

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing as of March 31, 2023 and 2022

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2023, December 31, 2022, and March 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

	March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	%	Amount	%	Amount	%
Assets						
Current assets:						
1100 Cash and cash equivalents	\$ 41,541,239	22	46,842,902	25	28,087,749	13
1110 Financial assets measured at fair value through profit or loss—current	958,159	1	935,122	1	3,188,582	2
1140 Contract assets—current	751,787	-	523,881	-	502,236	-
1170 Notes and accounts receivable, net	50,249,698	27	51,322,037	27	69,556,406	33
1180 Accounts receivable from related parties	40,683	-	41,821	-	337	-
1200 Other receivables	659,391	-	441,720	-	469,834	-
1220 Current income tax assets	294,575	-	354,479	-	569,639	-
130X Inventories	39,456,948	21	42,213,077	22	63,858,866	30
1476 Other financial assets—current	5,179,368	3	345,879	-	90,000	-
1479 Other current assets	<u>3,630,813</u>	<u>2</u>	<u>3,636,107</u>	<u>2</u>	<u>3,088,943</u>	<u>2</u>
Total current assets	<u>142,762,661</u>	<u>76</u>	<u>146,657,025</u>	<u>77</u>	<u>169,412,592</u>	<u>80</u>
Non-current assets:						
1517 Financial assets measured at fair value through other comprehensive income—non-current	9,084,408	5	7,603,961	4	8,095,921	4
1535 Financial assets measured at amortized cost—non-current	1,376,554	1	797,782	-	286,220	-
1550 Investments accounted for using the equity method	1,013,239	1	1,174,374	1	949,650	-
1600 Property, plant and equipment	4,353,694	2	4,298,887	2	4,084,437	2
1755 Right-of-use assets	2,031,582	1	1,969,364	1	1,923,634	1
1760 Investment property	855,352	-	831,925	1	817,072	-
1780 Intangible assets	18,603,956	10	18,530,591	10	17,075,066	8
1840 Deferred income tax assets	3,707,216	2	3,705,388	2	3,685,534	2
1980 Other financial assets—non-current	1,106,351	1	1,082,824	1	1,022,783	-
1990 Other non-current assets	<u>2,567,106</u>	<u>1</u>	<u>2,387,598</u>	<u>1</u>	<u>3,463,784</u>	<u>3</u>
Total non-current assets	<u>44,699,458</u>	<u>24</u>	<u>42,382,694</u>	<u>23</u>	<u>41,404,101</u>	<u>20</u>
Total assets	<u>\$ 187,462,119</u>	<u>100</u>	<u>189,039,719</u>	<u>100</u>	<u>210,816,693</u>	<u>100</u>

(Continued)

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ACER INCORPORATED AND SUBSIDIARIES

Consolidated Balance Sheets (Continued)

March 31, 2023, December 31, 2022, and March 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

