

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

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2023, December 31, 2022, and June 30, 2022

(Expressed in Thousands of New Taiwan Dollars)

	<u>June 30, 2023</u>		<u>December 31, 2022</u>		<u>June 30, 2022</u>		
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	
Assets							
Current assets:							
1100	Cash and cash equivalents	\$ 47,951,358	23	46,842,902	25	26,130,131	12
1110	Financial assets measured at fair value through profit or loss—current	347,642	-	935,122	1	4,092,652	2
1140	Contract assets—current	838,036	-	523,881	-	539,285	-
1170	Notes and accounts receivable, net	55,674,683	27	51,322,037	27	75,666,241	35
1180	Accounts receivable from related parties	59,406	-	41,821	-	124	-
1200	Other receivables	820,498	1	441,720	-	485,947	-
1220	Current income tax assets	330,842	-	354,479	-	596,062	-
130X	Inventories	43,002,670	21	42,213,077	22	63,441,673	30
1476	Other financial assets—current	3,031,033	1	345,879	-	40,000	-
1479	Other current assets	4,148,219	2	3,636,107	2	4,406,782	2
	Total current assets	<u>156,204,387</u>	<u>75</u>	<u>146,657,025</u>	<u>77</u>	<u>175,398,897</u>	<u>81</u>
Non-current assets:							
1517	Financial assets measured at fair value through other comprehensive income—non-current	13,810,014	7	7,603,961	4	7,353,091	3
1535	Financial assets measured at amortized cost—non-current	2,108,838	1	797,782	-	713,233	-
1550	Investments accounted for using the equity method	983,582	1	1,174,374	1	962,189	1
1600	Property, plant and equipment	4,364,734	2	4,298,887	2	4,199,631	2
1755	Right-of-use assets	2,148,454	1	1,969,364	1	1,972,635	1
1760	Investment property	852,101	-	831,925	1	813,739	-
1780	Intangible assets	18,894,512	9	18,530,591	10	17,502,487	8
1840	Deferred income tax assets	3,708,813	2	3,705,388	2	3,657,471	2
1980	Other financial assets—non-current	1,145,370	1	1,082,824	1	975,625	1
1990	Other non-current assets	2,727,907	1	2,387,598	1	2,444,673	1
	Total non-current assets	<u>50,744,325</u>	<u>25</u>	<u>42,382,694</u>	<u>23</u>	<u>40,594,774</u>	<u>19</u>
	Total assets	<u>\$ 206,948,712</u>	<u>100</u>	<u>189,039,719</u>	<u>100</u>	<u>215,993,671</u>	<u>100</u>

(Continued)

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

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Balance Sheets (Continued)

June 30, 2023, December 31, 2022, and June 30, 2022

(Expressed in Thousands of New Taiwan Dollars)

	June 30, 2023		December 31, 2022		June 30, 2022		
	Amount	%	Amount	%	Amount	%	
Liabilities and Equity							
Current liabilities:							
2100	Short-term borrowings	\$ 1,165,610	1	1,652,086	1	6,940,106	3
2120	Financial liabilities measured at fair value through profit or loss—current	299,909	-	1,015,407	-	56,903	-
2130	Contract liabilities—current	3,387,196	2	2,985,415	2	2,836,512	1
2170	Notes and accounts payable	39,875,643	19	31,549,698	17	42,208,136	20
2200	Other payables	41,414,118	20	35,449,182	19	48,086,224	22
2230	Current tax liabilities	2,888,268	2	3,247,082	2	3,417,274	2
2250	Provisions—current	6,778,858	3	6,916,990	3	6,973,880	3
2280	Lease liabilities—current	645,171	-	613,263	-	581,609	-
2322	Current portion of long-term debt	29,307	-	58,017	-	55,369	-
2365	Refund liabilities—current	14,473,417	7	14,722,275	8	18,157,857	9
2399	Other current liabilities	1,592,135	1	1,314,317	1	2,247,761	1
	Total current liabilities	<u>112,549,632</u>	<u>55</u>	<u>99,523,732</u>	<u>53</u>	<u>131,561,631</u>	<u>61</u>
Non-current liabilities:							
2500	Financial liabilities measured at fair value through profit or loss—non-current	-	-	4,850	-	-	-
2527	Contract liabilities—non-current	762,651	-	829,346	-	890,120	-
2531	Bonds payable	10,000,000	5	10,000,000	5	10,000,000	5
2540	Long-term debt	81,826	-	104,476	-	40,783	-
2550	Provisions—non-current	8,352	-	15,296	-	14,588	-
2570	Deferred income tax liabilities	5,006,523	2	5,025,255	3	4,645,730	2
2580	Lease liabilities—non-current	1,650,417	1	1,495,786	1	1,519,365	1
2600	Other non-current liabilities	1,639,632	1	1,606,783	1	2,104,768	1
	Total non-current liabilities	<u>19,149,401</u>	<u>9</u>	<u>19,081,792</u>	<u>10</u>	<u>19,215,354</u>	<u>9</u>
	Total liabilities	<u>131,699,033</u>	<u>64</u>	<u>118,605,524</u>	<u>63</u>	<u>150,776,985</u>	<u>70</u>
Equity :							
3110	Common stock	30,478,538	15	30,478,538	16	30,478,538	14
3200	Capital surplus	27,845,056	13	27,795,883	15	27,552,262	13
3300	Retained earnings	12,244,160	6	14,897,145	8	13,897,131	6
3400	Other equity	2,892,531	1	(4,309,253)	(2)	(6,688,570)	(3)
3500	Treasury stock	(2,914,856)	(1)	(2,914,856)	(2)	(2,914,856)	(1)
	Equity attributable to shareholders of the Parent	<u>70,545,429</u>	<u>34</u>	<u>65,947,457</u>	<u>35</u>	<u>62,324,505</u>	<u>29</u>
36XX	Non-controlling interests	<u>4,704,250</u>	<u>2</u>	<u>4,486,738</u>	<u>2</u>	<u>2,892,181</u>	<u>1</u>
	Total equity	<u>75,249,679</u>	<u>36</u>	<u>70,434,195</u>	<u>37</u>	<u>65,216,686</u>	<u>30</u>
	Total liabilities and equity	<u>\$ 206,948,712</u>	<u>100</u>	<u>189,039,719</u>	<u>100</u>	<u>215,993,671</u>	<u>100</u>

