provided by Acer	Financing provide by Acer
CCI	880,000	Generated from operations	100%	During 2019 and as of the Date of this Annual Report	0 share \$0	0 share \$0	0 share \$0	4,773,731 shares \$171,324	None	None	None
ASCBVI	3,578,294	Generated from operations	100%	During 2019 and as of the Date of this Annual Report	0 share \$0	0 share \$0	0 share \$0	12,729,869 shares \$522,237	None	None	None
ASCBVI	3,578,294	Generated from operations	100%	During 2019 and as of the Date of this Annual Report	0 share \$0	0 share \$0	0 share \$0	GDR (Note) 4,987,459 units \$1,969,617	None	None	None
ETEN	160,000	Generated from operations	100%	During 2019 and as of the Date of this Annual Report	0 share \$0	0 share \$0	0 share \$0	4,305,395 shares \$251,678	None	None	None

Note: Each unit stands for Acer's 5 common shares.

### 4. Other matters that require additional description

None

If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed one by one

None

## Appendix I

# 2020 Consolidated Financial Statements

**ACER INCORPORATED AND SUBSIDIARIES**  
**Consolidated Financial Statements**  
**With Independent Auditors' Report**  
**For the Years Ended December 31, 2020 and 2019**

The independent auditors' report and the accompanying consolidated 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 consolidated financial statements, the Chinese version shall prevail.

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## Representation Letter

The entities that are required to be included in the combined financial statements of Acer Incorporated as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Acer Incorporated and Subsidiaries do not prepare a separate set of combined financial statements.

Hereby declare

Acer Incorporated  
Jason Chen  
Chairman  
March 17, 2021



安侯建業聯合會計師事務所

KPMG

台北市110615信義路5段7號68樓(台北101大樓)  
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,  
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

Telephone 電話 + 886 2 8101 6666  
Fax 傳真 + 886 2 8101 6667  
Internet 網址 home.kpmg/tw

## Independent Auditors' Report

To the Board of Directors  
Acer Incorporated:

### Opinion

We have audited the consolidated financial statements of Acer Incorporated and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), and interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, 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 Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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 Group's consolidated financial statements for the year ended December 31, 2020 are stated as follows:

### 1. Revenue recognition

Refer to Note 4(q) 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 Group 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 Group 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 Group'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(h) for the accounting policies on inventory valuation, Note 5(b) for uncertainty of accounting estimations and assumptions for inventory valuation and Note 6(e) for the details of related disclosures.

Description of key audit matter:

Inventories are measured at the lower of cost and net realizable value. Due to the rapid innovation of technology and fierce market competition, the Group's product price may fluctuate rapidly. Furthermore, the stocks for products and components may exceed customers' demands thus becoming obsolete. These factors expose the Group 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 Group'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

Refer to Note 4(o) 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(j) for the evaluation of goodwill impairment.

#### Description of key audit matter:

Goodwill arising from past acquisition of subsidiaries 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 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 valuation model 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 assessing the adequacy of the Group's disclosures of other related information on impairment of non-financial assets (including goodwill).

#### **Other Matter**

Acer Incorporated has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unmodified audit opinion.

#### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs, IASs, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group 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 Group's financial reporting process.

#### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated 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 Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group 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 consolidated 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 Tzu-Chieh Tang.

KPMG

Taipei, Taiwan (Republic of China)

March 17, 2021

#### **Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated 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 consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated 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 consolidated financial statements, the Chinese version shall prevail.

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

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

	<b>Assets</b>	<b>December 31, 2020</b>		<b>December 31, 2019</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
	<b>Current assets:</b>				
1100	Cash and cash equivalents (note 6(a))	\$ 39,181,023	21	24,184,332	16
1110	Financial assets measured at fair value through profit or loss— current (note 6(b))	5,841,103	3	1,271,742	1
1120	Financial assets measured at fair value through other comprehensive income—current (note 6(c))	98,818	-	100,313	-
1140	Contract assets—current (note 6(v))	514,369	-	420,882	-
1170	Notes and accounts receivable, net (notes 6(d) & (v))	55,170,110	30	49,398,044	32
1180	Accounts receivable from related parties (notes 6(d) & (v) and 7)	27,419	-	41,201	-
1200	Other receivables (notes 6(d) and 7)	548,016	-	550,769	-
1220	Current income tax assets	365,493	-	314,898	-
130X	Inventories (note 6(e))	42,983,432	24	41,034,471	26
1470	Other current assets (note 6(k))	4,006,693	3	4,412,422	3
	<b>Total current assets</b>	<b>148,736,476</b>	<b>81</b>	<b>121,729,074</b>	<b>78</b>
	<b>Non-current assets:</b>				
1517	Financial assets measured at fair value through other comprehensive income—non-current (note 6(c))	6,109,592	3	5,146,642	3
1550	Investments accounted for using the equity method (note 6(f))	1,008,312	1	944,958	1
1600	Property, plant and equipment (notes 6(g) and 8)	3,865,909	2	3,561,644	2
1755	Right-of-use assets (note 6(h))	1,857,520	1	1,948,343	1
1760	Investment property (note 6(i))	749,843	-	1,129,350	1
1780	Intangible assets (note 6(j))	16,292,729	9	16,930,072	11
1840	Deferred income tax assets (note 6(r))	2,480,776	1	1,551,795	1
1900	Other non-current assets (notes 6(k) & (q))	1,748,559	1	1,996,859	1
1980	Other financial assets—non-current (note 8)	1,058,956	1	1,157,827	1
	<b>Total non-current assets</b>	<b>35,172,196</b>	<b>19</b>	<b>34,367,490</b>	<b>22</b>
	<b>Total assets</b>	<b>\$ 183,908,672</b>	<b>100</b>	<b>156,096,564</b>	<b>100</b>

(Continued)

See accompanying notes to consolidated financial statements.

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

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

	<b>December 31, 2020</b>		<b>December 31, 2019</b>		
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	
<b>Liabilities and Equity</b>					
<b>Current liabilities:</b>					
2100	Short-term borrowings (notes 6(l) and 8)	\$ 1,029,117	1	1,505,587	1
2120	Financial liabilities measured at fair value through profit or loss – current (note 6(b))	1,526,494	1	449,052	-
2130	Contract liabilities – current (note 6(v))	2,269,409	1	1,832,271	1
2170	Notes and accounts payable (note 7)	49,405,634	27	35,223,814	23
2200	Other payables (notes 6(w) and 7)	29,810,924	16	24,711,860	16
2230	Current tax liabilities	3,371,032	2	1,246,154	1
2250	Provisions – current (notes 6(o) and 9)	5,948,144	3	4,953,980	3
2280	Lease liabilities – current (note 6(n))	602,656	-	598,743	-
2322	Current portion of long-term debt (notes 6(m) and 8)	18,113	-	9,627	-
2365	Refund liabilities – current	15,074,621	8	12,441,200	8
2399	Other current liabilities	1,664,174	1	1,500,969	1
	<b>Total current liabilities</b>	<b>110,720,318</b>	<b>60</b>	<b>84,473,257</b>	<b>54</b>
<b>Non-current liabilities:</b>					
2527	Contract liabilities – non-current (note 6(v))	827,783	-	662,672	-
2540	Long-term debt (notes 6(m) and 8)	3,395,102	2	5,834,188	4
2550	Provisions – non-current (notes 6(o) and 9)	33,121	-	32,096	-
2570	Deferred income tax liabilities (note 6(r))	3,555,113	2	2,525,953	2
2580	Lease liabilities – non-current (note 6(n))	1,353,697	1	1,409,264	1
2600	Other non-current liabilities (note 6(q))	2,081,574	1	1,963,895	1
	<b>Total non-current liabilities</b>	<b>11,246,390</b>	<b>6</b>	<b>12,428,068</b>	<b>8</b>
	<b>Total liabilities</b>	<b>121,966,708</b>	<b>66</b>	<b>96,901,325</b>	<b>62</b>
<b>Equity (note 6(s)):</b>					
3110	Common stock	30,478,538	17	30,749,338	20
3200	Capital surplus	27,378,068	15	28,152,962	18
	Retained earnings:				
3310	Legal reserve	853,852	1	587,602	-
3320	Special reserve	3,976,265	2	2,940,572	2
3350	Unappropriated retained earnings	6,038,916	3	2,668,082	2
3400	Other equity	(5,517,452)	(3)	(4,342,227)	(3)
3500	Treasury stock	(2,914,856)	(2)	(2,914,856)	(2)
	<b>Equity attributable to shareholders of the Parent</b>	<b>60,293,331</b>	<b>33</b>	<b>57,841,473</b>	<b>37</b>
36XX	<b>Non-controlling interests</b>	<b>1,648,633</b>	<b>1</b>	<b>1,353,766</b>	<b>1</b>
	<b>Total equity</b>	<b>61,941,964</b>	<b>34</b>	<b>59,195,239</b>	<b>38</b>
	<b>Total liabilities and equity</b>	<b>\$ 183,908,672</b>	<b>100</b>	<b>156,096,564</b>	<b>100</b>

See accompanying notes to consolidated financial statements.

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

	2020		2019	
	Amount	%	Amount	%
4000 <b>Net revenue (notes 6(v), 7 and 14)</b>	\$ 277,112,477	100	234,285,354	100
5000 <b>Cost of revenue (notes 6(e), (g), (h), (j), (n), (o), (q) &amp; (w), 7 and 12)</b>	<u>(246,992,862)</u>	<u>(89)</u>	<u>(209,568,568)</u>	<u>(89)</u>
<b>Gross profit</b>	<u>30,119,615</u>	<u>11</u>	<u>24,716,786</u>	<u>11</u>
<b>Operating expenses (notes 6(d), (g), (h), (i), (j), (n), (o), (p), (q), (t) &amp; (w), 7 and 12):</b>				
6100 Selling expenses	(14,397,099)	(5)	(14,697,428)	(7)
6200 General and administrative expenses	(4,632,802)	(2)	(4,431,080)	(2)
6300 Research and development expenses	(2,382,649)	(1)	(2,571,756)	(1)
6400 Other expenses	-	-	(33,258)	-
<b>Total operating expenses</b>	<u>(21,412,550)</u>	<u>(8)</u>	<u>(21,733,522)</u>	<u>(10)</u>
6500 <b>Other operating income and expenses, net (notes 6(p) &amp; (x) and 7)</b>	<u>228,773</u>	<u>-</u>	<u>94,550</u>	<u>-</u>
<b>Operating income</b>	<u>8,935,838</u>	<u>3</u>	<u>3,077,814</u>	<u>1</u>
<b>Non-operating income and loss:</b>				
7100 Interest income (note 6(y))	315,460	-	468,887	1
7010 Other income (note 6(y))	243,073	-	195,296	-
7020 Other gains and losses (notes 6(f), (g), (j) & (y) and 7)	(437,479)	-	270,533	-
7050 Finance costs (notes 6(n) & (y))	(155,301)	-	(189,251)	-
7060 Share of profits (losses) of associates and joint ventures (note 6(f))	<u>3,512</u>	<u>-</u>	<u>(111,259)</u>	<u>-</u>
<b>Total non-operating income and loss</b>	<u>(30,735)</u>	<u>-</u>	<u>634,206</u>	<u>1</u>
7900 <b>Income before taxes</b>	8,905,103	3	3,712,020	2
7950 <b>Income tax expense (note 6(r))</b>	<u>(2,759,493)</u>	<u>(1)</u>	<u>(1,143,646)</u>	<u>(1)</u>
<b>Net income</b>	<u>6,145,610</u>	<u>2</u>	<u>2,568,374</u>	<u>1</u>
<b>Other comprehensive income (loss) (notes 6(f), (q), (r), (s) &amp; (z)):</b>				
8310 <b>Items that will not be reclassified subsequently to profit or loss</b>				
8311 Remeasurements of defined benefit plans	37,203	-	(233,583)	-
8316 Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	635,743	-	687,671	-
8320 Share of other comprehensive income (losses) of associates	42	-	(24)	-
8349 Income tax related to items that will not be reclassified subsequently to profit or loss	<u>162</u>	<u>-</u>	<u>9,504</u>	<u>-</u>
<b>Total items that will not be reclassified to profit or loss</b>	<u>673,150</u>	<u>-</u>	<u>463,568</u>	<u>-</u>
8360 <b>Items that may be reclassified subsequently to profit or loss</b>				
8361 Exchange differences on translation of foreign operations	(1,841,430)	-	(1,413,636)	-
8370 Share of other comprehensive losses of associates	(3,271)	-	(36)	-
8399 Income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
<b>Total items that may be reclassified subsequently to profit or loss</b>	<u>(1,844,701)</u>	<u>-</u>	<u>(1,413,672)</u>	<u>-</u>
<b>Other comprehensive loss, net of taxes</b>	<u>(1,171,551)</u>	<u>-</u>	<u>(950,104)</u>	<u>-</u>
<b>Total comprehensive income for the year</b>	<u>\$ 4,974,059</u>	<u>2</u>	<u>1,618,270</u>	<u>1</u>
<b>Net income (loss) attributable to:</b>				
8610 Shareholders of the Parent	\$ 6,029,287	2	2,632,565	1
8620 Non-controlling interests	<u>116,323</u>	<u>-</u>	<u>(64,191)</u>	<u>-</u>
	<u>\$ 6,145,610</u>	<u>2</u>	<u>2,568,374</u>	<u>1</u>
<b>Total comprehensive income (loss) attributable to:</b>				
8710 Shareholders of the Parent	\$ 4,850,535	2	1,693,913	1
8720 Non-controlling interests	<u>123,524</u>	<u>-</u>	<u>(75,643)</u>	<u>-</u>
	<u>\$ 4,974,059</u>	<u>2</u>	<u>1,618,270</u>	<u>1</u>
<b>Earnings per share (in New Taiwan dollars) (note 6(u)):</b>				
9750 Basic earnings per share	\$ 2.01		0.87	
9850 Diluted earnings per share	<u>1.99</u>		<u>0.87</u>	

See accompanying notes to consolidated financial statements.

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

	Attributable to shareholders of the Parent												Total equity attributable to shareholders of the parent	Non-controlling interests	Total equity
	Retained earnings						Other equity								
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Foreign currency translation differences	Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	Treasury stock	Total equity attributable to shareholders of the parent			
<b>Balance at January 1, 2019</b>	\$ 30,749,338	27,913,351	281,559	2,534,028	3,085,863	5,901,450	(2,789,146)	(522,226)	(69,817)	(3,381,189)	(2,914,856)	58,268,094	718,192	58,986,286	
Net income for the year	-	-	-	-	2,632,565	2,632,565	-	-	-	-	-	2,632,565	(64,191)	2,568,374	
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(1,405,928)	685,362	(218,086)	(938,652)	-	(938,652)	(11,452)	(950,104)	
Total comprehensive income (loss) for the year	-	-	-	-	2,632,565	2,632,565	(1,405,928)	685,362	(218,086)	(938,652)	-	1,693,913	(75,643)	1,618,270	
Appropriation approved by the stockholders:															
Legal reserve	-	-	306,043	-	(306,043)	-	-	-	-	-	-	-	-	-	
Special reserve	-	-	-	406,544	(406,544)	-	-	-	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(2,367,699)	(2,367,699)	-	-	-	-	-	(2,367,699)	-	(2,367,699)	
Adjustments of capital surplus for the cash dividends distributed to subsidiaries	-	36,051	-	-	-	-	-	-	-	-	-	36,051	-	36,051	
Share of changes in equity of associates	-	64,047	-	-	-	-	-	-	-	-	-	64,047	6,005	70,052	
Changes in ownership interests in subsidiaries	-	195,228	-	-	-	-	-	-	-	-	-	195,228	(195,228)	-	
Issuance of common stock from exercise of employee stock options by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	76,523	
Acquisition and disposal of interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	362,149	
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(57,583)	-	-	-	-	-	-	-	-	-	(57,583)	57,583	-	
Stock option compensation cost of subsidiaries	-	1,868	-	-	-	-	-	-	-	-	-	1,868	1,026	2,894	
Reorganization under common control	-	-	-	-	(126)	(126)	-	-	-	-	-	(126)	126	-	
Disposal of subsidiaries	-	-	-	-	-	-	7,680	-	-	7,680	-	7,680	-	7,680	
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	427,422	427,422	
Cash dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(24,389)	(24,389)	
Disposal of financial assets measured at fair value through other comprehensive income by subsidiaries	-	-	-	-	30,066	30,066	-	(30,066)	-	(30,066)	-	-	-	-	
<b>Balance at December 31, 2019</b>	\$ 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	1,353,766	59,195,239	
Net income for the year	-	-	-	-	6,029,287	6,029,287	-	-	-	-	-	6,029,287	116,323	6,145,610	
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(1,855,833)	632,065	45,016	(1,178,752)	-	(1,178,752)	7,201	(1,171,551)	
Total comprehensive income (loss) for the year	-	-	-	-	6,029,287	6,029,287	(1,855,833)	632,065	45,016	(1,178,752)	-	4,850,535	123,524	4,974,059	
Appropriation approved by the stockholders:															
Legal reserve	-	-	266,250	-	(266,250)	-	-	-	-	-	-	-	-	-	
Special reserve	-	-	-	1,035,693	(1,035,693)	-	-	-	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(1,352,971)	(1,352,971)	-	-	-	-	-	(1,352,971)	-	(1,352,971)	
Cash distributed from capital surplus	-	(1,014,728)	-	-	-	-	-	-	-	-	-	(1,014,728)	-	(1,014,728)	
Adjustments of capital surplus for the cash dividends distributed to subsidiaries	-	36,416	-	-	-	-	-	-	-	-	-	36,416	-	36,416	
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	-	(361,943)	(361,943)	-	(361,943)	
Retirement of treasury stock	(270,800)	(91,143)	-	-	-	-	-	-	-	-	361,943	-	-	-	
Share of changes in equity of associates	-	76,443	-	-	-	-	-	-	-	-	-	76,443	33,556	109,999	
Changes in ownership interests in subsidiaries	-	43,604	-	-	-	-	-	-	-	-	-	43,604	(43,604)	-	
Disposal of interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	301,669	301,669	
Difference between consideration and carrying amount of subsidiaries disposed	-	174,404	-	-	-	-	-	-	-	-	-	174,404	(174,404)	-	
Reorganization under common control	-	-	-	-	(12)	(12)	-	-	-	-	-	(12)	12	-	
Stock option compensation cost of subsidiaries	-	110	-	-	-	-	-	-	-	-	-	110	71	181	
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	135,581	135,581	
Cash dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(76,181)	(76,181)	
Disposal of financial assets measured at fair value through other comprehensive income by subsidiaries	-	-	-	-	(3,527)	(3,527)	-	3,527	-	3,527	-	-	(5,357)	(5,357)	
<b>Balance at December 31, 2020</b>	\$ 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	1,648,633	61,941,964	

See accompanying notes to consolidated financial statements.



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

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

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

(Continued)

See accompanying notes to consolidated financial statements.

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

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

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

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**ACER INCORPORATED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**For the years ended December 31, 2020 and 2019**  
**(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 and its subsidiaries (the “Group”) primarily engages in the marketing and sale of brand-name IT products, as well as providing electronic information services to its clients. The Group 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 consolidated financial statements**

These consolidated financial statements were authorized for issue by the Board of Directors on March 17, 2021.

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

- (a) Impact of adoption of new, revised or amended standards and interpretations endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”).

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2020:

- Amendments to IFRS 3 “Definition of a Business”
- Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”
- Amendments to IAS 1 and IAS 8 “Definition of Material”
- Amendments to IFRS 16 “COVID-19 Related Rent Concessions”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform – Phase 2”

(Continued)

**ACER INCORPORATED AND SUBSIDIARIES**  
**Notes to the Consolidated 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 Group, have been issued by the International Accounting Standards Board (“IASB”), but have yet to be endorsed by the FSC:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	<p>The amendments aim to promote consistency in applying the standards by helping companies to determine whether, in the 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.</p> <p>The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.</p>	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated 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 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”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(Continued)

**ACER INCORPORATED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**4. Summary of significant accounting policies**

The significant accounting policies presented in the consolidated financial statements are summarized as follows and have been applied consistently to all periods presented in these financial statements.

(a) Statement of compliance

The Group's accompanying consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (the "Regulations") and the IFRSs, IASs, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (collectively as "Taiwan-IFRSs").

(b) Basis of preparation

(i) Basis of measurement

The accompanying consolidated 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 each Group entity is determined based on the primary economic environment in which the entity operates. The Group's consolidated 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) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The accompanying consolidated financial statements incorporate the financial statements of the Company and its controlled entities (the subsidiaries) in which the Company is exposed, or has right, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company transactions, balances and resulting unrealized income and loss are eliminated on consolidation. Total comprehensive income (loss) of a subsidiary is attributed to the shareholders of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, financial statements of subsidiaries are adjusted to align the accounting policies with those adopted by the Company.

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**ACER INCORPORATED AND SUBSIDIARIES**  
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Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the adjustment of the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and attributed to the shareholders of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss, which is calculated as the difference between (1) the aggregate of the fair value of consideration received and the fair value of any retained interest at the date when control is lost, and (2) the previous carrying amount of the former subsidiary's assets (including goodwill), liabilities and non-controlling interest at the date when the Group loses control. All amounts recognized in other comprehensive income in relation to the subsidiary are accounted for on the same basis as would be required if the Group had directly disposed of the related assets and liabilities.

The fair value of any investment retained in a former subsidiary at the date when control is lost is regarded as the cost on initial recognition of a financial asset measured at fair value through other comprehensive income or an investment in an associate.

(ii) List of subsidiaries included in the consolidated financial statements

Name of Investor	Name of Investee	Main Business and Products	Percentage of Ownership	
			December 31, 2020	December 31, 2019
AHI	Acer Market Services Limited ("AMS", Hong Kong)	Investment and holding activity	100.00 %	100.00 %
AHI	Acer Computer (Far East) Limited ("AFE", Hong Kong)	Sale of brand-name IT products	100.00 %	100.00 %
AMS	Acer Information (Zhong Shan) Co., Ltd. ("AIZS", China)	Sale of brand-name IT products	100.00 %	100.00 %
AMS	Acer Computer (Shanghai) Ltd. ("ACCN", China)	Sale of brand-name IT products	100.00 %	100.00 %
AMS	Acer (Chongqing) Ltd. ("ACCQ", China)	Sale of brand-name IT products	100.00 %	100.00 %
The Company	Acer European Holdings SA ("AEH", Switzerland)	Investment and holding activity	100.00 %	100.00 %
AEH	Acer Europe B.V. ("AHN", the Netherlands)	Investment and holding activity	100.00 %	100.00 %
AEH	Acer Computer (M.E.) Limited ("AME", British Virgin Islands)	Sale of brand-name IT products	100.00 %	100.00 %
AEH	Acer Africa (Proprietary) Limited ("AAF", South Africa)	Marketing, repair and maintenance of brand-name IT products	100.00 %	100.00 %
AEH	AGP Insurance (Guernsey) Limited ("AGU", Guernsey)	Insurance captive	100.00 %	100.00 %
AEH	Acer Sales International SA ("ASIN", Switzerland)	Sale of brand-name IT products	100.00 %	100.00 %
AEH	Acer Europe SA ("AEG", Switzerland)	Sale of brand-name IT products	100.00 %	100.00 %
AEH	Sertec 360 SA ("SER", Switzerland)	Repair and maintenance of IT products	100.00 %	100.00 %
AHN	Acer Computer France S.A.S.U. ("ACF", France)	Sale of brand-name IT products	100.00 %	100.00 %
AHN	Acer U.K. Limited ("AUK", the United Kingdom)	Sale of brand-name IT products	100.00 %	100.00 %
AHN	Acer Italy S.R.L. ("AIT", Italy)	Sale of brand-name IT products	100.00 %	100.00 %

(Continued)

**ACER INCORPORATED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<u>Name of Investor</u>	<u>Name of Investee</u>	<u>Main Business and Products</u>	<u>Percentage of Ownership</u>	
			<u>December 31, 2020</u>	<u>December 31, 2019</u>
AHN	Acer Computer GmbH (“ACG”, Germany)	Sale of brand-name IT products	100.00 %	100.00 %
AHN	Acer Austria GmbH (“ACV”, Austria)	Marketing of brand-name IT products	100.00 %	100.00 %
AHN	Acer Czech Republic S.R.O. (“ACZ”, Czech Republic)	Marketing, repair and maintenance of brand-name IT products	100.00 %	100.00 %
AHN	Acer Computer Iberica, S.A. (“AIB”, Spain)	Sale of brand-name IT products	100.00 %	100.00 %
AHN	Acer Computer (Switzerland) AG (“ASZ”, Switzerland)	Sale of brand-name IT products	100.00 %	100.00 %
AHN	Asplex Sp. z.o.o. (“APX”, Poland)	Repair and maintenance of brand-name IT products	100.00 %	100.00 %
AHN	Acer Marketing Services LLC (“ARU”, Russia)	Marketing of brand-name IT products	100.00 %	100.00 %
AHN	Acer Poland sp. z.o.o. (“APL”, Poland)	Marketing of brand-name IT products	100.00 %	100.00 %
AHN	Acer Bilisim Teknolojileri Limited Sirketi (“ATR”, Turkey)	Marketing of brand-name IT products	100.00 %	100.00 %
AHN	Acer Computer B.V. (“ACH”, the Netherlands)	Sale of brand-name IT products	100.00 %	100.00 %
AHN	CPYou B.V. (“CPY”, the Netherlands)	Sale of brand-name IT products	100.00 %	-
ACH	Acer Computer Norway AS (“ACN”, Norway)	Marketing, repair and maintenance of brand-name IT products	100.00 %	100.00 %
ACH	Acer Computer Finland Oy (“AFN”, Finland)	Marketing, repair and maintenance of brand-name IT products	100.00 %	100.00 %
ACH	Acer Computer Sweden AB (“ACW”, Sweden)	Marketing of brand-name IT products	100.00 %	100.00 %
ACH	Acer Denmark A/S (“ACD”, Denmark)	Marketing of brand-name IT products	100.00 %	100.00 %
The Company and AEH	Boardwalk Capital Holdings Limited (“Boardwalk”, British Virgin Islands)	Investment and holding activity	100.00 %	100.00 %
Boardwalk	Acer Computec Mexico, S.A. de C.V. (“AMEX”, Mexico)	Sale of brand-name IT products	99.95 %	99.95 %
Boardwalk	Acer American Holdings Corp. (“AAH”, U.S.A.)	Investment and holding activity	100.00 %	100.00 %
Boardwalk	AGP Tecnologia em Informatica do Brasil Ltda. (“ATB”, Brazil)	Sale of brand-name IT products	100.00 %	100.00 %
AMEX	Aurion Tecnologia, S.A. de C.V. (“Aurion”, Mexico)	Service company	99.95 %	99.95 %
AAH	Acer Cloud Technology Inc. (“ACTI”, U.S.A.)	Investment and holding activity	100.00 %	100.00 %
ACTI	Acer Cloud Technology (US), Inc. (“ACTUS”, U.S.A.)	Cloud technology service and research, development, and design of IoT platform	100.00 %	100.00 %
AAH	Gateway, Inc. (“GWI”, U.S.A.)	Investment and holding activity	100.00 %	100.00 %
GWI	Acer America Corporation (“AAC”, U.S.A.)	Sale of brand-name IT products	100.00 %	100.00 %
GWI	Acer Service Corporation (“ASC”, U.S.A.)	Repair and maintenance of brand-name IT products	100.00 %	100.00 %

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Name of Investor	Name of Investee	Main Business and Products	Percentage of Ownership	
			December 31, 2020	December 31, 2019
The Company	Acer Holdings International, Incorporated (“AHI”, British Virgin Islands)	Investment and holding activity	100.00 %	100.00 %
AHI	Acer Computer Co., Ltd. (“ATH”, Thailand)	Sale of brand-name IT products	100.00 %	100.00 %
AHI	Acer Japan Corp. (“AJC”, Japan)	Sale of brand-name IT products	100.00 %	100.00 %
AHI	Acer Computer Australia Pty. Limited (“ACA”, Australia)	Sale of brand-name IT products	100.00 %	100.00 %
AHI	Acer Sales and Services SDN BHD (“ASSB”, Malaysia)	Sale of brand-name IT products	100.00 %	100.00 %
AHI	Acer Asia Pacific Sdn Bhd (“AAPH”, Malaysia)	Sale of brand-name IT products	100.00 %	100.00 %
AHI	Acer Computer (Singapore) Pte. Ltd. (“ACS”, Singapore)	Sale of brand-name IT products	100.00 %	100.00 %
AHI	Acer Computer New Zealand Limited (“ACNZ”, New Zealand)	Sale of brand-name IT products	100.00 %	100.00 %
AHI	PT. Acer Indonesia (“AIN”, Indonesia)	Sale of brand-name IT products	100.00 %	100.00 %
AIN	PT. Acer Manufacturing Indonesia (“AMI”, Indonesia)	Assembly of brand-name IT products	100.00 %	100.00 %
AHI	Acer India Private Limited (“AIL”, India)	Sale of brand-name IT products	100.00 %	100.00 %
AHI	Acer Infotech Pvt Ltd. (“AIP”, India)	Sale of brand-name IT products	100.00 %	100.00 %
AHI	Acer Vietnam Co., Ltd. (“AVN”, Vietnam)	Sale of brand-name IT products	100.00 %	100.00 %
AHI	Acer Philippines, Inc. (“APHI”, Philippines)	Sale of brand-name IT products	100.00 %	100.00 %
ASSB	Servex (Malaysia) Sdn Bhd (“SMA”, Malaysia)	Sale of computers and communication products	100.00 %	100.00 %
The Company	Weblink International Inc. (“WLII”, Taiwan)	Sale of computers and communication products	65.32 %	67.36 %
WLII	Wellife Inc. (“WELL”, Taiwan)	Matchmaking of professional services, platform of client service and sale of products, and providing of professional seminars and courses	65.32 %	67.36 %
WLII	Pecer Bio-medical Technology Incorporated (“PBT”, Taiwan)	Sale of health supplements and biotech service	48.99 %	-
The Company	Acer Synergy Tech Corp. (“AST”, Taiwan)	System integration service	52.00 %	60.88 %
AST	Shanghai AST Technology Service Ltd. (“ASTS”, China)	System integration service	52.00 %	60.88 %
AST	ISU Service Corp. (“ISU”, Taiwan)	Human resources and project service	52.00 %	60.88 %
The Company	Acer Digital Service Co. (“ADSC”, Taiwan)	Investment and holding activity	100.00 %	100.00 %
ADSC	Acer Property Development Inc. (“APDI”, Taiwan)	Property development	100.00 %	100.00 %
ADSC	Aspire Service & Development Inc. (“ASDI”, Taiwan)	Property development	100.00 %	100.00 %

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**ACER INCORPORATED AND SUBSIDIARIES**  
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<u>Name of Investor</u>	<u>Name of Investee</u>	<u>Main Business and Products</u>	<u>Percentage of Ownership</u>	
			<u>December 31, 2020</u>	<u>December 31, 2019</u>
ADSC	Acer Gaming Inc. (“AGM”, Taiwan)	Agency of video game console and peripherals	100.00 %	-
The Company	Cross Century Investment Limited (“CCI”, Taiwan)	Investment and holding activity	100.00 %	100.00 %
The Company	Acer SoftCapital Incorporated (“ASCBVI”, British Virgin Islands)	Investment and holding activity	100.00 %	100.00 %
ASCBVI	DropZone Holding Limited (“DZH”, Cayman Islands) (Formerly ASC Cayman, Limited)	Investment and holding activity	100.00 %	100.00 %
DZH	DropZone (Hong Kong) Limited (“DZL”, Hong Kong)	Operation and maintenance of eSports platform	100.00 %	100.00 %
The Company	E-ten Information Systems Co., Ltd. (“ETEN”, Taiwan)	Research, design and sale of smart handheld products	100.00 %	100.00 %
The Company	Acer BeingWare Holding Inc. (“ABH”, Taiwan)	Investment and holding activity	100.00 %	100.00 %
ABH	Acer Cloud Technology (Taiwan) Inc. (“ACTTW”, Taiwan)	Development of Internet of Beings and cloud technology, and integration of cloud technology, software and hardware	100.00 %	100.00 %
ABH	Altos Computing Inc. (“ALT”, Taiwan)	High performance computing, cloud computing, software-defined storage, and IT solution	86.59 %	86.59 %
ALT	Beijing Altos Computing Ltd. (“BJAC”, China)	High performance computing, cloud computing, software-defined storage, and IT solution	86.59 %	86.59 %
ABH	MPS Energy Inc. (“MPS”, Taiwan)	Research, development, and sale of batteries	100.00 %	100.00 %
ABH	Acer e-Enabling Service Business Inc. (“AEB”, Taiwan)	Providing solutions of cloud and digitalization	72.44 %	87.79 %
ABH	Acer ITS Inc. (“ITS”, Taiwan)	Programs and services of intelligent transportation and electronic ticketing	94.41 %	94.41 %
ABH	Acer Healthcare Inc. (“ABHI”, Taiwan)	Intelligent medical examination and data interpretation analysis, medical big data, and health management and related information exchange	100.00 %	100.00 %
ACTTW	Acer Cloud Technology (Chongqing) Ltd. (“ACTCQ”, China)	Design, development, sale, and advisory of computer software and hardware	100.00 %	100.00 %
ACTTW and ABH	Acer Being Communication Inc. (“ABC”, Taiwan)	Software design service	100.00 %	100.00 %

(Continued)

**ACER INCORPORATED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<u>Name of Investor</u>	<u>Name of Investee</u>	<u>Main Business and Products</u>	<u>Percentage of Ownership</u>	
			<u>December 31, 2020</u>	<u>December 31, 2019</u>
ACTTW	Acer Being Signage Inc. (“ABST”, Taiwan)	Technical service and research of aBeing cloud digital content management	100.00 %	100.00 %
ABST	Acer Being Signage GmbH (“ABSG”, Germany)	Technical service and research of aBeing cloud digital content management	100.00 %	100.00 %
ABH	Xplova Inc. (“XPL”, Taiwan)	Design, development and sale of smart bicycle speedometer	100.00 %	100.00 %
XPL	Xplova (Shanghai) Ltd. (“XPLSH”, China)	Sale of smart bicycle speedometer and operating social platform for bicycle riding and sports	100.00 %	100.00 %
ABH	Pawbo, Inc. (“PBC”, Taiwan)	Pet interaction device and social networking service	100.00 %	100.00 %
The Company	Acer Cyber Security Incorporated (“ACSI”, Taiwan)	Cyber security service	64.54 %	64.54 %
The Company	Acer e-Enabling Data Center Incorporated (“EDC”, Taiwan)	Data center and cloud services	100.00 %	100.00 %
EDC	TWI International Inc. (“TWPBVI”, British Virgin Islands)	Investment and holding activity	-	100.00 %
EDC	Acer Third Wave Software (Beijing) Co. Ltd. (“TWPBJ”, China)	Sale of commercial and cloud application software and technical service	100.00 %	100.00 %
The Company	Acer China Venture Corp (“ACVC”, China)	Fund company management	100.00 %	100.00 %
The Company and ACVC	Acer China Venture Partnership (“ACVP”, China)	Investment fund	100.00 %	100.00 %
The Company	Sertec (Beijing) Ltd. (“SEB”, China)	Repair and maintenance of IT products	100.00 %	100.00 %
The Company	StarVR Corporation (“ASBZ”, Taiwan)	Solutions provider of B2B virtual reality	66.80 %	66.80 %
ASBZ	StarVR Europe SA (“VRE”, Switzerland)	Research of solutions to B2B virtual reality	66.80 %	66.80 %
The Company	AOPEN Inc. (“AOI”, Taiwan)	Sale, manufacture, import and export of commercial computer products, software, components, peripheral equipment and apparatus; repair and maintenance service of computer products	40.55 %	40.55 %
AOI	AOPEN America Inc. (“AOA”, U.S.A.)	Sale of computer, apparatus system, and peripheral equipment	40.55 %	40.55 %
AOI	AOPEN Computer B.V. (“AOE”, the Netherlands)	Sale of computer, apparatus system, and peripheral equipment	40.55 %	40.55 %
AOI	AOPEN Technology Inc. (“AOTH”, British Virgin Islands)	Sale of computer, apparatus system, and peripheral equipment	40.55 %	40.55 %

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**ACER INCORPORATED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<u>Name of Investor</u>	<u>Name of Investee</u>	<u>Main Business and Products</u>	<u>Percentage of Ownership</u>	
			<u>December 31, 2020</u>	<u>December 31, 2019</u>
AOI	AOPEN Japan Inc. (“AOJ”, Japan)	Sale of computer, apparatus system, and peripheral equipment	40.55 %	40.55 %
AOI	Aopen SmartVision Incorporated (“AOSV”, Taiwan)	Sale of computer, apparatus system, and peripheral equipment	40.55 %	40.55 %
AOI	Heartware Alliance and Integration Limited (“HTW”, Hong Kong)	Software development and agency	40.55 %	40.55 %
AOI	AOPEN Global Solutions Pty Ltd. (“AOGS”, Australia)	Sale of computer, apparatus system, and peripheral equipment	28.39 %	28.39 %
AOI	AOPEN SmartView Incorporated (“AOSD”, Taiwan)	Sale of display devices	32.44 %	32.44 %
AOTH	Great Connection LTD. (“GCL”, Hong Kong)	Sale of computer, apparatus system, and peripheral equipment	40.55 %	40.55 %
AOTH	AOPEN International (ShangHai) Co., Ltd (“AOC”, China)	Sale of computer, apparatus system, and peripheral equipment	40.55 %	40.55 %
AOTH	AOPEN Information Products (Zhongshan) Inc. (“AOZ”, China)	Manufacture and sale of computer parts and components	40.55 %	40.55 %
AOGS	AOPEN Australia & New Zealand Pty Ltd (“AOAU”, Australia)	Sale of computer, apparatus system, and peripheral equipment	28.39 %	28.39 %
The Company and AOI	Bluechip Infotech Pty Ltd. (“Bluechip”, Australia)	Sale of computer peripherals and software system	39.69 %	39.69 %
Bluechip	Bluechip Infotech Incorporated (“BLI”, Taiwan)	Sale of computer peripherals and software system	39.69 %	-
The Company	GadgeTek Inc. (“GTI”, Taiwan)	Sale of peripheral 3C products	83.64 %	83.64 %
GTI	GadgeTek (Shanghai) Limited (“GCN”, China)	Sale of peripheral 3C products	83.64 %	83.64 %
The Company	Highpoint Service Network Corporation (“HSNC”, Taiwan)	Repair and maintenance of IT products	92.54 %	92.54 %
HSNC	Highpoint Service Network (Thailand) Co., Ltd (“HSNT”, Thailand)	Repair and maintenance of IT products	92.54 %	92.54 %
HSNC	PT HSN Tech Indonesia (“HSNI”, Indonesia)	Repair and maintenance of IT products	92.54 %	92.54 %
HSNC	HighPoint Service Network Sdn Bhd (“HSN”, Malaysia)	Repair and maintenance of IT products	92.54 %	92.54 %
AHI and HSNC	Highpoint Services Network Philippines, Inc. (“HSNP”, Philippines)	Repair and maintenance of IT products	92.54 %	100.00 %
The Company and ACTTW	AcerPure Inc. (“API”, Taiwan) (Formerly Acer Gerontechnology Inc.)	Intelligent solutions of air quality	100.00 %	100.00 %

CPY, PBT, AGM and BLI were newly established subsidiaries during 2020. ISU, DZL, and GCN were newly established subsidiaries during 2019.

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**ACER INCORPORATED AND SUBSIDIARIES**  
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AWI was merged into ASCBVI in the third quarter of 2019. AGC was merged into AHI in the fourth quarter of 2019.

In the first quarter of 2020, the subsidiary, TWPBVI was liquidated. In 2019, the subsidiaries, ADSBH, ADSCC, LONG, SURE and VRF, were liquidated. Since the dates the control ceased, the aforesaid subsidiaries were excluded from the accompanying consolidated financial statements.

(iii) List of subsidiaries which are not included in the consolidated financial statements: None.

(d) 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.

(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 Group’s consolidated 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 Group’s consolidated 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 Group 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 Group’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.

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**ACER INCORPORATED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(e) 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 Group 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.

(f) 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.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(g) 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 Group 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.

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**ACER INCORPORATED AND SUBSIDIARIES**  
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Financial assets are not reclassified subsequent to their initial recognition unless the Group 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.

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 Group 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 Group's right to receive the dividends is established (usually the ex-dividend date).

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**ACER INCORPORATED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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 Group 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 Group 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 Group 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 Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group 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 Group’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 Group in accordance with the contract and the cash flows that the Group 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.

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The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group 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 Group 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 Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group 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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group 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 Group 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 Group 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).

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**ACER INCORPORATED AND SUBSIDIARIES**  
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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 Group derecognizes a financial liability when its contractual obligation has been fulfilled or cancelled, or has expired. The Group 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.

6) Offsetting of financial assets and liabilities

Financial assets and liabilities are presented on a net basis only when the Group 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 Group uses derivative financial instruments to hedge its foreign currency and interest rate 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 Group designates certain derivative instruments as either fair value hedges or cash flow hedges. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group 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 an equity instrument measured at FVOCI).

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**ACER INCORPORATED AND SUBSIDIARIES**  
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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.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. Inventories are recorded at standard cost and adjusted to approximate weighted-average cost at the end of the reporting period. Net realizable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and necessary selling expenses.