	March 31, 2023		December 31, 2022		March 31, 2022		
	Amount	%	Amount	%	Amount	%	
Liabilities and Equity							
Current liabilities:							
2100	\$ 1,509,222	1	1,652,086	1	1,747,595	1	
2120	Financial liabilities measured at fair value through profit or loss—current	638,720	-	1,015,407	-	502,251	-
2130	Contract liabilities—current	2,934,463	2	2,985,415	2	2,660,330	1
2170	Notes and accounts payable	31,201,022	17	31,549,698	17	44,879,306	22
2200	Other payables	38,915,902	21	35,449,182	19	46,375,543	22
2230	Current tax liabilities	3,453,208	2	3,247,082	2	5,787,067	3
2250	Provisions—current	6,674,650	3	6,916,990	3	6,924,246	3
2280	Lease liabilities—current	628,983	-	613,263	-	563,711	-
2322	Current portion of long-term debt	71,778	-	58,017	-	21,099	-
2365	Refund liabilities—current	13,258,345	7	14,722,275	8	16,886,336	8
2399	Other current liabilities	1,265,107	1	1,314,317	1	1,829,938	1
	Total current liabilities	100,551,400	54	99,523,732	53	128,177,422	61
Non-current liabilities:							
2500	Financial liabilities measured at fair value through profit or loss—non-current	-	-	4,850	-	-	-
2527	Contract liabilities—non-current	730,508	-	829,346	-	872,881	-
2531	Bonds payable	10,000,000	5	10,000,000	5	10,000,000	5
2540	Long-term debt	91,420	-	104,476	-	100,150	-
2550	Provisions—non-current	15,546	-	15,296	-	5,086	-
2570	Deferred income tax liabilities	5,024,193	3	5,025,255	3	4,654,727	2
2580	Lease liabilities—non-current	1,538,466	1	1,495,786	1	1,488,390	1
2600	Other non-current liabilities	1,609,775	1	1,606,783	1	2,096,617	1
	Total non-current liabilities	19,009,908	10	19,081,792	10	19,217,851	9
	Total liabilities	119,561,308	64	118,605,524	63	147,395,273	70
Equity :							
3110	Common stock	30,478,538	16	30,478,538	16	30,478,538	14
3200	Capital surplus	27,798,059	15	27,795,883	15	27,489,786	13
3300	Retained earnings	10,840,530	6	14,897,145	8	12,172,719	6
3400	Other equity	(3,039,448)	(2)	(4,309,253)	(2)	(6,374,006)	(3)
3500	Treasury stock	(2,914,856)	(2)	(2,914,856)	(2)	(2,914,856)	(1)
	Equity attributable to shareholders of the Parent	63,162,823	33	65,947,457	35	60,852,181	29
36XX	Non-controlling interests	4,737,988	3	4,486,738	2	2,569,239	1
	Total equity	67,900,811	36	70,434,195	37	63,421,420	30
	Total liabilities and equity	\$ 187,462,119	100	189,039,719	100	210,816,693	100

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ACER INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2023 and 2022

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

		<u>For the three months ended March 31</u>			
		<u>2023</u>		<u>2022</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Net revenue	\$ 52,457,032	100	78,378,269	100
5000	Cost of revenue	<u>(47,094,141)</u>	<u>(90)</u>	<u>(69,524,832)</u>	<u>(89)</u>
	Gross profit	<u>5,362,891</u>	<u>10</u>	<u>8,853,437</u>	<u>11</u>
	Operating expenses :				
6100	Selling expenses	(3,439,042)	(7)	(4,059,518)	(5)
6200	General and administrative expenses	(1,203,827)	(2)	(1,262,638)	(1)
6300	Research and development expenses	<u>(495,519)</u>	<u>(1)</u>	<u>(635,393)</u>	<u>(1)</u>
	Total operating expenses	<u>(5,138,388)</u>	<u>(10)</u>	<u>(5,957,549)</u>	<u>(7)</u>
6500	Other operating income and expenses, net	<u>14,026</u>	<u>-</u>	<u>18,326</u>	<u>-</u>
	Operating income	<u>238,529</u>	<u>-</u>	<u>2,914,214</u>	<u>4</u>
	Non-operating income and loss:				
7100	Interest income	333,387	1	85,506	-
7020	Other gains and losses	444,426	1	90,629	-
7050	Finance costs	(60,553)	-	(9,483)	-
7060	Share of profits (losses) of associates and joint ventures	<u>(13,426)</u>	<u>-</u>	<u>21,159</u>	<u>-</u>
	Total non-operating income and loss	<u>703,834</u>	<u>2</u>	<u>187,811</u>	<u>-</u>
7900	Income before taxes	942,363	2	3,102,025	4
7950	Income tax expense	<u>(281,458)</u>	<u>(1)</u>	<u>(757,619)</u>	<u>(1)</u>
	Net income	<u>660,905</u>	<u>1</u>	<u>2,344,406</u>	<u>3</u>
	Other comprehensive income (loss) :				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurements of defined benefit plans	(7,247)	-	-	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	1,483,567	3	70,990	-
8320	Share of other comprehensive income (loss) of associates	2	-	(13)	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	<u>43</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total items that will not be reclassified to profit or loss	<u>1,476,365</u>	<u>3</u>	<u>70,977</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations	(218,275)	-	1,866,744	2
8370	Share of other comprehensive gains of associates	190	-	158	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total items that may be reclassified subsequently to profit or loss	<u>(218,085)</u>	<u>-</u>	<u>1,866,902</u>	<u>2</u>
	Other comprehensive income, net of taxes	<u>1,258,280</u>	<u>3</u>	<u>1,937,879</u>	<u>2</u>
	Total comprehensive income for the year	<u>\$ 1,919,185</u>	<u>4</u>	<u>4,282,285</u>	<u>5</u>
	Net income attributable to:				
8610	Shareholders of the Parent	\$ 515,166	1	2,234,551	3
8620	Non-controlling interests	<u>145,739</u>	<u>-</u>	<u>109,855</u>	<u>-</u>
		<u>\$ 660,905</u>	<u>1</u>	<u>2,344,406</u>	<u>3</u>
	Total comprehensive income attributable to:				
8710	Shareholders of the Parent	\$ 1,785,005	4	4,144,438	5
8720	Non-controlling interests	<u>134,180</u>	<u>-</u>	<u>137,847</u>	<u>-</u>
		<u>\$ 1,919,185</u>	<u>4</u>	<u>4,282,285</u>	<u>5</u>
	Earnings per share (in New Taiwan dollars) :				
9750	Basic earnings per share	<u>\$ 0.17</u>		<u>0.74</u>	
9850	Diluted earnings per share	<u>\$ 0.17</u>		<u>0.74</u>	

