

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards as of
June 30, 2020 and 2019

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2020, December 31, 2019, and June 30, 2019

(Expressed in Thousands of New Taiwan Dollars)

	June 30, 2020		December 31, 2019		June 30, 2019		
	Amount	%	Amount	%	Amount	%	
Assets							
Current assets:							
1100	Cash and cash equivalents	\$ 33,719,260	21	24,184,332	16	27,481,759	17
1110	Financial assets measured at fair value through profit or loss – current	1,230,081	1	1,271,742	1	1,535,571	1
1120	Financial assets measured at fair value through other comprehensive income – current	96,413	-	100,313	-	91,447	-
1140	Contract assets – current	436,568	-	420,882	-	188,692	-
1170	Notes and accounts receivable, net	50,412,703	31	49,398,044	32	47,282,087	29
1180	Accounts receivable from related parties	32,228	-	41,201	-	2,499	-
1200	Other receivables	471,902	-	550,769	-	715,634	1
1220	Current income tax assets	306,867	-	314,898	-	389,342	-
130X	Inventories	36,064,122	23	41,034,471	26	45,815,077	28
1470	Other current assets	3,727,269	3	4,412,422	3	3,950,147	3
	Total current assets	126,497,413	79	121,729,074	78	127,452,255	79
Non-current assets:							
1517	Financial assets measured at fair value through other comprehensive income – non-current	5,335,562	3	5,146,642	3	4,743,038	3
1550	Investments accounted for using the equity method	1,024,251	1	944,958	1	859,921	-
1600	Property, plant and equipment	3,496,553	2	3,561,644	2	3,712,643	2
1755	Right-of-use assets	2,055,402	1	1,948,343	1	2,304,775	1
1760	Investment property	1,127,625	1	1,129,350	1	1,116,580	1
1780	Intangible assets	16,704,436	10	16,930,072	11	17,466,550	11
1840	Deferred income tax assets	1,528,691	1	1,551,795	1	885,096	1
1900	Other non-current assets	2,055,135	1	1,996,859	1	1,845,609	1
1980	Other financial assets – non-current	1,022,729	1	1,157,827	1	1,153,761	1
	Total non-current assets	34,350,384	21	34,367,490	22	34,087,973	21
	Total assets	\$ 160,847,797	100	156,096,564	100	161,540,228	100

(Continued)

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ACER INCORPORATED AND SUBSIDIARIES
Consolidated Balance Sheets (Continued)
June 30, 2020, December 31, 2019, and June 30, 2019
(Expressed in Thousands of New Taiwan Dollars)

	June 30, 2020		December 31, 2019		June 30, 2019		
	Amount	%	Amount	%	Amount	%	
Liabilities and Equity							
Current liabilities:							
2100	\$ 1,217,268	1	1,505,587	1	522,503	-	
2120	Financial liabilities measured at fair value through profit or loss – current	803,275	-	449,052	-	390,755	-
2130	Contract liabilities – current	1,988,703	1	1,832,271	1	927,378	1
2170	Notes and accounts payable	39,323,009	25	35,223,814	23	39,637,156	25
2200	Other payables	28,345,404	18	24,711,860	16	28,776,797	18
2250	Provisions – current	5,124,016	3	4,953,980	3	5,079,302	3
2280	Lease liabilities – current	642,325	-	598,743	-	686,981	-
2322	Current portion of long-term debt	14,885	-	9,627	-	4,140	-
2365	Refund liabilities – current	12,589,790	8	12,441,200	8	12,137,840	7
2399	Other current liabilities	3,592,696	2	2,747,123	2	2,462,955	2
	Total current liabilities	<u>93,641,371</u>	<u>58</u>	<u>84,473,257</u>	<u>54</u>	<u>90,625,807</u>	<u>56</u>
Non-current liabilities:							
2527	Contract liabilities – non-current	698,317	1	662,672	-	1,125,204	1
2540	Long-term debt	3,388,655	2	5,834,188	4	5,813,749	4
2550	Provisions – non-current	30,969	-	32,096	-	37,186	-
2570	Deferred income tax liabilities	2,544,878	2	2,525,953	2	1,773,166	1
2580	Lease liabilities – non-current	1,516,380	1	1,409,264	1	1,651,810	1
2600	Other non-current liabilities	2,021,550	1	1,963,895	1	1,742,502	1
	Total non-current liabilities	<u>10,200,749</u>	<u>7</u>	<u>12,428,068</u>	<u>8</u>	<u>12,143,617</u>	<u>8</u>
	Total liabilities	<u>103,842,120</u>	<u>65</u>	<u>96,901,325</u>	<u>62</u>	<u>102,769,424</u>	<u>64</u>
Equity:							
3110	Common stock	30,749,338	19	30,749,338	20	30,749,338	19
3200	Capital surplus	27,202,328	17	28,152,962	18	27,870,686	17
Retained earnings:							
3310	Legal reserve	853,852	1	587,602	-	587,602	-
3320	Special reserve	3,976,265	2	2,940,572	2	2,940,572	2
3350	Unappropriated retained earnings	1,765,700	1	2,668,082	2	1,118,719	1
3400	Other equity	(5,601,849)	(3)	(4,342,227)	(3)	(2,387,975)	(1)
3500	Treasury stock	(3,276,799)	(2)	(2,914,856)	(2)	(2,914,856)	(2)
	Equity attributable to shareholders of the Parent	<u>55,668,835</u>	<u>35</u>	<u>57,841,473</u>	<u>37</u>	<u>57,964,086</u>	<u>36</u>
36XX	Non-controlling interests	<u>1,336,842</u>	<u>-</u>	<u>1,353,766</u>	<u>1</u>	<u>806,718</u>	<u>-</u>
	Total equity	<u>57,005,677</u>	<u>35</u>	<u>59,195,239</u>	<u>38</u>	<u>58,770,804</u>	<u>36</u>
	Total liabilities and equity	<u>\$ 160,847,797</u>	<u>100</u>	<u>156,096,564</u>	<u>100</u>	<u>161,540,228</u>	<u>100</u>