(i) Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through a sale transaction, rather than through continuing use, are reclassified as non-current assets held for sale.

Immediately before the initial classification of the non-current assets (or disposal groups) held for sale, the carrying amount of the assets (or all the assets and liabilities in the group) is measured in accordance with the Group’s applicable accounting policies. Thereafter, the assets are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group will first be allocated to goodwill, and then the remaining balance of impairment loss is allocated to assets and liabilities on a pro rata basis, except for the assets not within the scope of IAS 36 – Impairment of Assets. Such assets will continue to be measured in accordance with the Group’s accounting policies. Impairment losses for assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss; nevertheless, the reversal gains are not recognized in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment are no longer amortized or depreciated when they are classified as held for sale.

(j) 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 Group has significant influence, but not control or joint control, over their financial and operating policies.

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**ACER INCORPORATED AND SUBSIDIARIES**  
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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.

The Group 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 Group 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 Group 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 policies applied by the Group.

When the Group'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 Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group 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 Group 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 Group reclassifies the gain or loss from equity to profit or loss (or retained earnings) when the equity method is discontinued. If the Group's ownership interest in an associate is reduced while it continues to apply the equity method, the Group reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to the reduction in ownership interest to profit or loss (or retained earnings).

When the Group 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 Group's proportionate interest in the net assets of the associate. The Group 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 Group'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.

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A joint venture is a joint arrangement whereby the Group has joint control of the arrangement (i.e. joint ventures) in which the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Group 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 Group qualifies for exemption from that Standard.

When assessing the classification of a joint arrangement, the Group 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 Group reevaluates whether the classification of the joint arrangement has changed.

(k) 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 Group.

(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 - 2 to 5 years; other equipment - 3 to 10 years.

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.

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**ACER INCORPORATED AND SUBSIDIARIES**  
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(l) 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.

(m) Leases

(i) Identifying a lease

At inception of a contract, the Group 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. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- 1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- 2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- 3) the customer has the right to direct the use of the asset throughout the period of use only if either:
  - the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
  - the relevant decisions about how and for what purpose the asset is used are predetermined; and
    - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
    - the customer designs the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

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**ACER INCORPORATED AND SUBSIDIARIES**  
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(ii) As a lessee

The Group 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 Group's incremental borrowing rate. Generally, the Group 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;
- 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 Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change of the Group'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 Group'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 Group 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 Group 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.

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**ACER INCORPORATED AND SUBSIDIARIES**  
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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 Group 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 Group 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 consolidated balance sheets.

The Group 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 Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) As a lessor

When the Group 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 Group 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 Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group 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 Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

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

(n) Intangible assets

(i) Goodwill

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

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**ACER INCORPORATED AND SUBSIDIARIES**  
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(ii) Trademarks

Trademarks acquired in a business combination are measured at fair value at the acquisition date. 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 over the estimated useful lives of 7 years. 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 or fair value at the acquisition date, 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: customer relationships - 7 to 10 years; developed technology - 10 years; channel resources - 8.8 years; developing technology - 15 years; 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.

(o) Impairment of non-financial assets

The Group 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.

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**ACER INCORPORATED AND SUBSIDIARIES**  
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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.

(p) Provisions

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

(q) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group 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 Group's main types of revenue are explained below.

1) Sale of goods

The Group 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 Group has objective evidence that all criteria for acceptance have been satisfied.

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**ACER INCORPORATED AND SUBSIDIARIES**  
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The Group 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.

Some subsidiaries of the Group grant their customers the right to return the products within 90 days. Therefore, they reduce revenue by the amount of expected returns and recognize a refund liability and a right to the returned goods. Accumulated experience is used to estimate such returns at the time of sale. At each reporting date, the Group reassesses the estimated amount of expected returns.

The Group'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 Group has a right to an amount of consideration that is unconditional.

2) Revenue from service rendered

The Group 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.

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 Group exceeds the payments, a contract asset is recognized. If the payments exceed the accumulated revenue recognized, a contract liability is recognized.

3) Financing components

The Group 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 Group does not adjust any of the transaction prices for the time value of money.

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**ACER INCORPORATED AND SUBSIDIARIES**  
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(ii) Contract costs

1) Incremental costs of obtaining a contract

The Group recognizes the incremental costs of obtaining a contract with a customer as an asset if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group 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 Group 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 Group otherwise would have recognized is one year or less.

2) Costs to fulfil a contract

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 Group 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 Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

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 Group 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.

(r) Government grant

A government grant is recognized in profit or loss only when there is reasonable assurance that the Group 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 Group without future related costs.

Government grant is recorded in other operating income and expenses.

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**ACER INCORPORATED AND SUBSIDIARIES**  
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(s) 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 Group'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.

The Group 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 Group 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.

(t) 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.

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**ACER INCORPORATED AND SUBSIDIARIES**  
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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.

(u) 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 Group 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
- (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 Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

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- (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.

(v) Business combinations

The Group accounts for business combinations using the acquisition method. 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 Group 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.

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

For each business combination, the Group measures any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

In a business combination achieved in stages, the Group 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 Group's equity interest should be reclassified to profit or loss on the same basis as would be required if the Group 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.

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(w) Earnings per share (“EPS”)

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

(x) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group’s chief operating decision maker, who decides on the allocation of resources to the segment and assesses its performance. Each operating segment consists of standalone financial information.

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

The preparation of the consolidated financial statements in conformity with the Regulations and Taiwan-IFRSs 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 Group 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 Group uses judgment and estimates to determine the net realizable value of inventory at each reporting date.

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Due to rapid technological changes, the Group 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(e) for further description of inventory write-downs.

(c) Impairment of goodwill

The assessment of impairment of goodwill requires the Group 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(j) for further description of the impairment of goodwill.

**6. Significant account disclosures**

(a) Cash and cash equivalents

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Cash on hand	\$ 4,151	4,575
Bank deposits	27,397,795	14,596,371
Time deposits	<u>11,779,077</u>	<u>9,583,386</u>
	<b><u>\$ 39,181,023</u></b>	<b><u>24,184,332</u></b>

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

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Financial assets mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging		
Foreign currency forward contracts	\$ 203,213	83,959
Foreign currency option contracts	-	2,176
Non-derivative financial assets		
Stocks listed on foreign markets	2,160	3,428
Open-end funds	<u>5,635,730</u>	<u>1,182,179</u>
	<b><u>\$ 5,841,103</u></b>	<b><u>1,271,742</u></b>
Financial liabilities held for trading – current:		
Derivatives – Foreign currency forward contracts	\$ (1,526,494)	(436,991)
Derivatives – Foreign currency option contracts	<u>-</u>	<u>(12,061)</u>
	<b><u>\$ (1,526,494)</u></b>	<b><u>(449,052)</u></b>

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**ACER INCORPORATED AND SUBSIDIARIES**  
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Please refer to note 6(y) for the amounts recognized in profit or loss arising from remeasurement at fair value.

The Group 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

<b>December 31, 2020</b>			
<b>Contract amount (in thousands)</b>		<b>Currency</b>	<b>Maturity period</b>
USD	79,182	AUD / USD	2021/01~2021/05
USD	295	EUR / DKK	2021/01
USD	583	EUR / CHF	2021/01~2021/05
USD	10,951	EUR / NOK	2021/01~2021/07
USD	14,127	EUR / SEK	2021/01~2021/06
USD	362,602	EUR / USD	2021/01~2021/05
USD	1,325	EUR / NTD	2021/01~2021/02
USD	48,129	EUR / PLN	2021/01~2021/05
USD	166,755	GBP / USD	2021/01~2021/09
USD	12,570	NZD / USD	2021/01~2021/05
USD	81,374	USD / CAD	2021/01~2021/04
USD	54,200	USD / CLP	2021/01~2021/07
USD	27,000	USD / CNY	2021/01~2021/02
USD	19,500	USD / COP	2021/01~2021/03
USD	15,000	USD / IDR	2021/01~2021/02
USD	129,105	USD / INR	2021/01~2021/07
USD	146,869	USD / JPY	2021/01~2021/07
USD	32,800	USD / MXN	2021/01~2021/05
USD	20,500	USD / MYR	2021/01~2021/02
USD	591,550	USD / NTD	2021/01
USD	9,600	USD / PHP	2021/01~2021/03
USD	72,577	USD / RUB	2021/01~2021/05
USD	10,000	USD / SGD	2021/01~2021/03
USD	42,000	USD / THB	2021/01~2021/03

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**December 31, 2019**

<b>Contract amount (in thousands)</b>	<b>Currency</b>	<b>Maturity period</b>
USD 66,482	AUD / USD	2020/01~2020/09
USD 1,111	EUR / DKK	2020/01
USD 2,117	EUR / CHF	2020/01~2020/05
USD 5,317	EUR / NOK	2020/01~2020/04
USD 6,109	EUR / SEK	2020/01~2020/05
USD 378,373	EUR / USD	2020/01~2020/05
USD 838	EUR / NTD	2020/01
USD 29,548	EUR / PLN	2020/01~2020/04
USD 110,505	GBP / USD	2020/01~2020/09
USD 9,408	NZD / USD	2020/01~2020/05
USD 90,116	USD / CAD	2020/01~2020/06
USD 4,350	USD / CLP	2020/03~2020/04
USD 7,000	USD / CNY	2020/01~2020/02
USD 9,800	USD / COP	2020/01~2020/03
USD 46,100	USD / IDR	2020/01~2020/04
USD 180,062	USD / INR	2020/01~2020/10
USD 47,324	USD / JPY	2020/01~2020/08
USD 6,500	USD / MXN	2020/01~2020/04
USD 10,800	USD / MYR	2020/01~2020/02
USD 569,010	USD / NTD	2020/01~2020/02
USD 5,350	USD / PHP	2020/01~2020/02
USD 78,362	USD / RUB	2020/01~2020/05
USD 3,500	USD / SGD	2020/02~2020/03
USD 22,000	USD / THB	2020/01~2020/03

(Continued)

**ACER INCORPORATED AND SUBSIDIARIES**  
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(ii) Foreign currency option contracts

			<b>December 31, 2019</b>	
			<b>Contract amount</b>	
			<b>(in thousands)</b>	
USD / CNY			<b>Maturity period</b>	
	USD	46,000	2020/01~2020/04	

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

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Equity investments measured at fair value through other comprehensive income		
Domestic listed stock	\$ 5,096,859	3,942,609
Unlisted stock	1,111,551	1,304,346
	<b>\$ 6,208,410</b>	<b>5,246,955</b>
Current	\$ 98,818	100,313
Non-current	6,109,592	5,146,642
	<b>\$ 6,208,410</b>	<b>5,246,955</b>

The Group designated the investments shown above as financial assets measured at fair value through other comprehensive income (FVOCI) 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 2020 and 2019. The realized gain (loss) accumulated in other comprehensive income of \$(3,527) and \$30,066 have been reclassified from other equity to retained earnings.

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

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Notes receivable	\$ 262,143	393,672
Accounts receivable	55,099,972	49,140,694
Less: loss allowance	(192,005)	(136,322)
	55,170,110	49,398,044
Accounts receivable from related parties (note 7(b))	27,419	41,201
	<b>\$ 55,197,529</b>	<b>49,439,245</b>

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The Group 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:

	<b>December 31, 2020</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance</b>
Current	\$ 51,479,322	0.17%	(88,984)
Past due 1-30 days	3,143,828	0.54%	(16,861)
Past due 31-60 days	337,786	9.59%	(32,387)
Past due 61-90 days	249,456	3.07%	(7,662)
Past due 91-180 days	104,135	18.83%	(19,605)
Past due 181 days or over	<u>47,588</u>	55.70%	<u>(26,506)</u>
	<u><b>\$ 55,362,115</b></u>		<u><b>(192,005)</b></u>
	<b>December 31, 2019</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance</b>
Current	\$ 45,210,111	0.05%	(24,181)
Past due 1-30 days	3,290,699	0.61%	(20,066)
Past due 31-60 days	512,334	7.57%	(38,783)
Past due 61-90 days	338,079	5.63%	(19,033)
Past due 91-180 days	157,524	12.10%	(19,062)
Past due 181 days or over	<u>25,619</u>	59.32%	<u>(15,197)</u>
	<u><b>\$ 49,534,366</b></u>		<u><b>(136,322)</b></u>

As of December 31, 2020 and 2019, no expected credit losses was provided for accounts receivable from related parties after management's assessment.

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

	<u>2020</u>	<u>2019</u>
Balance at January 1	\$ 136,322	186,302
Impairment losses recognized	67,865	3,211
Write-off	(11,511)	(49,349)
Effect of exchange rate changes	(671)	(3,842)
Balance at December 31	<u>\$ 192,005</u>	<u>136,322</u>

The Group entered into factoring agreements with financial institutions to sell its accounts receivable. Under the agreements, the Group does not have the responsibility to assume the default risk of the transferred accounts receivable but is liable for the losses incurred on any business dispute. The Group derecognized the above accounts receivable as it has transferred substantially all of the risks and rewards of ownership of the accounts receivable, and it did not have any continuing involvement in them. The accounts receivable from the financial institutions were recognized as “other receivables” upon the derecognition of those accounts receivable. As of December 31, 2020, the Group sold its accounts receivable without recourse as follows:

<u>December 31, 2020</u>						
<u>Purchaser</u>	<u>Amount Derecognized</u>	<u>Amount Advanced Unpaid</u>	<u>Amount Advanced Paid</u>	<u>Amount Recognized in Other Receivables</u>	<u>Range of Interest Rate</u>	<u>Significant Transferring Terms</u>
HSBC Bank	\$ <u>1,104,814</u>	<u>69,293</u>	<u>1,035,521</u>	<u>69,293</u>	5.25%~8.20%	None

(e) Inventories

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Raw materials	\$ 13,279,411	12,164,721
Work in process	6,265	18,903
Finished goods and merchandise	13,798,158	22,434,736
Spare parts	842,860	809,739
Inventories in transit	<u>15,056,738</u>	<u>5,606,372</u>
	<u>\$ 42,983,432</u>	<u>41,034,471</u>

For the years ended December 31, 2020 and 2019, the amounts of inventories recognized as cost of revenue were \$219,979,248 and \$187,942,567, respectively, of which \$21,879 and \$304,225, respectively, was the write-down of inventories to net realizable value.

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(f) Investments accounted for using the equity method

A summary of the Group's investments in associates and joint ventures at the reporting date is as follows:

<u>Name of Associates and Joint Ventures</u>	<u>December 31, 2020</u>		<u>December 31, 2019</u>	
	<u>Percentage of ownership</u>	<u>Carrying amount</u>	<u>Percentage of ownership</u>	<u>Carrying amount</u>
Associates :				
GrandPad Inc. ("GrandPAD")	29.17	\$ 187,339	32.01	178,331
Apex Material Technology Corp. ("AMTC")	8.14	352,098	8.14	331,200
Antung Trading Corporation ("ANT")	13.06	239,657	13.47	222,174
Others	-	139,900	-	104,222
Joint Ventures:				
Smart Frequency Technology Inc. ("SFT", note(i))	55.00	<u>89,318</u>	55.00	<u>109,031</u>
		<b><u>\$ 1,008,312</u></b>		<b><u>944,958</u></b>

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

On December 31, 2019, due to fierce industry competition, AMTC's revenue was below the expectation and AMTC was not able to maintain the same profitability as prior years. As a result, the Group assessed there was an impairment of the carrying amount of the investment in AMTC and recognized an impairment loss of \$50,294, which was reported in other gains and losses in the accompanying consolidated statements of comprehensive income.

Aggregated financial information on associates that were not individually material to the Group is summarized as follows.

	<u>2020</u>	<u>2019</u>
Attributable to the Group:		
Net income (loss)	\$ 23,225	(93,294)
Other comprehensive loss	<u>(3,229)</u>	<u>(60)</u>
Total comprehensive income (loss)	<b><u>\$ 19,996</u></b>	<b><u>(93,354)</u></b>

Financial information on joint venture that was not individually material to the Group is summarized as follows.

	<u>2020</u>	<u>2019</u>
Attributable to the Group:		
Net loss	\$ (19,713)	(17,965)
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive loss	<b><u>\$ (19,713)</u></b>	<b><u>(17,965)</u></b>

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(g) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Computer and communication equipment</u>	<u>Other equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Cost or deemed cost:						
Balance at January 1, 2020	\$ 1,488,736	3,014,187	4,311,454	2,971,764	15,934	11,802,075
Additions	12,975	25,311	121,820	147,461	5,903	313,470
Disposals	(16,819)	(4,746)	(103,634)	(262,678)	-	(387,877)
Reclassification from investment property	441,384	1,347,361	-	-	-	1,788,745
Other reclassification and effect of exchange rate changes	(53,137)	8,434	12,388	28,236	(15,533)	(19,612)
Balance at December 31, 2020	<u>\$ 1,873,139</u>	<u>4,390,547</u>	<u>4,342,028</u>	<u>2,884,783</u>	<u>6,304</u>	<u>13,496,801</u>
Balance at January 1, 2019	\$ 1,493,613	3,028,025	4,292,801	3,075,068	6,398	11,895,905
Additions	-	29,320	62,507	117,291	16,279	225,397
Disposals	-	(1,740)	(50,836)	(146,164)	(833)	(199,573)
Reclassification to investment property	-	(20,274)	-	-	-	(20,274)
Other reclassification and effect of exchange rate changes	(4,877)	(21,144)	6,982	(74,431)	(5,910)	(99,380)
Balance at December 31, 2019	<u>\$ 1,488,736</u>	<u>3,014,187</u>	<u>4,311,454</u>	<u>2,971,764</u>	<u>15,934</u>	<u>11,802,075</u>
Accumulated depreciation and impairment loss:						
Balance at January 1, 2020	\$ 141,231	1,780,210	4,014,067	2,304,923	-	8,240,431
Depreciation	-	60,484	124,133	143,258	-	327,875
Disposals	-	-	(94,311)	(225,544)	-	(319,855)
Reclassification from investment property	178,856	1,188,216	-	-	-	1,367,072
Other reclassification and effect of exchange rate changes	546	7,942	(6,738)	13,619	-	15,369
Balance at December 31, 2020	<u>\$ 320,633</u>	<u>3,036,852</u>	<u>4,037,151</u>	<u>2,236,256</u>	<u>-</u>	<u>9,630,892</u>
Balance at January 1, 2019	\$ 141,231	1,739,596	3,833,553	2,334,773	-	8,049,153
Depreciation	-	62,717	258,275	135,770	-	456,762
Impairment loss	-	-	-	243	-	243
Disposals	-	(1,692)	(47,682)	(134,839)	-	(184,213)
Reclassification to investment property	-	(1,759)	-	-	-	(1,759)
Other reclassification and effect of exchange rate changes	-	(18,652)	(30,079)	(31,024)	-	(79,755)
Balance at December 31, 2019	<u>\$ 141,231</u>	<u>1,780,210</u>	<u>4,014,067</u>	<u>2,304,923</u>	<u>-</u>	<u>8,240,431</u>
Carrying amounts:						
Balance at December 31, 2020	<u>\$ 1,552,506</u>	<u>1,353,695</u>	<u>304,877</u>	<u>648,527</u>	<u>6,304</u>	<u>3,865,909</u>
Balance at December 31, 2019	<u>\$ 1,347,505</u>	<u>1,233,977</u>	<u>297,387</u>	<u>666,841</u>	<u>15,934</u>	<u>3,561,644</u>

Refer to note 8 for a description of the Group's property, plant and equipment pledged as collateral for bank loans.

For certain land acquired, the ownership registration has not been transferred to the land acquirer, APDI, a subsidiary of the Company. To protect its interests, APDI has obtained signed deeds of assignment from the titleholders assigning all rights and obligations related to the land to APDI. Additionally, the land title certificates are held by APDI, and APDI has registered its liens thereon.

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## (h) Right-of-use assets

	<u>Land</u>	<u>Buildings</u>	<u>Other equipment</u>	<u>Total</u>
Cost:				
Balance at January 1, 2020	\$ 4,612	2,456,713	157,328	2,618,653
Additions	3,898	609,300	96,808	710,006
Lease modifications	(4,610)	(250,972)	(51,834)	(307,416)
Effect of exchange rates changes	123	(20,745)	(413)	(21,035)
Balance at December 31, 2020	<u>\$ 4,023</u>	<u>2,794,296</u>	<u>201,889</u>	<u>3,000,208</u>
Balance at January 1, 2019	\$ -	-	-	-
Effects of initial application of IFRS 16	4,829	2,387,757	98,114	2,490,700
Additions	-	275,812	69,345	345,157
Lease modifications	(14)	(150,519)	(6,799)	(157,332)
Effect of exchange rates changes	(203)	(56,337)	(3,332)	(59,872)
Balance at December 31, 2019	<u>\$ 4,612</u>	<u>2,456,713</u>	<u>157,328</u>	<u>2,618,653</u>
Accumulated depreciation:				
Balance at January 1, 2020	\$ 3,690	615,604	51,016	670,310
Depreciation	3,845	666,786	64,744	735,375
Lease modifications	(4,610)	(208,937)	(40,852)	(254,399)
Effect of exchange rates changes	92	(8,081)	(609)	(8,598)
Balance at December 31, 2020	<u>\$ 3,017</u>	<u>1,065,372</u>	<u>74,299</u>	<u>1,142,688</u>
Balance at January 1, 2019	\$ -	-	-	-
Effects of initial application of IFRS 16	-	-	-	-
Depreciation	3,785	665,175	56,324	725,284
Lease modifications	-	(39,017)	(4,257)	(43,274)
Effect of exchange rates changes	(95)	(10,554)	(1,051)	(11,700)
Balance at December 31, 2019	<u>\$ 3,690</u>	<u>615,604</u>	<u>51,016</u>	<u>670,310</u>
Carrying amount:				
Balance at December 31, 2020	<u>\$ 1,006</u>	<u>1,728,924</u>	<u>127,590</u>	<u>1,857,520</u>
Balance at December 31, 2019	<u>\$ 922</u>	<u>1,841,109</u>	<u>106,312</u>	<u>1,948,343</u>

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## (i) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
Balance at January 1, 2020	\$ 1,154,429	3,252,324	4,406,753
Additions	-	14,415	14,415
Reclassification to property, plant and equipment	(441,384)	(1,347,361)	(1,788,745)
Other reclassification	<u>42,491</u>	<u>168</u>	<u>42,659</u>
Balance at December 31, 2020	<u>\$ 755,536</u>	<u>1,919,546</u>	<u>2,675,082</u>
Balance at January 1, 2019	\$ 1,154,429	3,232,050	4,386,479
Reclassification from property, plant and equipment	<u>-</u>	<u>20,274</u>	<u>20,274</u>
Balance at December 31, 2019	<u>\$ 1,154,429</u>	<u>3,252,324</u>	<u>4,406,753</u>
Accumulated depreciation and impairment loss:			
Balance at January 1, 2020	\$ 429,034	2,848,369	3,277,403
Depreciation	-	14,906	14,906
Reclassification to property, plant and equipment	(178,856)	(1,188,216)	(1,367,072)
Other reclassification	<u>-</u>	<u>2</u>	<u>2</u>
Balance at December 31, 2020	<u>\$ 250,178</u>	<u>1,675,061</u>	<u>1,925,239</u>
Balance at January 1, 2019	\$ 429,034	2,835,060	3,264,094
Depreciation	-	11,550	11,550
Reclassification from property, plant and equipment	<u>-</u>	<u>1,759</u>	<u>1,759</u>
Balance at December 31, 2019	<u>\$ 429,034</u>	<u>2,848,369</u>	<u>3,277,403</u>
Carrying amounts:			
Balance at December 31, 2020	<u>\$ 505,358</u>	<u>244,485</u>	<u>749,843</u>
Balance at December 31, 2019	<u>\$ 725,395</u>	<u>403,955</u>	<u>1,129,350</u>
Fair value:			
Balance at December 31, 2020			<u>\$ 1,155,897</u>
Balance at December 31, 2019			<u>\$ 1,613,150</u>

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, 2020 and 2019, the estimated discount rate used for calculating the present value of the future cash flows was 5.18% and 5.40%, respectively.

For certain land acquired, the ownership registration has not been transferred to the land acquirer, APDI, a subsidiary of the Company. To protect its interests, APDI has obtained signed deeds of assignment from the titleholders assigning all rights and obligations related to the land to APDI. Additionally, the land title certificates are held by APDI, and APDI has registered its liens thereon.

(Continued)



**ACER INCORPORATED AND SUBSIDIARIES**  
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## (j) Intangible assets

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

	<u>Goodwill</u>	<u>Trademarks and trade names</u>	<u>Others</u>	<u>Total</u>
Net balance at January 1, 2020:				
Cost	\$ 24,896,516	10,173,952	10,764,512	45,834,980
Accumulated amortization and impairment loss	<u>(8,299,165)</u>	<u>(10,173,475)</u>	<u>(10,432,268)</u>	<u>(28,904,908)</u>
Net balance at January 1, 2020	<u>16,597,351</u>	<u>477</u>	<u>332,244</u>	<u>16,930,072</u>
Additions	-	-	217,927	217,927
Disposals	-	-	(6,806)	(6,806)
Amortization	-	(59)	(269,442)	(269,501)
Effect of exchange rate changes	<u>(579,572)</u>	<u>-</u>	<u>609</u>	<u>(578,963)</u>
Net balance at December 31, 2020	<u>\$ 16,017,779</u>	<u>418</u>	<u>274,532</u>	<u>16,292,729</u>
Net balance at December 31, 2020:				
Cost	\$ 23,893,960	10,196,471	10,680,243	44,770,674
Accumulated amortization and impairment loss	<u>(7,876,181)</u>	<u>(10,196,053)</u>	<u>(10,405,711)</u>	<u>(28,477,945)</u>
	<u>\$ 16,017,779</u>	<u>418</u>	<u>274,532</u>	<u>16,292,729</u>
Net balance at January 1, 2019:				
Cost	\$ 25,425,079	10,247,404	10,844,647	46,517,130
Accumulated amortization and impairment loss	<u>(8,469,932)</u>	<u>(10,247,404)</u>	<u>(10,488,450)</u>	<u>(29,205,786)</u>
Net balance at January 1, 2019	<u>16,955,147</u>	<u>-</u>	<u>356,197</u>	<u>17,311,344</u>
Additions	-	477	303,117	303,594
Disposals	-	-	(5,254)	(5,254)
Reclassification	-	-	549	549
Amortization	-	-	(309,074)	(309,074)
Impairment loss	-	-	(1,047)	(1,047)
Effect of exchange rate changes	<u>(357,796)</u>	<u>-</u>	<u>(12,244)</u>	<u>(370,040)</u>
Net balance at December 31, 2019	<u>\$ 16,597,351</u>	<u>477</u>	<u>332,244</u>	<u>16,930,072</u>
Net balance at December 31, 2019:				
Cost	\$ 24,896,516	10,173,952	10,764,512	45,834,980
Accumulated amortization and impairment loss	<u>(8,299,165)</u>	<u>(10,173,475)</u>	<u>(10,432,268)</u>	<u>(28,904,908)</u>
	<u>\$ 16,597,351</u>	<u>477</u>	<u>332,244</u>	<u>16,930,072</u>

The amortization and impairment loss of intangible assets were included in the following line items of the statements of comprehensive income:

	<u>2020</u>	<u>2019</u>
Cost of revenue	\$ 203,412	164,808
Operating expenses	66,089	144,266
Non-operating income and loss	\$ -	1,047
	<u>\$ 269,501</u>	<u>310,121</u>

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**ACER INCORPORATED AND SUBSIDIARIES**  
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(ii) Impairment test on goodwill and other intangible assets

In the third quarter of 2019, the Group underwent an organizational restructuring whereby RO-China was spun off from RO-PAP, therefore, the related intangible assets were reallocated to RO-China from RO-PAP.

The carrying amounts of goodwill arising from business combinations and the respective CGUs to which the goodwill was allocated for impairment test purpose were as follows:

	<u>RO-EMEA</u>	<u>RO-PA</u>	<u>RO-PAP</u>	<u>RO-China</u>	<u>Other CGUs without significant goodwill</u>	<u>Total</u>
Balance at January 1, 2020	\$ 9,629,261	1,546,007	3,147,343	2,257,018	17,722	16,597,351
Effect of exchange rate changes	<u>(388,445)</u>	<u>(76,298)</u>	<u>(129,062)</u>	<u>14,233</u>	<u>-</u>	<u>(579,572)</u>
Balance at December 31, 2020	<u>\$ 9,240,816</u>	<u>1,469,709</u>	<u>3,018,281</u>	<u>2,271,251</u>	<u>17,722</u>	<u>16,017,779</u>
Balance at January 1, 2019	\$ 9,837,888	1,575,944	5,523,593	-	17,722	16,955,147
Reallocation due to organization restructuring	-	-	(2,353,063)	2,353,063	-	-
Effect of exchange rate changes	<u>(208,627)</u>	<u>(29,937)</u>	<u>(23,187)</u>	<u>(96,045)</u>	<u>-</u>	<u>(357,796)</u>
Balance at December 31, 2019	<u>\$ 9,629,261</u>	<u>1,546,007</u>	<u>3,147,343</u>	<u>2,257,018</u>	<u>17,722</u>	<u>16,597,351</u>

The recoverable amount of a CGU was determined based on the value in use, and the related key assumptions were as follows:

- 1) The cash flow projections were based on historical operating performance and future financial budgets, covering a period of 5 years, approved by management. Cash flows beyond that 5-year period have been extrapolated using zero growth rate.
- 2) Discount rates used to determine the value in use for each CGU were as follows:

	<u>RO-EMEA</u>	<u>RO-PA</u>	<u>RO-PAP</u>	<u>RO-China</u>
December 31, 2020	17.1 %	9.6 %	18.5 %	21.4 %
December 31, 2019	16.1 %	10.0 %	21.8 %	20.8 %

The estimation of discount rate is based on the weighted-average cost of capital.

Based on the impairment assessments conducted in 2020 and 2019, no impairment losses were recognized as the recoverable amount of CGUs were higher than their carrying amounts.

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**ACER INCORPORATED AND SUBSIDIARIES**  
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(k) Other current assets and other non-current assets

(i) Other current assets

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Overpaid VAT retained for offsetting against future tax payable	\$ 2,913,593	2,901,709
Prepaid royalty and other prepayments	718,049	1,069,523
Right to goods to be returned	318,481	343,973
Others	56,570	97,217
	<b>\$ 4,006,693</b>	<b>4,412,422</b>

(ii) Other non-current assets

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Prepaid income tax	1,619,759	1,857,829
Prepaid royalty and other prepayments	49,579	41,721
Others	79,221	97,309
	<b>\$ 1,748,559</b>	<b>1,996,859</b>

(l) Short-term borrowings

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Short-term notes payable	\$ 99,883	99,965
Unsecured bank loans	900,393	1,363,347
Secured bank loans	28,841	42,275
	<b>\$ 1,029,117</b>	<b>1,505,587</b>
Unused credit facilities	<b>\$ 33,097,762</b>	<b>30,594,012</b>
Interest rate	<b>0.89%~4.85%</b>	<b>0.86%~4.57%</b>

Please refer to note 8 for a description of the Group's assets pledged as collateral for bank loans.

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**ACER INCORPORATED AND SUBSIDIARIES**  
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## (m) Long-term debt

Type of Loan	Creditor	Credit Line	Term	December 31, 2020	December 31, 2019
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.	\$ 3,300,000	3,300,000
	DBS Bank	The term tranche of \$1 billion; revolving credits are allowed.	The interest is paid monthly starting June 2019. The principal will be repaid in lump sum amount when due in June 2021. Interest rate is adjusted quarterly. The loan was early repaid in February 2020.	-	1,000,000
	Taipei Fubon Bank	The term tranche of \$1.5 billion; revolving credits are allowed.	The interest is paid monthly starting June 2019. The principal will be repaid in lump sum amount when due in June 2021. Interest rate is adjusted quarterly. The loan was early repaid in February 2020.	-	1,500,000
Unsecured loan				69,347	42,484
Secured loan				<u>43,868</u>	<u>1,331</u>
				3,413,215	5,843,815
Less: current portion of long-term debt				<u>(18,113)</u>	<u>(9,627)</u>
				<b>\$ 3,395,102</b>	<b>5,834,188</b>
Unused credit facilities				<b>\$ 4,400,000</b>	<b>1,900,000</b>
Interest rate				<b><u>0.90%~3.43%</u></b>	<b><u>0.98%~3.92%</u></b>

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

Please refer to note 8 for a description of the Group's assets pledged as collateral for its bank loans.

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**ACER INCORPORATED AND SUBSIDIARIES**  
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## (n) Lease liabilities

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

	December 31, 2020	December 31, 2019
Current	<u>\$ 602,656</u>	<u>598,743</u>
Non-current	<u>\$ 1,353,697</u>	<u>1,409,264</u>

Please refer to note 6(aa) for the maturity analysis of lease liabilities.

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

	2020	2019
Interest on lease liabilities	<u>\$ 44,364</u>	<u>49,102</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 35,872</u>	<u>39,066</u>
Expenses relating to short-term leases	<u>\$ 21,815</u>	<u>84,669</u>
Expenses relating to leases of low-value assets	<u>\$ 2,202</u>	<u>3,608</u>

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

	2020	2019
Total cash outflow for leases	<u>\$ 797,347</u>	<u>808,069</u>

## (iv) Major terms of leases

The Group leases land, buildings, vehicles, office equipment, and miscellaneous equipment with lease terms ranged from 1 to 30 years, some of which include options to extend the lease term after the end of the contract term. As certain leases of office and miscellaneous equipment meet the definition of short-term lease or lease of low-value assets, the Group elected to applied exemption and not to recognize right-of-use assets and lease liabilities.

## (o) Provisions

	<u>Warranties</u>	<u>Litigation</u>	<u>Restructuring</u>	<u>Environmental protection and others</u>	<u>Total</u>
Balance at January 1, 2020	\$ 4,520,180	249,935	33,255	182,706	4,986,076
Additions	5,029,285	29,400	-	168,389	5,227,074
Amount utilized and reversed	(4,002,954)	(14,524)	(26,622)	(124,788)	(4,168,888)
Effect of exchange rate changes	(54,389)	(10,425)	(157)	1,974	(62,997)
Balance at December 31, 2020	<u>\$ 5,492,122</u>	<u>254,386</u>	<u>6,476</u>	<u>228,281</u>	<u>5,981,265</u>
Current	\$ 5,492,122	253,039	6,476	196,507	5,948,144
Non-current	-	1,347	-	31,774	33,121
	<u>\$ 5,492,122</u>	<u>254,386</u>	<u>6,476</u>	<u>228,281</u>	<u>5,981,265</u>

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**ACER INCORPORATED AND SUBSIDIARIES**  
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	<u>Warranties</u>	<u>Litigation</u>	<u>Restructuring</u>	<u>Environmental protection and others</u>	<u>Total</u>
Balance at January 1, 2019	\$ 4,808,355	268,016	-	199,222	5,275,593
Additions	3,768,161	56,924	33,258	109,576	3,967,919
Amount utilized and reversed	(3,942,863)	(69,713)	-	(123,986)	(4,136,562)
Effect of exchange rate changes	(113,473)	(5,292)	(3)	(2,106)	(120,874)
Balance at December 31, 2019	<u>\$ 4,520,180</u>	<u>249,935</u>	<u>33,255</u>	<u>182,706</u>	<u>4,986,076</u>
Current	\$ 4,520,180	248,629	33,255	151,916	4,953,980
Non-current	-	1,306	-	30,790	32,096
	<u>\$ 4,520,180</u>	<u>249,935</u>	<u>33,255</u>	<u>182,706</u>	<u>4,986,076</u>

(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 Group 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.

(iii) Restructuring

One of subsidiaries underwent an operational optimization and organizational downsizing in response to the change of international trade environment and other factors and restructuring provision and cost was recognized accordingly. The provision was mainly for employee termination benefits and relocation costs of machinery equipment. The related expenses were reported in other expenses under operating expenses in the accompanying statements of comprehensive income.

(iv) Environmental protection and others

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

(p) Operating lease

The Group leases its investment and operating properties to others. The Group 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(i) for the information of investment property.

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

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Less than 1 year	\$ 100,335	77,554
1 year to 2 years	76,478	43,796
2 years to 3 years	38,187	32,212
3 years to 4 years	28,503	14,826
4 years to 5 years	19,165	4,872
Over 5 years	<u>61,934</u>	<u>79</u>
Total undiscounted lease payments	<b><u>\$ 324,602</u></b>	<b><u>173,339</u></b>

In 2020 and 2019, the rental income from investment property amounting to \$83,335 and \$75,954, respectively, were recognized and included in other operating income and loss. Related repair and maintenance expenses recognized and included in operating expense were as follows:

	<b>2020</b>	<b>2019</b>
Arising from investment property that generated rental income during the period	\$ 40,879	36,549
Arising from investment property that did not generate rental income during the period	<u>25,798</u>	<u>24,957</u>
	<b><u>\$ 66,677</u></b>	<b><u>61,506</u></b>

(q) Employee benefits

(i) Defined benefit plans

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

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Present value of benefit obligations	\$ 3,111,815	2,899,844
Fair value of plan assets	<u>(1,227,479)</u>	<u>(1,133,748)</u>
Net defined benefit liabilities (reported under other non-current liabilities)	<b><u>\$ 1,884,336</u></b>	<b><u>1,766,096</u></b>
	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Present value of benefit obligations	\$ 100,571	93,705
Fair value of plan assets	<u>(128,461)</u>	<u>(121,671)</u>
Net defined benefit assets (reported under other non-current assets)	<b><u>\$ (27,890)</u></b>	<b><u>(27,966)</u></b>

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The Company and its domestic subsidiaries make 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.

Foreign subsidiaries, including AJC, ATH, AIN, AMI, AIL, APHI, AEG, ASZ, AIT, ACF, ASIN, AEH, SER, AOJ and HSNI, also have defined benefit pension plans based on their respective local laws and regulations.

1) Composition of plan assets

The pension fund (the "Fund") contributed by the Company and its domestic subsidiaries 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 and its domestic subsidiaries 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 Group, 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.

Foreign subsidiaries with defined benefit pension plans make pension contributions to pension management institutions in accordance with their respective local regulations.

As of December 31, 2020 and 2019, the Group's fair value of plan assets, by major categories, was as follows:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Cash	\$ 580,991	611,466
Equity instruments	430,772	341,176
Instruments with fixed return	105,047	98,262
Real estate	<u>239,130</u>	<u>204,515</u>
	<b><u>\$ 1,355,940</u></b>	<b><u>1,255,419</u></b>

Cash includes the labor pension fund assets. 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

	<u>2020</u>	<u>2019</u>
Defined benefit obligations at January 1	\$ 2,993,549	2,671,459
Current service costs	230,484	193,883
Interest expense	22,965	32,479
Remeasurement on the net defined benefit liabilities (assets):		
Actuarial loss (gain) arising from experience adjustments	(15,264)	6,247
Actuarial loss (gain) arising from changes in demographic assumption	(682)	372
Actuarial loss (gain) arising from changes in financial assumption	13,143	241,482
Benefits paid by the Group and the plan	(121,653)	(177,592)
Past service costs and settlement loss (gain)	4,067	7,520
Effect of exchange rate changes	80,684	13,024
Contributions by plan participants	<u>5,093</u>	<u>4,675</u>
Defined benefit obligations at December 31	<u>\$ 3,212,386</u>	<u>2,993,549</u>

3) Movements in fair value of plan assets

	<u>2020</u>	<u>2019</u>
Fair value of plan assets at January 1	\$ 1,255,419	1,241,510
Interest income	8,658	14,713
Remeasurement on the net defined benefit liabilities (assets):		
Return on plan assets (excluding amounts included in net interest expense)	34,400	14,518
Benefits paid by the plan	(105,028)	(163,797)
Contributions by plan participants	5,093	4,675
Contributions by the employer	116,081	138,013
Loss on curtailment	(8,089)	(7,299)
Effect of exchange rate changes	<u>49,406</u>	<u>13,086</u>
Fair value of plan assets at December 31	<u>\$ 1,355,940</u>	<u>1,255,419</u>

4) Changes in the effect of the asset ceiling

In 2020 and 2019, there was no effect of the asset ceiling.

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**ACER INCORPORATED AND SUBSIDIARIES**  
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## 5) Expenses recognized in profit or loss

	<u>2020</u>	<u>2019</u>
Current service costs	\$ 230,484	193,883
Net interest expense	14,307	17,766
Past service costs and settlement loss (gain)	4,067	7,520
Loss on curtailment	<u>8,089</u>	<u>7,299</u>
	<u>\$ 256,947</u>	<u>226,468</u>
Classified under cost of revenue	\$ 530	-
Classified under operating expense	<u>256,417</u>	<u>226,468</u>
	<u>\$ 256,947</u>	<u>226,468</u>

## 6) Actuarial assumptions

The principal assumptions of the actuarial valuation were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Discount rate	0.15%~7.00%	0.15%~7.02%
Future salary increases rate	2.00%~6.00%	1.00%~6.00%

The weighted-average duration of the defined benefit plans ranges from 4 years to 27 years. The Group expects to make contribution of \$117,048 to the defined benefit plans in the year following December 31, 2020.

## 7) Sensitivity analysis

When calculating the present value of the defined benefit obligations, the Group uses judgments and estimations to determine the actuarial assumptions for each measurement date, including discount rates and future salary changes. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

The following table summarizes the impact of a change in the assumptions on the present value of the defined benefit obligation.