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

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended June 30, 2023 and 2022, and six months ended June 30, 2023 and 2022

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

	For the three months ended June 30				For the six months ended June 30				
	2023		2022		2023		2022		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Net revenue	\$ 58,260,653	100	72,321,799	100	110,717,685	100	150,700,068	100
5000	Cost of revenue	(52,005,259)	(89)	(64,319,737)	(89)	(99,099,400)	(90)	(133,844,569)	(89)
	Gross profit	<u>6,255,394</u>	<u>11</u>	<u>8,002,062</u>	<u>11</u>	<u>11,618,285</u>	<u>10</u>	<u>16,855,499</u>	<u>11</u>
	Operating expenses :								
6100	Selling expenses	(3,493,771)	(6)	(4,078,348)	(5)	(6,932,813)	(6)	(8,137,866)	(5)
6200	General and administrative expenses	(1,302,317)	(2)	(1,304,174)	(2)	(2,506,144)	(2)	(2,566,812)	(2)
6300	Research and development expenses	(425,004)	(1)	(546,020)	(1)	(920,523)	(1)	(1,181,413)	(1)
	Total operating expenses	<u>(5,221,092)</u>	<u>(9)</u>	<u>(5,928,542)</u>	<u>(8)</u>	<u>(10,359,480)</u>	<u>(9)</u>	<u>(11,886,091)</u>	<u>(8)</u>
6500	Other operating income and expenses, net	<u>11,837</u>	<u>-</u>	<u>100,604</u>	<u>-</u>	<u>25,863</u>	<u>-</u>	<u>118,930</u>	<u>-</u>
	Operating income	<u>1,046,139</u>	<u>2</u>	<u>2,174,124</u>	<u>3</u>	<u>1,284,668</u>	<u>1</u>	<u>5,088,338</u>	<u>3</u>
	Non-operating income and loss:								
7100	Interest income	482,091	1	93,367	-	815,478	1	178,873	-
7010	Other income	86,765	-	-	-	86,765	-	-	-
7020	Other gains and losses	678,891	1	295,903	1	1,123,317	1	386,532	1
7050	Finance costs	(64,462)	-	(50,660)	-	(125,015)	-	(60,143)	-
7060	Share of profits (losses) of associates and joint ventures	(8,949)	-	26,396	-	(22,375)	-	47,555	-
	Total non-operating income and loss	<u>1,174,336</u>	<u>2</u>	<u>365,006</u>	<u>1</u>	<u>1,878,170</u>	<u>2</u>	<u>552,817</u>	<u>1</u>
7900	Income before taxes	<u>2,220,475</u>	<u>4</u>	<u>2,539,130</u>	<u>4</u>	<u>3,162,838</u>	<u>3</u>	<u>5,641,155</u>	<u>4</u>
7950	Income tax expense	<u>(625,218)</u>	<u>(1)</u>	<u>(661,883)</u>	<u>(1)</u>	<u>(906,676)</u>	<u>(1)</u>	<u>(1,419,502)</u>	<u>(1)</u>
	Net income	<u>1,595,257</u>	<u>3</u>	<u>1,877,247</u>	<u>3</u>	<u>2,256,162</u>	<u>2</u>	<u>4,221,653</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	212	-	1,945	-	(7,035)	-	1,945	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	4,702,702	8	(1,076,861)	(2)	6,186,269	6	(1,005,871)	(1)
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	(43)	-	(486)	-	-	-	(486)	-
	Total items that will not be reclassified to profit or loss	<u>4,702,871</u>	<u>8</u>	<u>(1,075,402)</u>	<u>(2)</u>	<u>6,179,236</u>	<u>6</u>	<u>(1,004,425)</u>	<u>(1)</u>
8360	Items that may be reclassified subsequently to profit or loss								
8361	Exchange differences on translation of foreign operations	1,240,583	2	741,013	1	1,022,308	1	2,607,757	2
8370	Share of other comprehensive gains (losses) of associates	499	-	(9)	-	689	-	149	-
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	<u>1,241,082</u>	<u>2</u>	<u>741,004</u>	<u>1</u>	<u>1,022,997</u>	<u>1</u>	<u>2,607,906</u>	<u>2</u>
	Other comprehensive income (loss), net of taxes	<u>5,943,953</u>	<u>10</u>	<u>(334,398)</u>	<u>(1)</u>	<u>7,202,233</u>	<u>7</u>	<u>1,603,481</u>	<u>1</u>
	Total comprehensive income for the year	<u>\$ 7,539,210</u>	<u>13</u>	<u>1,542,849</u>	<u>2</u>	<u>9,458,395</u>	<u>9</u>	<u>5,825,134</u>	<u>4</u>
	Net income attributable to:								
8610	Shareholders of the Parent	\$ 1,392,137	3	1,724,412	3	1,907,303	2	3,958,963	3
8620	Non-controlling interests	203,120	-	152,835	-	348,859	-	262,690	-
		<u>\$ 1,595,257</u>	<u>3</u>	<u>1,877,247</u>	<u>3</u>	<u>2,256,162</u>	<u>2</u>	<u>4,221,653</u>	<u>3</u>
	Total comprehensive income attributable to:								
8710	Shareholders of the Parent	\$ 7,335,363	13	1,408,527	2	9,120,368	9	5,552,965	4
8720	Non-controlling interests	203,847	-	134,322	-	338,027	-	272,169	-