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ACER INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the three months ended March 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Attributable to shareholders of the Parent													
	Retained earnings					Other equity								
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Foreign currency translation differences	Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	Treasury stock	Total equity attributable to shareholders of the parent	Non-controlling interests	Total equity
Balance at January 1, 2022	30,478,538	27,514,269	1,456,427	4,833,720	10,506,312	16,886,389	(8,805,897)	746,183	-	(8,287,624)	(2,914,856)	63,676,716	2,346,227	66,022,943
Net income for the period	-	-	-	-	2,234,551	2,234,551	-	-	-	1,909,887	-	2,234,551	109,855	2,344,406
Other comprehensive income (loss) for the period	-	-	-	-	-	-	1,834,471	75,421	-	1,909,887	-	1,909,887	27,992	1,937,879
Total comprehensive income (loss) for the period	-	-	-	-	2,234,551	2,234,551	1,834,471	75,421	-	1,909,887	-	4,144,438	137,847	4,282,285
Appropriation approved by the stockholders:														
Cash dividends	-	-	-	-	(6,949,107)	(6,949,107)	-	-	-	-	-	(6,949,107)	-	(6,949,107)
Share of changes in equity of associates	-	(5,675)	-	-	-	-	-	-	-	-	-	(5,675)	(8,881)	(14,556)
Change in ownership interests in subsidiaries	-	(16,623)	-	-	-	-	(10)	35	-	70	-	(16,553)	16,553	-
Organizational restructuring under common control	-	(2,185)	-	-	-	-	-	-	4,547	4,547	-	2,362	(2,362)	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	103,053	103,053
Cash dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(23,198)	(23,198)
Disposal of financial assets measured at fair value through other comprehensive income	-	-	-	-	886	886	-	(886)	-	(886)	-	-	-	-
Balance at March 31, 2022	30,478,538	27,489,786	1,456,427	4,833,720	5,882,542	12,172,719	(6,971,136)	820,753	(23,623)	(6,374,006)	(2,914,856)	60,852,181	2,569,239	63,421,420
Balance at January 1, 2023	30,478,538	27,795,883	2,515,341	7,398,192	4,983,012	14,897,145	(4,219,903)	(409,726)	320,376	(4,309,253)	(2,914,856)	65,947,657	4,486,738	70,434,395
Net income for the period	-	-	-	-	515,166	515,166	-	-	-	1,269,839	-	515,166	145,739	660,905
Other comprehensive income (loss) for the period	-	-	-	-	-	-	(206,431)	1,483,411	-	1,269,839	-	1,269,839	(11,559)	1,258,280
Total comprehensive income (loss) for the period	-	-	-	-	515,166	515,166	(206,431)	1,483,411	-	1,269,839	-	1,785,005	134,180	1,919,185
Appropriation approved by the stockholders:														
Cash dividends	-	-	-	-	(4,571,781)	(4,571,781)	-	-	-	-	-	(4,571,781)	-	(4,571,781)
Changes in ownership interests in subsidiaries	-	1,154	-	-	-	-	-	(6)	(28)	(34)	-	1,120	(1,120)	-
Stock option compensation cost of subsidiaries	-	1,022	-	-	-	-	-	-	-	-	-	1,022	663	1,685
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	220,554	220,554
Cash dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(103,027)	(103,027)
Balance at March 31, 2023	30,478,538	27,798,059	2,515,341	7,398,192	926,997	10,840,530	(4,426,334)	1,073,679	313,207	(3,059,418)	(2,914,856)	63,162,623	4,737,988	67,900,611