	<u>December 31, 2020</u>		<u>December 31, 2019</u>	
	<u>0.25% Increase</u>	<u>0.25% Decrease</u>	<u>0.25% Increase</u>	<u>0.25% Decrease</u>
Discount rate	\$ <u>(132,568)</u>	<u>142,956</u>	<u>(129,998)</u>	<u>142,259</u>
Future salary change	\$ <u>63,285</u>	<u>(66,443)</u>	<u>68,264</u>	<u>(68,446)</u>

The above sensitivity analysis considers the change in one assumption at a time, leaving the 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.

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(ii) Defined contribution plans

The Company and its domestic subsidiaries contribute 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 Group has no legal or constructive obligation to pay additional amounts after contributing a fixed amount to the Bureau of Labor Insurance. Foreign subsidiaries make contributions in compliance with their respective local regulations.

For the years ended December 31, 2020 and 2019, the Group recognized pension expenses of \$321,798 and \$375,625, respectively, in relation to the defined contribution plans.

(r) Income taxes

- (i) Income tax returns of the Group are filed individually by each entity and not on a combined basis. The Company and its subsidiaries incorporated in the R.O.C. are subject to R.O.C. income tax at a rate of 20% for fiscal years 2020 and 2019. Foreign subsidiaries are subject to income tax in accordance with their respective local tax law and regulations. The components of income tax expense were as follows:

	<u>2020</u>	<u>2019</u>
Current income tax expense		
Current period	\$ 2,621,208	974,724
Adjustments for prior years	<u>42,443</u>	<u>38,863</u>
	<u>2,663,651</u>	<u>1,013,587</u>
Deferred tax expense		
Origination and reversal of temporary differences	(592,711)	18,355
Change in unrecognized deductible temporary differences	<u>688,553</u>	<u>111,704</u>
	<u>95,842</u>	<u>130,059</u>
Income tax expense	<u>\$ 2,759,493</u>	<u>1,143,646</u>

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

	<u>2020</u>	<u>2019</u>
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plans	<u>\$ 162</u>	<u>9,504</u>

(Continued)

**ACER INCORPORATED AND SUBSIDIARIES**  
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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 consolidated statements of comprehensive income was as follows:

	<u>2020</u>	<u>2019</u>
Income before taxes	\$ <u>8,905,103</u>	<u>3,712,020</u>
Income tax using the Company's statutory tax rate	\$ 1,781,021	742,404
Effect of different tax rates in foreign jurisdictions	169,523	271,083
Adjustments for prior-year income tax expense	42,443	38,863
Change in unrecognized temporary differences and tax losses	688,553	111,704
Others	<u>77,953</u>	<u>(20,408)</u>
	<u>\$ 2,759,493</u>	<u>1,143,646</u>

(ii) Deferred income tax assets and liabilities

1) Unrecognized deferred income tax assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Tax losses	\$ 4,439,009	5,286,500
Loss associated with investments in subsidiaries	2,591,465	2,958,591
Deductible temporary differences	<u>5,111,793</u>	<u>3,835,133</u>
	<u>\$ 12,142,267</u>	<u>12,080,224</u>

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 Group can utilize the benefits therefrom.

Each entity in the Group is entitled to use tax losses to offset future taxable income in accordance with the respective local tax regulations of each jurisdiction. As of December 31, 2020, the tax effects of unused tax losses and the respective expiry years were as follows:

<u>Tax effects of tax losses</u>	<u>Year of expiry</u>
\$ 124,694	2021
328,056	2022
65,555	2023
94,470	2024
<u>3,826,234</u>	2025 and thereafter
<u>\$ 4,439,009</u>	

(Continued)



**ACER INCORPORATED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Unrecognized deferred income tax liabilities

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Net profits associated with investments in subsidiaries	<b>\$ 2,118,771</b>	<b>2,745,281</b>

The Group is able to control the timing of reversal of the temporary differences associated with investments in subsidiaries. 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.

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:

	<b>Inventory</b>	<b>Accrued expenses and provisions</b>	<b>Unused tax loss carryforwards</b>	<b>Others</b>	<b>Total</b>
<b>Balance at January 1, 2020</b>	\$ 166,497	1,156,264	62,464	166,570	1,551,795
Recognized in profit or loss	(15,966)	958,152	(23,824)	14,956	933,318
Recognized in other comprehensive income	-	-	-	162	162
Effect of exchange rate changes	-	-	-	(4,499)	(4,499)
<b>Balance at December 31, 2020</b>	<b>\$ 150,531</b>	<b>2,114,416</b>	<b>38,640</b>	<b>177,189</b>	<b>2,480,776</b>
<b>Balance at January 1, 2019</b>	\$ 161,854	491,305	85,510	151,789	890,458
Recognized in profit or loss	4,643	664,959	(23,046)	147	646,703
Recognized in other comprehensive income	-	-	-	9,504	9,504
Effect of exchange rate changes	-	-	-	5,130	5,130
<b>Balance at December 31, 2019</b>	<b>\$ 166,497</b>	<b>1,156,264</b>	<b>62,464</b>	<b>166,570</b>	<b>1,551,795</b>

Deferred income tax liabilities:

	<b>Unremitted earnings from subsidiaries</b>	<b>Unrealized foreign exchange gain on financial instruments</b>	<b>Intangible assets</b>	<b>Others</b>	<b>Total</b>
<b>Balance at January 1, 2020</b>	\$ 2,104,835	141,430	244,406	35,282	2,525,953
Recognized in profit or loss	822,708	147,529	56,344	2,579	1,029,160
<b>Balance at December 31, 2020</b>	<b>\$ 2,927,543</b>	<b>288,959</b>	<b>300,750</b>	<b>37,861</b>	<b>3,555,113</b>
<b>Balance at January 1, 2019</b>	\$ 1,438,874	77,034	209,912	23,371	1,749,191
Recognized in profit or loss	665,961	64,396	34,494	11,911	776,762
<b>Balance at December 31, 2019</b>	<b>\$ 2,104,835</b>	<b>141,430</b>	<b>244,406</b>	<b>35,282</b>	<b>2,525,953</b>

(Continued)

**ACER INCORPORATED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) No income tax expense was recognized directly in equity in 2020 and 2019.

(iv) The Company's income tax returns for the years through 2018 were examined and approved by the R.O.C. income tax authorities.

(s) Capital and other equity

(i) Common stock

As of December 31, 2020 and 2019, the Company had issued 5,850 thousand units and 5,805 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, 2020 and 2019, the Company's authorized shares of common stock consisted of 4,000,000 thousand shares, of which 3,047,854 thousand shares and 3,074,934 thousands shares were issued, respectively. 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):

	<u>2020</u>	<u>2019</u>
Balance at January 1	3,028,188	3,028,188
Retirement of treasury stock	(27,080)	-
Balance at December 31	<u><u>3,001,108</u></u>	<u><u>3,028,188</u></u>

(ii) Capital surplus

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Paid-in capital in excess of par value	\$ 10,086,648	11,101,376
Surplus from mergers	15,797,245	16,027,221
Surplus related to treasury stock transactions and cash dividend	551,856	376,607
Difference between consideration and carrying amount of subsidiaries acquired or disposed	217,421	43,017
Employee share options	90,000	90,000
Surplus from equity-method investments	<u>634,898</u>	<u>514,741</u>
	<u><u>\$ 27,378,068</u></u>	<u><u>28,152,962</u></u>

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**ACER INCORPORATED AND SUBSIDIARIES**  
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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.

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

The Company’s Articles of Incorporation, amended on June 14, 2019, 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 Ruling No. 1010047490 issued by the FSC on November 21, 2012, 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 Ruling No. 1010012865 issued by the FSC on April 6, 2012, 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.

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**ACER INCORPORATED AND SUBSIDIARIES**  
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On March 18, 2020, the Company's Board of Directors 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.

On June 14, 2019, the Company's shareholders approved an appropriation of legal reserve and special reserve of \$306,043 and \$406,544, respectively, as well as the distribution of cash dividends amounting to \$2,367,699 (\$0.77 per share), of which \$36,051 was distributed to the subsidiaries holding the Company's common shares.

On March 17, 2021, the Company's Board of Directors had 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, the Company's Board of Directors had proposed the appropriation of 2020 earnings, which included the appropriations of legal reserve and special reserve of \$602,575 and \$857,485, respectively.

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, 2020 and 2019, 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):

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

(Continued)

**ACER INCORPORATED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>December 31, 2019</b>		
	<b>Number of shares</b>	<b>Carrying amount</b>	<b>Market value</b>
Common stock	21,809	\$ 945,239	389,291
GDRs	24,937	1,969,617	435,442
	<b>46,746</b>	<b>\$ 2,914,856</b>	<b>824,733</b>

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:

	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ (4,187,394)	(2,789,146)
Foreign exchange differences arising from translation of foreign operations	(1,854,068)	(1,405,926)
Share of other comprehensive loss of associates	(1,765)	(2)
Reclassified to profit or loss as a result of disposal of subsidiaries	-	7,680
Balance at December 31	<b>\$ (6,043,227)</b>	<b>(4,187,394)</b>

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

	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 133,070	(522,226)
Change in fair value of financial assets measured at fair value through other comprehensive income	632,065	685,362
Disposal of financial assets measured at fair value through other comprehensive income	3,527	(30,066)
Balance at December 31	<b>\$ 768,662</b>	<b>133,070</b>

(Continued)

**ACER INCORPORATED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

3) Remeasurement of defined benefit plans:

	<u>2020</u>	<u>2019</u>
Balance at January 1	\$ (287,903)	(69,817)
Change in the period	44,999	(218,076)
Share of other comprehensive income (loss) of associates	<u>17</u>	<u>(10)</u>
Balance at December 31	<u>\$ (242,887)</u>	<u>(287,903)</u>

(vi) Non-controlling interests (net after tax)

	<u>2020</u>	<u>2019</u>
Balance at January 1	\$ 1,353,766	718,192
Equity attributable to non-controlling interests:		
Net income (loss) for the year	116,323	(64,191)
Stock option compensation cost of subsidiaries	71	1,026
Issuance of common stock from exercise of employee stock options by subsidiaries	-	76,523
Changes in ownership interests in subsidiaries	(43,604)	(195,228)
Acquisition and disposal of interests in subsidiaries	301,669	362,149
Difference between consideration and carrying amount of subsidiaries acquired or disposed	(174,404)	57,583
Increase in non-controlling interests	135,581	427,422
Reorganization under common control	12	126
Cash dividends paid to non-controlling interests by subsidiaries	(76,181)	(24,389)
Foreign currency translation differences	11,132	(7,744)
Unrealized gain from financial assets measured at fair value through other comprehensive income	3,678	2,309
Changes in equity of investments in associates	33,556	6,005
Remeasurement of defined benefit plans	(7,609)	(6,017)
Disposal of financial assets measured at fair value through other comprehensive income by subsidiaries	<u>(5,357)</u>	<u>-</u>
Balance at December 31	<u>\$ 1,648,633</u>	<u>1,353,766</u>

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**ACER INCORPORATED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(t) Share-based payment

(i) The Group's additional share-based payment arrangements in 2020 and 2019 were as follows:

<u>Type of arrangement</u>	<u>Grant Date</u>	<u>Numbers of options granted (in thousands of shares)</u>	<u>Contract period</u>	<u>Vesting period</u>
AST – Issuance of new shares reserved for employee subscription	2020/11/19	265	2020/11/19~ 2020/12/15	2020/11/19~ 2020/12/15
AEB – ESOPs	2019/07/25	6,500	2019/07/25~ 2019/08/12	2019/07/25~ 2019/08/02
ACSI – Issuance of new shares reserved for employee subscription	2019/10/23	371	2019/10/01~ 2019/10/23	2019/10/01~ 2019/10/23

The Group used the Black-Scholes Model in measuring the fair value of its employee stock options. The main inputs to the valuation model were as follows:

	<u>AST – Issuance of new shares reserved for employee subscription</u>	<u>AEB – ESOPs</u>	<u>ACSI – Issuance of new shares reserved for employee subscription</u>
Fair value of options granted (NT\$/ share)	0.68	0	7.8
Fair value of stock at grant date (NT\$/ share)	56.38	16.08	62.58
Exercise price (NT\$/ share)	60	17.2	55
Expected volatility	32.08%	18.04%	37.20%
Expected life (in years)	0.07	0.02	0.06
Risk-free interest rate	0.15%	0.12%	0.60%

Expected volatility was determined based on the vesting period and historical volatility of the comparable companies. The risk-free interest rate was determined based on government bonds.

(ii) For the years ended December 31, 2020 and 2019, the compensation cost recognized for the abovementioned share-based payment arrangements amounted to \$181 and \$2,894, respectively, which was reported in the operating expenses.

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**ACER INCORPORATED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(u) 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:

	<u>2020</u>	<u>2019</u>
Net income attributable to the ordinary shareholders of the Parent	\$ <u>6,029,287</u>	<u>2,632,565</u>
Weighted-average number of ordinary shares outstanding (in thousands)	<u>3,006,934</u>	<u>3,028,188</u>
Basic earnings per share (in New Taiwan dollars)	\$ <u>2.01</u>	<u>0.87</u>

(ii) Diluted earnings per share

	<u>2020</u>	<u>2019</u>
Net income attributable to the ordinary shareholders of the Parent	\$ <u>6,029,287</u>	<u>2,632,565</u>
Weighted-average number of ordinary shares outstanding (in thousands)	3,006,934	3,028,188
Effect of dilutive potential common stock (in thousands):		
Effect of employee remuneration in stock	<u>22,460</u>	<u>9,446</u>
Weighted-average shares of common stock outstanding (including effect of dilutive potential common stock)(in thousands)	<u>3,029,394</u>	<u>3,037,634</u>
Diluted earnings per share (in New Taiwan dollars)	\$ <u>1.99</u>	<u>0.87</u>

(v) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>2020</u>		
	<u>IT Hardware Products</u>	<u>Others</u>	<u>Total</u>
Primary geographical markets:			
EMEA	\$ 93,182,977	-	93,182,977
Pan America	84,864,378	-	84,864,378
Asia Pacific	<u>69,558,273</u>	<u>29,506,849</u>	<u>99,065,122</u>
	<u>\$ 247,605,628</u>	<u>29,506,849</u>	<u>277,112,477</u>

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**ACER INCORPORATED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	2019		
	IT Hardware Products	Others	Total
Primary geographical markets:			
EMEA	\$ 77,990,575	-	77,990,575
Pan America	61,763,772	-	61,763,772
Asia Pacific	<u>69,197,233</u>	<u>25,333,774</u>	<u>94,531,007</u>
	<u><b>\$ 208,951,580</b></u>	<u><b>25,333,774</b></u>	<u><b>234,285,354</b></u>

(ii) Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Notes and accounts receivable (including receivables from related parties)	\$ 55,389,534	49,575,567	47,712,520
Less: loss allowance	<u>(192,005)</u>	<u>(136,322)</u>	<u>(186,302)</u>
	<u><b>\$ 55,197,529</b></u>	<u><b>49,439,245</b></u>	<u><b>47,526,218</b></u>
Contract assets — current	<u><b>\$ 514,369</b></u>	<u><b>420,882</b></u>	<u><b>396,235</b></u>
Contract liabilities — current	<u><b>\$ 2,269,409</b></u>	<u><b>1,832,271</b></u>	<u><b>821,374</b></u>
Contract liabilities — non-current	<u><b>\$ 827,783</b></u>	<u><b>662,672</b></u>	<u><b>1,405,350</b></u>

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 contract 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 2020 and 2019 that was included in the contract liability balance at January 1, 2020 and 2019, was \$908,376 and \$653,405, respectively.

(w) 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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**ACER INCORPORATED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

For the years ended December 31, 2020 and 2019, the Company accrued its remuneration to employees amounting to \$480,000 and \$138,000, respectively, and the remuneration for directors of \$23,821 and \$5,685, 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 2020 resolved by the Company's Board of Directors on March 17, 2021 was \$10,013 and that for 2019 resolved by the Company's Board of Directors on March 18, 2020 was \$5,697, the aforementioned accrued remunerations to employees were the same as the amounts resolved by the Board of Directors on March 17, 2021 and March 18, 2020, respectively, which were all paid in cash. The difference between accrual and actual payment, amounting to \$13,808 and \$12 for 2020 and 2019, 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.

(x) Other operating income and expenses – net

	<u>2020</u>	<u>2019</u>
Government grants	\$ 133,403	8,891
Rental income	<u>95,370</u>	<u>85,659</u>
	<u>\$ 228,773</u>	<u>94,550</u>

(y) Non-operating income and loss

(i) Interest income

	<u>2020</u>	<u>2019</u>
Interest income from bank deposits	\$ <u>315,460</u>	<u>468,887</u>

(ii) Other income

	<u>2020</u>	<u>2019</u>
Dividend income	\$ <u>243,073</u>	<u>195,296</u>

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**ACER INCORPORATED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (iii) Other gains and losses

	<u>2020</u>	<u>2019</u>
Foreign currency exchange gain (loss)	\$ 1,558,854	482,860
Gain (loss) on financial assets and liabilities measured at fair value through profit or loss	(2,132,504)	(219,312)
Gain (loss) on disposal of property, plant and equipment and intangible assets	2,713	(12,830)
Loss on disposal of investments accounted for using the equity method	-	(5,086)
Gain on liquidation of subsidiaries	902	-
Impairment loss (note 6(f), (g)&(j))	-	(51,584)
Others	<u>132,556</u>	<u>76,485</u>
	<u>\$ (437,479)</u>	<u>270,533</u>

## (iv) Finance costs

	<u>2020</u>	<u>2019</u>
Interest expense from bank loans	\$ (110,937)	(140,149)
Interest expense on lease liabilities	<u>(44,364)</u>	<u>(49,102)</u>
	<u>\$ (155,301)</u>	<u>(189,251)</u>

## (z) Financial instruments and fair value information

## (i) Categories of financial instruments

## 1) Financial assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Financial assets measured at fair value through profit or loss	\$ 5,841,103	1,271,742
Financial assets measured at fair value through other comprehensive income	6,208,410	5,246,955
Financial assets measured at amortized cost:		
Cash and cash equivalents	39,181,023	24,184,332
Notes and accounts receivable and other receivables (including receivables from related parties)	55,745,545	49,990,014
Other financial assets – non-current	<u>1,058,956</u>	<u>1,157,827</u>
	<u>\$ 108,035,037</u>	<u>81,850,870</u>

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**ACER INCORPORATED AND SUBSIDIARIES**  
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2) Financial liabilities

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Financial liabilities measured at fair value through profit or loss	\$ 1,526,494	449,052
Financial liabilities measured at amortized cost:		
Short-term borrowings	1,029,117	1,505,587
Notes and accounts payable	49,405,634	35,223,814
Other payables	29,810,924	21,400,044
Lease liabilities (including current and non-current)	1,956,353	2,008,007
Long-term debt (including current portion)	<u>3,413,215</u>	<u>5,843,815</u>
	<u>\$ 87,141,737</u>	<u>66,430,319</u>

(ii) Fair value information

1) Financial instruments not measured at fair value

The Group 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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		<b>December 31, 2020</b>			
		<b>Fair value</b>			
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets mandatorily measured at fair value through profit or loss:					
Foreign currency forward contracts	\$	-	203,213	-	203,213
Stocks listed on foreign markets		2,160	-	-	2,160
Funds		<u>5,635,730</u>	<u>-</u>	<u>-</u>	<u>5,635,730</u>
	<b>\$</b>	<b><u>5,637,890</u></b>	<b><u>203,213</u></b>	<b><u>-</u></b>	<b><u>5,841,103</u></b>
Financial assets measured at fair value through other comprehensive income:					
Domestic listed stock	\$	5,096,859	-	-	5,096,859
Unlisted stock		<u>-</u>	<u>-</u>	<u>1,111,551</u>	<u>1,111,551</u>
	<b>\$</b>	<b><u>5,096,859</u></b>	<b><u>-</u></b>	<b><u>1,111,551</u></b>	<b><u>6,208,410</u></b>
Financial liabilities measured at fair value through profit or loss:					
Foreign currency forward contracts	\$	<u>-</u>	<u>(1,526,494)</u>	<u>-</u>	<u>(1,526,494)</u>
		<b><u>-</u></b>	<b><u>(1,526,494)</u></b>	<b><u>-</u></b>	<b><u>(1,526,494)</u></b>
		<b>December 31, 2019</b>			
		<b>Fair value</b>			
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets mandatorily measured at fair value through profit or loss:					
Foreign currency forward contracts	\$	-	83,959	-	83,959
Foreign currency option contracts		-	2,176	-	2,176
Stock listed on foreign markets		3,428	-	-	3,428
Funds		<u>1,182,179</u>	<u>-</u>	<u>-</u>	<u>1,182,179</u>
	<b>\$</b>	<b><u>1,185,607</u></b>	<b><u>86,135</u></b>	<b><u>-</u></b>	<b><u>1,271,742</u></b>
Financial assets measured at fair value through other comprehensive income:					
Domestic listed stock	\$	3,942,609	-	-	3,942,609
Unlisted stock		<u>-</u>	<u>-</u>	<u>1,304,346</u>	<u>1,304,346</u>
	<b>\$</b>	<b><u>3,942,609</u></b>	<b><u>-</u></b>	<b><u>1,304,346</u></b>	<b><u>5,246,955</u></b>
Financial liabilities measured at fair value through profit or loss:					
Foreign currency forward contracts	\$	-	(436,991)	-	(436,991)
Foreign currency option contracts		<u>-</u>	<u>(12,061)</u>	<u>-</u>	<u>(12,061)</u>
		<b><u>-</u></b>	<b><u>(449,052)</u></b>	<b><u>-</u></b>	<b><u>(449,052)</u></b>

There were no transfers among fair value hierarchies for the years ended December 31, 2020 and 2019.

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**ACER INCORPORATED AND SUBSIDIARIES**  
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3) Movement in financial assets included in Level 3 fair value hierarchy

	<u>2020</u>	<u>2019</u>	
	<b>Financial assets measured at fair value through other comprehensive income</b>	<b>Financial assets mandatorily measured at fair value through profit or loss</b>	<b>Financial assets measured at fair value through other comprehensive income</b>
Balance at January 1	\$ 1,304,346	44,894	1,269,263
Total gains or losses:			
Recognized in profit and loss	-	16,413	-
Recognized in other comprehensive income	(158,042)	-	(94,720)
Additions	17,421	-	272,983
Disposals	(11,966)	(61,307)	(124,589)
Effect of exchange rate changes	(40,208)	-	(18,591)
Balance at December 31	<u>\$ 1,111,551</u>	<u>-</u>	<u>1,304,346</u>

The abovementioned total gains or losses were included in “other gains and losses” and “unrealized gain (loss) from financial assets measured at fair value through other comprehensive income”, respectively. The gains or losses attributable to the financial assets held on December 31, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
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”)	<u>\$ (158,042)</u>	<u>(129,019)</u>

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 Group. The fair value of foreign currency forward contracts and foreign currency option 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.

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**ACER INCORPORATED AND SUBSIDIARIES**  
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5) Quantitative information of significant unobservable inputs

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Interrelationship between significant unobservable inputs and fair value measurement</u>
Financial assets measured at fair value through other comprehensive income	Comparable company valuation	Discount for lack of marketability (10%~30%)	The estimated fair value would decrease if the discount for lack of marketability was higher

6) Fair value measurements in Level 3— sensitivity analysis of reasonably possible alternative assumptions

The Group's measurement on the fair value of financial instruments may change if different valuation models or inputs are used. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on other comprehensive income:

	<u>Input</u>	<u>Change in assumptions</u>	<u>Other comprehensive income</u>	
			<u>Favorable</u>	<u>Unfavorable</u>
<b>December 31, 2020</b>				
Financial assets measured at fair value through other comprehensive income				
Equity investments without an active market	Discount for lack of marketability	1%	9,584	(9,584)
<b>December 31, 2019</b>				
Financial assets measured at fair value through other comprehensive income				
Equity investments without an active market	Discount for lack of marketability	1%	12,685	(12,685)

The favorable and unfavorable effects represent the changes in fair value, which is based on a variety of unobservable inputs calculated using a valuation technique. If the fair value of a financial instrument is subject to more than one inputs, the analysis above reflects only the effects of changes in a single input and does not include the interrelationship with another inputs.

(iii) Offsetting of financial assets and financial liabilities

The Group 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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**ACER INCORPORATED AND SUBSIDIARIES**  
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The table below summarizes the related information of offsetting of financial assets and liabilities:

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 amount of financial assets presented in the balance sheet	Amounts not offset in the balance sheet (d)		Net amount
	(a)	(b)	(c)=(a)-(b)	Financial instruments	Cash collateral received	(e)=(c)-(d)
Notes and accounts receivable, net	\$ <u>95,427,457</u>	<u>40,257,347</u>	<u>55,170,110</u>	<u>-</u>	<u>-</u>	<u>55,170,110</u>
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 amount of financial liabilities presented in the balance sheet	Amounts not offset in the balance sheet (d)		Net amount
	(a)	(b)	(c)=(a)-(b)	Financial instruments	Cash collateral received	(e)=(c)-(d)
Notes and accounts payable	\$ <u>89,662,981</u>	<u>40,257,347</u>	<u>49,405,634</u>	<u>-</u>	<u>-</u>	<u>49,405,634</u>
December 31, 2019						
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 amount of financial assets presented in the balance sheet	Amounts not offset in the balance sheet (d)		Net amount
	(a)	(b)	(c)=(a)-(b)	Financial instruments	Cash collateral received	(e)=(c)-(d)
Notes and accounts receivable, net	\$ <u>76,003,593</u>	<u>26,605,549</u>	<u>49,398,044</u>	<u>-</u>	<u>-</u>	<u>49,398,044</u>
December 31, 2019						
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 amount of financial liabilities presented in the balance sheet	Amounts not offset in the balance sheet (d)		Net amount
	(a)	(b)	(c)=(a)-(b)	Financial instruments	Cash collateral received	(e)=(c)-(d)
Notes and accounts payable	\$ <u>61,829,363</u>	<u>26,605,549</u>	<u>35,223,814</u>	<u>-</u>	<u>-</u>	<u>35,223,814</u>

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**ACER INCORPORATED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(aa) Financial risk management

The Group is exposed to credit risk, liquidity risk, and market risk (including currency risk, interest rate risk, and other market price risk). The Group has disclosed the information on exposure to the aforementioned risks and the Group'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 Group's risk management policies. The Group's risk management policies are established to identify and analyze the risks faced by the Group, 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 Group's operations.

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

2) Concentration of credit risk

The Group primarily sells and markets its multi-branded IT products through distributors in different geographic areas. The Group believes that there is no significant concentration of credit risk due to the Group'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 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(g) for descriptions about how the Group determines the credit risk. As of December 31, 2020 and 2019, except for other receivables amounting to \$40,996 and \$40,618, respectively, for which the loss allowance was fully provided, no loss allowance was provided for the remaining receivables after management's assessment.

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**ACER INCORPORATED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in settling its financial liabilities by delivering cash or another financial assets. The Group 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, 2020 and 2019, the Group had unused credit facilities of \$37,497,762 and \$32,494,012, respectively.

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

	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
<b>December 31, 2020</b>					
Non-derivative financial liabilities:					
Short-term borrowings carrying floating interest rates	\$ 1,029,985	1,029,985	-	-	-
Long-term debt carrying floating interest rates	3,469,242	50,220	3,341,025	77,997	-
Notes and accounts payable	49,405,634	49,405,634	-	-	-
Other payables	29,810,924	27,696,792	2,094,176	19,956	-
Lease liability	2,056,634	636,765	400,249	589,440	430,180
	<u>\$ 85,772,419</u>	<u>78,819,396</u>	<u>5,835,450</u>	<u>687,393</u>	<u>430,180</u>
Derivative financial instruments:					
Foreign currency forward contracts – settled in gross:					
Outflow	\$ 80,301,700	80,301,700	-	-	-
Inflow	(78,941,067)	(78,941,067)	-	-	-
	<u>\$ 1,360,633</u>	<u>1,360,633</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>December 31, 2019</b>					
Non-derivative financial liabilities:					
Short-term borrowings carrying floating interest rates	\$ 1,517,649	1,517,649	-	-	-
Long-term debt carrying floating interest rates	5,991,995	79,283	2,567,004	3,345,708	-
Notes and accounts payable	35,223,814	35,219,887	3,927	-	-
Other payables	21,400,044	19,302,594	2,077,679	19,755	16
Lease liability	2,111,047	641,111	460,583	569,610	439,743
	<u>\$ 66,244,549</u>	<u>56,760,524</u>	<u>5,109,193</u>	<u>3,935,073</u>	<u>439,759</u>
Derivative financial instruments:					
Foreign currency forward contracts – settled in gross:					
Outflow	\$ 61,770,207	61,770,207	-	-	-
Inflow	(61,434,453)	(61,434,453)	-	-	-
	<u>\$ 335,754</u>	<u>335,754</u>	<u>-</u>	<u>-</u>	<u>-</u>
Foreign currency option contracts – settled in gross:					
Outflow	1,407,029	1,407,029	-	-	-
Inflow	(1,384,876)	(1,384,876)	-	-	-
	<u>\$ 22,153</u>	<u>22,153</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

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(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 Group'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.

The Group utilizes derivative financial instruments to manage market risk 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 Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The foreign currencies used in these transactions are mainly the US dollar (USD), Euro (EUR), Japanese Yen (JPY), Indian Rupee (INR), Polish Zloty (PLN), Great British Pound (GBP), etc.

The Group utilizes foreign currency forward contracts to hedge its foreign currency exposure with respect to its forecast sales and purchases over the following 12 months.

a) Exposure to foreign currency risk and sensitivity analysis

The Group'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 Group's significant monetary assets and liabilities denominated in a currency other than the respective functional currencies of the Group entities and their sensitivity analysis were as follows (including the monetary items that have been eliminated in the accompanying consolidated financial statements):

(in thousands)

	<b>December 31, 2020</b>					
	<b>Foreign currency</b>	<b>Exchange rate</b>	<b>NTD</b>	<b>Change in magnitude</b>	<b>Pre-tax effect on profit or loss</b>	
<b>Financial assets</b>						
<u>Monetary items</u>						
EUR	\$	71,197	34.8254	2,479,464	1 %	24,795
USD		1,467,653	28.5080	41,839,852	1 %	418,399
INR		7,102,905	0.3902	2,771,554	1 %	27,716
JPY		14,083,740	0.2761	3,888,521	1 %	38,885
PLN		301,547	7.6361	2,302,643	1 %	23,026
GBP		55,336	38.9704	2,156,466	1 %	21,565
<b>Financial liabilities</b>						
<u>Monetary items</u>						
PLN		152,423	7.6361	1,163,917	1 %	11,639
USD		2,279,170	28.5080	64,974,578	1 %	649,746

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(in thousands)

December 31, 2019					
	Foreign currency	Exchange rate	NTD	Change in magnitude	Pre-tax effect on profit or loss
<u>Financial assets</u>					
<u>Monetary items</u>					
EUR	\$ 109,292	33.7579	3,689,468	1 %	36,895
USD	794,860	30.1060	23,930,055	1 %	239,301
INR	10,530,634	0.4218	4,441,821	1 %	44,418
AUD	90,184	21.1374	1,906,255	1 %	19,063
PLN	226,598	7.9347	1,797,987	1 %	17,980
<u>Financial liabilities</u>					
<u>Monetary items</u>					
EUR	30,943	33.7579	1,044,571	1 %	10,446
USD	1,553,895	30.1060	46,781,563	1 %	467,816

With varieties of functional currencies within the consolidated entities of the Group, the Group disclosed net realized and unrealized foreign exchange gain (loss) on monetary items in aggregate. Please refer to note 6(y) for further information.

2) Interest rate risk

The Group's short-term borrowings and long-term debt carry floating interest rates, and the Group has not entered into interest rate swap contracts to convert floating interest rates to fixed interest rates. To manage the interest rate risk, the Group periodically assesses the interest rates of bank loans and maintains good relationships with financial institutions to obtain lower financing costs. The Group 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.

The following sensitivity analysis is based on the risk exposure to floating-interest-rate liabilities on the reporting date. The sensitivity analysis assumes the liabilities recorded at the reporting date had been outstanding for the entire period. The change in interest rate reported to the key management in the Group 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, 2020 and 2019 would have been \$44,423 and \$73,494, respectively, lower/higher, which mainly resulted from the borrowings with floating interest rates.

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3) Other market price risk

The Group is exposed to the risk of price fluctuation in securities resulting from its investment in publicly traded stocks. The Group supervises the equity price risk actively and manages the risk based on fair value. The Group also has strategic investments in privately held stocks, in which the Group 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, 2020 and 2019, would have increased or decreased by \$310,421 and \$262,348, respectively.

(ab) Capital management

In consideration of the industry dynamics and future developments, as well as external environment factors, the Group 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.

(ac) Investing and financing activities not affecting cash flows

(i) Please refer to note 6(h) for a description of acquisition of right-of-use assets through leases in 2020 and 2019.

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

	January 1, 2020	Cash flows	Non-cash changes		December 31, 2020
			Movement of leases	Fluctuation of foreign exchange rate	
Long-term debt	\$ 5,843,815	(2,435,290)	-	4,690	3,413,215
Short-term borrowings	1,505,587	(404,100)	-	(72,370)	1,029,117
Lease liabilities	2,008,007	(693,094)	659,557	(18,117)	1,956,353
Total liabilities from financing activities	<u>\$ 9,357,409</u>	<u>(3,532,484)</u>	<u>659,557</u>	<u>(85,797)</u>	<u>6,398,685</u>

	January 1, 2019	Cash flows	Non-cash changes		December 31, 2019
			Movement of leases	Fluctuation of foreign exchange rate	
Long-term debt	\$ 3,320,088	2,524,164	-	(437)	5,843,815
Short-term borrowings	657,040	850,496	-	(1,949)	1,505,587
Lease liabilities	2,490,700	(631,624)	187,825	(38,894)	2,008,007
Total liabilities from financing activities	<u>\$ 6,467,828</u>	<u>2,743,036</u>	<u>187,825</u>	<u>(41,280)</u>	<u>9,357,409</u>

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**7. Related-party transactions**

(a) Related party name and categories

The followings are related parties that have had transactions with the Group during the reporting periods:

<u>Name of related party</u>	<u>Relationship with the Group</u>
Aegis Semiconductor Technology Inc.	Associates
GrandPad Inc.	Associates
Piovision International Inc.	Associates
ECOM Software Inc.	Associates
Kbest Technology Inc.	Associates
Meldcx Pty Ltd.	Associates
Meldcx USA Inc.	Associates
Apex Material Technology Corp.	Associates
Antung Trading Corporation	Associates
Smart Frequency Technology Inc.	Joint Venture
Other Related Parties:	
Eric's Co., LTD	The entity's chairman is the first-degree relatives of one of the key management of the Group
iD Softcapital Inc.	The entity's chairman is the spouse of one of the key management of the Group
Mu-Jin Investment Co., Ltd	Same chairman with the Group
Acer Foundation	The Group has significant influence over the entity

(b) Significant related-party transactions

(i) Revenue

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

	<u>2020</u>	<u>2019</u>
Associates	\$ 244,408	56,839
Joint ventures	896	506
Other related parties	6,041	45
	<u>\$ 251,345</u>	<u>57,390</u>

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The sales prices with related parties are not comparable to those with third-party customers due to different product specifications. The credit terms ranged from 30 to 180 days, which were not significantly different from those with third-party customers. Receivables from related parties were uncollateralized.

(ii) Purchases

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

	<u>2020</u>	<u>2019</u>
Associates	\$ <u>2,324</u>	<u>7,348</u>

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 expenses

The operating expenses related to the system maintenance service provided by related parties and the donation to related parties were as follows:

<u>Account</u>	<u>Related-party categories</u>	<u>2020</u>	<u>2019</u>
Operating expense	Associates	\$ 6,225	2,075
Operating expense	Other related parties	<u>12,500</u>	<u>10,557</u>
		<u>\$ 18,725</u>	<u>12,632</u>

(iv) Lease

The Group leased its investment property and offices to related parties. The related rental income was included in “other operating income and expenses – net” and was summarized as follows:

	<u>2020</u>	<u>2019</u>
Associates	\$ 2,491	2,378
Joint ventures	1,668	777
Other related parties	<u>78</u>	<u>78</u>
	<u>\$ 4,237</u>	<u>3,233</u>

(v) Service income

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

	<u>2020</u>	<u>2019</u>
Associates	\$ 48	1,953
Joint ventures	3,223	2,086
Other related parties	<u>19</u>	<u>-</u>
	<u>\$ 3,290</u>	<u>4,039</u>

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(vi) Receivables from related parties

The receivables from related parties were as follows:

<u>Account</u>	<u>Related-party categories</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts receivable	Associates	\$ 27,316	41,106
Accounts receivable	Joint ventures	103	95
Other receivables	Associates	4,678	12,518
Other receivables	Joint ventures	297	220
Other receivables	Other related parties	20	-
		<u>\$ 32,414</u>	<u>53,939</u>

(vii) Payables to related parties

The payables to related parties were as follows:

<u>Account</u>	<u>Related party categories</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts payable	Associates	\$ 144	59
Other payables	Associates	936	24
Other payables	Other related parties	25,000	-
		<u>\$ 26,080</u>	<u>83</u>

(c) Compensation for key management personnel

	<u>2020</u>	<u>2019</u>
Short-term employee benefits	\$ 389,142	348,789
Post-employment benefits	24,440	8,279
	<u>\$ 413,582</u>	<u>357,068</u>

**8. Pledged assets**

The carrying values of pledged assets were as follows:

<u>Assets</u>	<u>Pledged to secure</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash in bank and time deposits (reported under other financial assets – non-current)	Contract bidding, security for letters of credit, project fulfillment, import tariffs, lease guarantee, etc.	\$ 418,425	405,235
Other equipment	Bank loans	-	916
Bluechip's assets	Bank loans	788,964	772,918
		<u>\$ 1,207,389</u>	<u>1,179,069</u>

(Continued)



**ACER INCORPORATED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**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) An American company has filed a lawsuit in California State Court against Acer for violating confidential agreement and trade secret. The Group had appointed outside counsel to handle the case. The lawsuit is still in progress. However, the Group has recognized the litigation provisions based on the development of the aforesaid lawsuit. The management foresees no immediate material adverse effect on the Group's business operations and finance.
- (c) In the ordinary course of its business from time to time, the Group received notices from third parties asserting that Acer has infringed certain patents and demanded that Acer should obtain certain patent licenses. Although the Group does not expect that the outcome of any of these legal proceedings (individually or collectively) will have a material adverse effect on the Group's business operations and finance, the litigation is inherently unpredictable. Therefore, the Group could incur judgments or enter into settlements of claims that could adversely affect its operating results or cash flows in a particular period.
- (d) The Group faces various taxation challenges around the world due to rapid changes in international tax environment. The Group held different position with various local tax authorities for certain tax audits and has provided the accruals for the cases (including but not limited to income taxes, withholding taxes and business taxes) that met the criteria for recognizing a provision. Nevertheless, the tax disputes are inherently complicated and may take years to be approved by the tax authorities. The ultimate result is unpredictable and could adversely affect the Group's operating results or cash flows in a particular period.
- (e) As of December 31, 2020 and 2019, the Company had outstanding stand-by letters of credit provided by the banks totaling \$14,227 and \$49,843, respectively, for purposes of bids and contracts.
- (f) As of December 31, 2020 and 2019, the Group had issued promissory notes amounting to \$39,557,254 and \$39,925,503, respectively, as collateral for obtaining credit facilities from financial institutions.

**10. Significant loss from disaster: None**

**11. Significant subsequent events: None**

(Continued)

**ACER INCORPORATED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**12. Others**

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

	2020			2019		
	Cost of revenue	Operating expenses	Total	Cost of revenue	Operating expenses	Total
Employee benefits:						
Salaries	1,123,968	9,421,925	10,545,893	971,797	9,035,418	10,007,215
Insurance	163,768	987,142	1,150,910	148,251	1,059,342	1,207,593
Pension	33,894	544,851	578,745	20,531	581,562	602,093
Others	74,762	761,920	836,682	69,443	961,590	1,031,033
Depreciation	173,810	904,346	1,078,156	164,129	1,029,467	1,193,596
Amortization	203,412	70,497	273,909	164,808	153,915	318,723

**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);
  - (x) Business relationships and significant intercompany transactions: See Table 7 attached;
- (b) Information on investees: See Table 8 attached;

(Continued)

**ACER INCORPORATED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(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 9 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 Group'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, 2020, please refer to "Information on significant transactions" and "Business relationships and significant intercompany transactions" above.

(d) Major shareholders:

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

**14. Segment information**

(a) General information

The Group's reportable segments comprise the device business group ("IT Hardware Products") and other business groups. The IT Hardware Products engages mainly in the research, design, and marketing of personal computers, IT products, and tablet products. Other business groups, which do not meet the quantitative reporting threshold, mainly engage in the activities of e-commerce, cloud services, sales and distribution of smart devices, distributors and agency, new energy devices, and handheld devices, as well as real estate services.