		<u>\$ 7,539,210</u>	<u>13</u>	<u>1,542,849</u>	<u>2</u>	<u>9,458,395</u>	<u>9</u>	<u>5,825,134</u>	<u>4</u>
	Earnings per share (in New Taiwan dollars) :								
9750	Basic earnings per share	\$ 0.46		0.57		0.64		1.32	
9850	Diluted earnings per share	\$ 0.46		0.57		0.63		1.31	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ACER INCORPORATED AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the six months ended June 30, 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	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													
Net income for the period	\$ 30,478,538	27,514,269	1,456,427	4,833,750	10,596,212	16,886,389	746,183	-	(8,287,624)	(2,914,856)	63,676,716	2,346,227	66,022,943
Other comprehensive income (loss) for the period	-	-	-	-	3,958,963	3,958,963	-	-	1,594,002	-	3,958,963	262,690	4,221,653
Total comprehensive income (loss) for the period	-	-	-	-	3,958,963	3,958,963	-	-	1,594,002	-	1,594,002	9,479	1,603,481
Appropriation approved by the stockholders:													
Legal reserve	-	-	1,058,914	-	(1,058,914)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	2,564,442	(2,564,442)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(6,949,107)	(6,949,107)	-	-	-	-	(6,949,107)	-	(6,949,107)
Share of changes in equity of associates	-	(5,291)	-	-	-	-	-	-	-	-	(5,291)	(8,621)	(13,912)
Change in ownership interests in subsidiaries	-	53,887	-	-	-	-	147	1,195	455	-	54,342	(54,342)	-
Acquisition or disposal of interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(12,421)	(12,421)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	-	-	-	-	-	-	(4,528)	4,528	-
Organizational restructuring under common control	-	(3,400)	-	-	-	-	-	5,483	5,483	-	2,083	(2,083)	-
Stock option compensation cost of subsidiaries	-	(2,675)	-	-	-	-	-	-	-	-	(2,675)	15,369	12,694
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	538,796	538,796
Cash dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(207,441)	(207,441)
Disposal of financial assets measured at fair value through other comprehensive income	-	-	-	-	886	886	(886)	-	(886)	-	-	-	-
Balance at June 30, 2022	\$ 30,478,538	27,552,262	2,515,341	7,398,192	3,983,598	13,897,131	(250,104)	(2,206,615)	(6,688,570)	(2,914,856)	62,324,505	2,892,181	65,216,686
Balance at January 1, 2023	\$ 30,478,538	27,795,885	2,515,341	7,398,192	4,983,612	14,897,145	(409,720)	320,376	(4,309,233)	(2,914,856)	65,947,457	4,485,738	70,434,195
Net income for the period	-	-	-	-	1,907,303	1,907,303	-	(7,034)	7,213,065	-	1,907,303	348,859	2,256,162
Other comprehensive income (loss) for the period	-	-	-	-	-	-	-	-	-	-	-	(10,832)	(10,832)
Total comprehensive income (loss) for the period	-	-	-	-	1,907,303	1,907,303	-	(7,034)	7,213,065	-	1,907,303	338,027	2,202,233
Appropriation approved by the stockholders:													
Legal reserve	-	-	495,986	-	(495,986)	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	(84,251)	(84,251)	84,251	-	-	-	-	-	(4,571,781)	-	(4,571,781)
Cash dividends	-	-	-	-	(4,571,781)	(4,571,781)	-	-	-	-	70,119	(5,874)	(5,874)
Adjustments of capital surplus for the cash dividends distributed to subsidiaries	-	70,119	-	-	-	-	72	(194)	212	-	5,874	(28,613)	(28,613)
Changes in ownership interests in subsidiaries	-	5,662	-	-	-	-	-	-	-	-	-	28,795	34,457
Acquisition or disposal of interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	(28,795)	1,467	(27,328)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	-	-	-	-	-	-	2,187	-	2,187
Stock option compensation cost of subsidiaries	-	(2,187)	-	-	-	-	-	-	-	-	220,553	93,060	313,613
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	93,060	93,060
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(429,903)	(429,903)
Cash dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposal of financial assets measured at fair value through other comprehensive income by subsidiaries	-	-	-	-	11,493	11,493	(11,493)	-	(11,493)	-	-	-	-
Balance at June 30, 2023	\$ 30,478,538	27,845,056	3,011,327	7,313,941	1,918,802	12,244,160	5,765,328	313,148	2,892,531	(2,914,856)	70,545,429	4,704,250	75,249,679