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ACER INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2023	2022
Cash flows from operating activities:		
Income before income tax	\$ 942,363	3,102,025
Adjustments for:		
Adjustments to reconcile profit or loss:		
Depreciation	272,619	242,196
Amortization	153,849	141,943
Net loss (gain) on financial assets measured at fair value through profit or loss	(3,127)	7,809
Effects of exchange rate changes of financial assets measured at amortized cost	3,720	(9,233)
Interest expense	60,553	9,483
Interest income	(333,387)	(85,506)
Share-based compensation cost	1,685	-
Share of loss (profit) of associates and joint ventures	13,426	(21,159)
Loss on disposal of equipment	572	87
Impairment loss on non-financial assets	1	-
Net loss on liquidation of subsidiaries	-	478
Total adjustments for profit or loss	169,911	286,098
Changes in operating assets and liabilities:		
Changes in operating assets:		
Derivative financial instruments measured at fair value through profit or loss	(393,231)	61,528
Contract assets	(198,165)	(50,882)
Notes and accounts receivable	1,180,640	(5,432,958)
Receivables from related parties	1,138	992
Inventories	2,754,174	(5,156,450)
Other receivables and other current assets	(148,710)	(67,664)
Other non-current assets	25,433	(141,904)
Changes in operating assets	3,221,279	(10,787,338)
Changes in operating liabilities:		
Contract liabilities	(228,173)	75,316
Notes and accounts payable	(452,904)	(13,018,391)
Other payables and other current liabilities	(1,291,515)	1,977,481
Provisions	(244,662)	326,023
Refund liabilities	(1,463,930)	757,360
Other non-current liabilities	(4,405)	25,774
Changes in operating liabilities	(3,685,589)	(9,856,437)
Cash provided by (used in) operations	647,964	(17,255,652)
Interest received	301,322	85,000
Income taxes paid	(206,951)	(484,642)
Net cash flows provided by (used in) operating activities	742,335	(17,655,294)

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ACER INCORPORATED AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Continued)
For the three months ended March 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2023	2022
Cash flows from investing activities:		
Acquisition of financial assets measured at fair value through other comprehensive income	-	(205,170)
Acquisition of financial assets measured at amortized cost	(578,639)	(277,000)
Proceeds from disposal of financial assets measured at fair value through profit or loss	-	275,048
Additions to property, plant and equipment and investment property	(142,438)	(90,206)
Proceeds from disposal of property, plant and equipment and intangible assets	1,436	426
Additions to intangible assets	(60,562)	(138,894)
Payment of contingent consideration arising from business combination or investment in associates	(5,000)	(37,534)
Net cash inflow from acquisition of subsidiaries	209,244	-
Net cash outflow from liquidation of subsidiaries	-	(478)
Increase in assets recognized from costs to fulfill contracts with customers	(94,378)	(105,655)
Decrease (increase) in other non-current financial assets	(4,857,174)	78,362
Net cash flows used in investing activities	(5,527,511)	(501,101)
Cash flows from financing activities:		
Increase in short-term borrowings	1,212,709	1,698,876
Decrease in short-term borrowings	(1,382,649)	(1,221,292)
Repayment of long-term debt	(5,026)	(5,062)
Payment of lease liabilities	(183,381)	(147,814)
Issuance of common stock by subsidiaries not subscribed by the Group	-	103,053
Interest (paid) received	(41,885)	9,100
Net cash flows (used in) provided by financing activities	(400,232)	436,861
Effect of foreign exchange rate changes	(116,255)	1,187,742
Net decrease in cash and cash equivalents	(5,301,663)	(16,531,792)
Cash and cash equivalents at beginning of period	46,842,902	44,619,541
Cash and cash equivalents at end of period	\$ 41,541,239	28,087,749