Strategic investment expenditures (such as global branding expenditures, depreciation of the capital expenditures for the strengthening of the global information structure, and non-routine long-term strategic expenditures) are not allocated to reportable segments. Operating profit is used as the measurement for segment profit and the basis for performance evaluation. The reporting amount is consistent with the report used by the chief operating decision maker. There was no material inconsistency between the accounting policies adopted for the operating segments and the significant accounting policies of the Group.

(Continued)

**ACER INCORPORATED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group's operating segment information and reconciliation was as follows:

	<b>2020</b>			
	<b>IT Hardware Products</b>	<b>Others</b>	<b>Adjustments and eliminations</b>	<b>Total</b>
Revenues from external customers	\$ 247,605,628	29,506,849	-	277,112,477
Intra-group revenue	1,966,960	1,873,635	(3,840,595)	-
Total revenues	<u>\$ 249,572,588</u>	<u>31,380,484</u>	<u>(3,840,595)</u>	<u>277,112,477</u>
Segment profit (loss)	<u>\$ 10,868,244</u>	<u>432,172</u>	<u>(2,364,578)</u>	<u>8,935,838</u>
	<b>2019</b>			
	<b>IT Hardware Products</b>	<b>Others</b>	<b>Adjustments and eliminations</b>	<b>Total</b>
Revenues from external customers	\$ 208,951,580	25,333,774	-	234,285,354
Intra-group revenue	2,297,921	1,391,186	(3,689,107)	-
Total revenues	<u>\$ 211,249,501</u>	<u>26,724,960</u>	<u>(3,689,107)</u>	<u>234,285,354</u>
Segment profit (loss)	<u>\$ 5,025,757</u>	<u>(250,748)</u>	<u>(1,697,195)</u>	<u>3,077,814</u>

(b) Product and service information

Revenues from external customers are detailed below:

<b>Products and services</b>	<b>2020</b>	<b>2019</b>
Personal computers	\$ 206,616,248	172,384,912
Peripherals and others	70,496,229	61,900,442
	<u>\$ 277,112,477</u>	<u>234,285,354</u>

(c) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

Revenues from external customers are detailed below:

<b>Region</b>	<b>2020</b>	<b>2019</b>
U.S.A.	\$ 75,134,328	51,412,498
Mainland China	12,034,262	10,940,067
Taiwan	37,364,653	32,759,353
Others	152,579,234	139,173,436
	<u>\$ 277,112,477</u>	<u>234,285,354</u>

(Continued)

**ACER INCORPORATED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Non-current assets:

<u>Region</u>	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
U.S.A.	\$ 10,797,633	12,112,938
Taiwan	4,552,911	5,963,012
Mainland China	2,105,099	2,113,058
Others	<u>5,384,042</u>	<u>3,454,006</u>
	<u>\$ 22,839,685</u>	<u>23,643,014</u>

Non-current assets include property, plant and equipment, right-of-use assets, investment property and intangible assets, and do not include financial instruments, prepaid income taxes, deferred tax assets, and pension fund assets.

(d) Major customers' information

The Group doesn't have a single customer representing at least 10% of revenue in the consolidated statements of comprehensive income.

**Acer Incorporated and Subsidiaries**  
**Financing provided to other parties**  
**For the year ended December 31, 2020**

**Table 1**

(Amounts in Thousands of New Taiwan Dollars)

No.	Financing Company	Counterparty	Financial Statement Account (Note 3)	Related Party	Maximum Balance for the Period	Ending Balance	Actually drawdown Amounts	Interest Rate	Nature of Financing (Note 1)	Transaction Amounts	Reasons for Short-term Financing	Loss Allowance	Collateral		Financing Limit for Each Borrowing Company (Note 2)	Financing Company's Total Financing Limits (Note 2)
													Item	Value		
0	The Company	APDI	Other receivables from related parties	Yes	41,000	40,000	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	ABH	Other receivables from related parties	Yes	29,000	15,000	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	CCI	Other receivables from related parties	Yes	6,000	4,000	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	ADSC	Other receivables from related parties	Yes	34,000	25,000	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	AEB	Other receivables from related parties	Yes	156,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	XPL	Other receivables from related parties	Yes	8,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	ACTTW	Other receivables from related parties	Yes	167,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	ASDI	Other receivables from related parties	Yes	88,000	38,000	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	ETEN	Other receivables from related parties	Yes	152,000	100,000	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	API	Other receivables from related parties	Yes	13,000	10,000	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	ABST	Other receivables from related parties	Yes	48,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	PBC	Other receivables from related parties	Yes	11,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	ABC	Other receivables from related parties	Yes	10,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	MPS	Other receivables from related parties	Yes	25,000	25,000	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	ABHI	Other receivables from related parties	Yes	19,000	15,000	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	EDC	Other receivables from related parties	Yes	693,000	400,000	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	HSNC	Other receivables from related parties	Yes	19,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	GTI	Other receivables from related parties	Yes	50,000	50,000	20,000	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	ITS	Other receivables from related parties	Yes	114,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	ALT	Other receivables from related parties	Yes	100,000	100,000	63,000	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	AGM	Other receivables from related parties	Yes	300,000	300,000	95,000	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
1	APDI	The Company	Other receivables from related parties	Yes	41,000	40,000	-	0%~4%	2	-	Operating requirements	None	None	None	41,990	41,990
2	ABH	The Company	Other receivables from related parties	Yes	350,000	150,000	150,000	0%~4%	2	-	Operating requirements	None	None	None	592,522	592,522
2	ABH	ABST	Other receivables from related parties	Yes	75,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	148,130	592,522



No.	Financing Company	Counterparty	Financial Statement Account (Note 3)	Related Party	Maximum Balance for the Period	Ending Balance	Actually drawdown Amounts	Interest Rate	Nature of Financing (Note 1)	Transaction Amounts	Reasons for Short-term Financing	Loss Allowance	Collateral		Financing Limit for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)
													Item	Value		
2	ABH	ACTTW	Other receivables from related parties	Yes	30,000	30,000	-	0%~4%	2	-	Operating requirements	None	None	None	148,130	592,522
2	ABH	ABST	Other receivables from related parties	Yes	40,000	40,000	37,800	0%~4%	2	-	Operating requirements	None	None	None	148,130	592,522
2	ABH	ABSG	Other receivables from related parties	Yes	78,414	77,486	72,263	0%~4%	2	-	Operating requirements	None	None	None	148,130	592,522
2	ABH	ABC	Other receivables from related parties	Yes	10,000	10,000	-	0%~4%	2	-	Operating requirements	None	None	None	148,130	592,522
2	ABH	ABST	Other receivables from related parties	Yes	68,000	68,000	68,000	0%~4%	2	-	Operating requirements	None	None	None	148,130	592,522
3	CCI	The Company	Other receivables from related parties	Yes	121,000	100,000	100,000	0%~4%	2	-	Operating requirements	None	None	None	136,932	136,932
4	ADSC	The Company	Other receivables from related parties	Yes	700,000	1,000	-	0%~4%	2	-	Operating requirements	None	None	None	516,111	516,111
4	ADSC	Bluechip	Other receivables from related parties	Yes	30,490	28,514	28,514	0%~4%	2	-	Operating requirements	None	None	None	129,028	516,111
4	ADSC	ABST	Other receivables from related parties	Yes	68,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	129,028	516,111
4	ADSC	AGM	Other receivables from related parties	Yes	100,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	129,028	516,111
5	AEB	The Company	Other receivables from related parties	Yes	156,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	69,386	277,546
6	XPL	The Company	Other receivables from related parties	Yes	8,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	4,886	4,886
7	ACTTW	The Company	Other receivables from related parties	Yes	167,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	84,586	84,586
7	ACTTW	ABSG	Other receivables from related parties	Yes	57,388	-	-	0%~4%	2	-	Operating requirements	None	None	None	21,146	84,586
7	ACTTW	ABSG	Other receivables from related parties	Yes	17,621	17,413	-	0%~4%	2	-	Operating requirements	None	None	None	21,146	84,586
7	ACTTW	ABST	Other receivables from related parties	Yes	40,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	21,146	84,586
8	ASDI	The Company	Other receivables from related parties	Yes	88,000	38,000	15,000	0%~4%	2	-	Operating requirements	None	None	None	90,378	90,378
8	ASDI	APDI	Other receivables from related parties	Yes	50,000	40,000	5,000	0%~4%	2	-	Operating requirements	None	None	None	90,378	90,378
9	ETEN	The Company	Other receivables from related parties	Yes	152,000	100,000	80,000	0%~4%	2	-	Operating requirements	None	None	None	117,477	117,477
10	API	The Company	Other receivables from related parties	Yes	13,000	10,000	-	0%~4%	2	-	Operating requirements	None	None	None	37,340	37,340
11	ABST	The Company	Other receivables from related parties	Yes	48,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	-	-
12	AIZS	ACCQ	Other receivables from related parties	Yes	208,111	207,460	207,460	0%~4%	2	-	Operating requirements	None	None	None	28,751,752	28,751,752
12	AIZS	ACCQ	Other receivables from related parties	Yes	209,643	209,643	-	0%~4%	2	-	Operating requirements	None	None	None	28,751,752	28,751,752
13	GWI	AAC	Other receivables from related parties	Yes	424,620	399,112	399,112	0%~4%	2	-	Operating requirements	None	None	None	28,751,752	28,751,752
13	GWI	AAC	Other receivables from related parties	Yes	391,378	-	-	0%~4%	2	-	Operating requirements	None	None	None	28,751,752	28,751,752
14	AAH	AAC	Other receivables from related parties	Yes	4,446,750	-	-	0%~4%	2	-	Operating requirements	None	None	None	28,751,752	28,751,752
14	AAH	AAC	Other receivables from related parties	Yes	4,579,830	4,304,708	4,304,708	0%~4%	2	-	Operating requirements	None	None	None	28,751,752	28,751,752

No.	Financing Company	Counterparty	Financial Statement Account (Note 3)	Related Party	Maximum Balance for the Period	Ending Balance	Actually drawdown Amounts	Interest Rate	Nature of Financing (Note 1)	Transaction Amounts	Reasons for Short-term Financing	Loss Allowance	Collateral		Financing Limit for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)
													Item	Value		
15	PBC	The Company	Other receivables from related parties	Yes	11,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	2,508	2,508
16	ABC	The Company	Other receivables from related parties	Yes	10,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	2,420	2,420
17	MPS	The Company	Other receivables from related parties	Yes	25,000	1,000	-	0%~4%	2	-	Operating requirements	None	None	None	26,025	26,025
18	ABHI	The Company	Other receivables from related parties	Yes	19,000	1,000	-	0%~4%	2	-	Operating requirements	None	None	None	17,638	17,638
19	EDC	The Company	Other receivables from related parties	Yes	693,000	400,000	250,000	0%~4%	2	-	Operating requirements	None	None	None	620,599	620,599
20	HSNC	The Company	Other receivables from related parties	Yes	19,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	62,319	62,319
21	GTI	The Company	Other receivables from related parties	Yes	23,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	27,371	27,371
22	ASSB	HSN	Other receivables from related parties	Yes	30,265	-	-	0%~4%	2	-	Operating requirements	None	None	None	204,577	511,443
23	Bluechip	BLI	Other receivables from related parties	Yes	1,153	1,140	1,140	0%~4%	2	-	Operating requirements	None	None	None	45,450	45,450

Note 1: Nature of Financing:

Type 2: Short-term financing purpose

Note 2: 1. The aggregate financing amount shall not exceed 50% of net worth of the Company, within which the short-term financing amount shall not exceed 20% of net worth of the Company.

1-1. For an entity which the Company owns less than 50% of its outstanding common shares, the individual financing amounts shall not exceed lower of 5% of net worth of the Company and 40% of net worth of the entity.

1-2. For an entity which the Company owns more than 50% of its outstanding common shares, the individual financing amounts shall not exceed 10% of net worth of the Company.

1-3. When a subsidiary who provides financing to other parties is directly or indirectly wholly owned by the Company, the aforementioned limit of aggregate amount and individual financing amount is applied.

2. For AIZS, GWI and AAH, the individual financing amounts shall not exceed higher of 20% of net worth of the entities or 50% of net worth of the ultimate parent company.

3. The financing limits of APDI, ABH, CCI, ADSC, XPL, ACTTW, ETEN, API, ABST, PBC, ABC, MPS, ABHI, EDC, HSNC and GTI were as follows:

3-1. The aggregate financing amount shall not exceed 40% of net worth of the entities listed above.

3-2. The individual financing amounts to the ultimate parent company shall not exceed 40% of net worth of the entities listed above.

4. The aggregate financing amount of AEB shall not exceed 40% of its net worth.

4-1. The individual financing amounts of AEB to subsidiaries or affiliates shall not exceed 10% of its net worth.

4-2. In the event AEB provides loans to enterprise in which AEB proposes to make equity investment and there is necessity of short-term financing, each application shall be submitted to the Board of Directors for approval and the individual financing amounts shall not exceed 10% of its net worth.

5. For an entity which the financing company owns more than 50% of its outstanding common shares or is fellow subsidiary of the same group, the individual financing amounts of ABH, ADSC and ACTTW shall not exceed 10% of net worth of ABH, ADSC and ACTTW.

6. The financing limit of ASDI is as follows:

6-1. The aggregate financing amount shall not exceed 40% of net worth of ASDI.

6-2. The individual financing amounts to the ultimate parent company and its related parties shall not exceed 40% of net worth of ASDI.

7. The aggregate financing amount and the individual financing amounts of ASSB shall not exceed 50% and 20%, respectively, of net worth of ASSB.

8. Both of the aggregate financing amount and the individual financing amounts of Bluechip shall not exceed 20% of net worth of Bluechip.

Note 3: Net worth of the Company and subsidiaries listed above are the most recent audited or reviewed.

Note 4: The above transactions are eliminated when preparing the consolidated financial statements.

**Acer Incorporated and Subsidiaries**  
**Guarantees and endorsements provided to other parties**  
**For the year ended December 31, 2020**

**Table 2**

(Amounts in Thousands of New Taiwan Dollars)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 2 to Note 6)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note 2 to Note 6)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 1)										
0	The Company	AJC	2	11,500,701	843,984	828,320	-	-	1.44%	57,503,505	Y		
0	The Company	ATH	2	11,500,701	160,749	151,092	21,980	-	0.26%	57,503,505	Y		
0	The Company	Acer Asia Pacific subsidiaries	2	11,500,701	4,094,550	1,995,560	105,441	-	3.47%	57,503,505	Y		
0	The Company	AEG	2	11,500,701	399,807	275,058	-	-	0.48%	57,503,505	Y		
0	The Company	Acer EMEA subsidiaries	2	11,500,701	3,942,900	997,780	466,196	-	1.74%	57,503,505	Y		
0	The Company	ACN/ACD/ACW/AFN	2	11,500,701	13,860	13,860	13,860	-	0.02%	57,503,505	Y		
0	The Company	ATB	2	11,500,701	909,900	855,240	43,323	-	1.49%	57,503,505	Y		
0	The Company	Acer Pan America subsidiaries	2	11,500,701	5,156,100	4,846,360	363,919	-	8.43%	57,503,505	Y		
0	The Company	AMEX	2	11,500,701	272,970	256,572	-	-	0.45%	57,503,505	Y		
0	The Company	Acer Greater China subsidiaries	2	11,500,701	1,668,150	1,567,940	18,607	-	2.73%	57,503,505	Y		Y
0	The Company	AEB	2	11,500,701	1,850,000	850,000	650,000	-	1.48%	57,503,505	Y		
0	The Company	SMA	2	11,500,701	110,724	106,365	2,681	-	0.18%	57,503,505	Y		
0	The Company	ACA	2	11,500,701	303,300	285,080	285,080	-	0.50%	57,503,505	Y		
0	The Company	AIL	2	11,500,701	2,647,855	2,574,357	962,792	-	4.48%	57,503,505	Y		
0	The Company	ACCN/ACQ/BJAC	2	11,500,701	876,256	873,514	-	-	1.52%	57,503,505	Y		Y
0	The Company	AME	2	11,500,701	45,495	-	-	-	0.00%	57,503,505	Y		
0	The Company	ACTTW	2	11,500,701	60,660	-	-	-	0.00%	57,503,505	Y		
0	The Company	ABSG	2	11,500,701	151,650	142,540	-	-	0.25%	57,503,505	Y		
0	The Company	ITS	2	11,500,701	500,000	400,000	-	-	0.70%	57,503,505	Y		
0	The Company	AIP	2	11,500,701	84,780	-	-	-	0.00%	57,503,505	Y		
0	The Company	ALT	2	11,500,701	400,000	400,000	-	-	0.70%	57,503,505	Y		
0	The Company	GTI	2	11,500,701	360,000	360,000	-	-	0.63%	57,503,505	Y		
0	The Company	HSNC	2	11,500,701	123,824	123,508	-	-	0.21%	57,503,505	Y		
0	The Company	HSNP	2	11,500,701	57,648	57,016	-	-	0.10%	57,503,505	Y		
0	The Company	HSNT	2	11,500,701	57,648	57,016	-	-	0.10%	57,503,505	Y		
0	The Company	HSNC/HSNI/HSNP/HSNT	2	11,500,701	121,320	114,032	23,779	-	0.20%	57,503,505	Y		
0	The Company	MPS	2	11,500,701	51,561	48,464	48,464	-	0.08%	57,503,505	Y		
0	The Company	EDC	2	11,500,701	2,783,368	2,565,720	1,218,240	-	4.46%	57,503,505	Y		
0	The Company	ADSC	2	11,500,701	60,660	-	-	-	0.00%	57,503,505	Y		
0	The Company	AAC	2	11,500,701	205,727	193,854	113,543	-	0.34%	57,503,505	Y		
0	The Company	AGM	2	11,500,701	400,000	400,000	400,000	-	0.70%	57,503,505	Y		
0	The Company	HSNI	2	11,500,701	115,296	114,032	-	-	0.20%	57,503,505	Y		
0	The Company	API	2	11,500,701	50,000	50,000	-	-	0.09%	57,503,505	Y		
1	AAC	ASC	4	1,877,932	18,198	17,105	17,105	-	0.18%	1,877,932			
2	AOI	AOSD	2	175,611	60,660	57,016	-	-	9.74%	585,370	Y		
3	AOZ	AOC	4	47,291	30,330	28,508	-	-	12.06%	118,228			Y
4	AST	ASTS	2	72,414	20,000	17,470	-	-	4.83%	181,036	Y		Y
4	AST	ISU	2	72,414	30,000	30,000	-	-	8.29%	181,036	Y		

- Note 1: Relationships between the endorsement/guarantee provider and the guaranteed party:  
Type 2: an entity directly or indirectly owned by the Company over 50%  
Type 4: between entities directly or indirectly owned by the Company over 90%
- Note 2: The aggregate endorsement/guarantee amount provided shall not exceed the most recent audited or reviewed net worth of the Company.  
The endorsement/guarantee provided to individual guarantee party shall not exceed 20% of the most recent audited or reviewed net worth of the Company.
- Note 3: The aggregate endorsement/guarantee amount provided shall not exceed the most recent audited or reviewed net worth of AOI.  
The endorsement/guarantee provided to individual guarantee party shall not exceed 30% of the most recent audited or reviewed net worth of AOI.
- Note 4: The aggregate endorsement/guarantee amount provided shall not exceed 20% of the most recent audited net worth of AAC.  
The endorsement/guarantee provided to individual guarantee party shall not exceed 20% of the most recent audited net worth of AAC.
- Note 5: The aggregate endorsement/guarantee amount provided shall not exceed 50% of the most recent audited or reviewed net worth of AOZ.  
The endorsement/guarantee provided to individual guarantee party shall not exceed 20% of the most recent audited or reviewed net worth of AOZ.
- Note 6: The aggregate endorsement/guarantee amount provided shall not exceed 50% of the most recent audited or reviewed net worth of AST.  
The endorsement/guarantee provided to individual guarantee party shall not exceed 20% of the most recent audited or reviewed net worth of AST.

**Acer Incorporated and Subsidiaries**  
**Marketable securities held at reporting date**  
**(Excluding investments in subsidiaries, associates, and joint controlled entities)**  
**December 31, 2020**

**Table 3**

(Amounts in Thousands of New Taiwan Dollars / Shares)

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	Ending Balance			Maximum ownership during 2020		Note	
				Shares/ Units (in thousands)	Carrying Value	Percentage of Ownership	Fair Value	Shares/ Units (in thousands)		Percentage of Ownership
The Company	Stock: Hon Hai	-	Financial assets measured at fair value through other comprehensive income — current	564	51,857	0.00%	51,857	564	0.00%	
The Company	Stock: Starbreeze	-	Financial assets measured at fair value through profit or loss — current	572	2,160	0.10%	2,160	572	0.21%	
The Company	Stock: Qisda	-	Financial assets measured at fair value through other comprehensive income — non-current	81,713	2,365,582	4.15%	2,365,582	81,713	4.15%	
The Company	Stock: WPG Holdings	-	Financial assets measured at fair value through other comprehensive income — non-current	4,012	172,096	0.24%	172,096	4,012	0.24%	
The Company	Stock: Wistron	-	Financial assets measured at fair value through other comprehensive income — non-current	54,816	1,699,296	1.93%	1,699,296	54,816	1.93%	
The Company	Preferred Stock B: SKFHC	-	Financial assets measured at fair value through other comprehensive income — non-current	6,600	279,510	2.97%	279,510	6,600	2.97%	
The Company	Stock: iDSoftCapital Inc.	-	Financial assets measured at fair value through other comprehensive income — non-current	24	-	19.90%	-	398	19.90%	
The Company	Stock: World Venture, Inc.	-	Financial assets measured at fair value through other comprehensive income — non-current	8,505	-	19.35%	-	8,505	19.35%	
The Company	Stock: Dragon Investment Co. Ltd.	-	Financial assets measured at fair value through other comprehensive income — non-current	1,884	2,845	19.94%	2,845	1,884	19.94%	
The Company	Stock: Pell Bio-med Technology Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income — non-current	1,200	120,000	7.24%	120,000	1,200	7.24%	
The Company	Stock: CellMax Life Inc.	-	Financial assets measured at fair value through other comprehensive income — non-current	600	17,421	1.02%	17,421	600	1.02%	
ADSC	Stock: Wistron	-	Financial assets measured at fair value through other comprehensive income — non-current	13,046	404,432	0.46%	404,432	13,046	0.46%	
ADSC	Stock: Pi Mobile Technology Inc.	-	Financial assets measured at fair value through other comprehensive income — non-current	1,604	126,000	3.77%	126,000	1,604	3.77%	
ADSC	Stock: Benepet Biomedical Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income — non-current	322	12,108	18.92%	12,108	322	18.92%	
ASCBVI	ID5 Fund L.P.	-	Financial assets measured at fair value through other comprehensive income — non-current	3,800	149,141	19.39%	149,141	3,800	19.39%	
ASCBVI	Stock: Trutag	-	Financial assets measured at fair value through other comprehensive income — non-current	1,346	6,158	1.00%	6,158	1,346	1.00%	
ASCBVI	Stock: Gorilla	-	Financial assets measured at fair value through other comprehensive income — non-current	244	57,016	1.90%	57,016	244	1.91%	
ASCBVI	Stock: GCR	-	Financial assets measured at fair value through other comprehensive income — non-current	600	-	7.74%	-	600	8.00%	
ASCBVI	Stock: Locix	-	Financial assets measured at fair value through other comprehensive income — non-current	1,000	42,762	4.39%	42,762	1,000	4.58%	
ASCBVI	Stock: BoniO	-	Financial assets measured at fair value through other comprehensive income — non-current	463	114,032	12.20%	114,032	463	14.07%	

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	Ending Balance				Maximum ownership during 2020		Note
				Shares/ Units (in thousands)	Carrying Value	Percentage of Ownership	Fair Value	Shares/ Units (in thousands)	Percentage of Ownership	
CCI	Stock: China Development Financial Holding Co.	-	Financial assets measured at fair value through other comprehensive income — current	5,049	46,961	0.03%	46,961	5,049	0.03%	
ETEN	Stock: RoyalTek	-	Financial assets measured at fair value through other comprehensive income — non-current	1,015	20,715	2.01%	20,715	1,015	2.01%	
ETEN	Stock: Abico Shi-pro Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income — non-current	284	2,931	7.89%	2,931	284	7.89%	
ACTI	Stock: Physiosigns Inc., DE	-	Financial assets measured at fair value through other comprehensive income — non-current	800	228,064	12.50%	228,064	800	12.50%	
ABST	Stock: PilotTV Holdings	-	Financial assets measured at fair value through other comprehensive income — non-current	2,676	57,462	19.18%	57,462	2,676	19.18%	
ACVP	Equity of Thinputer Technology Corporation	-	Financial assets measured at fair value through other comprehensive income — non-current	-	8,405	13.79%	8,405	-	13.79%	
ACVP	Equity of Shenmou Technology (Shenzhen)	-	Financial assets measured at fair value through other comprehensive income — non-current	-	412	19.99%	412	960	19.99%	
AHN	EUR Term Liquidity Fund	-	Financial assets measured at fair value through profit or loss — current	-	940,403	0.00%	940,403	-	0.00%	
WLII	Stock: Protrade Global Limited	-	Financial assets measured at fair value through other comprehensive income — non-current	950	166,794	19.00%	166,794	950	19.00%	
AHI	USD Term Liquidity Fund	-	Financial assets measured at fair value through profit or loss — current	-	4,695,327	0.00%	4,695,327	-	0.00%	
AEB	Preferred Stock B: SKFHC	-	Financial assets measured at fair value through other comprehensive income — non-current	666	28,205	0.30%	28,205	666	0.30%	
ACSI	Preferred Stock B: SKFHC	-	Financial assets measured at fair value through other comprehensive income — non-current	666	28,205	0.30%	28,205	666	0.30%	

Note 1: The stocks of SKFHC are preferred stock B. The percentage of ownership listed above is the percentage of ownership of preferred stock B.



**Acer Incorporated and Subsidiaries**  
**Marketable securities for which the accumulated purchase or sale amounts for the period exceed NT\$300 million or 20% of the paid-in capital**  
**For the year ended December 31, 2020**

**Table 4**

(Amounts in Thousands of New Taiwan Dollars / Shares)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisitions		Disposal				Ending Balance	
					Shares/ Units (in thousands)	Amount	Shares/ Units (in thousands)	Amount	Shares/ Units (in thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Shares/ Units (in thousands)	Amount
ACCN	China Merchants Bank CNY Financial Plan	Financial assets measured at fair value through profit or loss — current	China Merchants Bank	None	-	-	450,000	1,920,391	450,000	1,922,811	1,920,391	2,420	-	-
ACCN	Fubon Bank (China) CNY SDRMBC 16030000	Financial assets measured at fair value through profit or loss — current	Fubon Bank (China) Co., Ltd.	None	-	-	1,317,000	5,660,742	1,317,000	5,684,745	5,660,742	24,003	-	-
ACCQ	China Merchants Bank CNY Financial Plan	Financial assets measured at fair value through profit or loss — current	China Merchants Bank	None	-	-	265,000	1,129,279	265,000	1,130,638	1,129,279	1,359	-	-
ACCQ	Fubon Bank (China) CNY SDRMBC 16030000	Financial assets measured at fair value through profit or loss — current	Fubon Bank (China) Co., Ltd.	None	-	-	3,341,000	14,301,834	3,341,000	14,353,674	14,301,834	51,840	-	-
The Company	Stock: Acer Inc.	Treasury Stock	Centralized Securities Exchange Market	The Company	-	-	27,080	361,943	-	-	-	-	-	-

**Acer Incorporated and Subsidiaries**  
**Total purchases from and sales to related parties which exceed NT\$100 million or 20% of the paid-in capital**  
**For the year ended December 31, 2020**

**Table 5**

(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others (Note 1)		Notes/Accounts Receivable or (Payable)		Note
			Purchases/(Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	AAC	Parent/Subsidiary	(Sales)	(69,391,765)	(33.11)%	OA90	-	-	10,693,291	35.05%	
The Company	ACA	Parent/Subsidiary	(Sales)	(5,638,608)	(2.69)%	OA60	-	-	1,573,217	5.16%	
The Company	ACCQ	Parent/Subsidiary	(Sales)	(8,078,071)	(3.85)%	OA60	-	-	469,267	1.54%	
The Company	ACNZ	Parent/Subsidiary	(Sales)	(766,262)	(0.37)%	OA60	-	-	131,169	0.43%	
The Company	ACS	Parent/Subsidiary	(Sales)	(2,291,538)	(1.09)%	OA60	-	-	478,323	1.57%	
The Company	AEG	Parent/Subsidiary	(Sales)	(81,108,431)	(38.70)%	OA60	-	-	1,887,259	6.19%	
The Company	AFE	Parent/Subsidiary	(Sales)	(906,572)	(0.43)%	OA60	-	-	498,044	1.63%	
The Company	AIL	Parent/Subsidiary	(Sales)	(5,661,920)	(2.70)%	OA150	-	-	2,785,837	9.13%	
The Company	AIN	Parent/Subsidiary	(Sales)	(3,649,335)	(1.74)%	OA90	-	-	426,550	1.40%	
The Company	AJC	Parent/Subsidiary	(Sales)	(5,880,058)	(2.81)%	OA60	-	-	3,889,769	12.75%	
The Company	APHI	Parent/Subsidiary	(Sales)	(2,041,714)	(0.97)%	OA60	-	-	281,781	0.92%	
The Company	APX	Parent/Subsidiary	(Sales)	(169,202)	(0.08)%	OA60	-	-	20,492	0.07%	
The Company	ASC	Parent/Subsidiary	(Sales)	(106,280)	(0.05)%	OA60	-	-	6,054	0.02%	
The Company	ASSB	Parent/Subsidiary	(Sales)	(3,061,808)	(1.46)%	OA60	-	-	526,954	1.73%	
The Company	ATH	Parent/Subsidiary	(Sales)	(5,233,657)	(2.50)%	OA60	-	-	551,156	1.81%	
The Company	AVN	Parent/Subsidiary	(Sales)	(109,850)	(0.05)%	OA60	-	-	6,043	0.02%	
The Company	GPI	Associate	(Sales)	(197,093)	(0.09)%	EM120	-	-	26,020	0.09%	
The Company	AOI	Parent/Subsidiary	(Sales)	(118,109)	(0.06)%	EM60	-	-	31,413	0.10%	
The Company	WLII	Parent/Subsidiary	(Sales)	(1,902,524)	(0.91)%	EM45	-	-	177,550	0.58%	
The Company	APHI	Parent/Subsidiary	Purchases	149,837	0.07%	OA60	-	-	(5,708)	(0.01)%	
The Company	ALT	Parent/Subsidiary	Purchases	219,535	0.11%	OA60	-	-	(41,259)	(0.10)%	
The Company	AEB	Parent/Subsidiary	Purchases	190,621	0.10%	EM60	-	-	(16,369)	(0.04)%	
The Company	WLII	Parent/Subsidiary	Purchases	165,172	0.08%	EM60	-	-	(29,478)	(0.07)%	
The Company	AOSD	Parent/Subsidiary	Purchases	700,050	0.35%	OA60	-	-	(249,448)	(0.59)%	
The Company	GTI	Parent/Subsidiary	Purchases	668,698	0.33%	OA60	-	-	(149,006)	(0.35)%	
WELL	WLII	Parent/Subsidiary	Purchases	217,134	100.00%	EM45	-	-	(53,672)	(96.05)%	
ALT	The Company	Parent/Subsidiary	(Sales)	(219,535)	(54.30)%	OA60	-	-	41,259	37.07%	
AEB	The Company	Parent/Subsidiary	(Sales)	(190,621)	(3.51)%	EM30	-	-	16,369	1.40%	
AEB	WLII	Fellow subsidiary	Purchases	157,781	3.30%	EM60	-	-	(32,855)	(4.22)%	

Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others (Note 1)		Notes/Accounts Receivable or (Payable)		Note
			Purchases/(Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
AOI	AOA	Parent/Subsidiary	(Sales)	(120,507)	(18.77)%	OA90	-	-	228,382	56.72%	Note 3
AOI	AOE	Parent/Subsidiary	(Sales)	(363,343)	(56.60)%	OA60	-	-	119,074	29.57%	
AOI	AOZ	Parent/Subsidiary	Purchases	207,941	33.89%	OA60	-	-	(32,574)	(22.20)%	
AOI	The Company	Parent/Subsidiary	Purchases	118,109	10.80%	EM60	-	-	(31,413)	(26.73)%	
WLII	The Company	Parent/Subsidiary	(Sales)	(165,172)	(0.96)%	EM60	-	-	29,478	1.37%	
WLII	WELL	Parent/Subsidiary	(Sales)	(217,134)	(1.23)%	EM45	-	-	53,672	2.39%	
WLII	AEB	Fellow subsidiary	(Sales)	(157,781)	(0.89)%	EM60	-	-	32,855	1.46%	
WLII	The Company	Parent/Subsidiary	Purchases	1,902,524	11.38%	EM45	-	-	(177,550)	(9.43)%	
AOSD	The Company	Parent/Subsidiary	(Sales)	(700,050)	(100.00)%	OA60	-	-	249,448	100.00%	
GTI	The Company	Parent/Subsidiary	(Sales)	(668,698)	(80.14)%	OA60	-	-	149,006	73.06%	
AAC	AMEX	Fellow subsidiary	(Sales)	(1,334,232)	(1.76)%	OA60	-	-	698,656	5.78%	
AAC	ASC	Fellow subsidiary	(Sales)	(427,783)	(0.56)%	OA60	-	-	78,049	0.65%	
AAC	ATB	Fellow subsidiary	(Sales)	(646,219)	(0.85)%	OA60	-	-	72,805	0.60%	
AAC	The Company	Parent/Subsidiary	Purchases	69,391,765	100.00%	OA90	-	-	(10,693,291)	(94.41)%	
ACA	ACNZ	Fellow subsidiary	(Sales)	(115,244)	(1.65)%	OA60	-	-	10,462	0.81%	
ACA	Bluechip	Fellow subsidiary	(Sales)	(197,091)	(2.83)%	EM30	-	-	39,429	3.04%	
ACA	The Company	Parent/Subsidiary	Purchases	5,638,608	94.79%	OA60	-	-	(1,573,217)	(97.94)%	
ACCN	ACCQ	Fellow subsidiary	(Sales)	(1,064,235)	(65.28)%	OA60	-	-	291,622	93.59%	
ACCN	ACCQ	Fellow subsidiary	Purchases	577,730	100.00%	OA60	-	-	(17,869)	(100.00)%	
ACCQ	ACCN	Fellow subsidiary	(Sales)	(577,730)	(5.04)%	OA60	-	-	17,869	5.22%	
ACCQ	ACCN	Fellow subsidiary	Purchases	1,064,235	9.31%	OA60	-	-	(291,622)	(17.69)%	
ACCQ	The Company	Parent/Subsidiary	Purchases	8,078,071	70.70%	OA60	-	-	(469,267)	(28.47)%	
ACF	AEG	Fellow subsidiary	(Sales)	(293,326)	(2.85)%	OA60	-	-	1,024,958	24.87%	
ACF	AEG	Fellow subsidiary	Purchases	9,222,190	93.35%	OA60	-	-	(1,094,312)	(95.86)%	
ACF	APX	Fellow subsidiary	Purchases	119,327	1.21%	OA60	-	-	(9,298)	(0.81)%	
ACG	AEG	Fellow subsidiary	(Sales)	(570,655)	(2.23)%	OA60	-	-	2,483,770	26.33%	
ACG	AEG	Fellow subsidiary	Purchases	23,545,020	95.29%	OA60	-	-	(4,774,778)	(98.48)%	
ACG	APX	Fellow subsidiary	Purchases	236,705	0.96%	OA45	-	-	(42,056)	(0.87)%	
ACH	AEG	Fellow subsidiary	(Sales)	(172,308)	(2.51)%	OA60	-	-	488,100	28.64%	
ACH	AEG	Fellow subsidiary	Purchases	6,381,801	96.26%	OA60	-	-	(650,751)	(96.81)%	
ACNZ	ACA	Fellow subsidiary	Purchases	115,244	13.17%	OA60	-	-	(10,462)	(7.13)%	
ACNZ	The Company	Parent/Subsidiary	Purchases	766,262	87.59%	OA60	-	-	(131,169)	(89.40)%	
ACS	The Company	Parent/Subsidiary	Purchases	2,291,538	100.00%	OA60	-	-	(478,323)	(99.52)%	
ACZ	ASIN	Fellow subsidiary	(Sales)	(245,894)	(42.51)%	OA30	-	-	22,351	23.04%	
ACZ	APX	Fellow subsidiary	Purchases	209,456	40.28%	OA90	-	-	(37,827)	(99.64)%	

Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others (Note 1)		Notes/Accounts Receivable or (Payable)		Note
			Purchases/(Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
AEG	ACF	Fellow subsidiary	(Sales)	(9,222,190)	(10.54)%	OA60	-	-	1,094,312	7.20%	
AEG	ACG	Fellow subsidiary	(Sales)	(23,545,020)	(26.91)%	OA60	-	-	4,774,778	31.41%	
AEG	ACH	Fellow subsidiary	(Sales)	(6,381,801)	(7.29)%	OA60	-	-	650,751	4.28%	
AEG	AIB	Fellow subsidiary	(Sales)	(4,343,412)	(4.96)%	OA60	-	-	852,046	5.61%	
AEG	AIT	Fellow subsidiary	(Sales)	(5,491,664)	(6.28)%	OA60	-	-	1,134,624	7.47%	
AEG	APX	Fellow subsidiary	(Sales)	(1,436,433)	(1.64)%	OA60	-	-	215,282	1.42%	
AEG	ASIN	Fellow subsidiary	(Sales)	(24,501,355)	(28.00)%	OA60	-	-	3,790,796	24.94%	
AEG	ASZ	Fellow subsidiary	(Sales)	(2,427,454)	(2.77)%	OA60	-	-	197,318	1.30%	
AEG	AUK	Fellow subsidiary	(Sales)	(8,971,681)	(10.25)%	OA60	-	-	2,118,187	13.94%	
AEG	SER	Fellow subsidiary	(Sales)	(1,190,271)	(1.36)%	OA60	-	-	240,092	1.58%	
AEG	ACF	Fellow subsidiary	Purchases	293,326	0.35%	OA60	-	-	(1,024,958)	(10.79)%	
AEG	ACG	Fellow subsidiary	Purchases	570,655	0.68%	OA60	-	-	(2,483,770)	(26.14)%	
AEG	ACH	Fellow subsidiary	Purchases	172,308	0.20%	OA60	-	-	(488,100)	(5.14)%	
AEG	AEH	Parent/Subsidiary	Purchases	182,524	0.22%	OA60	-	-	(11,982)	(0.13)%	
AEG	AIB	Fellow subsidiary	Purchases	252,688	0.30%	OA60	-	-	(575,525)	(6.06)%	
AEG	AIT	Fellow subsidiary	Purchases	223,686	0.26%	OA60	-	-	(750,031)	(7.89)%	
AEG	APX	Fellow subsidiary	Purchases	566,651	0.67%	OA60	-	-	(58,637)	(0.62)%	
AEG	The Company	Parent/Subsidiary	Purchases	81,108,431	95.97%	OA60	-	-	(1,887,259)	(19.87)%	
AEH	AEG	Parent/Subsidiary	(Sales)	(182,524)	(69.09)%	OA60	-	-	11,982	44.24%	
AFE	The Company	Parent/Subsidiary	Purchases	906,572	97.18%	OA60	-	-	(498,044)	(99.40)%	
AIB	AEG	Fellow subsidiary	(Sales)	(252,688)	(5.16)%	OA60	-	-	575,525	25.83%	
AIB	AEG	Fellow subsidiary	Purchases	4,343,412	91.64%	OA60	-	-	(852,046)	(95.49)%	
AIB	APX	Fellow subsidiary	Purchases	111,821	2.36%	OA60	-	-	(24,171)	(2.71)%	
AIL	The Company	Parent/Subsidiary	Purchases	5,661,920	61.88%	OA150	-	-	(2,785,837)	(91.71)%	
AIN	AMI	Parent/Subsidiary	(Sales)	(339,755)	(6.54)%	OA60	-	-	1,080	4.98%	
AIN	AMI	Parent/Subsidiary	Purchases	547,614	11.37%	OA90	-	-	(9,207)	(1.87)%	
AIN	The Company	Parent/Subsidiary	Purchases	3,649,335	75.77%	OA90	-	-	(426,550)	(86.57)%	
AIT	AEG	Fellow subsidiary	(Sales)	(223,686)	(3.72)%	OA60	-	-	750,031	26.11%	
AIT	AEG	Fellow subsidiary	Purchases	5,491,664	94.49%	OA60	-	-	(1,134,624)	(98.97)%	
AJC	The Company	Parent/Subsidiary	Purchases	5,880,058	100.00%	OA60	-	-	(3,889,769)	(98.98)%	
AMEX	AAC	Fellow subsidiary	Purchases	1,334,232	96.68%	OA60	-	-	(698,656)	(100.00)%	
AMI	AIN	Parent/Subsidiary	(Sales)	(547,614)	(98.44)%	OA90	-	-	9,207	100.00%	
AMI	AIN	Parent/Subsidiary	Purchases	339,755	63.70%	OA60	-	-	(1,080)	(6.86)%	
AOA	AOI	Parent/Subsidiary	Purchases	120,507	79.61%	OA90	-	-	(228,382)	(98.19)%	
AOE	AOI	Parent/Subsidiary	Purchases	363,343	98.48%	OA60	-	-	(119,074)	(99.46)%	

Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others (Note 1)		Notes/Accounts Receivable or (Payable)		Note
			Purchases/(Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
AOZ	AOI	Parent/Subsidiary	(Sales)	(207,941)	(93.22)%	OA60	-	-	32,574	83.16%	Note 3
APHI	The Company	Parent/Subsidiary	(Sales)	(149,837)	(6.21)%	OA60	-	-	5,708	6.62%	
APHI	The Company	Parent/Subsidiary	Purchases	2,041,714	100.00%	OA60	-	-	(281,781)	(94.60)%	
APX	ACF	Fellow subsidiary	(Sales)	(119,327)	(3.99)%	OA60	-	-	9,298	4.30%	
APX	ACG	Fellow subsidiary	(Sales)	(236,705)	(7.92)%	OA45	-	-	42,056	19.46%	
APX	ACZ	Fellow subsidiary	(Sales)	(209,456)	(7.01)%	OA90	-	-	37,827	17.50%	
APX	AEG	Fellow subsidiary	(Sales)	(566,651)	(18.95)%	OA60	-	-	58,637	27.13%	
APX	AIB	Fellow subsidiary	(Sales)	(111,821)	(3.74)%	OA60	-	-	24,171	11.18%	
APX	AEG	Fellow subsidiary	Purchases	1,436,433	54.11%	OA60	-	-	(215,282)	(62.19)%	
APX	The Company	Parent/Subsidiary	Purchases	169,202	6.37%	OA60	-	-	(20,492)	(5.92)%	
ARU	ASIN	Fellow subsidiary	(Sales)	(132,856)	(100.00)%	OA60	-	-	9,804	100.00%	
ASC	AAC	Fellow subsidiary	Purchases	427,783	76.63%	OA60	-	-	(78,049)	(52.47)%	
ASC	The Company	Parent/Subsidiary	Purchases	106,280	19.04%	OA60	-	-	(6,054)	(4.07)%	
ASIN	ACZ	Fellow subsidiary	Purchases	245,894	1.00%	OA30	-	-	(22,351)	(0.58)%	
ASIN	AEG	Fellow subsidiary	Purchases	24,501,355	98.42%	OA60	-	-	(3,790,796)	(98.89)%	
ASIN	ARU	Fellow subsidiary	Purchases	132,856	0.54%	OA60	-	-	(9,804)	(0.26)%	
ASSB	SMA	Parent/Subsidiary	(Sales)	(301,401)	(9.01)%	OA60	-	-	130	0.05%	
ASSB	The Company	Parent/Subsidiary	Purchases	3,061,808	93.46%	OA60	-	-	(526,954)	(92.91)%	
ASZ	AEG	Fellow subsidiary	Purchases	2,427,454	91.96%	OA60	-	-	(197,318)	(98.43)%	
ATB	AAC	Fellow subsidiary	Purchases	646,219	11.97%	OA60	-	-	(72,805)	(3.61)%	
ATH	The Company	Parent/Subsidiary	Purchases	5,233,657	94.90%	OA60	-	-	(551,156)	(93.79)%	
AUK	AEG	Fellow subsidiary	Purchases	8,971,681	98.34%	OA60	-	-	(2,118,187)	(99.87)%	
AVN	The Company	Parent/Subsidiary	Purchases	109,850	78.02%	OA60	-	-	(6,043)	(37.16)%	
Bluechip	ACA	Fellow subsidiary	Purchases	197,091	7.92%	EM30	-	-	(39,429)	(17.12)%	
GPI	The Company	Associate	Purchases	197,093	70.39%	EM120	-	-	(26,020)	(94.51)%	
SER	AEG	Fellow subsidiary	Purchases	1,190,271	100.00%	OA60	-	-	(240,092)	(99.04)%	
SMA	ASSB	Parent/Subsidiary	Purchases	301,401	10.31%	OA60	-	-	(130)	(0.17)%	

Note 1: The trade terms and price of sales with related parties are not comparable to those with third-party customers as they are determined by the economic environment and market competition of specific locations. The purchase price with related parties are not comparable to the purchase price with third-party vendors as the specifications of products are different.