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ACER INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended June 30, 2020 and 2019, and six months ended June 30, 2020 and 2019

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

	For the three months ended June 30				For the six months ended June 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
4000	Net revenue							
	\$ 65,575,647	100	55,127,388	100	114,430,150	100	109,830,777	100
5000	Cost of revenue							
	(58,437,869)	(89)	(49,193,506)	(89)	(102,341,009)	(89)	(98,124,528)	(89)
	Gross profit							
	7,137,778	11	5,933,882	11	12,089,141	11	11,706,249	11
	Operating expenses :							
6100	Selling expenses							
	(3,317,480)	(5)	(3,605,189)	(7)	(6,636,382)	(6)	(7,149,097)	(7)
6200	General and administrative expenses							
	(1,117,587)	(2)	(1,110,802)	(2)	(2,161,963)	(2)	(2,138,961)	(2)
6300	Research and development expenses							
	(603,907)	(1)	(653,930)	(1)	(1,196,258)	(1)	(1,321,145)	(1)
	Total operating expenses							
	(5,038,974)	(8)	(5,369,921)	(10)	(9,994,603)	(9)	(10,609,203)	(10)
6500	Other operating income and expenses, net							
	27,783	-	19,621	-	51,052	-	40,605	-
	Operating income							
	2,126,587	3	583,582	1	2,145,590	2	1,137,651	1
	Non-operating income and loss:							
7100	Interest income							
	97,614	-	126,301	-	189,448	-	262,251	-
7020	Other gains and losses — net							
	(558,805)	-	(58,745)	-	141,685	-	250,034	-
7050	Finance costs							
	(35,770)	-	(29,141)	-	(80,380)	-	(97,389)	-
7060	Share of income (losses) of associates and joint ventures							
	15,917	-	(16,625)	-	29,562	-	(21,671)	-
	Total non-operating income and loss							
	(481,044)	-	21,790	-	280,315	-	393,225	-
7900	Income before taxes							
	1,645,543	3	605,372	1	2,425,905	2	1,530,876	1
7950	Income tax expense							
	(418,983)	(1)	(177,898)	-	(647,562)	-	(401,331)	-
	Net income							
	1,226,560	2	427,474	1	1,778,343	2	1,129,545	1
	Other comprehensive income (loss):							
8310	Items that will not be reclassified subsequently to profit or loss							
8311	Remeasurements of defined benefit plans							
	2,701	-	(1,881)	-	2,701	-	(1,881)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income							
	1,034,732	1	66,321	-	198,539	-	403,352	-
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							
	(245)	-	-	-	(245)	-	-	-
	Total items that will not be reclassified to profit or loss							
	1,037,188	1	64,440	-	201,037	-	401,447	-
8360	Items that may be reclassified subsequently to profit or loss							
8361	Exchange differences on translation of foreign operations							
	(674,922)	(1)	485,357	1	(1,468,925)	(2)	590,507	1
8370	Share of other comprehensive income (losses) of associates							
	(2,291)	-	(9)	-	(3,569)	-	49	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss							
	-	-	-	-	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss							
	(677,213)	(1)	485,348	1	(1,472,494)	(2)	590,556	1
	Other comprehensive income (loss), net of taxes							
	359,975	-	549,788	1	(1,271,457)	(2)	992,003	1
	Total comprehensive income for the period							
	\$ 1,586,535	2	977,262	2	\$ 506,886	-	2,121,548	2
	Net income (loss) attributable to:							
8610	Shareholders of the Parent							
	\$ 1,194,585	2	408,777	1	\$ 1,752,544	2	1,115,067	1
8620	Non-controlling interests							
	31,975	-	18,697	-	25,799	-	14,478	-
	\$ 1,226,560	2	427,474	1	\$ 1,778,343	2	1,129,545	1
	Total comprehensive income (loss) attributable to:							
8710	Shareholders of the Parent							
	\$ 1,544,793	2	964,308	2	\$ 492,922	-	2,106,356	2
8720	Non-controlling interests							
	41,742	-	12,954	-	13,964	-	15,192	-
	\$ 1,586,535	2	977,262	2	\$ 506,886	-	2,121,548	2
	Earnings per share (in New Taiwan dollars) :							
9750	Basic earnings per share							
	\$ 0.40		0.13		0.58		0.37	
9850	Diluted earnings per share							
	\$ 0.40		0.13		0.58		0.37	