Note 2: The above transactions between parent and subsidiary are eliminated when preparing the consolidated financial statements.

Note 3: AOI sold materials to AOZ for processing and repurchased the finished goods. Therefore, the transactions were presented at net amount.

**Acer Incorporated and Subsidiaries**  
**Receivables from related parties which exceed NT\$100 million or 20% of the paid-in capital**  
**December 31, 2020**

**Table 6**

(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Loss Allowance	Note
					Amount	Action Taken			
The Company	AAC	Parent/Subsidiary	10,693,291	7.71	-		9,491,218		
The Company	ACA	Parent/Subsidiary	1,574,108	3.53	748,226	Under collection	1,404,475		
The Company	ACCQ	Parent/Subsidiary	469,274	13.79	-		469,274		
The Company	ACNZ	Parent/Subsidiary	131,169	4.06	15,444		131,169		
The Company	ACS	Parent/Subsidiary	478,323	7.29	110,370	Under collection	364,902		
The Company	AEG	Parent/Subsidiary	1,887,259	27.94	-		1,887,259		
The Company	AFE	Parent/Subsidiary	498,044	2.42	298,784	Under collection	174,391		
The Company	AIL	Parent/Subsidiary	2,785,837	1.56	-		1,318,844		
The Company	AIN	Parent/Subsidiary	426,550	4.42	-		418,520		
The Company	AJC	Parent/Subsidiary	3,889,769	2.30	2,929,223	Under collection	1,841,797		
The Company	APHI	Parent/Subsidiary	281,781	9.56	-		196,073		
The Company	ASSB	Parent/Subsidiary	526,954	9.39	-		526,954		
The Company	ATH	Parent/Subsidiary	551,156	14.07	-		551,156		
The Company	WLII	Parent/Subsidiary	177,560	12.02	-		177,560		
ABH	The Company	Parent/Subsidiary	150,478	-	-		-		
ABH	ABST	Parent/Subsidiary	106,028	-	-		-		
EDC	The Company	Parent/Subsidiary	261,333	4.96	-		-		
AEB	The Company	Parent/Subsidiary	110,345	12.70	1,999	Under collection	1,999		
AOI	AOA	Parent/Subsidiary	228,382	0.69	167,042	Under collection	19,280		
AOI	AOE	Parent/Subsidiary	119,074	3.07	62,125	Under collection	16,876		
AOSD	The Company	Parent/Subsidiary	249,448	5.17	-		129,879		
CCI	The Company	Parent/Subsidiary	100,267	-	-		-		
GTI	The Company	Parent/Subsidiary	150,026	6.34	-		-		
AAC	AMEX	Fellow subsidiary	698,843	3.17	467,515	Under collection	462,917		
AAC	ASC	Fellow subsidiary	618,985	6.86	-		-		
AAH	AAC	Parent/Subsidiary	4,328,278	-	-		-		
ACCN	ACCQ	Fellow subsidiary	291,622	5.25	291,622	Under collection	291,622		
ACF	AEG	Fellow subsidiary	1,027,822	0.33	56,539	Under collection	56,539		



Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Loss Allowance	Note
					Amount	Action Taken			
ACG	AEG	Fellow subsidiary	2,502,311	0.27	48,530	Under collection	48,530		
ACH	AEG	Fellow subsidiary	489,540	0.38	-		-		
AEG	ACF	Fellow subsidiary	1,094,312	8.35	-		-		
AEG	ACG	Fellow subsidiary	4,774,778	5.08	243,833	Under collection	226,924		
AEG	ACH	Fellow subsidiary	650,751	9.47	-		-		
AEG	AIB	Fellow subsidiary	852,046	7.74	-		-		
AEG	AIT	Fellow subsidiary	1,134,624	5.86	-		-		
AEG	APX	Fellow subsidiary	215,282	8.06	-		-		
AEG	ASIN	Fellow subsidiary	3,790,796	5.87	-		-		
AEG	ASZ	Fellow subsidiary	197,318	10.58	-		-		
AEG	AUK	Fellow subsidiary	2,118,187	5.56	-		-		
AEG	SER	Fellow subsidiary	240,092	5.83	-		-		
AIB	AEG	Fellow subsidiary	583,099	0.50	-		-		
AIT	AEG	Fellow subsidiary	750,031	0.38	-		-		
AIZS	ACCQ	Fellow subsidiary	210,395	-	-		-		
ASC	AAC	Fellow subsidiary	194,336	38.15	-		-		
ASIN	AEG	Fellow subsidiary	452,985	0.01	-		-		
ASZ	AEG	Fellow subsidiary	298,855	0.31	-		-		
AUK	AEG	Fellow subsidiary	947,925	0.08	-		-		
GWI	AAC	Parent/Subsidiary	399,653	-	-		-		

Note 1: The above transactions between parent and subsidiary are eliminated when preparing the consolidated financial statements.

**Acer Incorporated and Subsidiaries**  
**Business relationships and significant intercompany transactions**  
**December 31, 2020**

**Table 7**

(Amounts in Thousands of New Taiwan Dollars)

Intercompany relationships and significant intercompany transactions for the year ended December 31, 2020 were as follows:

Number	Company Name	Counterparty	Nature of Relationship	Intercompany Transactions			Percentage of Consolidated Net Revenue or Total Assets
				Account	Amount	Transaction Terms	
0	The Company	AJC	1	Sales	5,880,058	OA60	2.12%
0	The Company	ACA	1	Sales	5,638,608	OA60	2.03%
0	The Company	ATH	1	Sales	5,233,657	OA60	1.89%
0	The Company	ASSB	1	Sales	3,061,808	OA60	1.10%
0	The Company	ACCQ	1	Sales	8,078,071	OA60	2.92%
0	The Company	AAC	1	Sales	69,391,765	OA90	25.04%
0	The Company	AIN	1	Sales	3,649,335	OA90	1.32%
0	The Company	AIL	1	Sales	5,661,920	OA150	2.04%
0	The Company	AEG	1	Sales	81,108,431	OA60	29.27%
0	The Company	AJC	1	Accounts receivable	3,889,769	OA60	2.12%
0	The Company	AAC	1	Accounts receivable	10,693,291	OA90	5.81%
0	The Company	AIL	1	Accounts receivable	2,785,837	OA150	1.51%
0	The Company	AEG	1	Accounts receivable	1,887,259	OA60	1.03%
1	AEG	ASIN	3	Sales	24,501,355	OA60	8.84%
1	AEG	ACG	3	Sales	23,545,020	OA60	8.50%
1	AEG	AUK	3	Sales	8,971,681	OA60	3.24%
1	AEG	ACF	3	Sales	9,222,190	OA60	3.33%
1	AEG	ACH	3	Sales	6,381,801	OA60	2.30%
1	AEG	AIT	3	Sales	5,491,664	OA60	1.98%
1	AEG	AIB	3	Sales	4,343,412	OA60	1.57%
1	AEG	ASIN	3	Accounts receivable	3,790,796	OA60	2.06%
1	AEG	ACG	3	Accounts receivable	4,774,778	OA60	2.60%
1	AEG	AUK	3	Accounts receivable	2,118,187	OA60	1.15%
2	AAH	AAC	3	Other receivable	4,328,278	-	2.35%
3	ACG	AEG	3	Accounts receivable	2,483,770	OA60	1.35%

Note 1: Parties to the intercompany transactions are identified and numbered as follows:

1. "0" represents the Company.
2. Subsidiaries are numbered from "1".

Note 2: The relationships with counter party are as follows:

- No. 1 represents the transactions from parent company to subsidiary.
- No. 2 represents the transactions from subsidiary to parent company.
- No. 3 represents the transactions from subsidiary to subsidiary.

Note 3: Intercompany relationships and significant intercompany transactions are disclosed only for the amounts that exceed 1% of consolidated net revenue or total assets.

The corresponding purchases and accounts payables are not disclosed.

**Acer Incorporated and Subsidiaries**  
**Names, Locations, and Related Information of Investees over which The Company Exercises Significant Influence**  
**December 31, 2020**

**Table 8**

(Amounts in Thousands of New Taiwan Dollars/Shares)

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balances as of December 31, 2020			Maximum ownership during 2020		Net Income (Loss) of the Investee	Share of profits/ losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (in thousands)	Percentage of Ownership	Carrying Value	Shares (in thousands)	Percentage of Ownership			
The Company	ADSC	Taiwan	Investment and holding activity	1,143,730	1,746,549	68,000	100.00	1,297,008	128,282	100.00	33,816	33,816	Parent/Subsidiary
The Company	Boardwalk	British Virgin Islands	Investment and holding activity	41,496,383	41,496,383	1,263,432	92.02	24,799,338	1,263,432	92.02	773,714	711,736	Parent/Subsidiary
The Company	AEH	Switzerland	Investment and holding activity	2,464,262	2,464,262	147	100.00	17,029,774	147	100.00	240,981	240,981	Parent/Subsidiary
The Company	AHI	British Virgin Islands	Investment and holding activity	6,230,208	6,230,208	191,155	100.00	15,233,443	191,155	100.00	1,274,225	1,274,225	Parent/Subsidiary
The Company	Bluechip	Australia	Sale of computer peripherals and software system	32,988	32,988	1,225	33.39	75,335	1,225	33.39	27,086	8,600	Parent/Subsidiary
The Company	ASCBVI	British Virgin Islands	Investment and holding activity	5,658,111	5,658,111	158,475	100.00	670,010	158,475	100.00	20,379	20,379	Parent/Subsidiary
The Company	CCI	Taiwan	Investment and holding activity	1,299,817	1,299,817	-	100.00	566,977	-	100.00	5,627	5,627	Parent/Subsidiary
The Company	ACSI	Taiwan	Cyber security service	1,139,390	1,139,390	10,756	64.54	395,867	10,756	64.54	82,154	53,019	Parent/Subsidiary
The Company	WLI	Taiwan	Sale of computers and communication products	730,210	752,962	48,173	65.32	1,014,655	49,674	67.36	194,226	127,593	Parent/Subsidiary
The Company	ATI	Taiwan	Integrated circuit test service	815,583	815,583	1,203	19.39	-	1,203	19.39	-	-	Associate
The Company	ETEN	Taiwan	Research, design and sale of smart handheld	6,800,751	6,800,751	10,000	100.00	1,894,059	16,000	100.00	(39,802)	(43,180)	Parent/Subsidiary
The Company	ABH	Taiwan	Investment and holding activity	2,128,004	2,128,004	130,308	100.00	1,531,987	149,779	100.00	71,484	71,484	Parent/Subsidiary
The Company	ASBZ	Taiwan	Solutions provider of B2B virtual reality	395,981	395,981	32,212	66.80	7,404	32,212	66.80	(22,085)	(14,753)	Parent/Subsidiary
The Company	EDC	Taiwan	Data center and cloud services	1,595,356	1,595,356	152,181	100.00	1,392,504	162,956	100.00	42,317	42,317	Parent/Subsidiary
The Company	AOI	Taiwan	Sale, manufacture, import and export of commercial computer products, software, components, peripheral equipment and apparatus; repair and maintenance service of computer products	333,155	333,155	28,970	40.55	240,859	28,970	40.55	(66,475)	(25,544)	Parent/Subsidiary
The Company	GTI	Taiwan	Sale of peripheral 3C products	45,000	45,000	4,500	83.64	68,517	4,500	83.64	22,221	18,585	Parent/Subsidiary
The Company	HSNC	Taiwan	Repair and maintenance of IT products	150,000	150,000	15,000	92.54	155,633	15,000	92.54	1,519	1,406	Parent/Subsidiary
The Company	SFT	Taiwan	Research, manufacturing and sale of radio-detection and civilian technology application products related to distance	132,000	132,000	13,200	55.00	89,318	13,200	55.00	(35,842)	(19,713)	Joint Venture
The Company	AST	Taiwan	System integration service	82,577	82,577	6,775	52.00	188,275	6,775	60.88	30,785	21,410	Parent/Subsidiary
The Company	API	Taiwan	Intelligent solutions of air quality	93,365	-	8,222	100.00	93,457	8,222	100.00	10,806	475	Parent/Subsidiary
EDC	TWPBVI	British Virgin Islands	Investment and holding activity	-	32,298	-	-	-	11,068	100.00	-	Note 1	Parent/Subsidiary
ASBZ	VRE	Switzerland	Research of solutions to B2B virtual reality	38,979	38,979	100	100.00	478	100	100.00	(460)	Note 1	Parent/Subsidiary
HSNC	HSNT	Thailand	Repair and maintenance of IT products	1,763	1,763	74	100.00	6,108	74	100.00	3,200	Note 1	Parent/Subsidiary
HSNC	HSNI	Indonesia	Repair and maintenance of IT products	30,501	30,501	99	99.00	33,865	99	99.00	1,657	Note 1	Parent/Subsidiary
HSNC	HSN	Malaysia	Repair and maintenance of IT products	85,419	85,419	500	100.00	93,905	500	100.00	9,444	Note 1	Parent/Subsidiary
HSNC	HSNP	Philippines	Repair and maintenance of IT products	6,741	-	106	100.00	(2,932)	106	100.00	(8,327)	Note 1	Parent/Subsidiary
AST	ISU	Taiwan	Human resources and project service	20,000	20,000	2,000	100.00	31,671	2,000	100.00	11,825	Note 1	Parent/Subsidiary
ADSC	ECS	Taiwan	Business integration system	40,851	40,851	1,244	24.88	24,872	1,244	24.88	25,332	Note 1	Associate
ADSC	APDI	Taiwan	Property development	29,577	29,577	2,958	100.00	104,852	2,958	100.00	2,326	Note 1	Parent/Subsidiary
ADSC	ASDI	Taiwan	Property development	500,000	500,000	22,593	100.00	215,545	22,593	100.00	(7,710)	Note 1	Parent/Subsidiary
ADSC	AGM	Taiwan	Agency of video game console and peripherals	10,000	-	1,000	100.00	11,247	1,000	100.00	1,247	Note 1	Parent/Subsidiary
ADSC	Kbest	Taiwan	Development and manufacturing of radio and microwave equipment	129,293	129,293	4,427	28.03	22,906	4,427	28.03	4,580	Note 1	Associate

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balances as of December 31, 2020			Maximum ownership during 2020		Net Income (Loss) of the Investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (in thousands)	Percentage of Ownership	Carrying Value	Shares (in thousands)	Percentage of Ownership			
ASDI	Kbest	Taiwan	Development and manufacturing of radio and microwave equipment	3,997	3,997	286	1.81	1,477	286	1.81	4,580	Note 1	Associate
CCI	ECS	Taiwan	Business integration system	-	-	452	9.05	9,040	452	9.05	25,332	Note 1	Associate
WLII	HPT	Taiwan	Retail service of software	26,820	26,820	882	30.22	16,200	882	30.22	8,417	Note 1	Associate
WLII	WELL	Taiwan	Matchmaking of professional services, platform of client service and sale of products, and providing of professional seminars and courses	10,000	10,000	1,000	100.00	6,629	1,000	100.00	5,531	Note 1	Parent/Subsidiary
WLII	ANT	Taiwan	Customization and research service of automobile, motorcycle and industrial components; electrical machinery products agency	203,052	203,052	6,000	20.00	239,657	6,000	20.00	209,812	Note 1	Associate
WLII	PBT	Taiwan	Sale of health supplements and biotech service	750	-	75	75.00	726	75	75.00	(32)	Note 1	Parent/Subsidiary
AEH	Boardwalk	British Virgin Islands	Investment and holding activity	3,333,032	3,333,032	109,639	7.98	2,155,963	109,639	7.98	773,714	Note 1	Fellow subsidiaries
ACTI	GrandPAD	U.S.A.	Development of user-friendly IoT device	350,477	350,477	436	29.17	187,339	436	32.01	(142,213)	Note 1	Associate
Bluechip	BLI	Taiwan	Sale of computer peripherals and software system	1,000	-	100	100.00	7	100	100.00	(993)	Note 1	Parent/Subsidiary
ABH	AEB	Taiwan	Providing solutions of cloud and digitalization	275,612	334,025	26,404	72.44	502,641	32,000	87.79	209,232	Note 1	Parent/Subsidiary
ABH	ACTTW	Taiwan	Development of Internet of Beings and cloud technology, and integration of cloud technology, software and hardware	955,056	1,153,000	2,900	100.00	(12,053)	42,694	100.00	(9,934)	Note 1	Parent/Subsidiary
ABH	MPS	Taiwan	Research, development, and sale of batteries	141,711	141,711	7,249	100.00	56,576	7,249	100.00	(17,475)	Note 1	Parent/Subsidiary
ABH	ALT	Taiwan	High performance computing, cloud computing, software-defined storage, and IT solution	78,613	78,613	6,581	86.59	73,981	6,581	86.59	(27,409)	Note 1	Parent/Subsidiary
ABH	ITS	Taiwan	Programs and services of intelligent transportation and electronic ticketing	394,772	394,772	34,308	94.41	154,091	34,308	94.41	(42,983)	Note 1	Parent/Subsidiary
ABH	ABHI	Taiwan	Intelligent medical examination and data interpretation analysis, medical big data, and health management and related information exchange	50,000	50,000	5,000	100.00	42,269	5,000	100.00	(4,952)	Note 1	Parent/Subsidiary
ABH	ABC	Taiwan	Software design service	18,500	18,500	1,225	49.00	(29)	1,989	49.00	(12,780)	Note 1	Parent/Subsidiary
ABH	XPL	Taiwan	Design, development and sale of smart bicycle speedometer	38,173	38,173	2,310	100.00	12,235	2,310	100.00	2,737	Note 1	Parent/Subsidiary
ABH	PBC	Taiwan	Pet interaction device and social networking service	50,676	50,676	2,947	100.00	5,083	2,947	100.00	(2,220)	Note 1	Parent/Subsidiary
ACTTW	ABC	Taiwan	Software design service	76,371	76,371	2,071	51.00	(30)	2,071	51.00	(12,780)	Note 1	Parent/Subsidiary
ACTTW	API	Taiwan	Intelligent solutions of air quality	-	29,000	-	-	-	3,222	100.00	10,806	Note 1	Fellow subsidiaries
ACTTW	ABST	Taiwan	Technical service and research of aBeing cloud digital content management	300,000	300,000	2,500	100.00	(50,429)	30,000	100.00	(41,979)	Note 1	Parent/Subsidiary
ABST	ABSG	Germany	Technical service and research of aBeing cloud digital content management	291,910	291,910	6,029	100.00	(42,099)	6,029	100.00	(41,460)	Note 1	Parent/Subsidiary
AOI	Bluechip	Australia	Sale of computer peripherals and software system	36,915	36,915	570	15.54	35,054	570	15.54	27,086	Note 1	Fellow subsidiaries
AOI	AOA	U.S.A.	Sale of computer, apparatus system, and peripheral equipment	295,771	295,771	15,000	100.00	(167,465)	15,000	100.00	(17,971)	Note 1	Parent/Subsidiary
AOI	AOE	the Netherlands	Sale of computer, apparatus system, and peripheral equipment	214,094	214,094	1	100.00	(30,706)	1	100.00	(14,808)	Note 1	Parent/Subsidiary
AOI	AOTH	British Virgin Islands	Sale of computer, apparatus system, and peripheral equipment	1,623	1,623	50	100.00	248,145	50	100.00	518	Note 1	Parent/Subsidiary
AOI	AOJ	Japan	Sale of computer, apparatus system, and peripheral equipment	2,899	2,899	1	100.00	30,378	1	100.00	742	Note 1	Parent/Subsidiary

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balances as of December 31, 2020			Maximum ownership during 2020		Net Income (Loss) of the Investee	Share of profits/ losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (in thousands)	Percentage of Ownership	Carrying Value	Shares (in thousands)	Percentage of Ownership			
AOI	AOSV	Taiwan	Sale of computer, apparatus system, and peripheral equipment	60,000	60,000	4,000	100.00	41,032	4,000	100.00	304	Note 1	Parent/Subsidiary
AOI	AOGS	Australia	Sale of computer, apparatus system, and peripheral equipment	2,956	2,956	105	70.00	15,947	105	70.00	(4,773)	Note 1	Parent/Subsidiary
AOI	HTW	Hong Kong	Software development and agency	405	405	100	100.00	772	100	100.00	(72)	Note 1	Parent/Subsidiary
AOI	AOSD	Taiwan	Sale of display device	20,000	20,000	2,000	80.00	36,455	2,000	80.00	20,077	Note 1	Parent/Subsidiary
AOI	MPL	Australia	Sale of computer, apparatus system, and peripheral equipment	22,887	22,887	39	27.21	44,719	39	35.30	(64,053)	Note 1	Associate
AOI	AMTC	Taiwan	Manufacturing and sale of touch display, touch controller and its driver	376,238	376,238	6,664	20.07	352,098	6,664	20.07	157,602	Note 1	Associate
AOTH	GCL	Hong Kong	Sale of computer, apparatus system, and peripheral equipment	2,675	2,675	300	100.00	3,634	300	100.00	1,366	Note 1	Parent/Subsidiary
AOGS	AOAU	Australia	Sale of computer, apparatus system, and peripheral equipment	3	3	1	100.00	19,498	1	100.00	(9,773)	Note 1	Parent/Subsidiary

Note1: The share of profits or losses of the investee company is not disclosed herein as such amount is already included in the share of profits or losses of the investor company.

**Acer Incorporated and Subsidiaries**  
**Information on Investments in Mainland China**  
**For the year ended December 31, 2020**

**Table 9**

(Amounts in Thousands of New Taiwan Dollars)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Losses) of Investee	% of Ownership of Direct or Indirect Investment	Maximum ownership during 2020		Share of profits/ losses of investee	Carrying Value as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow				Shares	Percentage of Ownership			
Acer Third Wave Software (Beijing) Co. Ltd.	Sale of commercial and cloud application software and technical service	85,524	1	85,524	-	-	85,524	5,830	100.00	-	100.00	5,830	(4,160)	-
Acer Information (Zhong Shan) Co., Ltd.	Sale of brand-name IT products	42,762	2	-	-	-	-	3,403	100.00	-	100.00	3,403	211,446	-
Acer Computer (Shanghai) Ltd.	Sale of brand-name IT products	57,016	2	57,016	-	-	57,016	760,077	100.00	-	100.00	760,077	1,198,110	-
Acer (Chongqing) Ltd.	Sale of brand-name IT products	4,276,200	2	4,390,232 (Note 2)	-	-	4,390,232 (Note 2)	362,190	100.00	-	100.00	362,190	4,344,575	-
Acer Cloud Technology (Chongqing) Ltd.	Design, development, sale, and advisory of computer software and hardware	142,540	1	142,540	-	-	142,540	(12,880)	100.00	-	100.00	(12,880)	33,900	-
Innovation and Commercialization Accelerator Inc.	Development, design, manufacturing, sale, and maintenance of intelligent terminal devices	26,205	1	(Note 3)	-	-	(Note 3)	(15,787)	30.00	-	30.00	(4,736)	12,140	-
Xplova (Shanghai) Ltd.	Sale of smart bicycle speedometer and operating social platform for bicycle riding and sports	8,570	1	8,570	-	-	8,570	100	100.00	-	100.00	100	5,717	-
Consumer Insights Research (Chongqing) Inc.	Collection, analysis and research of data information	13,103	1	(Note 3)	-	-	(Note 3)	(9,024)	30.00	-	30.00	(2,707)	7,577	-
Acer China Venture Corp	Fund company management	21,838	1	21,838	-	-	21,838	(2,688)	100.00	-	100.00	(2,688)	4,285	-
Acer China Venture Partnership (Limited Partnership)	Investment fund	65,514	1	61,146 (Note 4)	-	-	61,146 (Note 4)	(16)	100.00	-	100.00	(16)	9,312	-
Sertec (Beijing) Ltd.	Repair and maintenance of IT products	4,368	1	4,368	-	-	4,368	(1,782)	100.00	-	100.00	(1,782)	8,917	-
Beijing Altos Computing Ltd.	High performance computing, cloud computing, software-defined storage, and IT solution	19,217	1	19,217	-	-	19,217	12,301	100.00	-	100.00	12,301	83,357	-
Shanghai AST Technology Service Ltd.	System integration service	19,973	1	19,973	-	-	19,973	2,395	100.00	-	100.00	2,395	22,266	-
GadgeTek (Shanghai) Limited	Sale of peripheral 3C products	14,254	1	14,254	-	-	14,254	4,983	100.00	-	100.00	4,983	20,979	-
AOPEN International (ShangHai) Co., Ltd	Sale, import and export of commercial computer products, components, peripheral equipment and apparatus; repair and maintenance service of computer products	161,322	2	161,322	-	-	161,322	(3,448)	100.00	-	100.00	(3,448)	15,513	-
AOPEN Information Products (Zhongshan) Inc.	Manufacture and sale of commercial computer products, components, peripheral equipment and apparatus	450,261	2	450,261	-	-	450,261	3,868	100.00	-	100.00	3,868	228,745	-

Note 1: Method of Investment:

Type 1: Direct investment in Mainland China.

Type 2: Indirect investment in Mainland China through a holding company established in other countries.

Note 2: Acer Intellectual (Chongqing) Limited had merged with Acer (Chongqing) Ltd. in 2014, and Acer (Chongqing) Ltd. was the surviving entity from the merger. This amount included the original investment in Acer Intellectual (Chongqing) Limited of \$114,032 (US\$ 4,000 thousand).

Note 3: Innovation and Commercialization Accelerator Inc. and Consumer Insights Research (Chongqing) Inc. were reinvested by Acer Cloud Technology(Chongqing) Ltd.

Note 4: Acer China Venture Partnership was invested by the Company and Acer China Venture Corp of \$61,146 and \$4,368, respectively.



Investor Company Name	Accumulated Investment in Mainland China as of December 31, 2020 (Note 5)(Note 6)	Investment Amounts Authorized by Investment Commission, MOEA (Note 5)(Note 6)	Upper Limit on Investment Authorized by Investment Commission, MOEA
The Company and Subsidiaries	\$5,394,144 (US\$189,215,105)	\$6,892,347 (US\$241,768,884.5)	(Note)

Note 5: In September, 2008, AOI had disposed all shares of JNS Technology Co., Ltd., and the proceeds from the disposal of US\$ 730,000 had been remitted to AOI in March 2010.

AOI has not yet to report to MOEA, therefore, the amount of US\$ 1,645,200 was still included the original investment in JNS Technology Co., Ltd.

Note 6: T-Conn Precision(Zhongshan) Co., Ltd., indirectly invested by AOI, had been dissolved and the related liquidation process has been completed. The liquidation proceeds of US\$ 31,549.06

(according to ownership percentage of 19%) has been remitted to Super Elite Ltd., a holding company established in other countries. On March 12, 2010, AOI has obtained MOEA's approval to withdraw its investment. However, the amount of accumulated investment in Mainland China still included the amount of US\$ 57,000 due to the liquidation of capital which has yet to be remitted to Taiwan.

The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$28.508 as of December 31, 2020.

Note: Since the Company has obtained the Certificate of Headquarter Operation, there is no upper limitation on investment in Mainland China.

## Appendix II

# 2020 Parent-Company-Only Financial Statements

**ACER INCORPORATED****Parent-Company-Only Financial Statements  
With Independent Auditors' Report  
For the Years Ended December 31, 2020 and 2019**

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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安侯建業聯合會計師事務所

KPMG

台北市110615信義路5段7號68樓(台北101大樓)  
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,  
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

Telephone 電話 + 886 2 8101 6666  
Fax 傳真 + 886 2 8101 6667  
Internet 網址 home.kpmg/tw

## 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, 2020 and 2019, 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, 2020 and 2019, 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 audit of the parent-company-only financial statements as of and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the parent-company-only financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, 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, 2020 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 related disclosures.

Description of key audit matter:

Inventories are measured at the lower of cost and net realizable value. Due to the rapid innovation of technology 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 past 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 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 valuation model 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 assessing the adequacy of the Company's disclosures of other related information on impairment of non-financial assets (including 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 Tzu-Chieh Tang.

KPMG

Taipei, Taiwan (Republic of China)

March 17, 2021

#### **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, 2020 and 2019****(Expressed in Thousands of New Taiwan Dollars)**

<b>Assets</b>		<b>December 31, 2020</b>		<b>December 31, 2019</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Current assets:</b>					
1100	Cash and cash equivalents (note 6(a))	\$ 15,999,824	12	4,083,583	4
1110	Financial assets measured at fair value through profit or loss — current (note 6(b))	156,738	-	58,355	-
1120	Financial assets measured at fair value through other comprehensive income — current (note 6(c))	51,857	-	51,181	-
1140	Contract assets — current (note 6(t))	250	-	2,008	-
1170	Notes and accounts receivable, net (notes 6(d) & (t))	5,910,659	5	3,864,880	3
1180	Notes and accounts receivable from related parties (notes 6(d) & (t) and 7)	24,595,958	18	21,963,643	19
1200	Other receivables, net (note 6(e))	206,551	-	187,273	-
1210	Other receivables from related parties (notes 6(e) and 7)	214,152	-	130,046	-
130X	Inventories (note 6(f))	13,657,588	10	12,718,463	11
1470	Other current assets	226,214	-	248,829	-
<b>Total current assets</b>		<b>61,019,791</b>	<b>45</b>	<b>43,308,261</b>	<b>37</b>
<b>Non-current assets:</b>					
1517	Financial assets measured at fair value through other comprehensive income — non-current (note 6(c))	4,656,750	3	3,628,790	3
1550	Investments accounted for using the equity method (note 6(g))	66,039,920	49	65,760,877	57
1600	Property, plant and equipment (note 6(h))	1,844,520	1	1,310,885	1
1755	Right-of-use assets (note 6(i))	73,967	-	133,049	-
1760	Investment property (note 6(j))	724,504	1	1,276,865	1
1780	Intangible assets (note 6(k))	180,529	-	207,915	-
1840	Deferred income tax assets (note 6(q))	1,911,708	1	973,841	1
1900	Other non-current assets	61,608	-	50,899	-
1980	Other financial assets — non-current (note 8)	88,955	-	91,717	-
<b>Total non-current assets</b>		<b>75,582,461</b>	<b>55</b>	<b>73,434,838</b>	<b>63</b>
<b>Total assets</b>		<b>\$ 136,602,252</b>	<b>100</b>	<b>116,743,099</b>	<b>100</b>

(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, 2020 and 2019**  
**(Expressed in Thousands of New Taiwan Dollars)**

		<u>December 31, 2020</u>		<u>December 31, 2019</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b>Liabilities and Equity</b>					
<b>Current liabilities:</b>					
2120	Financial liabilities measured at fair value through profit or loss – current (note 6(b))	\$ 943,985	1	194,318	-
2130	Contract liabilities – current (note 6(t))	79,131	-	107,298	-
2170	Notes and accounts payable	41,949,644	31	28,022,101	24
2180	Accounts payable to related parties (note 7)	503,171	-	122,620	-
2200	Other payables (note 6(u))	18,406,873	13	15,813,420	14
2220	Other payables to related parties (note 7)	763,946	1	1,519,594	1
2250	Provisions – current (note 6(n) and 9)	742,153	1	716,840	1
2230	Current tax liabilities	1,680,371	1	388,906	1
2280	Lease liabilities – current (note 6(m))	60,449	-	73,195	-
2365	Refund liabilities – current	3,650,911	3	2,816,912	2
2399	Other current liabilities	<u>433,513</u>	<u>-</u>	<u>374,774</u>	<u>-</u>
	<b>Total current liabilities</b>	<u>69,214,147</u>	<u>51</u>	<u>50,149,978</u>	<u>43</u>
<b>Non-current liabilities:</b>					
2540	Long-term debt (note 6(l))	3,300,000	3	5,800,000	5
2570	Deferred income tax liabilities (note 6(q))	3,153,296	2	2,183,773	2
2580	Lease liabilities – non-current (note 6(m))	14,236	-	60,833	-
2600	Other non-current liabilities (note 6(p))	607,208	-	576,321	-
2622	Long-term payable to related parties (note 7)	<u>20,034</u>	<u>-</u>	<u>130,721</u>	<u>-</u>
	<b>Total non-current liabilities</b>	<u>7,094,774</u>	<u>5</u>	<u>8,751,648</u>	<u>7</u>
	<b>Total liabilities</b>	<u>76,308,921</u>	<u>56</u>	<u>58,901,626</u>	<u>50</u>
<b>Equity (note 6(r)):</b>					
3110	Common stock	30,478,538	22	30,749,338	26
3200	Capital surplus	27,378,068	20	28,152,962	24
	Retained earnings:				
3310	Legal reserve	853,852	1	587,602	1
3320	Special reserve	3,976,265	3	2,940,572	3
3350	Unappropriated retained earnings	6,038,916	4	2,668,082	2
3400	Other equity	(5,517,452)	(4)	(4,342,227)	(4)
3500	Treasury stock	<u>(2,914,856)</u>	<u>(2)</u>	<u>(2,914,856)</u>	<u>(2)</u>
	<b>Total equity</b>	<u>60,293,331</u>	<u>44</u>	<u>57,841,473</u>	<u>50</u>
	<b>Total liabilities and equity</b>	<u>\$ 136,602,252</u>	<u>100</u>	<u>116,743,099</u>	<u>100</u>

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

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

**ACER INCORPORATED****Parent-Company-Only Statements of Comprehensive Income****For the years ended December 31, 2020 and 2019****(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)**

		2020		2019	
		Amount	%	Amount	%
4000	Net revenue (notes 6(t) and 7)	\$ 209,586,473	100	173,659,404	100
5000	Cost of revenue (notes 6(f) & (n) and 7)	(199,065,721)	(95)	(165,923,911)	(96)
	<b>Gross profit before realized gross profit on sales to subsidiaries, associates and joint ventures</b>	10,520,752	5	7,735,493	4
5920	Realized gross profit on sales to subsidiaries, associates and joint ventures	2,440	-	265	-
	<b>Gross profit</b>	<u>10,523,192</u>	<u>5</u>	<u>7,735,758</u>	<u>4</u>
	<b>Operating expenses (notes 6(d), (h), (i), (j), (k), (m), (n), (o), (p) &amp; (u), 7 and 12):</b>				
6100	Selling expenses	(3,034,971)	(1)	(2,663,797)	(2)
6200	General and administrative expenses	(1,165,863)	(1)	(976,456)	-
6300	Research and development expenses	(1,986,440)	(1)	(1,954,062)	(1)
	<b>Total operating expenses</b>	<u>(6,187,274)</u>	<u>(3)</u>	<u>(5,594,315)</u>	<u>(3)</u>
6500	<b>Other operating income and expenses, net (notes 6(o) &amp; (v) and 7)</b>	154,916	-	158,473	-
	<b>Operating income</b>	<u>4,490,834</u>	<u>2</u>	<u>2,299,916</u>	<u>1</u>
	<b>Non-operating income and loss:</b>				
7100	Interest income (notes 6(w) and 7)	50,577	-	95,624	-
7010	Other income (note 6(w))	185,228	-	164,104	-
7020	Other gains and losses (notes 6(w) and 7)	178,477	-	186,829	-
7050	Finance costs (notes 6(m) & (w) and 7)	(65,529)	-	(113,981)	-
7060	Share of profits of subsidiaries, associates and joint ventures (note 6 (g))	2,524,675	2	632,043	1
	<b>Total non-operating income and loss</b>	<u>2,873,428</u>	<u>2</u>	<u>964,619</u>	<u>1</u>
	<b>Income before taxes</b>	7,364,262	4	3,264,535	2
7950	<b>Income tax expenses (note 6 (q))</b>	(1,334,975)	(1)	(631,970)	-
	<b>Net Income</b>	<u>6,029,287</u>	<u>3</u>	<u>2,632,565</u>	<u>2</u>
	<b>Other comprehensive income (loss) (notes 6 (g), (p), (q), (r) &amp; (x)):</b>				
8310	<b>Items that will not be reclassified subsequently to profit or loss</b>				
8311	Remeasurements of defined benefit plans	(5,026)	-	(39,439)	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	716,961	-	653,124	-
8330	Share of other comprehensive losses of subsidiaries and associates	(35,859)	-	(154,297)	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	1,005	-	7,888	-
	<b>Total items that will not be reclassified subsequently to profit or loss</b>	<u>677,081</u>	<u>-</u>	<u>467,276</u>	<u>-</u>
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign operations	(1,855,833)	(1)	(1,405,928)	(1)
8399	Income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
	<b>Total items that may be reclassified subsequently to profit or loss</b>	<u>(1,855,833)</u>	<u>(1)</u>	<u>(1,405,928)</u>	<u>(1)</u>
	<b>Other comprehensive loss, net of taxes</b>	<u>(1,178,752)</u>	<u>(1)</u>	<u>(938,652)</u>	<u>(1)</u>
	<b>Total comprehensive income for the year</b>	<u>\$ 4,850,535</u>	<u>2</u>	<u>1,693,913</u>	<u>1</u>
	<b>Earnings per share (in New Taiwan dollars) (note 6(s)):</b>				
9750	Basic earnings per share	\$ 2.01		0.87	
9850	Diluted earnings per share	\$ 1.99		0.87	

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, 2020 and 2019

(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
<b>Balance at January 1, 2019</b>	\$ 30,749,338	27,913,351	281,559	2,534,028	3,085,863	5,901,450	(2,789,146)	(522,226)	(69,817)	(3,381,189)	(2,914,856)	58,268,094
Net income for the year	-	-	-	-	2,632,565	2,632,565	-	-	-	-	-	2,632,565
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(1,405,928)	685,362	(218,086)	(938,652)	-	(938,652)
Total comprehensive income (loss) for the year	-	-	-	-	2,632,565	2,632,565	(1,405,928)	685,362	(218,086)	(938,652)	-	1,693,913
Appropriation approved by the stockholders:												
Legal reserve	-	-	306,043	-	(306,043)	-	-	-	-	-	-	-
Special reserve	-	-	-	406,544	(406,544)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(2,367,699)	(2,367,699)	-	-	-	-	-	(2,367,699)
Adjustments of capital surplus for the cash dividends distributed to subsidiaries	-	36,051	-	-	-	-	-	-	-	-	-	36,051
Share of changes in equity of associates	-	64,047	-	-	-	-	-	-	-	-	-	64,047
Changes in ownership interests in subsidiaries	-	197,096	-	-	-	-	-	-	-	-	-	197,096
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(57,583)	-	-	-	-	-	-	-	-	-	(57,583)
Reorganization under common control	-	-	-	-	(126)	(126)	-	-	-	-	-	(126)
Disposal of subsidiaries	-	-	-	-	-	-	7,680	-	-	7,680	-	7,680
Disposal of financial assets measured at fair value through other comprehensive income by subsidiaries	-	-	-	-	30,066	30,066	-	(30,066)	-	(30,066)	-	-
<b>Balance at December 31, 2019</b>	<u>30,749,338</u>	<u>28,152,962</u>	<u>587,602</u>	<u>2,940,572</u>	<u>2,668,082</u>	<u>6,196,256</u>	<u>(4,187,394)</u>	<u>133,070</u>	<u>(287,903)</u>	<u>(4,342,227)</u>	<u>(2,914,856)</u>	<u>57,841,473</u>
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 stock	-	-	-	-	-	-	-	-	-	-	(361,943)	(361,943)
Retirement of treasury stock	(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	-	-
<b>Balance at December 31, 2020</b>	<u>\$ 30,478,538</u>	<u>27,378,068</u>	<u>853,852</u>	<u>3,976,265</u>	<u>6,038,916</u>	<u>10,869,033</u>	<u>(6,043,227)</u>	<u>768,662</u>	<u>(242,887)</u>	<u>(5,517,452)</u>	<u>(2,914,856)</u>	<u>60,293,331</u>

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

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

**ACER INCORPORATED****Parent-Company-Only Statements of Cash Flows****For the years ended December 31, 2020 and 2019****(Expressed in Thousands of New Taiwan Dollars)**

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities:</b>		
Income before income tax	\$ 7,364,262	3,264,535
<b>Adjustments for:</b>		
<b>Adjustments to reconcile profit or loss:</b>		
Depreciation	154,282	154,529
Amortization	27,796	29,758
Net loss on financial assets measured at fair value through profit or loss	1,268	-
Interest expense	65,529	113,981
Interest income	(50,577)	(95,624)
Dividend income	(185,228)	(164,104)
Share of profits of subsidiaries, associates and joint ventures	(2,524,675)	(632,043)
Gain on disposal of equipment and intangible assets	(1,181)	(5,943)
Gain on lease modification	-	(32)
Loss on disposal of investments accounted for using the equity method	-	6,538
Realized profit on sales to subsidiaries, associates and joint ventures	(2,440)	(265)
Acquisition of financial assets by contribution of technical know-how	(17,421)	-
<b>Total adjustments for profit or loss</b>	<u>(2,532,647)</u>	<u>(593,205)</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Derivative financial instruments measured at fair value through profit or loss	650,016	208,252
Contract assets	1,758	82,442
Notes and accounts receivable	(2,045,779)	(512,609)
Notes and accounts receivable from related parties	(2,632,315)	1,111,461
Inventories	(980,229)	860,860
Other receivables and other current assets	3,436	295,369
<b>Changes in operating assets</b>	<u>(5,003,113)</u>	<u>2,045,775</u>
<b>Changes in operating liabilities:</b>		
Notes and accounts payable	13,931,231	(5,215,880)
Payables to related parties	437,903	(178,287)
Refund liabilities	833,999	205,689
Other payables and other current liabilities	2,652,811	269,600
Provisions	25,313	(41,701)
Contract liabilities	(28,167)	107,298
Other non-current liabilities	(84,826)	(2,971)
<b>Changes in operating liabilities</b>	<u>17,768,264</u>	<u>(4,856,252)</u>
Cash provided by (used in) operations	17,596,766	(139,147)
Interest received	50,566	95,811
Income taxes paid	(13,457)	(507,432)
<b>Net cash provided by (used in) operating activities</b>	<u>17,633,875</u>	<u>(550,768)</u>

(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, 2020 and 2019****(Expressed in Thousands of New Taiwan Dollars)**

	<u>2020</u>	<u>2019</u>
<b>Cash flows from investing activities:</b>		
Purchase of financial assets measured at fair value through other comprehensive income	(297,000)	(120,000)
Proceeds from capital return and liquidation of financial assets measured at fair value through other comprehensive income	2,746	15,062
Proceeds from disposal of financial assets measured at fair value through profit or loss	-	11,249
Additions to investments accounted for using the equity method	(43,365)	(277,432)
Proceeds from disposal of investments accounted for using the equity method	29,930	455,910
Proceeds from capital return of investments accounted for using the equity method	602,819	424,870
Proceeds from liquidation of investments accounted for using the equity method	-	4,210
Additions to property, plant and equipment and investment property	(43,789)	(26,573)
Proceeds from disposal of property, plant and equipment	5,251	1,523
Increase in receivables from related parties	(84,106)	(42,349)
Additions to intangible assets	(410)	(12,727)
Proceeds from disposal of intangible assets	-	9,360
Cash outflows from business demerger	(27,718)	-
Decrease (Increase) in other non-current financial assets and other non-current assets	(7,947)	35,748
Dividends received	333,191	272,627
<b>Net cash flows provided by investing activities</b>	<u>469,602</u>	<u>751,478</u>
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	5,233,942	-
Decrease in short-term borrowings	(5,233,942)	-
Increase in long-term debt	-	5,800,000
Repayment of long-term debt	(2,500,000)	(3,300,000)
Payment of lease liabilities	(78,575)	(78,829)
Increase (decrease) in loans from related parties	(813,000)	320,000
Cash dividends	(1,352,971)	(2,367,699)
Cash distributed from capital surplus	(1,014,728)	-
Purchase of treasury stock	(361,943)	-
Interest paid	(66,019)	(115,753)
<b>Net cash flows provided by (used in) financing activities</b>	<u>(6,187,236)</u>	<u>257,719</u>
<b>Net increase in cash and cash equivalents</b>	11,916,241	458,429
<b>Cash and cash equivalents at beginning of period</b>	<u>4,083,583</u>	<u>3,625,154</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 15,999,824</u>	<u>4,083,583</u>

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

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

**ACER INCORPORATED**

**Notes to Parent-Company-Only Financial Statements**

**For the years ended December 31, 2020 and 2019**

**(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 17, 2021.

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

- (a) Impact of adoption of new, revised or amended standards and interpretations endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”).

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent-company-only financial statements, from January 1, 2020:

- Amendments to IFRS 3 “Definition of a Business”
- Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”
- Amendments to IAS 1 and IAS 8 “Definition of Material”
- Amendments to IFRS 16 “COVID-19 Related Rent Concessions”

- (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, 2021, would not have a significant impact on its parent-company-only financial statements:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform – Phase 2”

(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:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	<p>The amendments aim to promote consistency in applying the standards by helping companies to determine whether, in the 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.</p> <p>The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.</p>	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 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 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”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(Continued)

**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.

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(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.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(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.

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**ACER INCORPORATED**  
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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.

(Continued)



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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.

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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.

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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 and interest rate 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. Inventories are recorded at standard cost and adjusted to approximate weighted-average cost at the end of the reporting period. Net realizable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and necessary selling expenses.

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(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 policies 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

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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.

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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.

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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

(i) Identifying a lease

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. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- 1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- 2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- 3) the customer has the right to direct the use of the asset throughout the period of use only if either:
  - The customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
  - The relevant decisions about how and for what purpose the asset is used are predetermined; and
    - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or

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- the customer designs the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

(ii) 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;
- 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;

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- 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.

(iii) 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.

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(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.

(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.

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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.

(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.

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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(n) 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.

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.

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(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) Costs to fulfil a contract

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.

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.

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(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.

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.

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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
- (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

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- (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.

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(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.

**6. Significant account disclosures**

(a) Cash and cash equivalents

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Cash on hand	\$ 514	664
Bank deposits	8,405,609	2,868,179
Time deposits	<u>7,593,701</u>	<u>1,214,740</u>
	<b><u>\$ 15,999,824</u></b>	<b><u>4,083,583</u></b>

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

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Financial assets mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging		
Foreign currency forward contracts	\$ 154,578	54,927
Non-derivative financial assets		
Stocks listed on foreign markets	<u>2,160</u>	<u>3,428</u>
	<b><u>\$ 156,738</u></b>	<b><u>58,355</u></b>
Financial liabilities held for trading – current:		
Derivatives – Foreign currency forward contracts	<b><u>\$ (943,985)</u></b>	<b><u>(194,318)</u></b>

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

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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

<b>December 31, 2020</b>			
<b>Contract amount (in thousands)</b>		<b>Currency</b>	<b>Maturity period</b>
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

<b>December 31, 2019</b>			
<b>Contract amount (in thousands)</b>		<b>Currency</b>	<b>Maturity period</b>
USD	568,000	USD / NTD	2020/01
USD	427,656	EUR / USD	2020/01~2020/05
USD	9,408	NZD / USD	2020/01~2020/05
USD	63,665	AUD / USD	2020/01~2020/09
USD	47,324	USD / JPY	2020/01~2020/08
USD	164,536	USD / INR	2020/01~2020/10

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

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Equity investments measured at fair value through other comprehensive income		
Domestic listed stock	\$ 4,568,341	3,502,546
Unlisted stock	140,266	177,425
	<b>\$ 4,708,607</b>	<b>3,679,971</b>
Current	\$ 51,857	51,181
Non-current	4,656,750	3,628,790
	<b>\$ 4,708,607</b>	<b>3,679,971</b>

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. The Company did not dispose of the investments in 2020 and 2019.

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

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Notes receivable	\$ 16,502	29,262
Accounts receivable	5,896,378	3,839,231
Less: loss allowance	<u>(2,221)</u>	<u>(3,613)</u>
	5,910,659	3,864,880
Notes and accounts receivable from related parties	<u>24,595,958</u>	<u>21,963,643</u>
	<b><u>\$ 30,506,617</u></b>	<b><u>25,828,523</u></b>

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:

	<b>December 31, 2020</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance</b>
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	<u>94</u>	0.00%	<u>-</u>
	<b><u>\$ 5,912,880</u></b>		<b><u>(2,221)</u></b>
	<b>December 31, 2019</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance</b>
Current	\$ 3,188,396	0.06%	(1,979)
Past due 1-30 days	597,647	0.03%	(196)
Past due 31-60 days	61,204	0.08%	(49)
Past due 61-90 days	3,483	0.06%	(2)
Past due 91-180 days	8,575	4.56%	(391)
Past due 181 days or over	<u>9,188</u>	10.84%	<u>(996)</u>
	<b><u>\$ 3,868,493</u></b>		<b><u>(3,613)</u></b>

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As of December 31, 2020 and 2019, no expected credit losses was provided for abovementioned notes and accounts receivable from related parties after management's assessment. The analysis was as follows:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Current	\$ 19,989,238	19,355,582
Past due 1-30 days	1,509,349	1,755,605
Past due 31-60 days	1,941,296	652,604
Past due 61-90 days	711,999	25,391
Past due 91-180 days	358,961	84,374
Past due 181 days or over	85,115	90,087
	<b><u>\$ 24,595,958</u></b>	<b><u>21,963,643</u></b>

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

	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 3,613	2,698
Impairment losses recognized (reversed)	(1,051)	915
Write-off	(341)	-
Balance at December 31	<b><u>\$ 2,221</u></b>	<b><u>3,613</u></b>

(e) Other receivables, net

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Other receivables from related parties	\$ 214,152	130,046
Reimbursement of advertising expense	19,474	44,873
Purchase discount	171,381	118,835
Others	16,551	24,042
	421,558	317,796
Less: loss allowance	(855)	(477)
	<b><u>\$ 420,703</u></b>	<b><u>317,319</u></b>

As of December 31, 2020 and 2019, 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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Raw materials	\$ 12,581,388	11,403,139
Finished goods and merchandise	649,950	975,836
Spare parts	84,461	67,279
Inventories in transit	<u>341,789</u>	<u>272,209</u>
	<u><b>\$ 13,657,588</b></u>	<u><b>12,718,463</b></u>

For the years ended December 31, 2020 and 2019, the amounts of inventories recognized as cost of revenues were \$183,044,036 and \$152,421,436, respectively, of which \$(309,033) and \$272,864, 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:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Subsidiaries	\$ 65,941,416	65,643,255
Associates	9,186	8,591
Joint Ventures	<u>89,318</u>	<u>109,031</u>
	<u><b>\$ 66,039,920</b></u>	<u><b>65,760,877</b></u>

- (i) For the information of subsidiaries, please refer to the consolidated financial statements for the year ended December 31, 2020.
- (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, 2020 for the description of the impairment of goodwill.
- (iii) Associates and joint venture

<u>Name of Associates and Joint Venture</u>	<u>December 31, 2020</u>		<u>December 31, 2019</u>	
	<u>Percentage of ownership</u>	<u>Carrying amount</u>	<u>Percentage of ownership</u>	<u>Carrying amount</u>
Associates	-	\$ 9,186	-	8,591
Joint Venture:				
Smart Frequency Technology Inc. ("SFT", note (i))	55.00	<u>89,318</u>	55.00	<u>109,031</u>
		<u><b>\$ 98,504</b></u>		<u><b>117,622</b></u>

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.

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	<b>2020</b>	<b>2019</b>
The Company's share of net income (loss) of the associates:		
Net income (loss)	\$ 595	(258)
Other comprehensive income	-	-
Total comprehensive income(loss)	<b>\$ 595</b>	<b>(258)</b>
	<b>2020</b>	<b>2019</b>
The Company's share of net loss of the joint venture:		
Net loss	\$ (19,713)	(17,965)
Other comprehensive income	-	-
Total comprehensive loss	<b>\$ (19,713)</b>	<b>(17,965)</b>

(h) Property, plant and equipment

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

	<b>Land</b>	<b>Buildings</b>	<b>Computer and communication equipment</b>	<b>Other equipment</b>	<b>Total</b>
Cost or deemed cost:					
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	<b>\$ 1,550,181</b>	<b>2,774,665</b>	<b>583,180</b>	<b>274,992</b>	<b>5,183,018</b>
Balance at January 1, 2019	\$ 963,542	1,413,085	607,440	280,798	3,264,865
Additions	-	21,060	3,194	2,319	26,573
Disposals	-	(647)	(14,631)	(2,374)	(17,652)
Reclassifications	-	(20,274)	11,861	-	(8,413)
Balance at December 31, 2019	<b>\$ 963,542</b>	<b>1,413,224</b>	<b>607,864</b>	<b>280,743</b>	<b>3,265,373</b>
Accumulated depreciation and impairment loss:					
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	<b>\$ 320,087</b>	<b>2,223,737</b>	<b>541,365</b>	<b>253,309</b>	<b>3,338,498</b>
Balance at January 1, 2019	\$ 126,540	987,576	557,671	238,022	1,909,809
Depreciation	-	24,683	24,806	13,462	62,951
Disposals	-	(647)	(14,587)	(1,668)	(16,902)
Reclassifications	-	(1,370)	-	-	(1,370)
Balance at December 31, 2019	<b>\$ 126,540</b>	<b>1,010,242</b>	<b>567,890</b>	<b>249,816</b>	<b>1,954,488</b>
Carrying amounts:					
Balance at December 31, 2020	<b>\$ 1,230,094</b>	<b>550,928</b>	<b>41,815</b>	<b>21,683</b>	<b>1,844,520</b>
Balance at December 31, 2019	<b>\$ 837,002</b>	<b>402,982</b>	<b>39,974</b>	<b>30,927</b>	<b>1,310,885</b>

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## (i) Right-of-use assets

	<u>Buildings</u>	<u>Other equipment</u>	<u>Total</u>
Cost:			
Balance at January 1, 2020	\$ 208,362	3,332	211,694
Additions	13,115	6,117	19,232
Disposals	<u>(15,622)</u>	<u>(3,332)</u>	<u>(18,954)</u>
Balance at December 31, 2020	<u>\$ 205,855</u>	<u>6,117</u>	<u>211,972</u>
Balance at January 1, 2019	\$ -	-	-
Effects of initial application of IFRS 16	203,942	3,332	207,274
Additions	9,635	-	9,635
Lease modifications	<u>(5,215)</u>	<u>-</u>	<u>(5,215)</u>
Balance at December 31, 2019	<u>\$ 208,362</u>	<u>3,332</u>	<u>211,694</u>
Accumulated depreciation:			
Balance at January 1, 2020	\$ 76,672	1,973	78,645
Depreciation	76,375	1,939	78,314
Disposals	<u>(15,622)</u>	<u>(3,332)</u>	<u>(18,954)</u>
Balance at December 31, 2020	<u>\$ 137,425</u>	<u>580</u>	<u>138,005</u>
Balance at January 1, 2019	\$ -	-	-
Effects of initial application of IFRS 16	-	-	-
Depreciation	77,867	1,973	79,840
Lease modifications	<u>(1,195)</u>	<u>-</u>	<u>(1,195)</u>
Balance at December 31, 2019	<u>\$ 76,672</u>	<u>1,973</u>	<u>78,645</u>
Carrying amount:			
Balance at December 31, 2020	<u>\$ 68,430</u>	<u>5,537</u>	<u>73,967</u>
Balance at December 31, 2019	<u>\$ 131,690</u>	<u>1,359</u>	<u>133,049</u>

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## (j) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost or deemed cost:			
Balance at January 1, 2020	\$ 1,305,066	3,237,899	4,542,965
Additions	-	14,415	14,415
Reclassifications	<u>(586,639)</u>	<u>(1,347,193)</u>	<u>(1,933,832)</u>
Balance at December 31, 2020	<u>\$ 718,427</u>	<u>1,905,121</u>	<u>2,623,548</u>
Balance at January 1, 2019	\$ 1,305,066	3,217,625	4,522,691
Reclassifications	<u>-</u>	<u>20,274</u>	<u>20,274</u>
Balance at December 31, 2019	<u>\$ 1,305,066</u>	<u>3,237,899</u>	<u>4,542,965</u>
Accumulated depreciation and impairment loss:			
Balance at January 1, 2020	\$ 427,047	2,839,053	3,266,100
Depreciation	-	14,705	14,705
Reclassifications	<u>(193,547)</u>	<u>(1,188,214)</u>	<u>(1,381,761)</u>
Balance at December 31, 2020	<u>\$ 233,500</u>	<u>1,665,544</u>	<u>1,899,044</u>
Balance at January 1, 2019	\$ 427,047	2,825,945	3,252,992
Depreciation	-	11,738	11,738
Reclassifications	<u>-</u>	<u>1,370</u>	<u>1,370</u>
Balance at December 31, 2019	<u>\$ 427,047</u>	<u>2,839,053</u>	<u>3,266,100</u>
Carrying amounts:			
Balance at December 31, 2020	<u>\$ 484,927</u>	<u>239,577</u>	<u>724,504</u>
Balance at December 31, 2019	<u>\$ 878,019</u>	<u>398,846</u>	<u>1,276,865</u>
Fair value:			
Balance at December 31, 2020			<u>\$ 1,130,556</u>
Balance at December 31, 2019			<u>\$ 1,578,696</u>

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, 2020 and 2019, the estimated discount rate used for calculating the present value of the future cash flows was 5.18% and 5.40%, respectively.

(Continued)

**ACER INCORPORATED**  
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(k) Intangible assets

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

	<u>Goodwill</u>	<u>Trademarks and trade names</u>	<u>Patent</u>	<u>Software</u>	<u>Total</u>
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	<u>166,604</u>	<u>-</u>	<u>25,564</u>	<u>15,747</u>	<u>207,915</u>
Additions	-	-	-	410	410
Amortization	-	-	(18,083)	(9,713)	(27,796)
Net balance at December 31, 2020	<u>\$ 166,604</u>	<u>-</u>	<u>7,481</u>	<u>6,444</u>	<u>180,529</u>
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)
	<u>\$ 166,604</u>	<u>-</u>	<u>7,481</u>	<u>6,444</u>	<u>180,529</u>
Net balance at January 1, 2019:					
Cost	\$ 166,604	7,489,298	1,360,680	658,246	9,674,828
Accumulated amortization and impairment loss	-	(7,489,298)	(1,310,868)	(645,526)	(9,445,692)
Net balance at January 1, 2019	<u>166,604</u>	<u>-</u>	<u>49,812</u>	<u>12,720</u>	<u>229,136</u>
Additions	-	-	-	12,727	12,727
Disposals	-	-	(4,190)	-	(4,190)
Amortization	-	-	(20,058)	(9,700)	(29,758)
Net balance at December 31, 2019	<u>\$ 166,604</u>	<u>-</u>	<u>25,564</u>	<u>15,747</u>	<u>207,915</u>
Net balance at December 31, 2019:					
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)
	<u>\$ 166,604</u>	<u>-</u>	<u>25,564</u>	<u>15,747</u>	<u>207,915</u>

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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**ACER INCORPORATED**  
**Notes to Parent-Company-Only Financial Statements**

## (l) Long-term debt

<u>Type of Loan</u>	<u>Creditor</u>	<u>Credit Line</u>	<u>Term</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
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.	3,300,000	3,300,000
	DBS Bank	The term tranche of \$1 billion; revolving credits are allowed.	The interest is paid monthly starting June 2019. The principal will be repaid in lump sum amount when due in June 2021. Interest rate is adjusted quarterly. The loan was early repaid in February 2020.	-	1,000,000
	Taipei Fubon Bank	The term tranche of \$1.5 billion; revolving credits are allowed.	The interest is paid monthly starting June 2019. The principal will be repaid in lump sum amount when due in June 2021. Interest rate is adjusted quarterly. The loan was early repaid in February 2020.	-	1,500,000
				<u>\$ 3,300,000</u>	<u>5,800,000</u>
Unused credit facilities				<u>\$ 4,400,000</u>	<u>1,900,000</u>
Interest rate				<u>0.90%</u>	<u>1.10~1.34%</u>

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

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**ACER INCORPORATED**  
**Notes to Parent-Company-Only Financial Statements**

## (m) Lease liabilities

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

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Current	<u>\$ 60,449</u>	<u>73,195</u>
Non-current	<u>\$ 14,236</u>	<u>60,833</u>

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

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

	<b>2020</b>	<b>2019</b>
Interest on lease liabilities	<u>\$ 1,889</u>	<u>3,092</u>
Expenses relating to short-term leases	<u>\$ 2,415</u>	<u>1,233</u>
Expenses relating to leases of low-value assets	<u>\$ 36</u>	<u>36</u>

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

	<b>2020</b>	<b>2019</b>
Total cash outflow for leases	<u>\$ 82,915</u>	<u>83,190</u>

## (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.

## (n) Provisions – current

	<b>Warranties</b>	<b>Litigation</b>	<b>Environmental protection</b>	<b>Total</b>
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	<u>\$ 482,287</u>	<u>199,556</u>	<u>60,310</u>	<u>742,153</u>
Balance at January 1, 2019	\$ 469,506	215,131	73,904	758,541
Additions	183,336	-	46,489	229,825
Amount utilized	(223,965)	-	(42,391)	(266,356)
Effect of exchange rate changes	(781)	(4,389)	-	(5,170)
Balance at December 31, 2019	<u>\$ 428,096</u>	<u>210,742</u>	<u>78,002</u>	<u>716,840</u>

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**ACER INCORPORATED**  
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## (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.

## (iii) Environmental protection

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

## (o) 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:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Less than 1 year	\$ 96,074	129,713
1 year to 2 years	65,075	50,069
2 years to 3 years	33,130	27,461
3 years to 4 years	24,199	16,652
4 years to 5 years	15,134	7,404
Over 5 years	<u>22,607</u>	<u>4,510</u>
Total undiscounted lease payments	<b><u>\$ 256,219</u></b>	<b><u>235,809</u></b>

In 2020 and 2019, the rental income from investment property amounted to \$124,335 and \$116,954, respectively, were recognized and included in other operating income and loss. Related repair and maintenance expenses recognized were as follows:

	<b>2020</b>	<b>2019</b>
Arising from investment property that generated rental income during the period	\$ 40,879	36,549
Arising from investment property that did not generate rental income during the period	<u>25,798</u>	<u>24,957</u>
	<b><u>\$ 66,677</u></b>	<b><u>61,506</u></b>

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(p) 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:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Present value of benefit obligations	\$ 890,212	892,600
Fair value of plan assets	<u>(314,957)</u>	<u>(346,535)</u>
Net defined benefit liabilities (reported under other non-current liabilities)	<b><u>\$ 575,255</u></b>	<b><u>546,065</u></b>

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, 2020 and 2019, the balances of aforementioned pension funds were \$314,957 and \$346,535, 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

	<u>2020</u>	<u>2019</u>
Defined benefit obligations at January 1	\$ 892,600	895,574
Current service costs	9,394	10,345
Interest expense	8,730	10,021
Remeasurement on the net defined benefit liabilities:		
Actuarial loss (gain) arising from experience adjustments	(22,698)	36,097
Actuarial loss (gain) arising from changes in financial assumption	35,564	12,127
Benefits paid by the plan	(49,125)	(34,856)
Liabilities assumed (transferred) due to the Group's employee shift	15,747	(36,708)
Defined benefit obligations at December 31	<u>\$ 890,212</u>	<u>892,600</u>

3) Movements in fair value of plan assets

	<u>2020</u>	<u>2019</u>
Fair value of plan assets at January 1	\$ 346,535	358,844
Remeasurement on the net defined benefit liabilities		
Return on plan assets (excluding amounts included in net interest expense)	7,840	8,785
Benefits paid by the plan	(49,125)	(34,856)
Interest income	2,311	2,901
Contributions by the employer	24,701	29,569
Payments to related parties for transferred employees	(9,216)	(11,409)
Loss on curtailment	(8,089)	(7,299)
Fair value of plan assets at December 31	<u>\$ 314,957</u>	<u>346,535</u>

4) Changes in the effect of the asset ceiling

In 2020 and 2019, there was no effect of the asset ceiling.

5) Expenses recognized in profit or loss

	<u>2020</u>	<u>2019</u>
Current service costs	\$ 9,394	10,345
Net interest expense	6,419	7,120
Loss on curtailment	8,089	7,299
	<u>\$ 23,902</u>	<u>24,764</u>
Classified under operating expense	<u>\$ 23,902</u>	<u>24,764</u>

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**ACER INCORPORATED**  
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6) Actuarial assumptions

The principal assumptions of the actuarial valuation were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Discount rate	0.625 %	1.000 %
Future salary increases rate	3.000 %	3.000 %

The Company expects to make contribution of \$28,262 to the defined benefit plans in the year following December 31, 2020. The weighted average duration of the defined benefit plans is 13.30 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, 2020 and 2019.

	<u>December 31, 2020</u>		<u>December 31, 2019</u>	
	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
Discount rate	<u>\$ (23,919)</u>	<u>24,828</u>	<u>(24,024)</u>	<u>24,950</u>
Future salary increasing rate	<u>\$ 23,719</u>	<u>(22,990)</u>	<u>23,954</u>	<u>(23,191)</u>

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, 2020 and 2019, the Company recognized pension expenses of \$83,831 and \$82,052, respectively, which had been contributed to the Bureau of Labor Insurance, in relation to the defined contribution plans.

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## (q) Income taxes

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

	<u>2020</u>	<u>2019</u>
Current income tax expense		
Current period	\$ 1,292,482	536,737
Adjustments for prior years	<u>9,832</u>	<u>-</u>
	<u>1,302,314</u>	<u>536,737</u>
Deferred tax expense		
Origination and reversal of temporary differences	203,781	31,671
Change in unrecognized deductible temporary differences	<u>(171,120)</u>	<u>63,562</u>
	<u>32,661</u>	<u>95,233</u>
Income tax expense	<u>\$ 1,334,975</u>	<u>631,970</u>

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

	<u>2020</u>	<u>2019</u>
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plans	<u>\$ 1,005</u>	<u>7,888</u>

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:

	<u>2020</u>	<u>2019</u>
Income before taxes	<u>\$ 7,364,262</u>	<u>3,264,535</u>
Income tax using the Company's statutory tax rate	\$ 1,472,852	652,907
Adjustments for prior-year income tax expense	9,832	-
Undistributed earnings additional tax	380	279
Change in unrecognized temporary differences	(171,120)	63,562
Others	<u>23,031</u>	<u>(84,778)</u>
	<u>\$ 1,334,975</u>	<u>631,970</u>

(ii) Deferred income tax assets and liabilities

1) Unrecognized deferred income tax assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Loss associated with investments in subsidiaries	\$ 2,591,465	2,958,591
Deductible temporary differences	<u>1,046,282</u>	<u>1,493,019</u>
	<u>\$ 3,637,747</u>	<u>4,451,610</u>

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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, 2020 and 2019. 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:

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Profits associated with investments in subsidiaries	\$ <u>2,102,538</u>	<u>2,745,281</u>

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:

	<u>Remeasurements</u> <u>of defined</u> <u>benefit plans</u>	<u>Accrued</u> <u>expenses and</u> <u>costs</u>	<u>Total</u>
<b>Balance at January 1, 2020</b>	\$ 70,837	903,004	973,841
Recognized in profit or loss	-	936,862	936,862
Recognized in other comprehensive income	1,005	-	1,005
<b>Balance at December 31, 2020</b>	<u>\$ 71,842</u>	<u>1,839,866</u>	<u>1,911,708</u>
<b>Balance at January 1, 2019</b>	\$ 62,949	265,000	327,949
Recognized in profit or loss	-	638,004	638,004
Recognized in other comprehensive income	7,888	-	7,888
<b>Balance at December 31, 2019</b>	<u>\$ 70,837</u>	<u>903,004</u>	<u>973,841</u>

Deferred income tax liabilities:

	<u>Income from</u> <u>investments</u> <u>accounted for using</u> <u>the equity method</u>	<u>Others</u>	<u>Total</u>
<b>Balance at January 1, 2020</b>	\$ 2,043,256	140,517	2,183,773
Recognized in profit or loss	821,094	148,429	969,523
<b>Balance at December 31, 2020</b>	<u>\$ 2,864,350</u>	<u>288,946</u>	<u>3,153,296</u>
<b>Balance at January 1, 2019</b>	\$ 1,374,383	76,153	1,450,536
Recognized in profit or loss	668,873	64,364	733,237
<b>Balance at December 31, 2019</b>	<u>\$ 2,043,256</u>	<u>140,517</u>	<u>2,183,773</u>

(iii) No income tax was recognized directly in equity in 2020 and 2019.

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(iv) The Company's income tax returns for the years through 2018 were examined and approved by the R.O.C. income tax authorities.

(r) Capital and other equity

(i) Common stock

As of December 31, 2020 and 2019, the Company had issued 5,850 thousand units and 5,805 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, 2020 and 2019, the Company's authorized shares of common stock consisted of 4,000,000 thousand shares, of which 3,047,854 thousand shares and 3,074,934 thousand shares were issued, respectively. 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):

	<u>2020</u>	<u>2019</u>
Balance at January 1	3,028,188	3,028,188
Retirement of treasury stock	(27,080)	-
Balance at December 31	<u><u>3,001,108</u></u>	<u><u>3,028,188</u></u>

(ii) Capital surplus

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Paid-in capital in excess of par value	\$ 10,086,648	11,101,376
Surplus from mergers	15,797,245	16,027,221
Surplus related to treasury stock transactions and cash dividend	551,856	376,607
Difference between consideration and carrying amount of subsidiaries acquired or disposed	217,421	43,017
Employee share options	90,000	90,000
Surplus from equity-method investments	634,898	514,741
	<u><u>\$ 27,378,068</u></u>	<u><u>28,152,962</u></u>

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, amended on June 14, 2019, 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 Ruling No. 1010047490 issued by the FSC on November 21, 2012, 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 Ruling No. 1010012865 issued by the FSC on April 6, 2012, 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 18, 2020, the Company's Board of Directors 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.

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On June 14, 2019, the Company's shareholders approved an appropriation of legal reserve and special reserve of \$306,043 and \$406,544, respectively, as well as the distribution of cash dividends amounting to \$2,367,699 (\$0.77 per share), of which \$36,051 was distributed to the subsidiaries holding the Company's common shares.

On March 17, 2021, the Company's Board of Directors had 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, the Company's Board of Directors had proposed the appropriation of 2020 earnings, which included the appropriations of legal reserve and special reserve of \$602,575 and \$857,485, respectively.

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, 2020 and 2019, 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):

	<b>December 31, 2020</b>		
	<b>Number of shares</b>	<b>Carrying amount</b>	<b>Market value</b>
Common stock	21,809	\$ 945,239	515,783
GDRs	24,937	1,969,617	639,821
	<b>46,746</b>	<b>\$ 2,914,856</b>	<b>1,155,604</b>
	<b>December 31, 2019</b>		
	<b>Number of shares</b>	<b>Carrying amount</b>	<b>Market value</b>
Common stock	21,809	\$ 945,239	389,291
GDRs	24,937	1,969,617	435,442
	<b>46,746</b>	<b>\$ 2,914,856</b>	<b>824,733</b>

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.

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(v) Other equity items (net after tax)

1) Foreign currency translation differences:

	<u>2020</u>	<u>2019</u>
Balance at January 1	\$ (4,187,394)	(2,789,146)
Generated by the Company:		
Foreign exchange differences arising from translation of foreign operations	(1,855,833)	(1,405,928)
Reclassified to profit or loss as a result of disposal of subsidiaries	-	7,680
Balance at December 31	<u>\$ (6,043,227)</u>	<u>(4,187,394)</u>

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

	<u>2020</u>	<u>2019</u>
Balance at January 1	\$ 133,070	(522,226)
Generated by the Company:		
Change in fair value of financial assets measured at fair value through other comprehensive income	716,961	653,124
Share of other comprehensive income (loss) of subsidiaries and associates	(84,896)	32,238
Disposal of financial assets measured at fair value through other comprehensive income by subsidiaries	3,527	(30,066)
Balance at December 31	<u>\$ 768,662</u>	<u>133,070</u>

3) Remeasurement of defined benefit plans:

	<u>2020</u>	<u>2019</u>
Balance at January 1	\$ (287,903)	(69,817)
Change in the period (generated by the Company)	(4,021)	(31,551)
Share of other comprehensive income (loss) of subsidiaries	49,037	(186,535)
Balance at December 31	<u>\$ (242,887)</u>	<u>(287,903)</u>

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## (s) 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:

	<u>2020</u>	<u>2019</u>
Net income attributable to the ordinary shareholders of the Parent	\$ <u>6,029,287</u>	<u>2,632,565</u>
Weighted-average number of ordinary shares outstanding (in thousands)	<u>3,006,934</u>	<u>3,028,188</u>
Basic earnings per share (in New Taiwan dollars)	\$ <u>2.01</u>	<u>0.87</u>

## (ii) Diluted earnings per share

	<u>2020</u>	<u>2019</u>
Net income attributable to the ordinary shareholders of the Parent	\$ <u>6,029,287</u>	<u>2,632,565</u>
Weighted-average number of ordinary shares outstanding (in thousands)	3,006,934	3,028,188
Effect of dilutive potential common stock (in thousands):		
Effect of employee remuneration in stock	<u>22,460</u>	<u>9,446</u>
Weighted-average shares of common stock outstanding (including effect of dilutive potential common stock) (in thousands)	<u>3,029,394</u>	<u>3,037,634</u>
Diluted earnings per share (in New Taiwan dollars)	\$ <u>1.99</u>	<u>0.87</u>

## (t) Revenue from contracts with customers

## (i) Disaggregation of revenue

	<u>2020</u>		
	<u>IT Hardware Products</u>	<u>Others</u>	<u>Total</u>
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	<u>48,697,093</u>	<u>9,916,610</u>	<u>58,613,703</u>
	<u>\$ 176,948,246</u>	<u>32,638,227</u>	<u>209,586,473</u>

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	<b>2019</b>		
	<b>IT Hardware Products</b>	<b>Others</b>	<b>Total</b>
Primary geographical markets:			
EMEA	\$ 60,583,905	9,046,968	69,630,873
Pan America	39,329,923	9,627,419	48,957,342
Asia Pacific	45,490,376	9,580,813	55,071,189
	<b><u>\$ 145,404,204</u></b>	<b><u>28,255,200</u></b>	<b><u>173,659,404</u></b>
(ii) Contract balances			
	<b>December 31, 2020</b>	<b>December 31, 2019</b>	<b>January 1, 2019</b>
Notes and accounts receivable (including receivables from related parties)	\$ 30,508,838	25,832,136	26,430,073
Less: loss allowance	(2,221)	(3,613)	(2,698)
	<b><u>\$ 30,506,617</u></b>	<b><u>25,828,523</u></b>	<b><u>26,427,375</u></b>
Contract assets – current	<b><u>\$ 250</u></b>	<b><u>2,008</u></b>	<b><u>84,450</u></b>
Contract liabilities – current	<b><u>\$ 79,131</u></b>	<b><u>107,298</u></b>	<b><u>122,994</u></b>
Contract liabilities – non-current	<b><u>\$ -</u></b>	<b><u>-</u></b>	<b><u>491,976</u></b>

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 2020 and 2019 that was included in the contract liability balance at January 1, 2020 and 2019, was \$85,693 and \$3,047, respectively.

(u) 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, 2020 and 2019, the Company accrued its remuneration to employees amounting to \$480,000 and \$138,000, respectively, and the remuneration for directors of \$23,821 and \$5,685, 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 2020 resolved by the Company's Board of Directors on March 17, 2021 was \$10,013 and that for 2019 resolved by the Company's Board of Directors on March 18, 2020 was \$5,697, the aforementioned accrued remunerations to employees were the same as the amounts resolved by the Board of Directors on March 17, 2021 and March 18, 2020, respectively, which were all paid in cash. The difference between accrual and actual payment, amounting to \$13,808 and \$12 for 2020 and 2019, 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.

(v) Other operating income and expenses – net

	<u>2020</u>	<u>2019</u>
Rental income	\$ 154,471	158,019
Government grants	<u>445</u>	<u>454</u>
	<u><b>\$ 154,916</b></u>	<u><b>158,473</b></u>

(w) Non-operating income and loss

(i) Interest income

	<u>2020</u>	<u>2019</u>
Interest income from bank deposits	\$ 50,247	95,414
Other interest income	<u>330</u>	<u>210</u>
	<u><b>\$ 50,577</b></u>	<u><b>95,624</b></u>

(ii) Other income

	<u>2020</u>	<u>2019</u>
Dividend income	<u><b>\$ 185,228</b></u>	<u><b>164,104</b></u>

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## (iii) Other gains and losses

	<u>2020</u>	<u>2019</u>
Gain on disposal of property, plant and equipment and intangible assets	\$ 1,181	5,943
Foreign currency exchange gain (loss), net	1,635,993	227,370
Gain (loss) on financial assets and liabilities measured at fair value through profit or loss	(1,495,854)	(98,241)
Loss on disposal of investments accounted for using the equity method (note 6(g))	-	(6,538)
Others (note 7(b)-(v))	37,157	58,295
	<u>\$ 178,477</u>	<u>186,829</u>

## (iv) Finance costs

	<u>2020</u>	<u>2019</u>
Interest expense from bank loans	\$ 55,668	99,481
Interest expense on lease liabilities	1,889	3,092
Others	7,972	11,408
	<u>\$ 65,529</u>	<u>113,981</u>

## (x) Financial instruments and fair value information

## (i) Categories of financial instruments

## 1) Financial assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Financial assets measured at fair value through profit or loss	\$ 156,738	58,355
Financial assets measured at fair value through other comprehensive income	4,708,607	3,679,971
Financial assets measured at amortized cost:		
Cash and cash equivalents	15,999,824	4,083,583
Notes and accounts receivable and other receivables (including receivables from related parties)	30,927,320	26,145,842
Other financial assets – non-current	88,955	91,717
	<u>\$ 51,881,444</u>	<u>34,059,468</u>

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2) Financial liabilities

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Financial liabilities measured at fair value through profit or loss	\$ 943,985	194,318
Financial liabilities measured at amortized cost:		
Notes and accounts payable (including payables to related parties)	42,452,815	28,144,721
Other payables (including payables to related parties)	19,190,853	15,951,138
Lease liabilities (including current and non-current)	74,685	134,028
Long-term debt	<u>3,300,000</u>	<u>5,800,000</u>
	<u>\$ 65,962,338</u>	<u>50,224,205</u>

(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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	<b>December 31, 2020</b>			
	<b>Fair value</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
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
	<u>\$ 2,160</u>	<u>154,578</u>	<u>-</u>	<u>156,738</u>
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
	<u>\$ 4,568,341</u>	<u>-</u>	<u>140,266</u>	<u>4,708,607</u>
Financial liabilities measured at fair value through profit or loss:				
Foreign currency forward contracts	\$ -	(943,985)	-	(943,985)
	<u>\$ -</u>	<u>(943,985)</u>	<u>-</u>	<u>(943,985)</u>
	<b>December 31, 2019</b>			
	<b>Fair value</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets mandatorily measured at fair value through profit or loss:				
Foreign currency forward contracts	\$ -	54,927	-	54,927
Stock listed on foreign markets	3,428	-	-	3,428
	<u>\$ 3,428</u>	<u>54,927</u>	<u>-</u>	<u>58,355</u>
Financial assets measured at fair value through other comprehensive income:				
Domestic listed stock	\$ 3,502,546	-	-	3,502,546
Unlisted stock	-	-	177,425	177,425
	<u>\$ 3,502,546</u>	<u>-</u>	<u>177,425</u>	<u>3,679,971</u>
Financial liabilities measured at fair value through profit or loss:				
Foreign currency forward contracts	\$ -	(194,318)	-	(194,318)
	<u>\$ -</u>	<u>(194,318)</u>	<u>-</u>	<u>(194,318)</u>

There were no transfers among fair value hierarchies for the years ended December 31, 2020 and 2019.