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ACER INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the six months ended June 30, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Attributable to shareholders of the Parent														
	Retained earnings						Other equity						Total equity attributable to shareholders of the parent	Non-controlling interests	Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Foreign currency translation differences	Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	Treasury stock				
Balance at January 1, 2019	\$ 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 period	-	-	-	-	1,115,067	1,115,067	-	-	-	-	-	1,115,067	14,478	1,129,545	
Other comprehensive income (loss) for the period	-	-	-	-	-	-	589,177	403,352	(1,240)	991,289	-	991,289	714	992,003	
Total comprehensive income (loss) for the period	-	-	-	-	1,115,067	1,115,067	589,177	403,352	(1,240)	991,289	-	2,106,356	15,192	2,121,548	
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)	
Share of changes in equity of associates	-	24,926	-	-	-	-	-	-	-	-	-	24,926	-	24,926	
Changes in ownership interests in subsidiaries	-	15,136	-	-	-	-	-	-	-	-	-	15,136	(15,136)	-	
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(82,727)	-	-	-	-	-	-	-	-	-	(82,727)	23,880	(58,847)	
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	84,252	84,252	
Cash dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(19,662)	(19,662)	
Disposal of financial assets measured at fair value through other comprehensive income by subsidiaries	-	-	-	-	(1,925)	(1,925)	-	1,925	-	1,925	-	-	-	-	
Balance at June 30, 2019	\$ 30,749,338	27,870,686	587,602	2,940,572	1,118,719	4,646,893	(2,199,969)	(116,949)	(71,057)	(2,387,975)	(2,914,856)	57,964,086	806,718	58,770,804	
Balance at January 1, 2020	\$ 30,749,338	28,152,962	587,602	2,940,572	2,668,082	6,196,256	(4,187,394)	133,070	(287,903)	(4,342,227)	(2,914,856)	57,841,473	1,353,766	59,195,239	
Net income for the period	-	-	-	-	1,752,544	1,752,544	-	-	-	-	-	1,752,544	25,799	1,778,343	
Other comprehensive income (loss) for the period	-	-	-	-	-	-	(1,461,972)	199,877	2,473	(1,259,622)	-	(1,259,622)	(11,835)	(1,271,457)	
Total comprehensive income (loss) for the period	-	-	-	-	1,752,544	1,752,544	(1,461,972)	199,877	2,473	(1,259,622)	-	492,922	13,964	506,886	
Appropriation approved by the stockholders:															
Legal reserve	-	-	266,250	-	(266,250)	-	-	-	-	-	-	-	-	-	
Special reserve	-	-	-	1,035,693	(1,035,693)	-	-	-	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(1,352,971)	(1,352,971)	-	-	-	-	-	(1,352,971)	-	(1,352,971)	
Cash distributed from capital surplus	-	(1,014,728)	-	-	-	-	-	-	-	-	-	(1,014,728)	-	(1,014,728)	
Share of changes in equity of associates	-	64,042	-	-	-	-	-	-	-	-	-	64,042	15,402	79,444	
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	-	(361,943)	(361,943)	-	(361,943)	
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	52	-	-	-	-	-	-	-	-	-	52	29,879	29,931	
Reorganization under common control	-	-	-	-	(12)	(12)	-	-	-	-	-	(12)	12	-	
Cash dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(76,181)	(76,181)	
Balance at June 30, 2020	\$ 30,749,338	27,202,328	853,852	3,976,265	1,765,700	6,595,817	(5,649,366)	332,947	(285,430)	(5,601,849)	(3,276,799)	55,668,835	1,336,842	57,005,677	