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

	<b>2020</b>	<b>2019</b>
	<b>Financial assets measured at fair value through other comprehensive income</b>	<b>Financial assets measured at fair value through other comprehensive income</b>
Balance at January 1	\$ 177,425	77,048
Total gains or losses:		
Recognized in other comprehensive income	(51,834)	(4,561)
Additions	17,421	120,000
Disposals	(2,746)	(15,062)
Balance at December 31	<u>\$ 140,266</u>	<u>177,425</u>

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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, 2020 and 2019 were as follows:

	<b>2020</b>	<b>2019</b>
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”)	\$ <u><b>(51,834)</b></u>	<u><b>(4,561)</b></u>

- 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, 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
	(a)	(b)	(c)=(a)-(b)	Financial instruments	Cash collateral received	(e)=(c)-(d)
Notes and accounts receivable, net	\$ <u>46,168,006</u>	<u>40,257,347</u>	<u>5,910,659</u>	<u>-</u>	<u>-</u>	<u>5,910,659</u>
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
	(a)	(b)	(c)=(a)-(b)	Financial instruments	Cash collateral received	(e)=(c)-(d)
Notes and accounts payable	\$ <u>82,206,991</u>	<u>40,257,347</u>	<u>41,949,644</u>	<u>-</u>	<u>-</u>	<u>41,949,644</u>
December 31, 2019						
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
	(a)	(b)	(c)=(a)-(b)	Financial instruments	Cash collateral received	(e)=(c)-(d)
Notes and accounts receivable, net	\$ <u>30,470,429</u>	<u>26,605,549</u>	<u>3,864,880</u>	<u>-</u>	<u>-</u>	<u>3,864,880</u>
December 31, 2019						
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
	(a)	(b)	(c)=(a)-(b)	Financial instruments	Cash collateral received	(e)=(c)-(d)
Notes and accounts payable	\$ <u>54,627,650</u>	<u>26,605,549</u>	<u>28,022,101</u>	<u>-</u>	<u>-</u>	<u>28,022,101</u>

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(y) 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, 2020 and 2019, the Company had unused credit facilities of \$31,954,737 and \$30,111,055, respectively.

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

	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>
<b>December 31, 2020</b>				
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
	<u>\$ 65,069,502</u>	<u>59,621,238</u>	<u>5,446,781</u>	<u>1,483</u>
Derivative financial instruments:				
Foreign currency forward contracts – settled in gross				
Outflow	\$ 54,032,247	54,032,247	-	-
Inflow	(53,236,042)	(53,236,042)	-	-
	<u>\$ 796,205</u>	<u>796,205</u>	<u>-</u>	<u>-</u>
<b>December 31, 2019</b>				
Non-derivative financial liabilities:				
Long-term debt carrying floating interest rates	\$ 5,946,097	68,800	2,552,136	3,325,161
Notes and accounts payable (including related parties)	28,144,721	28,144,721	-	-
Other payables (including related parties)	15,951,138	13,874,112	2,077,026	-
Lease liability	136,534	74,987	52,217	9,330
	<u>\$ 50,178,490</u>	<u>42,162,620</u>	<u>4,681,379</u>	<u>3,334,491</u>
Derivative financial instruments:				
Foreign currency forward contracts – settled in gross				
Outflow	\$ 45,261,197	45,261,197	-	-
Inflow	(45,171,564)	(45,171,564)	-	-
	<u>\$ 89,633</u>	<u>89,633</u>	<u>-</u>	<u>-</u>

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 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, 2020					
	Foreign currency	Exchange rate	NTD	Change in magnitude	Pre-tax effect on profit or loss
<u>Financial assets</u>					
<u>Monetary items</u>					
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
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD	2,007,450	28.5080	57,228,385	1 %	572,284

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(in thousands)

December 31, 2019					
	Foreign currency	Exchange rate	NTD	Change in magnitude	Pre-tax effect on profit or loss
<u>Financial assets</u>					
<u>Monetary items</u>					
EUR	\$ 78,612	33.7579	2,653,776	1 %	26,538
USD	591,500	30.1060	17,807,699	1 %	178,077
INR	10,530,634	0.4218	4,441,821	1 %	44,418
AUD	88,705	21.1374	1,874,993	1 %	18,750
JPY	4,408,139	0.2772	1,221,936	1 %	12,219
<u>Financial liabilities</u>					
<u>Monetary items</u>					
EUR	101	33.7579	3,410	1 %	34
USD	1,342,172	30.1060	40,407,430	1 %	404,074

With varieties of foreign currencies, the Company disclosed foreign exchange gain (loss) on monetary items in aggregate. Please refer to note 6(w) 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, 2020 and 2019 would have been \$33,000 and \$58,000, respectively, lower/higher, which mainly resulted from the borrowings with floating interest rates.

(Continued)



**ACER INCORPORATED**  
**Notes to Parent-Company-Only Financial Statements**

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, 2020 and 2019, would have increased or decreased by \$235,430 and \$183,999, respectively.

(z) 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.

(aa) 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 2020 and 2019.

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

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

	<u>January 1, 2019</u>	<u>Cash flows</u>	<u>Non-cash changes of leasing</u>	<u>December 31, 2019</u>
Long-term debt	\$ 3,300,000	2,500,000	-	5,800,000
Lease liabilities	207,274	(78,829)	5,583	134,028
Loan from related parties	<u>1,088,000</u>	<u>320,000</u>	<u>-</u>	<u>1,408,000</u>
Total liabilities from financing activities	<u>\$ 4,595,274</u>	<u>2,741,171</u>	<u>5,583</u>	<u>7,342,028</u>

(Continued)

**ACER INCORPORATED**  
**Notes to Parent-Company-Only Financial Statements**

**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.

<u>Name of related party</u>	<u>Relationship with the Company</u>
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
Acer Computer Norway AS (ACN)	Subsidiaries
Acer Computer Finland Oy (AFN)	Subsidiaries
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

(Continued)

**ACER INCORPORATED**  
**Notes to Parent-Company-Only Financial Statements**

<u>Name of related party</u>	<u>Relationship with the Company</u>
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
Acer Synergy Tech Corp. (AST)	Subsidiaries
Shanghai AST Technology Service Ltd. (ASTS)	Subsidiaries
ISU Service Corp. (ISU)	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
E-ten Information Systems Co., Ltd. (ETEN)	Subsidiaries
Acer BeingWare Holding Inc. (ABH)	Subsidiaries
Acer Cloud Technology (Taiwan) Inc. (ACTTW)	Subsidiaries

(Continued)

**ACER INCORPORATED**  
**Notes to Parent-Company-Only Financial Statements**

<u>Name of related party</u>	<u>Relationship with the Company</u>
Altos Computing Inc. (ALT)	Subsidiaries
Beijing Altos Computing Ltd. (BJAC)	Subsidiaries
MPS Energy Inc. (MPS)	Subsidiaries
Acer e-Enabling Service Business Inc. (AEB)	Subsidiaries
Acer ITS Inc. (ITS)	Subsidiaries
Acer Healthcare Inc. (ABHI)	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
Xplova (Shanghai) Ltd. (XPLSH)	Subsidiaries
Pawbo, Inc. (PBC)	Subsidiaries
Acer Cyber Security Incorporated (ACSI)	Subsidiaries
Acer e-Enabling Data Center Incorporated (EDC)	Subsidiaries
TWP International Inc. (TWPBVI)	Subsidiaries
Acer Third Wave Software (Beijing) Co. Ltd (TWPBJ)	Subsidiaries
Acer China Venture Corp (ACVC)	Subsidiaries
Acer China Venture Partnership (ACVP)	Subsidiaries
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
GadgeTek Inc. (GTI)	Subsidiaries
GadgeTek (Shanghai) Limited (GCN)	Subsidiaries

(Continued)

**ACER INCORPORATED**  
**Notes to Parent-Company-Only Financial Statements**

<u>Name of related party</u>	<u>Relationship with the Company</u>
Highpoint Service Network Corporation (HSNC)	Subsidiaries
Highpoint Service Network (Thailand) Co., Ltd (HSNT)	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
Smart Frequency Technology Inc. (SFT)	Joint venture
Aegis Semiconductor Technology Inc. (ATI)	Associates
GrandPad Inc. (GrandPAD)	Associates
Piovision International Inc. (HPT)	Associates
ECOM Software Inc. (ECS)	Associates
Kbest Technology Inc. (KBest)	Associates
Eric's Co., LTD (Eric's)	The entity's chairman is the first-degree relatives of one of the key management of the Company
Acer Foundation	The Company has significant influence over the entity

(b) Significant related-party transactions

(i) Revenue

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

	<u>2020</u>	<u>2019</u>
Subsidiaries		
AEG	\$ 81,108,431	69,464,527
AAC	69,391,765	48,836,788
Others	45,901,657	42,755,078
Associates	197,093	7
Joint venture	22	-
Other related parties	<u>5,917</u>	<u>37</u>
	<u>\$ 196,604,885</u>	<u>161,056,437</u>

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.

(Continued)

**ACER INCORPORATED**  
**Notes to Parent-Company-Only Financial Statements**

## (ii) Purchases

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

	<u>2020</u>	<u>2019</u>
Subsidiaries	<u>\$ 1,869,722</u>	<u>1,082,028</u>

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:

<u>Accounts</u>	<u>Related-party categories</u>	<u>2020</u>	<u>2019</u>
Cost of revenue	Subsidiaries	\$ 380,197	425,172
Operating expense	Subsidiaries	70,445	103,970
Operating expense	Associates	6,225	2,075
Operating expense	Other related parties	<u>12,500</u>	<u>10,557</u>
		<u>\$ 469,367</u>	<u>541,774</u>

## (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:

	<u>2020</u>	<u>2019</u>
Subsidiaries:		
ASDI	\$ 38,434	38,434
AEB	17,436	21,772
Others	9,190	16,685
Associates	2,491	2,378
Joint venture	1,668	777
Other related parties	<u>78</u>	<u>78</u>
	<u>\$ 69,297</u>	<u>80,124</u>

(Continued)

**ACER INCORPORATED**  
**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:

	<u>2020</u>	<u>2019</u>
Subsidiaries	\$ 16,792	41,006
Associates	48	1,953
Joint venture	3,223	2,086
Other related parties	19	-
	<u>\$ 20,082</u>	<u>45,045</u>

## (vi) Loans to related parties

The actual drawdown amounts were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Subsidiaries:		
AGM	\$ 95,000	-
ALT	63,000	-
GTI	20,000	-
ABST	-	37,800
	<u>\$ 178,000</u>	<u>37,800</u>
Interest rate	<u>0.80%</u>	<u>0.86%</u>

Interest income related to loans to subsidiaries in 2020 and 2019 was \$330 and \$210, respectively.

## (vii) Borrowings from related parties

The borrowings from related parties were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Subsidiaries:		
ADSC	\$ -	648,000
ETEN	80,000	117,000
EDC	250,000	200,000
AEB	-	156,000
CCI	100,000	121,000
ABH	150,000	83,000
Others	15,000	83,000
	<u>\$ 595,000</u>	<u>1,408,000</u>
Interest rate	<u>0.75%</u>	<u>0.80%</u>

(Continued)



**ACER INCORPORATED**  
**Notes to Parent-Company-Only Financial Statements**

Interest expenses related to borrowings from subsidiaries in 2020 and 2019 were \$7,822 and \$11,266, 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	<u>2,519</u>
Subtotal	<u>26,100</u>
Liabilities:	
Accounts payables	(3,687)
Other payables	<u>(131)</u>
Subtotal	<u>(3,818)</u>
Net Assets	<u><u>\$ 22,282</u></u>

(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, ALT, ETEN and other subsidiaries. Related payables were included in “other payables to related parties” and “long-term payable to related parties”.

(Continued)

**ACER INCORPORATED**  
**Notes to Parent-Company-Only Financial Statements**

## (x) Receivables from related parties

<u>Accounts</u>	<u>Related-party categories</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Notes and accounts receivable from related parties	Subsidiaries:		
	AAC	\$ 10,693,291	7,304,965
	AJC	3,889,769	1,221,877
	Others	9,986,878	13,436,801
Notes and accounts receivable from related parties	Associates	26,020	-
Other receivables from related parties	Subsidiaries	35,512	91,803
Other receivables from related parties (financing)	Subsidiaries:		
	AGM	95,000	-
	ALT	63,000	-
	Others	20,000	37,800
Other receivables from related parties	Associates	323	223
Other receivables from related parties	Joint venture	297	220
Other receivables from related parties	Other related parties	20	-
		<u>\$ 24,810,110</u>	<u>22,093,689</u>

## (xi) Payables to related parties

<u>Accounts</u>	<u>Related party categories</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts payable to related parties	Subsidiaries	\$ 503,171	122,620
Other payables to related parties	Subsidiaries	143,946	111,594
Other payables to related parties	Other related parties	25,000	-
Other payables to related parties (financing)	Subsidiaries	595,000	1,408,000
Long-term payable to related parties	Subsidiaries	20,034	130,721
		<u>\$ 1,287,151</u>	<u>1,772,935</u>

## (xii) Guarantees and endorsements provided to related parties

As of December 31, 2020 and 2019, the balances of guarantees and endorsements provided to subsidiaries were \$21,503,281 and \$24,619,724, respectively, and the amounts actually drawn were \$5,012,962 and \$3,082,396, respectively.

(Continued)

**ACER INCORPORATED**  
**Notes to Parent-Company-Only Financial Statements**

- (c) Compensation for key management personnel

	<u>2020</u>	<u>2019</u>
Short-term employee benefits	\$ 189,313	168,172
Post-employment benefits	<u>19,709</u>	<u>3,568</u>
	<u>\$ 209,022</u>	<u>171,740</u>

**8. Pledged assets**

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

<u>Assets</u>	<u>Pledged to secure</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash in bank and time deposits	Contract bidding and project fulfillment guarantee	<u>\$ 6,776</u>	<u>5,850</u>

**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, 2020 and 2019, the Company had outstanding stand-by letters of credit provided by the banks totaling \$14,227 and \$49,843, respectively, for purposes of bids and contracts.
- (d) As of December 31, 2020 and 2019, the Company had issued promissory notes amounting to \$36,809,506 and \$37,559,767, respectively, as collateral for obtaining credit facilities from financial institutions.

**10. Significant loss from disaster: None**

**11. Significant subsequent events: None**

(Continued)

**ACER INCORPORATED**  
**Notes to Parent-Company-Only Financial Statements**

**12. Others**

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

	2020			2019		
	Cost of revenue	Operating expenses	Total	Cost of revenue	Operating expenses	Total
Employee benefits:						
Salaries	-	2,738,139	2,738,139	-	2,158,662	2,158,662
Insurance	-	156,719	156,719	-	157,006	157,006
Pension	-	111,744	111,744	-	106,816	106,816
Remuneration of directors	-	36,821	36,821	-	19,185	19,185
Others	-	175,306	175,306	-	177,395	177,395
Depreciation	-	154,282	154,282	-	154,529	154,529
Amortization	-	27,796	27,796	-	29,758	29,758

	2020	2019
Employees	<u>1,627</u>	<u>1,600</u>
Directors not in concurrent employment	<u>4</u>	<u>6</u>
Average employee benefits	<u>\$ 1,961</u>	<u>1,631</u>
Average employee salaries	<u>\$ 1,687</u>	<u>1,354</u>
Adjustment of average employee salaries	<u>24.59 %</u>	<u>(16.00)%</u>
Supervisor's remuneration	<u>\$ -</u>	<u>-</u>

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.

**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;

(Continued)

**ACER INCORPORATED**  
**Notes to Parent-Company-Only Financial Statements**

- (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, 2020, 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.

**14. Segment information**

Please refer to the consolidated financial statements for the year ended December 31, 2020.

(Continued)

**Acer Incorporated**  
**Financing provided to other parties**  
**For the year ended December 31, 2020**

**Table 1**

(Amounts in Thousands of New Taiwan Dollars)

No.	Financing Company	Counterparty	Financial Statement Account (Note 3)	Related Party	Maximum Balance for the Period	Ending Balance	Actually drawdown Amounts	Interest Rate	Nature of Financing (Note 1)	Transaction Amounts	Reasons for Short-term Financing	Loss Allowance	Collateral		Financing Limit for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)
													Item	Value		
0	The Company	APDI	Other receivables from related parties	Yes	41,000	40,000	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	ABH	Other receivables from related parties	Yes	29,000	15,000	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	CCI	Other receivables from related parties	Yes	6,000	4,000	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	ADSC	Other receivables from related parties	Yes	34,000	25,000	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	AEB	Other receivables from related parties	Yes	156,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	XPL	Other receivables from related parties	Yes	8,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	ACTTW	Other receivables from related parties	Yes	167,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	ASDI	Other receivables from related parties	Yes	88,000	38,000	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	ETEN	Other receivables from related parties	Yes	152,000	100,000	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	API	Other receivables from related parties	Yes	13,000	10,000	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	ABST	Other receivables from related parties	Yes	48,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	PBC	Other receivables from related parties	Yes	11,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	ABC	Other receivables from related parties	Yes	10,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	MPS	Other receivables from related parties	Yes	25,000	25,000	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	ABHI	Other receivables from related parties	Yes	19,000	15,000	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	EDC	Other receivables from related parties	Yes	693,000	400,000	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	HSNC	Other receivables from related parties	Yes	19,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	GTI	Other receivables from related parties	Yes	50,000	50,000	20,000	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	ITS	Other receivables from related parties	Yes	114,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	ALT	Other receivables from related parties	Yes	100,000	100,000	63,000	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	AGM	Other receivables from related parties	Yes	300,000	300,000	95,000	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
1	APDI	The Company	Other receivables from related parties	Yes	41,000	40,000	-	0%~4%	2	-	Operating requirements	None	None	None	41,990	41,990
2	ABH	The Company	Other receivables from related parties	Yes	350,000	150,000	150,000	0%~4%	2	-	Operating requirements	None	None	None	592,522	592,522
2	ABH	ABST	Other receivables from related parties	Yes	75,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	148,130	592,522

No.	Financing Company	Counterparty	Financial Statement Account (Note 3)	Related Party	Maximum Balance for the Period	Ending Balance	Actually drawndown Amounts	Interest Rate	Nature of Financing (Note 1)	Transaction Amounts	Reasons for Short-term Financing	Loss Allowance	Collateral		Financing Limit for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)
													Item	Value		
2	ABH	ACTTW	Other receivables from related parties	Yes	30,000	30,000	-	0%~4%	2	-	Operating requirements	None	None	None	148,130	592,522
2	ABH	ABST	Other receivables from related parties	Yes	40,000	40,000	37,800	0%~4%	2	-	Operating requirements	None	None	None	148,130	592,522
2	ABH	ABSG	Other receivables from related parties	Yes	78,414	77,486	72,263	0%~4%	2	-	Operating requirements	None	None	None	148,130	592,522
2	ABH	ABC	Other receivables from related parties	Yes	10,000	10,000	-	0%~4%	2	-	Operating requirements	None	None	None	148,130	592,522
2	ABH	ABST	Other receivables from related parties	Yes	68,000	68,000	68,000	0%~4%	2	-	Operating requirements	None	None	None	148,130	592,522
3	CCI	The Company	Other receivables from related parties	Yes	121,000	100,000	100,000	0%~4%	2	-	Operating requirements	None	None	None	136,932	136,932
4	ADSC	The Company	Other receivables from related parties	Yes	700,000	1,000	-	0%~4%	2	-	Operating requirements	None	None	None	516,111	516,111
4	ADSC	Bluechip	Other receivables from related parties	Yes	30,490	28,514	28,514	0%~4%	2	-	Operating requirements	None	None	None	129,028	516,111
4	ADSC	ABST	Other receivables from related parties	Yes	68,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	129,028	516,111
4	ADSC	AGM	Other receivables from related parties	Yes	100,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	129,028	516,111
5	AEB	The Company	Other receivables from related parties	Yes	156,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	69,386	277,546
6	XPL	The Company	Other receivables from related parties	Yes	8,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	4,886	4,886
7	ACTTW	The Company	Other receivables from related parties	Yes	167,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	84,586	84,586
7	ACTTW	ABSG	Other receivables from related parties	Yes	57,388	-	-	0%~4%	2	-	Operating requirements	None	None	None	21,146	84,586
7	ACTTW	ABSG	Other receivables from related parties	Yes	17,621	17,413	-	0%~4%	2	-	Operating requirements	None	None	None	21,146	84,586
7	ACTTW	ABST	Other receivables from related parties	Yes	40,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	21,146	84,586
8	ASDI	The Company	Other receivables from related parties	Yes	88,000	38,000	15,000	0%~4%	2	-	Operating requirements	None	None	None	90,378	90,378
8	ASDI	APDI	Other receivables from related parties	Yes	50,000	40,000	5,000	0%~4%	2	-	Operating requirements	None	None	None	90,378	90,378
9	ETEN	The Company	Other receivables from related parties	Yes	152,000	100,000	80,000	0%~4%	2	-	Operating requirements	None	None	None	117,477	117,477
10	API	The Company	Other receivables from related parties	Yes	13,000	10,000	-	0%~4%	2	-	Operating requirements	None	None	None	37,340	37,340
11	ABST	The Company	Other receivables from related parties	Yes	48,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	-	-
12	AIZS	ACCQ	Other receivables from related parties	Yes	208,111	207,460	207,460	0%~4%	2	-	Operating requirements	None	None	None	28,751,752	28,751,752
12	AIZS	ACCQ	Other receivables from related parties	Yes	209,643	209,643	-	0%~4%	2	-	Operating requirements	None	None	None	28,751,752	28,751,752
13	GWI	AAC	Other receivables from related parties	Yes	424,620	399,112	399,112	0%~4%	2	-	Operating requirements	None	None	None	28,751,752	28,751,752
13	GWI	AAC	Other receivables from related parties	Yes	391,378	-	-	0%~4%	2	-	Operating requirements	None	None	None	28,751,752	28,751,752
14	AAH	AAC	Other receivables from related parties	Yes	4,446,750	-	-	0%~4%	2	-	Operating requirements	None	None	None	28,751,752	28,751,752
14	AAH	AAC	Other receivables from related parties	Yes	4,579,830	4,304,708	4,304,708	0%~4%	2	-	Operating requirements	None	None	None	28,751,752	28,751,752



No.	Financing Company	Counterparty	Financial Statement Account (Note 3)	Related Party	Maximum Balance for the Period	Ending Balance	Actually drawdown Amounts	Interest Rate	Nature of Financing (Note 1)	Transaction Amounts	Reasons for Short-term Financing	Loss Allowance	Collateral		Financing Limit for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)
													Item	Value		
15	PBC	The Company	Other receivables from related parties	Yes	11,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	2,508	2,508
16	ABC	The Company	Other receivables from related parties	Yes	10,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	2,420	2,420
17	MPS	The Company	Other receivables from related parties	Yes	25,000	1,000	-	0%~4%	2	-	Operating requirements	None	None	None	26,025	26,025
18	ABHI	The Company	Other receivables from related parties	Yes	19,000	1,000	-	0%~4%	2	-	Operating requirements	None	None	None	17,638	17,638
19	EDC	The Company	Other receivables from related parties	Yes	693,000	400,000	250,000	0%~4%	2	-	Operating requirements	None	None	None	620,599	620,599
20	HSNC	The Company	Other receivables from related parties	Yes	19,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	62,319	62,319
21	GTI	The Company	Other receivables from related parties	Yes	23,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	27,371	27,371
22	ASSB	HSN	Other receivables from related parties	Yes	30,265	-	-	0%~4%	2	-	Operating requirements	None	None	None	204,577	511,443
23	Bluechip	BLI	Other receivables from related parties	Yes	1,153	1,140	1,140	0%~4%	2	-	Operating requirements	None	None	None	45,450	45,450

Note 1: Nature of Financing:

Type 2: Short-term financing purpose

Note 2: 1. The aggregate financing amount shall not exceed 50% of net worth of the Company, within which the short-term financing amount shall not exceed 20% of net worth of the Company.

1-1. For an entity which the Company owns less than 50% of its outstanding common shares, the individual financing amounts shall not exceed lower of 5% of net worth of the Company and 40% of net worth of the entity.

1-2. For an entity which the Company owns more than 50% of its outstanding common shares, the individual financing amounts shall not exceed 10% of net worth of the Company.

1-3. When a subsidiary who provides financing to other parties is directly or indirectly wholly owned by the Company, the aforementioned limit of aggregate amount and individual financing amount is applied.

2. For AIZS, GWI and AAH, the individual financing amounts shall not exceed higher of 20% of net worth of the entities or 50% of net worth of the ultimate parent company.

3. The financing limits of APDI, ABH, CCI, ADSC, XPL, ACTTW, ETEN, API, ABST, PBC, ABC, MPS, ABHI, EDC, HSNC and GTI were as follows:

3-1. The aggregate financing amount shall not exceed 40% of net worth of the entities listed above.

3-2. The individual financing amounts to the ultimate parent company shall not exceed 40% of net worth of the entities listed above.

4. The aggregate financing amount of AEB shall not exceed 40% of its net worth.

4-1. The individual financing amounts of AEB to subsidiaries or affiliates shall not exceed 10% of its net worth.

4-2. In the event AEB provides loans to enterprise in which AEB proposes to make equity investment and there is necessity of short-term financing, each application shall be submitted to the Board of Directors for approval and the individual financing amounts shall not exceed 10% of its net worth.

5. For an entity which the financing company owns more than 50% of its outstanding common shares or is fellow subsidiary of the same group, the individual financing amounts of ABH, ADSC and ACTTW shall not exceed 10% of net worth of ABH, ADSC and ACTTW.

6. The financing limit of ASDI is as follows:

6-1. The aggregate financing amount shall not exceed 40% of net worth of ASDI.

6-2. The individual financing amounts to the ultimate parent company and its related parties shall not exceed 40% of net worth of ASDI.

7. The aggregate financing amount and the individual financing amounts of ASSB shall not exceed 50% and 20%, respectively, of net worth of ASSB.

8. Both of the aggregate financing amount and the individual financing amounts of Bluechip shall not exceed 20% of net worth of Bluechip.

Note 3: Net worth of the Company and subsidiaries listed above are the most recent audited or reviewed.

Note 4: The above transactions are eliminated when preparing the consolidated financial statements.

**Acer Incorporated**  
**Guarantees and endorsements provided to other parties**  
**For the year ended December 31, 2020**

**Table 2**

(Amounts in Thousands of New Taiwan Dollars)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 2 to Note 6)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note 2 to Note 6)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 1)										
0	The Company	AJC	2	11,500,701	843,984	828,320	-	-	1.44%	57,503,505	Y		
0	The Company	ATH	2	11,500,701	160,749	151,092	21,980	-	0.26%	57,503,505	Y		
0	The Company	Acer Asia Pacific subsidiaries	2	11,500,701	4,094,550	1,995,560	105,441	-	3.47%	57,503,505	Y		
0	The Company	AEG	2	11,500,701	399,807	275,058	275,058	-	0.48%	57,503,505	Y		
0	The Company	Acer EMEA subsidiaries	2	11,500,701	3,942,900	997,780	466,196	-	1.74%	57,503,505	Y		
0	The Company	ACN/ACD/ACW/AFN	2	11,500,701	13,860	13,860	13,860	-	0.02%	57,503,505	Y		
0	The Company	ATB	2	11,500,701	909,900	855,240	43,323	-	1.49%	57,503,505	Y		
0	The Company	Acer Pan America subsidiaries	2	11,500,701	5,156,100	4,846,360	363,919	-	8.43%	57,503,505	Y		
0	The Company	AMEX	2	11,500,701	272,970	256,572	-	-	0.45%	57,503,505	Y		
0	The Company	Acer Greater China subsidiaries	2	11,500,701	1,668,150	1,567,940	18,607	-	2.73%	57,503,505	Y		Y
0	The Company	AEB	2	11,500,701	1,850,000	850,000	650,000	-	1.48%	57,503,505	Y		
0	The Company	SMA	2	11,500,701	110,724	106,365	2,681	-	0.18%	57,503,505	Y		
0	The Company	ACA	2	11,500,701	303,300	285,080	285,080	-	0.50%	57,503,505	Y		
0	The Company	AIL	2	11,500,701	2,647,855	2,574,357	962,792	-	4.48%	57,503,505	Y		
0	The Company	ACCN/ACCQ/BJAC	2	11,500,701	876,256	873,514	-	-	1.52%	57,503,505	Y		Y
0	The Company	AME	2	11,500,701	45,495	-	-	-	0.00%	57,503,505	Y		
0	The Company	ACTTW	2	11,500,701	60,660	-	-	-	0.00%	57,503,505	Y		
0	The Company	ABSG	2	11,500,701	151,650	142,540	-	-	0.25%	57,503,505	Y		
0	The Company	ITS	2	11,500,701	500,000	400,000	-	-	0.70%	57,503,505	Y		
0	The Company	AIP	2	11,500,701	84,780	-	-	-	0.00%	57,503,505	Y		
0	The Company	ALT	2	11,500,701	400,000	400,000	-	-	0.70%	57,503,505	Y		
0	The Company	GTI	2	11,500,701	360,000	360,000	-	-	0.63%	57,503,505	Y		
0	The Company	HSNC	2	11,500,701	123,824	123,508	-	-	0.21%	57,503,505	Y		
0	The Company	HSNP	2	11,500,701	57,648	57,016	-	-	0.10%	57,503,505	Y		
0	The Company	HSNT	2	11,500,701	57,648	57,016	-	-	0.10%	57,503,505	Y		
0	The Company	HSNC/HSNI/HSNP/HSNT	2	11,500,701	121,320	114,032	23,779	-	0.20%	57,503,505	Y		
0	The Company	MPS	2	11,500,701	51,561	48,464	48,464	-	0.08%	57,503,505	Y		
0	The Company	EDC	2	11,500,701	2,783,368	2,565,720	1,218,240	-	4.46%	57,503,505	Y		
0	The Company	ADSC	2	11,500,701	60,660	-	-	-	0.00%	57,503,505	Y		
0	The Company	AAC	2	11,500,701	205,727	193,854	113,543	-	0.34%	57,503,505	Y		
0	The Company	AGM	2	11,500,701	400,000	400,000	400,000	-	0.70%	57,503,505	Y		
0	The Company	HSNI	2	11,500,701	115,296	114,032	-	-	0.20%	57,503,505	Y		
0	The Company	API	2	11,500,701	50,000	50,000	-	-	0.09%	57,503,505	Y		
1	AAC	ASC	4	1,877,932	18,198	17,105	17,105	-	0.18%	1,877,932			
2	AOI	AOSD	2	175,611	60,660	57,016	-	-	9.74%	585,370	Y		
3	AOZ	AOC	4	47,291	30,330	28,508	-	-	12.06%	118,228			Y
4	AST	ASTS	2	72,414	20,000	17,470	-	-	4.83%	181,036	Y		Y
4	AST	ISU	2	72,414	30,000	30,000	-	-	8.29%	181,036	Y		

- Note 1: Relationships between the endorsement/guarantee provider and the guaranteed party:  
Type 2: an entity directly or indirectly owned by the Company over 50%  
Type 4: between entities directly or indirectly owned by the Company over 90%
- Note 2: The aggregate endorsement/guarantee amount provided shall not exceed the most recent audited or reviewed net worth of the Company.  
The endorsement/guarantee provided to individual guarantee party shall not exceed 20% of the most recent audited or reviewed net worth of the Company.
- Note 3: The aggregate endorsement/guarantee amount provided shall not exceed the most recent audited or reviewed net worth of AOI.  
The endorsement/guarantee provided to individual guarantee party shall not exceed 30% of the most recent audited or reviewed net worth of AOI.
- Note 4: The aggregate endorsement/guarantee amount provided shall not exceed 20% of the most recent audited net worth of AAC.  
The endorsement/guarantee provided to individual guarantee party shall not exceed 20% of the most recent audited net worth of AAC.
- Note 5: The aggregate endorsement/guarantee amount provided shall not exceed 50% of the most recent audited or reviewed net worth of AOZ.  
The endorsement/guarantee provided to individual guarantee party shall not exceed 20% of the most recent audited or reviewed net worth of AOZ.
- Note 6: The aggregate endorsement/guarantee amount provided shall not exceed 50% of the most recent audited or reviewed net worth of AST.  
The endorsement/guarantee provided to individual guarantee party shall not exceed 20% of the most recent audited or reviewed net worth of AST.

**Acer Incorporated**  
**Marketable securities held at reporting date**  
**(Excluding investments in subsidiaries, associates, and joint controlled entities)**  
**December 31, 2020**

**Table 3**

(Amounts in Thousands of New Taiwan Dollars / Shares)

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	Ending Balance				Maximum ownership during 2020		Note
				Shares/ Units (in thousands)	Carrying Value	Percentage of Ownership	Fair Value	Shares/ Units (in thousands)	Percentage of Ownership	
The Company	Stock: Hon Hai	-	Financial assets measured at fair value through other comprehensive income — current	564	51,857	0.00%	51,857	564	0.00%	
The Company	Stock: Starbreeze	-	Financial assets measured at fair value through profit or loss — current	572	2,160	0.10%	2,160	572	0.21%	
The Company	Stock: Qisda	-	Financial assets measured at fair value through other comprehensive income — non-current	81,713	2,365,582	4.15%	2,365,582	81,713	4.15%	
The Company	Stock: WPG Holdings	-	Financial assets measured at fair value through other comprehensive income — non-current	4,012	172,096	0.24%	172,096	4,012	0.24%	
The Company	Stock: Wistron	-	Financial assets measured at fair value through other comprehensive income — non-current	54,816	1,699,296	1.93%	1,699,296	54,816	1.93%	
The Company	Preferred Stock B: SKFHC	-	Financial assets measured at fair value through other comprehensive income — non-current	6,600	279,510	2.97%	279,510	6,600	2.97%	
The Company	Stock: iDSoftCapital Inc.	-	Financial assets measured at fair value through other comprehensive income — non-current	24	-	19.90%	-	398	19.90%	
The Company	Stock: World Venture, Inc.	-	Financial assets measured at fair value through other comprehensive income — non-current	8,505	-	19.35%	-	8,505	19.35%	
The Company	Stock: Dragon Investment Co. Ltd.	-	Financial assets measured at fair value through other comprehensive income — non-current	1,884	2,845	19.94%	2,845	1,884	19.94%	
The Company	Stock: Pell Bio-med Technology Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income — non-current	1,200	120,000	7.24%	120,000	1,200	7.24%	
The Company	Stock: CellMax Life Inc.	-	Financial assets measured at fair value through other comprehensive income — non-current	600	17,421	1.02%	17,421	600	1.02%	
ADSC	Stock: Wistron	-	Financial assets measured at fair value through other comprehensive income — non-current	13,046	404,432	0.46%	404,432	13,046	0.46%	
ADSC	Stock: Pi Mobile Technology Inc.	-	Financial assets measured at fair value through other comprehensive income — non-current	1,604	126,000	3.77%	126,000	1,604	3.77%	
ADSC	Stock: Benepet Biomedical Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income — non-current	322	12,108	18.92%	12,108	322	18.92%	
ASCBVI	ID5 Fund L.P.	-	Financial assets measured at fair value through other comprehensive income — non-current	3,800	149,141	19.39%	149,141	3,800	19.39%	
ASCBVI	Stock: Trutag	-	Financial assets measured at fair value through other comprehensive income — non-current	1,346	6,158	1.00%	6,158	1,346	1.00%	
ASCBVI	Stock: Gorilla	-	Financial assets measured at fair value through other comprehensive income — non-current	244	57,016	1.90%	57,016	244	1.91%	
ASCBVI	Stock: GCR	-	Financial assets measured at fair value through other comprehensive income — non-current	600	-	7.74%	-	600	8.00%	
ASCBVI	Stock: Locix	-	Financial assets measured at fair value through other comprehensive income — non-current	1,000	42,762	4.39%	42,762	1,000	4.58%	
ASCBVI	Stock: BoniO	-	Financial assets measured at fair value through other comprehensive income — non-current	463	114,032	12.20%	114,032	463	14.07%	

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	Ending Balance				Maximum ownership during 2020		Note
				Shares/ Units (in thousands)	Carrying Value	Percentage of Ownership	Fair Value	Shares/ Units (in thousands)	Percentage of Ownership	
CCI	Stock: China Development Financial Holding Co.	-	Financial assets measured at fair value through other comprehensive income — current	5,049	46,961	0.03%	46,961	5,049	0.03%	
ETEN	Stock: RoyalTek	-	Financial assets measured at fair value through other comprehensive income — non-current	1,015	20,715	2.01%	20,715	1,015	2.01%	
ETEN	Stock: Abico Shi-pro Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income — non-current	284	2,931	7.89%	2,931	284	7.89%	
ACTI	Stock: Physiosigns Inc., DE	-	Financial assets measured at fair value through other comprehensive income — non-current	800	228,064	12.50%	228,064	800	12.50%	
ABST	Stock: PilotTV Holdings	-	Financial assets measured at fair value through other comprehensive income — non-current	2,676	57,462	19.18%	57,462	2,676	19.18%	
ACVP	Equity of Thinputer Technology Corporation	-	Financial assets measured at fair value through other comprehensive income — non-current	-	8,405	13.79%	8,405	-	13.79%	
ACVP	Equity of Shenmou Technology (Shenzhen)	-	Financial assets measured at fair value through other comprehensive income — non-current	-	412	19.99%	412	960	19.99%	
AHN	EUR Term Liquidity Fund	-	Financial assets measured at fair value through profit or loss — current	-	940,403	0.00%	940,403	-	0.00%	
WLII	Stock: Protrade Global Limited	-	Financial assets measured at fair value through other comprehensive income — non-current	950	166,794	19.00%	166,794	950	19.00%	
AHI	USD Term Liquidity Fund	-	Financial assets measured at fair value through profit or loss — current	-	4,695,327	0.00%	4,695,327	-	0.00%	
AEB	Preferred Stock B: SKFHC	-	Financial assets measured at fair value through other comprehensive income — non-current	666	28,205	0.30%	28,205	666	0.30%	
ACSI	Preferred Stock B: SKFHC	-	Financial assets measured at fair value through other comprehensive income — non-current	666	28,205	0.30%	28,205	666	0.30%	

Note 1: The stocks of SKFHC are preferred stock B. The percentage of ownership listed above is the percentage of ownership of preferred stock B.

**Acer Incorporated**  
**Marketable securities for which the accumulated purchase or sale amounts for the period exceed NT\$300 million or 20% of the paid-in capital**  
**For the year ended December 31, 2020**

**Table 4**

(Amounts in Thousands of New Taiwan Dollars / Shares)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisitions		Disposal				Ending Balance	
					Shares/ Units (in thousands)	Amount	Shares/ Units (in thousands)	Amount	Shares/ Units (in thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Shares/ Units (in thousands)	Amount
ACCN	China Merchants Bank CNY Financial Plan	Financial assets measured at fair value through profit or loss — current	China Merchants Bank	None	-	-	450,000	1,920,391	450,000	1,922,811	1,920,391	2,420	-	-
ACCN	Fubon Bank (China) CNY SDRMBC 16030000	Financial assets measured at fair value through profit or loss — current	Fubon Bank (China) Co., Ltd.	None	-	-	1,317,000	5,660,742	1,317,000	5,684,745	5,660,742	24,003	-	-
ACCQ	China Merchants Bank CNY Financial Plan	Financial assets measured at fair value through profit or loss — current	China Merchants Bank	None	-	-	265,000	1,129,279	265,000	1,130,638	1,129,279	1,359	-	-
ACCQ	Fubon Bank (China) CNY SDRMBC 16030000	Financial assets measured at fair value through profit or loss — current	Fubon Bank (China) Co., Ltd.	None	-	-	3,341,000	14,301,834	3,341,000	14,353,674	14,301,834	51,840	-	-
The Company	Stock: Acer Inc.	Treasury Stock	Centralized Securities Exchange Market	The Company	-	-	27,080	361,943	-	-	-	-	-	-

**Acer Incorporated**  
**Total purchases from and sales to related parties which exceed NT\$100 million or 20% of the paid-in capital**  
**For the year ended December 31, 2020**

**Table 5**

(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others (Note 1)		Notes/Accounts Receivable or (Payable)		Note
			Purchases/(Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	AAC	Parent/Subsidiary	(Sales)	(69,391,765)	(33.11)%	OA90	-	-	10,693,291	35.05%	
The Company	ACA	Parent/Subsidiary	(Sales)	(5,638,608)	(2.69)%	OA60	-	-	1,573,217	5.16%	
The Company	ACCQ	Parent/Subsidiary	(Sales)	(8,078,071)	(3.85)%	OA60	-	-	469,267	1.54%	
The Company	ACNZ	Parent/Subsidiary	(Sales)	(766,262)	(0.37)%	OA60	-	-	131,169	0.43%	
The Company	ACS	Parent/Subsidiary	(Sales)	(2,291,538)	(1.09)%	OA60	-	-	478,323	1.57%	
The Company	AEG	Parent/Subsidiary	(Sales)	(81,108,431)	(38.70)%	OA60	-	-	1,887,259	6.19%	
The Company	AFE	Parent/Subsidiary	(Sales)	(906,572)	(0.43)%	OA60	-	-	498,044	1.63%	
The Company	AIL	Parent/Subsidiary	(Sales)	(5,661,920)	(2.70)%	OA150	-	-	2,785,837	9.13%	
The Company	AIN	Parent/Subsidiary	(Sales)	(3,649,335)	(1.74)%	OA90	-	-	426,550	1.40%	
The Company	AJC	Parent/Subsidiary	(Sales)	(5,880,058)	(2.81)%	OA60	-	-	3,889,769	12.75%	
The Company	APHI	Parent/Subsidiary	(Sales)	(2,041,714)	(0.97)%	OA60	-	-	281,781	0.92%	
The Company	APX	Parent/Subsidiary	(Sales)	(169,202)	(0.08)%	OA60	-	-	20,492	0.07%	
The Company	ASC	Parent/Subsidiary	(Sales)	(106,280)	(0.05)%	OA60	-	-	6,054	0.02%	
The Company	ASSB	Parent/Subsidiary	(Sales)	(3,061,808)	(1.46)%	OA60	-	-	526,954	1.73%	
The Company	ATH	Parent/Subsidiary	(Sales)	(5,233,657)	(2.50)%	OA60	-	-	551,156	1.81%	
The Company	AVN	Parent/Subsidiary	(Sales)	(109,850)	(0.05)%	OA60	-	-	6,043	0.02%	
The Company	GPI	Associate	(Sales)	(197,093)	(0.09)%	EM120	-	-	26,020	0.09%	
The Company	AOI	Parent/Subsidiary	(Sales)	(118,109)	(0.06)%	EM60	-	-	31,413	0.10%	
The Company	WLII	Parent/Subsidiary	(Sales)	(1,902,524)	(0.91)%	EM45	-	-	177,550	0.58%	
The Company	APHI	Parent/Subsidiary	Purchases	149,837	0.07%	OA60	-	-	(5,708)	(0.01)%	
The Company	ALT	Parent/Subsidiary	Purchases	219,535	0.11%	OA60	-	-	(41,259)	(0.10)%	
The Company	AEB	Parent/Subsidiary	Purchases	190,621	0.10%	EM60	-	-	(16,369)	(0.04)%	
The Company	WLII	Parent/Subsidiary	Purchases	165,172	0.08%	EM60	-	-	(29,478)	(0.07)%	
The Company	AOSD	Parent/Subsidiary	Purchases	700,050	0.35%	OA60	-	-	(249,448)	(0.59)%	
The Company	GTI	Parent/Subsidiary	Purchases	668,698	0.33%	OA60	-	-	(149,006)	(0.35)%	
WELL	WLII	Parent/Subsidiary	Purchases	217,134	100.00%	EM45	-	-	(53,672)	(96.05)%	
ALT	The Company	Parent/Subsidiary	(Sales)	(219,535)	(54.30)%	OA60	-	-	41,259	37.07%	
AEB	The Company	Parent/Subsidiary	(Sales)	(190,621)	(3.51)%	EM30	-	-	16,369	1.40%	
AEB	WLII	Fellow subsidiary	Purchases	157,781	3.30%	EM60	-	-	(32,855)	(4.22)%	



Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others (Note 1)		Notes/Accounts Receivable or (Payable)		Note
			Purchases/(Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
AOI	AOA	Parent/Subsidiary	(Sales)	(120,507)	(18.77)%	OA90	-	-	228,382	56.72%	Note 3
AOI	AOE	Parent/Subsidiary	(Sales)	(363,343)	(56.60)%	OA60	-	-	119,074	29.57%	
AOI	AOZ	Parent/Subsidiary	Purchases	207,941	33.89%	OA60	-	-	(32,574)	(22.20)%	
AOI	The Company	Parent/Subsidiary	Purchases	118,109	10.80%	EM60	-	-	(31,413)	(26.73)%	
WLII	The Company	Parent/Subsidiary	(Sales)	(165,172)	(0.96)%	EM60	-	-	29,478	1.37%	
WLII	WELL	Parent/Subsidiary	(Sales)	(217,134)	(1.23)%	EM45	-	-	53,672	2.39%	
WLII	AEB	Fellow subsidiary	(Sales)	(157,781)	(0.89)%	EM60	-	-	32,855	1.46%	
WLII	The Company	Parent/Subsidiary	Purchases	1,902,524	11.38%	EM45	-	-	(177,550)	(9.43)%	
AOSD	The Company	Parent/Subsidiary	(Sales)	(700,050)	(100.00)%	OA60	-	-	249,448	100.00%	
GTI	The Company	Parent/Subsidiary	(Sales)	(668,698)	(80.14)%	OA60	-	-	149,006	73.06%	
AAC	AMEX	Fellow subsidiary	(Sales)	(1,334,232)	(1.76)%	OA60	-	-	698,656	5.78%	
AAC	ASC	Fellow subsidiary	(Sales)	(427,783)	(0.56)%	OA60	-	-	78,049	0.65%	
AAC	ATB	Fellow subsidiary	(Sales)	(646,219)	(0.85)%	OA60	-	-	72,805	0.60%	
AAC	The Company	Parent/Subsidiary	Purchases	69,391,765	100.00%	OA90	-	-	(10,693,291)	(94.41)%	
ACA	ACNZ	Fellow subsidiary	(Sales)	(115,244)	(1.65)%	OA60	-	-	10,462	0.81%	
ACA	Bluechip	Fellow subsidiary	(Sales)	(197,091)	(2.83)%	EM30	-	-	39,429	3.04%	
ACA	The Company	Parent/Subsidiary	Purchases	5,638,608	94.79%	OA60	-	-	(1,573,217)	(97.94)%	
ACCN	ACCQ	Fellow subsidiary	(Sales)	(1,064,235)	(65.28)%	OA60	-	-	291,622	93.59%	
ACCN	ACCQ	Fellow subsidiary	Purchases	577,730	100.00%	OA60	-	-	(17,869)	(100.00)%	
ACCQ	ACCN	Fellow subsidiary	(Sales)	(577,730)	(5.04)%	OA60	-	-	17,869	5.22%	
ACCQ	ACCN	Fellow subsidiary	Purchases	1,064,235	9.31%	OA60	-	-	(291,622)	(17.69)%	
ACCQ	The Company	Parent/Subsidiary	Purchases	8,078,071	70.70%	OA60	-	-	(469,267)	(28.47)%	
ACF	AEG	Fellow subsidiary	(Sales)	(293,326)	(2.85)%	OA60	-	-	1,024,958	24.87%	
ACF	AEG	Fellow subsidiary	Purchases	9,222,190	93.35%	OA60	-	-	(1,094,312)	(95.86)%	
ACF	APX	Fellow subsidiary	Purchases	119,327	1.21%	OA60	-	-	(9,298)	(0.81)%	
ACG	AEG	Fellow subsidiary	(Sales)	(570,655)	(2.23)%	OA60	-	-	2,483,770	26.33%	
ACG	AEG	Fellow subsidiary	Purchases	23,545,020	95.29%	OA60	-	-	(4,774,778)	(98.48)%	
ACG	APX	Fellow subsidiary	Purchases	236,705	0.96%	OA45	-	-	(42,056)	(0.87)%	
ACH	AEG	Fellow subsidiary	(Sales)	(172,308)	(2.51)%	OA60	-	-	488,100	28.64%	
ACH	AEG	Fellow subsidiary	Purchases	6,381,801	96.26%	OA60	-	-	(650,751)	(96.81)%	
ACNZ	ACA	Fellow subsidiary	Purchases	115,244	13.17%	OA60	-	-	(10,462)	(7.13)%	
ACNZ	The Company	Parent/Subsidiary	Purchases	766,262	87.59%	OA60	-	-	(131,169)	(89.40)%	
ACS	The Company	Parent/Subsidiary	Purchases	2,291,538	100.00%	OA60	-	-	(478,323)	(99.52)%	
ACZ	ASIN	Fellow subsidiary	(Sales)	(245,894)	(42.51)%	OA30	-	-	22,351	23.04%	
ACZ	APX	Fellow subsidiary	Purchases	209,456	40.28%	OA90	-	-	(37,827)	(99.64)%	

Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others (Note 1)		Notes/Accounts Receivable or (Payable)		Note
			Purchases/(Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
AEG	ACF	Fellow subsidiary	(Sales)	(9,222,190)	(10.54)%	OA60	-	-	1,094,312	7.20%	
AEG	ACG	Fellow subsidiary	(Sales)	(23,545,020)	(26.91)%	OA60	-	-	4,774,778	31.41%	
AEG	ACH	Fellow subsidiary	(Sales)	(6,381,801)	(7.29)%	OA60	-	-	650,751	4.28%	
AEG	AIB	Fellow subsidiary	(Sales)	(4,343,412)	(4.96)%	OA60	-	-	852,046	5.61%	
AEG	AIT	Fellow subsidiary	(Sales)	(5,491,664)	(6.28)%	OA60	-	-	1,134,624	7.47%	
AEG	APX	Fellow subsidiary	(Sales)	(1,436,433)	(1.64)%	OA60	-	-	215,282	1.42%	
AEG	ASIN	Fellow subsidiary	(Sales)	(24,501,355)	(28.00)%	OA60	-	-	3,790,796	24.94%	
AEG	ASZ	Fellow subsidiary	(Sales)	(2,427,454)	(2.77)%	OA60	-	-	197,318	1.30%	
AEG	AUK	Fellow subsidiary	(Sales)	(8,971,681)	(10.25)%	OA60	-	-	2,118,187	13.94%	
AEG	SER	Fellow subsidiary	(Sales)	(1,190,271)	(1.36)%	OA60	-	-	240,092	1.58%	
AEG	ACF	Fellow subsidiary	Purchases	293,326	0.35%	OA60	-	-	(1,024,958)	(10.79)%	
AEG	ACG	Fellow subsidiary	Purchases	570,655	0.68%	OA60	-	-	(2,483,770)	(26.14)%	
AEG	ACH	Fellow subsidiary	Purchases	172,308	0.20%	OA60	-	-	(488,100)	(5.14)%	
AEG	AEH	Parent/Subsidiary	Purchases	182,524	0.22%	OA60	-	-	(11,982)	(0.13)%	
AEG	AIB	Fellow subsidiary	Purchases	252,688	0.30%	OA60	-	-	(575,525)	(6.06)%	
AEG	AIT	Fellow subsidiary	Purchases	223,686	0.26%	OA60	-	-	(750,031)	(7.89)%	
AEG	APX	Fellow subsidiary	Purchases	566,651	0.67%	OA60	-	-	(58,637)	(0.62)%	
AEG	The Company	Parent/Subsidiary	Purchases	81,108,431	95.97%	OA60	-	-	(1,887,259)	(19.87)%	
AEH	AEG	Parent/Subsidiary	(Sales)	(182,524)	(69.09)%	OA60	-	-	11,982	44.24%	
AFE	The Company	Parent/Subsidiary	Purchases	906,572	97.18%	OA60	-	-	(498,044)	(99.40)%	
AIB	AEG	Fellow subsidiary	(Sales)	(252,688)	(5.16)%	OA60	-	-	575,525	25.83%	
AIB	AEG	Fellow subsidiary	Purchases	4,343,412	91.64%	OA60	-	-	(852,046)	(95.49)%	
AIB	APX	Fellow subsidiary	Purchases	111,821	2.36%	OA60	-	-	(24,171)	(2.71)%	
AIL	The Company	Parent/Subsidiary	Purchases	5,661,920	61.88%	OA150	-	-	(2,785,837)	(91.71)%	
AIN	AMI	Parent/Subsidiary	(Sales)	(339,755)	(6.54)%	OA60	-	-	1,080	4.98%	
AIN	AMI	Parent/Subsidiary	Purchases	547,614	11.37%	OA90	-	-	(9,207)	(1.87)%	
AIN	The Company	Parent/Subsidiary	Purchases	3,649,335	75.77%	OA90	-	-	(426,550)	(86.57)%	
AIT	AEG	Fellow subsidiary	(Sales)	(223,686)	(3.72)%	OA60	-	-	750,031	26.11%	
AIT	AEG	Fellow subsidiary	Purchases	5,491,664	94.49%	OA60	-	-	(1,134,624)	(98.97)%	
AJC	The Company	Parent/Subsidiary	Purchases	5,880,058	100.00%	OA60	-	-	(3,889,769)	(98.98)%	
AMEX	AAC	Fellow subsidiary	Purchases	1,334,232	96.68%	OA60	-	-	(698,656)	(100.00)%	
AMI	AIN	Parent/Subsidiary	(Sales)	(547,614)	(98.44)%	OA90	-	-	9,207	100.00%	
AMI	AIN	Parent/Subsidiary	Purchases	339,755	63.70%	OA60	-	-	(1,080)	(6.86)%	
AOA	AOI	Parent/Subsidiary	Purchases	120,507	79.61%	OA90	-	-	(228,382)	(98.19)%	
AOE	AOI	Parent/Subsidiary	Purchases	363,343	98.48%	OA60	-	-	(119,074)	(99.46)%	

Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others (Note 1)		Notes/Accounts Receivable or (Payable)		Note
			Purchases/(Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
AOZ	AOI	Parent/Subsidiary	(Sales)	(207,941)	(93.22)%	OA60	-	-	32,574	83.16%	Note 3
APHI	The Company	Parent/Subsidiary	(Sales)	(149,837)	(6.21)%	OA60	-	-	5,708	6.62%	
APHI	The Company	Parent/Subsidiary	Purchases	2,041,714	100.00%	OA60	-	-	(281,781)	(94.60)%	
APX	ACF	Fellow subsidiary	(Sales)	(119,327)	(3.99)%	OA60	-	-	9,298	4.30%	
APX	ACG	Fellow subsidiary	(Sales)	(236,705)	(7.92)%	OA45	-	-	42,056	19.46%	
APX	ACZ	Fellow subsidiary	(Sales)	(209,456)	(7.01)%	OA90	-	-	37,827	17.50%	
APX	AEG	Fellow subsidiary	(Sales)	(566,651)	(18.95)%	OA60	-	-	58,637	27.13%	
APX	AIB	Fellow subsidiary	(Sales)	(111,821)	(3.74)%	OA60	-	-	24,171	11.18%	
APX	AEG	Fellow subsidiary	Purchases	1,436,433	54.11%	OA60	-	-	(215,282)	(62.19)%	
APX	The Company	Parent/Subsidiary	Purchases	169,202	6.37%	OA60	-	-	(20,492)	(5.92)%	
ARU	ASIN	Fellow subsidiary	(Sales)	(132,856)	(100.00)%	OA60	-	-	9,804	100.00%	
ASC	AAC	Fellow subsidiary	Purchases	427,783	76.63%	OA60	-	-	(78,049)	(52.47)%	
ASC	The Company	Parent/Subsidiary	Purchases	106,280	19.04%	OA60	-	-	(6,054)	(4.07)%	
ASIN	ACZ	Fellow subsidiary	Purchases	245,894	1.00%	OA30	-	-	(22,351)	(0.58)%	
ASIN	AEG	Fellow subsidiary	Purchases	24,501,355	98.42%	OA60	-	-	(3,790,796)	(98.89)%	
ASIN	ARU	Fellow subsidiary	Purchases	132,856	0.54%	OA60	-	-	(9,804)	(0.26)%	
ASSB	SMA	Parent/Subsidiary	(Sales)	(301,401)	(9.01)%	OA60	-	-	130	0.05%	
ASSB	The Company	Parent/Subsidiary	Purchases	3,061,808	93.46%	OA60	-	-	(526,954)	(92.91)%	
ASZ	AEG	Fellow subsidiary	Purchases	2,427,454	91.96%	OA60	-	-	(197,318)	(98.43)%	
ATB	AAC	Fellow subsidiary	Purchases	646,219	11.97%	OA60	-	-	(72,805)	(3.61)%	
ATH	The Company	Parent/Subsidiary	Purchases	5,233,657	94.90%	OA60	-	-	(551,156)	(93.79)%	
AUK	AEG	Fellow subsidiary	Purchases	8,971,681	98.34%	OA60	-	-	(2,118,187)	(99.87)%	
AVN	The Company	Parent/Subsidiary	Purchases	109,850	78.02%	OA60	-	-	(6,043)	(37.16)%	
Bluechip	ACA	Fellow subsidiary	Purchases	197,091	7.92%	EM30	-	-	(39,429)	(17.12)%	
GPI	The Company	Associate	Purchases	197,093	70.39%	EM120	-	-	(26,020)	(94.51)%	
SER	AEG	Fellow subsidiary	Purchases	1,190,271	100.00%	OA60	-	-	(240,092)	(99.04)%	
SMA	ASSB	Parent/Subsidiary	Purchases	301,401	10.31%	OA60	-	-	(130)	(0.17)%	

Note 1: The trade terms and price of sales with related parties are not comparable to those with third-party customers as they are determined by the economic environment and market competition of specific locations. The purchase price with related parties are not comparable to the purchase price with third-party vendors as the specifications of products are different.

Note 2: The above transactions between parent and subsidiary are eliminated when preparing the consolidated financial statements.

Note 3: AOI sold materials to AOZ for processing and repurchased the finished goods. Therefore, the transactions were presented at net amount.

**Acer Incorporated**  
**Receivables from related parties which exceed NT\$100 million or 20% of the paid-in capital**  
**December 31, 2020**

**Table 6**

(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Loss Allowance	Note
					Amount	Action Taken			
The Company	AAC	Parent/Subsidiary	10,693,291	7.71	-		9,491,218		
The Company	ACA	Parent/Subsidiary	1,574,108	3.53	748,226	Under collection	1,404,475		
The Company	ACCQ	Parent/Subsidiary	469,274	13.79	-		469,274		
The Company	ACNZ	Parent/Subsidiary	131,169	4.06	15,444		131,169		
The Company	ACS	Parent/Subsidiary	478,323	7.29	110,370	Under collection	364,902		
The Company	AEG	Parent/Subsidiary	1,887,259	27.94	-		1,887,259		
The Company	AFE	Parent/Subsidiary	498,044	2.42	298,784	Under collection	174,391		
The Company	AIL	Parent/Subsidiary	2,785,837	1.56	-		1,318,844		
The Company	AIN	Parent/Subsidiary	426,550	4.42	-		418,520		
The Company	AJC	Parent/Subsidiary	3,889,769	2.30	2,929,223	Under collection	1,841,797		
The Company	APHI	Parent/Subsidiary	281,781	9.56	-		196,073		
The Company	ASSB	Parent/Subsidiary	526,954	9.39	-		526,954		
The Company	ATH	Parent/Subsidiary	551,156	14.07	-		551,156		
The Company	WLII	Parent/Subsidiary	177,560	12.02	-		177,560		
ABH	The Company	Parent/Subsidiary	150,478	-	-		-		
ABH	ABST	Parent/Subsidiary	106,028	-	-		-		
EDC	The Company	Parent/Subsidiary	261,333	4.96	-		-		
AEB	The Company	Parent/Subsidiary	110,345	12.70	1,999	Under collection	1,999		
AOI	AOA	Parent/Subsidiary	228,382	0.69	167,042	Under collection	19,280		
AOI	AOE	Parent/Subsidiary	119,074	3.07	62,125	Under collection	16,876		
AOSD	The Company	Parent/Subsidiary	249,448	5.17	-		129,879		
CCI	The Company	Parent/Subsidiary	100,267	-	-		-		
GTI	The Company	Parent/Subsidiary	150,026	6.34	-		-		
AAC	AMEX	Fellow subsidiary	698,843	3.17	467,515	Under collection	462,917		
AAC	ASC	Fellow subsidiary	618,985	6.86	-		-		
AAH	AAC	Parent/Subsidiary	4,328,278	-	-		-		
ACCN	ACCQ	Fellow subsidiary	291,622	5.25	291,622	Under collection	291,622		
ACF	AEG	Fellow subsidiary	1,027,822	0.33	56,539	Under collection	56,539		

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Loss Allowance	Note
					Amount	Action Taken			
ACG	AEG	Fellow subsidiary	2,502,311	0.27	48,530	Under collection	48,530		
ACH	AEG	Fellow subsidiary	489,540	0.38	-		-		
AEG	ACF	Fellow subsidiary	1,094,312	8.35	-		-		
AEG	ACG	Fellow subsidiary	4,774,778	5.08	243,833	Under collection	226,924		
AEG	ACH	Fellow subsidiary	650,751	9.47	-		-		
AEG	AIB	Fellow subsidiary	852,046	7.74	-		-		
AEG	AIT	Fellow subsidiary	1,134,624	5.86	-		-		
AEG	APX	Fellow subsidiary	215,282	8.06	-		-		
AEG	ASIN	Fellow subsidiary	3,790,796	5.87	-		-		
AEG	ASZ	Fellow subsidiary	197,318	10.58	-		-		
AEG	AUK	Fellow subsidiary	2,118,187	5.56	-		-		
AEG	SER	Fellow subsidiary	240,092	5.83	-		-		
AIB	AEG	Fellow subsidiary	583,099	0.50	-		-		
AIT	AEG	Fellow subsidiary	750,031	0.38	-		-		
AIZS	ACCQ	Fellow subsidiary	210,395	-	-		-		
ASC	AAC	Fellow subsidiary	194,336	38.15	-		-		
ASIN	AEG	Fellow subsidiary	452,985	0.01	-		-		
ASZ	AEG	Fellow subsidiary	298,855	0.31	-		-		
AUK	AEG	Fellow subsidiary	947,925	0.08	-		-		
GWI	AAC	Parent/Subsidiary	399,653	-	-		-		

Note 1: The above transactions between parent and subsidiary are eliminated when preparing the consolidated financial statements.

**Acer Incorporated**  
**Names, Locations, and Related Information of Investees over which The Company Exercises Significant Influence**  
**December 31, 2020**

**Table 7**

(Amounts in Thousands of New Taiwan Dollars/Shares)

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balances as of December 31, 2020			Maximum ownership during 2020		Net Income (Loss) of the Investee	Share of profits/ losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (in thousands)	Percentage of Ownership	Carrying Value	Shares (in thousands)	Percentage of Ownership			
The Company	ADSC	Taiwan	Investment and holding activity	1,143,730	1,746,549	68,000	100.00	1,297,008	128,282	100.00	33,816	33,816	Parent/Subsidiary
The Company	Boardwalk	British Virgin Islands	Investment and holding activity	41,496,383	41,496,383	1,263,432	92.02	24,799,338	1,263,432	92.02	773,714	711,736	Parent/Subsidiary
The Company	AEH	Switzerland	Investment and holding activity	2,464,262	2,464,262	147	100.00	17,029,774	147	100.00	240,981	240,981	Parent/Subsidiary
The Company	AHI	British Virgin Islands	Investment and holding activity	6,230,208	6,230,208	191,155	100.00	15,233,443	191,155	100.00	1,274,225	1,274,225	Parent/Subsidiary
The Company	Bluechip	Australia	Sale of computer peripherals and software system	32,988	32,988	1,225	33.39	75,335	1,225	33.39	27,086	8,600	Parent/Subsidiary
The Company	ASCBVI	British Virgin Islands	Investment and holding activity	5,658,111	5,658,111	158,475	100.00	670,010	158,475	100.00	20,379	20,379	Parent/Subsidiary
The Company	CCI	Taiwan	Investment and holding activity	1,299,817	1,299,817	-	100.00	566,977	-	100.00	5,627	5,627	Parent/Subsidiary
The Company	ACSI	Taiwan	Cyber security service	1,139,390	1,139,390	10,756	64.54	395,867	10,756	64.54	82,154	53,019	Parent/Subsidiary
The Company	WLI	Taiwan	Sale of computers and communication products	730,210	752,962	48,173	65.32	1,014,655	49,674	67.36	194,226	127,593	Parent/Subsidiary
The Company	ATI	Taiwan	Integrated circuit test service	815,583	815,583	1,203	19.39	-	1,203	19.39	-	-	Associate
The Company	ETEN	Taiwan	Research, design and sale of smart handheld	6,800,751	6,800,751	10,000	100.00	1,894,059	16,000	100.00	(39,802)	(43,180)	Parent/Subsidiary
The Company	ABH	Taiwan	Investment and holding activity	2,128,004	2,128,004	130,308	100.00	1,531,987	149,779	100.00	71,484	71,484	Parent/Subsidiary
The Company	ASBZ	Taiwan	Solutions provider of B2B virtual reality	395,981	395,981	32,212	66.80	7,404	32,212	66.80	(22,085)	(14,753)	Parent/Subsidiary
The Company	EDC	Taiwan	Data center and cloud services	1,595,356	1,595,356	152,181	100.00	1,392,504	162,956	100.00	42,317	42,317	Parent/Subsidiary
The Company	AOI	Taiwan	Sale, manufacture, import and export of commercial computer products, software, components, peripheral equipment and apparatus; repair and maintenance service of computer products	333,155	333,155	28,970	40.55	240,859	28,970	40.55	(66,475)	(25,544)	Parent/Subsidiary
The Company	GTI	Taiwan	Sale of peripheral 3C products	45,000	45,000	4,500	83.64	68,517	4,500	83.64	22,221	18,585	Parent/Subsidiary
The Company	HSNC	Taiwan	Repair and maintenance of IT products	150,000	150,000	15,000	92.54	155,633	15,000	92.54	1,519	1,406	Parent/Subsidiary
The Company	SFT	Taiwan	Research, manufacturing and sale of radio-detection and civilian technology application products related to distance	132,000	132,000	13,200	55.00	89,318	13,200	55.00	(35,842)	(19,713)	Joint Venture
The Company	AST	Taiwan	System integration service	82,577	82,577	6,775	52.00	188,275	6,775	60.88	30,785	21,410	Parent/Subsidiary
The Company	API	Taiwan	Intelligent solutions of air quality	93,365	-	8,222	100.00	93,457	8,222	100.00	10,806	475	Parent/Subsidiary
EDC	TWPBVI	British Virgin Islands	Investment and holding activity	-	32,298	-	-	-	11,068	100.00	-	Note 1	Parent/Subsidiary
ASBZ	VRE	Switzerland	Research of solutions to B2B virtual reality	38,979	38,979	100	100.00	478	100	100.00	(460)	Note 1	Parent/Subsidiary
HSNC	HSNT	Thailand	Repair and maintenance of IT products	1,763	1,763	74	100.00	6,108	74	100.00	3,200	Note 1	Parent/Subsidiary
HSNC	HSNI	Indonesia	Repair and maintenance of IT products	30,501	30,501	99	99.00	33,865	99	99.00	1,657	Note 1	Parent/Subsidiary
HSNC	HSN	Malaysia	Repair and maintenance of IT products	85,419	85,419	500	100.00	93,905	500	100.00	9,444	Note 1	Parent/Subsidiary
HSNC	HSNP	Philippines	Repair and maintenance of IT products	6,741	-	106	100.00	(2,932)	106	100.00	(8,327)	Note 1	Parent/Subsidiary
AST	ISU	Taiwan	Human resources and project service	20,000	20,000	2,000	100.00	31,671	2,000	100.00	11,825	Note 1	Parent/Subsidiary
ADSC	ECS	Taiwan	Business integration system	40,851	40,851	1,244	24.88	24,872	1,244	24.88	25,332	Note 1	Associate
ADSC	APDI	Taiwan	Property development	29,577	29,577	2,958	100.00	104,852	2,958	100.00	2,326	Note 1	Parent/Subsidiary
ADSC	ASDI	Taiwan	Property development	500,000	500,000	22,593	100.00	215,545	22,593	100.00	(7,710)	Note 1	Parent/Subsidiary
ADSC	AGM	Taiwan	Agency of video game console and peripherals	10,000	-	1,000	100.00	11,247	1,000	100.00	1,247	Note 1	Parent/Subsidiary
ADSC	Kbest	Taiwan	Development and manufacturing of radio and microwave equipment	129,293	129,293	4,427	28.03	22,906	4,427	28.03	4,580	Note 1	Associate



Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balances as of December 31, 2020			Maximum ownership during 2020		Net Income (Loss) of the Investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (in thousands)	Percentage of Ownership	Carrying Value	Shares (in thousands)	Percentage of Ownership			
ASDI	Kbest	Taiwan	Development and manufacturing of radio and microwave equipment	3,997	3,997	286	1.81	1,477	286	1.81	4,580	Note 1	Associate
CCI	ECS	Taiwan	Business integration system	-	-	452	9.05	9,040	452	9.05	25,332	Note 1	Associate
WLII	HPT	Taiwan	Retail service of software	26,820	26,820	882	30.22	16,200	882	30.22	8,417	Note 1	Associate
WLII	WELL	Taiwan	Matchmaking of professional services, platform of client service and sale of products, and providing of professional seminars and courses	10,000	10,000	1,000	100.00	6,629	1,000	100.00	5,531	Note 1	Parent/Subsidiary
WLII	ANT	Taiwan	Customization and research service of automobile, motorcycle and industrial components; electrical machinery products agency	203,052	203,052	6,000	20.00	239,657	6,000	20.00	209,812	Note 1	Associate
WLII	PBT	Taiwan	Sale of health supplements and biotech service	750	-	75	75.00	726	75	75.00	(32)	Note 1	Parent/Subsidiary
AEH	Boardwalk	British Virgin Islands	Investment and holding activity	3,333,032	3,333,032	109,639	7.98	2,155,963	109,639	7.98	773,714	Note 1	Fellow subsidiaries
ACTI	GrandPAD	U.S.A.	Development of user-friendly IoT device	350,477	350,477	436	29.17	187,339	436	32.01	(142,213)	Note 1	Associate
Bluechip	BLI	Taiwan	Sale of computer peripherals and software system	1,000	-	100	100.00	7	100	100.00	(993)	Note 1	Parent/Subsidiary
ABH	AEB	Taiwan	Providing solutions of cloud and digitalization	275,612	334,025	26,404	72.44	502,641	32,000	87.79	209,232	Note 1	Parent/Subsidiary
ABH	ACTTW	Taiwan	Development of Internet of Beings and cloud technology, and integration of cloud technology, software and hardware	955,056	1,153,000	2,900	100.00	(12,053)	42,694	100.00	(9,934)	Note 1	Parent/Subsidiary
ABH	MPS	Taiwan	Research, development, and sale of batteries	141,711	141,711	7,249	100.00	56,576	7,249	100.00	(17,475)	Note 1	Parent/Subsidiary
ABH	ALT	Taiwan	High performance computing, cloud computing, software-defined storage, and IT solution	78,613	78,613	6,581	86.59	73,981	6,581	86.59	(27,409)	Note 1	Parent/Subsidiary
ABH	ITS	Taiwan	Programs and services of intelligent transportation and electronic ticketing	394,772	394,772	34,308	94.41	154,091	34,308	94.41	(42,983)	Note 1	Parent/Subsidiary
ABH	ABHI	Taiwan	Intelligent medical examination and data interpretation analysis, medical big data, and health management and related information exchange	50,000	50,000	5,000	100.00	42,269	5,000	100.00	(4,952)	Note 1	Parent/Subsidiary
ABH	ABC	Taiwan	Software design service	18,500	18,500	1,225	49.00	(29)	1,989	49.00	(12,780)	Note 1	Parent/Subsidiary
ABH	XPL	Taiwan	Design, development and sale of smart bicycle speedometer	38,173	38,173	2,310	100.00	12,235	2,310	100.00	2,737	Note 1	Parent/Subsidiary
ABH	PBC	Taiwan	Pet interaction device and social networking service	50,676	50,676	2,947	100.00	5,083	2,947	100.00	(2,220)	Note 1	Parent/Subsidiary
ACTTW	ABC	Taiwan	Software design service	76,371	76,371	2,071	51.00	(30)	2,071	51.00	(12,780)	Note 1	Parent/Subsidiary
ACTTW	API	Taiwan	Intelligent solutions of air quality	-	29,000	-	-	-	3,222	100.00	10,806	Note 1	Fellow subsidiaries
ACTTW	ABST	Taiwan	Technical service and research of aBeing cloud digital content management	300,000	300,000	2,500	100.00	(50,429)	30,000	100.00	(41,979)	Note 1	Parent/Subsidiary
ABST	ABSG	Germany	Technical service and research of aBeing cloud digital content management	291,910	291,910	6,029	100.00	(42,099)	6,029	100.00	(41,460)	Note 1	Parent/Subsidiary
AOI	Bluechip	Australia	Sale of computer peripherals and software system	36,915	36,915	570	15.54	35,054	570	15.54	27,086	Note 1	Fellow subsidiaries
AOI	AOA	U.S.A.	Sale of computer, apparatus system, and peripheral equipment	295,771	295,771	15,000	100.00	(167,465)	15,000	100.00	(17,971)	Note 1	Parent/Subsidiary
AOI	AOE	the Netherlands	Sale of computer, apparatus system, and peripheral equipment	214,094	214,094	1	100.00	(30,706)	1	100.00	(14,808)	Note 1	Parent/Subsidiary
AOI	AOTH	British Virgin Islands	Sale of computer, apparatus system, and peripheral equipment	1,623	1,623	50	100.00	248,145	50	100.00	518	Note 1	Parent/Subsidiary
AOI	AOJ	Japan	Sale of computer, apparatus system, and peripheral equipment	2,899	2,899	1	100.00	30,378	1	100.00	742	Note 1	Parent/Subsidiary



Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balances as of December 31, 2020			Maximum ownership during 2020		Net Income (Loss) of the Investee	Share of profits/ losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (in thousands)	Percentage of Ownership	Carrying Value	Shares (in thousands)	Percentage of Ownership			
AOI	AOSV	Taiwan	Sale of computer, apparatus system, and peripheral equipment	60,000	60,000	4,000	100.00	41,032	4,000	100.00	304	Note 1	Parent/Subsidiary
AOI	AOGS	Australia	Sale of computer, apparatus system, and peripheral equipment	2,956	2,956	105	70.00	15,947	105	70.00	(4,773)	Note 1	Parent/Subsidiary
AOI	HTW	Hong Kong	Software development and agency	405	405	100	100.00	772	100	100.00	(72)	Note 1	Parent/Subsidiary
AOI	AOSD	Taiwan	Sale of display device	20,000	20,000	2,000	80.00	36,455	2,000	80.00	20,077	Note 1	Parent/Subsidiary
AOI	MPL	Australia	Sale of computer, apparatus system, and peripheral equipment	22,887	22,887	39	27.21	44,719	39	35.30	(64,053)	Note 1	Associate
AOI	AMTC	Taiwan	Manufacturing and sale of touch display, touch controller and its driver	376,238	376,238	6,664	20.07	352,098	6,664	20.07	157,602	Note 1	Associate
AOTH	GCL	Hong Kong	Sale of computer, apparatus system, and peripheral equipment	2,675	2,675	300	100.00	3,634	300	100.00	1,366	Note 1	Parent/Subsidiary
AOGS	AOAU	Australia	Sale of computer, apparatus system, and peripheral equipment	3	3	1	100.00	19,498	1	100.00	(9,773)	Note 1	Parent/Subsidiary

Note1: The share of profits or losses of the investee company is not disclosed herein as such amount is already included in the share of profits or losses of the investor company.

**Acer Incorporated**  
**Information on Investments in Mainland China**  
**For the year ended December 31, 2020**

**Table 8**

(Amounts in Thousands of New Taiwan Dollars)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Losses) of Investee	% of Ownership of Direct or Indirect Investment	Maximum ownership during 2020		Share of profits/ losses of investee	Carrying Value as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow				Shares	Percentage of Ownership			
Acer Third Wave Software (Beijing) Co. Ltd.	Sale of commercial and cloud application software and technical service	85,524	1	85,524	-	-	85,524	5,830	100.00	-	100.00	5,830	(4,160)	-
Acer Information (Zhong Shan) Co., Ltd.	Sale of brand-name IT products	42,762	2	-	-	-	-	3,403	100.00	-	100.00	3,403	211,446	-
Acer Computer (Shanghai) Ltd.	Sale of brand-name IT products	57,016	2	57,016	-	-	57,016	760,077	100.00	-	100.00	760,077	1,198,110	-
Acer (Chongqing) Ltd.	Sale of brand-name IT products	4,276,200	2	4,390,232 (Note 2)	-	-	4,390,232 (Note 2)	362,190	100.00	-	100.00	362,190	4,344,575	-
Acer Cloud Technology (Chongqing) Ltd.	Design, development, sale, and advisory of computer software and hardware	142,540	1	142,540	-	-	142,540	(12,880)	100.00	-	100.00	(12,880)	33,900	-
Innovation and Commercialization Accelerator Inc.	Development, design, manufacturing, sale, and maintenance of intelligent terminal devices	26,205	1	(Note 3)	-	-	(Note 3)	(15,787)	30.00	-	30.00	(4,736)	12,140	-
Xplova (Shanghai) Ltd.	Sale of smart bicycle speedometer and operating social platform for bicycle riding and sports	8,570	1	8,570	-	-	8,570	100	100.00	-	100.00	100	5,717	-
Consumer Insights Research (Chongqing) Inc.	Collection, analysis and research of data information	13,103	1	(Note 3)	-	-	(Note 3)	(9,024)	30.00	-	30.00	(2,707)	7,577	-
Acer China Venture Corp	Fund company management	21,838	1	21,838	-	-	21,838	(2,688)	100.00	-	100.00	(2,688)	4,285	-
Acer China Venture Partnership (Limited Partnership)	Investment fund	65,514	1	61,146 (Note 4)	-	-	61,146 (Note 4)	(16)	100.00	-	100.00	(16)	9,312	-
Sertec (Beijing) Ltd.	Repair and maintenance of IT products	4,368	1	4,368	-	-	4,368	(1,782)	100.00	-	100.00	(1,782)	8,917	-
Beijing Altos Computing Ltd.	High performance computing, cloud computing, software-defined storage, and IT solution	19,217	1	19,217	-	-	19,217	12,301	100.00	-	100.00	12,301	83,357	-
Shanghai AST Technology Service Ltd.	System integration service	19,973	1	19,973	-	-	19,973	2,395	100.00	-	100.00	2,395	22,266	-
GadgeTek (Shanghai) Limited	Sale of peripheral 3C products	14,254	1	14,254	-	-	14,254	4,983	100.00	-	100.00	4,983	20,979	-
AOPEN International (ShangHai) Co., Ltd	Sale, import and export of commercial computer products, components, peripheral equipment and apparatus; repair and maintenance service of computer products	161,322	2	161,322	-	-	161,322	(3,448)	100.00	-	100.00	(3,448)	15,513	-
AOPEN Information Products (Zhongshan) Inc.	Manufacture and sale of commercial computer products, components, peripheral equipment and apparatus	450,261	2	450,261	-	-	450,261	3,868	100.00	-	100.00	3,868	228,745	-

Note 1: Method of Investment:

Type 1: Direct investment in Mainland China.

Type 2: Indirect investment in Mainland China through a holding company established in other countries.

Note 2: Acer Intellectual (Chongqing) Limited had merged with Acer (Chongqing) Ltd. in 2014, and Acer (Chongqing) Ltd. was the surviving entity from the merger. This amount included the original investment in

Acer Intellectual (Chongqing) Limited of \$114,032 (US\$ 4,000 thousand).

Note 3: Innovation and Commercialization Accelerator Inc. and Consumer Insights Research (Chongqing) Inc. were reinvested by Acer Cloud Technology(Chongqing) Ltd.

Note 4: Acer China Venture Partnership was invested by the Company and Acer China Venture Corp of \$61,146 and \$4,368, respectively.

Investor Company Name	Accumulated Investment in Mainland China as of December 31, 2020 (Note 5)(Note 6)	Investment Amounts Authorized by Investment Commission, MOEA (Note 5)(Note 6)	Upper Limit on Investment Authorized by Investment Commission, MOEA
The Company and Subsidiaries	\$5,394,144 (US\$189,215,105)	\$6,892,347 (US\$241,768,884.5)	(Note)

Note 5: In September, 2008, AOI had disposed all shares of JNS Technology Co., Ltd., and the proceeds from the disposal of US\$ 730,000 had been remitted to AOI in March 2010.

AOI has not yet to report to MOEA, therefore, the amount of US\$ 1,645,200 was still included the original investment in JNS Technology Co., Ltd.

Note 6: T-Conn Precision(Zhongshan) Co., Ltd., indirectly invested by AOI, had been dissolved and the related liquidation process has been completed. The liquidation proceeds of US\$ 31,549.06 (according to ownership percentage of 19%) has been remitted to Super Elite Ltd., a holding company established in other countries. On March 12, 2010, AOI has obtained MOEA's approval to withdraw its investment. However, the amount of accumulated investment in Mainland China still included the amount of US\$ 57,000 due to the liquidation of capital which has yet to be remitted to Taiwan.

The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$28.508 as of December 31, 2020.

Note: Since the Company has obtained the Certificate of Headquarter Operation, there is no upper limitation on investment in Mainland China.



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