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ACER INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2020	2019
Cash flows from operating activities:		
Income before income tax	\$ 2,425,905	1,530,876
Adjustments for:		
Adjustments to reconcile profit (loss):		
Depreciation	530,411	613,481
Amortization	108,327	169,848
Net loss (income) on financial assets measured at fair value through profit or loss	788	(32,304)
Interest expense	80,380	97,389
Interest income	(189,448)	(262,251)
Share of (income) losses of associates and joint ventures	(29,562)	21,671
Gain on disposal of equipment and intangible assets	(2,682)	(1,558)
Gain on liquidation of subsidiaries	(615)	-
Total adjustments for profit and loss	497,599	606,276
Changes in operating assets and liabilities:		
Changes in operating assets:		
Derivative financial instruments measured at fair value through profit or loss	113,145	353,097
Contract assets	(15,686)	207,543
Notes and accounts receivable	(958,658)	109,979
Receivables from related parties	8,973	32,124
Inventories	4,963,621	(3,741,995)
Other receivables and other current assets	768,336	261,472
Other non-current assets	1,249	(5,939)
Changes in operating assets	4,880,980	(2,783,719)
Changes in operating liabilities:		
Contract liabilities	192,077	440,828
Notes and accounts payable	4,099,195	(442,197)
Other payables and other current liabilities	1,667,659	1,307,907
Provisions	168,909	(159,105)
Refund liabilities	148,590	(566,026)
Other non-current liabilities	60,111	61,159
Changes in operating liabilities	6,336,541	642,566
Cash provided by (used in) operations	14,141,025	(4,001)
Interest received	185,132	248,996
Income taxes paid	(303,245)	(840,244)
Net cash flows provided by (used in) operating activities	14,022,912	(595,249)

(Continued)

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ACER INCORPORATED AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Continued)
For the six months ended June 30, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2020	2019
Cash flows from investing activities:		
Proceeds from capital return of financial assets measured at fair value through other comprehensive income	-	7,967
Purchase of financial assets measured at fair value through profit or loss	-	(1,329,782)
Proceeds from disposal of financial assets	267,856	11,249
Additions to property, plant and equipment and investment property	(183,809)	(89,108)
Proceeds from disposal of property, plant and equipment	66,236	1,426
Additions to intangible assets	(131,330)	(170,751)
Proceeds from disposal of intangible assets	-	10,424
Net cash flow from disposal of subsidiaries	31	-
Increase in other non-current financial assets	79,097	(38,480)
Dividends received	23,205	23,324
Net cash flows provided by (used in) investing activities	<u>121,286</u>	<u>(1,573,731)</u>
Cash flows from financing activities:		
Decrease in short-term borrowings	(213,487)	(135,107)
Increase in long-term debt	65,665	2,500,000
Repayment of long-term debt	(2,506,845)	(2,338)
Payment of lease liabilities	(322,588)	(337,075)
Payments to acquire treasury stock	(361,943)	-
Cash dividends paid to non-controlling interests by subsidiaries	(11,495)	(2,027)
Additions to interests in subsidiaries	-	(83,454)
Disposal of ownership interests in subsidiaries (without losing control)	29,931	24,607
Increase in non-controlling interests	-	84,252
Interest paid	(76,940)	(95,878)
Net cash flows provided by (used in) financing activities	<u>(3,397,702)</u>	<u>1,952,980</u>
Effect of foreign exchange rate changes	<u>(1,211,568)</u>	<u>414,721</u>
Net increase in cash and cash equivalents	<u>9,534,928</u>	<u>198,721</u>
Cash and cash equivalents at beginning of period	<u>24,184,332</u>	<u>27,283,038</u>
Cash and cash equivalents at end of period	<u><u>\$ 33,719,260</u></u>	<u><u>27,481,759</u></u>