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

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended	
	June 30	
	2023	2022
Cash flows from operating activities:		
Income before income tax	\$ 3,162,838	5,641,155
Adjustments for:		
Adjustments to reconcile profit or loss:		
Depreciation	558,312	503,078
Amortization	264,407	295,792
Net loss on financial assets measured at fair value through profit or loss	6,332	1,238
Effects of exchange rate changes of financial assets measured at amortized cost	(43,859)	(31,221)
Interest expense	125,015	60,143
Interest income	(815,478)	(178,873)
Dividend income	(86,765)	-
Share-based compensation cost	3,654	12,694
Share of loss (profit) of associates and joint ventures	22,375	(47,555)
Loss (gain) on disposal of equipment and intangible assets	(1,664)	10,975
Impairment loss on non-financial assets	1	-
Net gain on disposal of investments accounted for using the equity method	-	(8,121)
Reversal of impairment loss on non-financial assets	-	(30,048)
Net loss on liquidation of subsidiaries	-	601
Total adjustments for profit or loss	32,330	588,703
Changes in operating assets and liabilities:		
Changes in operating assets:		
Derivative financial instruments measured at fair value through profit or loss	(824,451)	(1,233,026)
Contract assets	(284,414)	(87,931)
Notes and accounts receivable	(4,244,209)	(11,542,799)
Receivables from related parties	(17,585)	1,205
Inventories	(790,606)	(4,741,380)
Other receivables and other current assets	(750,437)	(1,388,297)
Other non-current assets	42,438	934,393
Changes in operating assets	(6,869,264)	(18,057,835)
Changes in operating liabilities:		
Contract liabilities	256,703	268,737
Notes and accounts payable	8,221,717	(15,689,561)
Other payables and other current liabilities	1,333,425	3,944,135
Provisions	(147,648)	385,159
Refund liabilities	(248,858)	2,028,881
Other non-current liabilities	25,621	35,384
Changes in operating liabilities	9,440,960	(9,027,265)
Cash provided by (used in) operations	5,766,864	(20,855,242)
Interest received	707,047	165,032
Income taxes paid	(1,494,485)	(3,709,255)
Net cash flows provided by (used in) operating activities	4,979,426	(24,399,465)

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

ACER INCORPORATED AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Continued)
For the six months ended June 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2023	2022
Cash flows from investing activities:		
Acquisition of financial assets measured at fair value through other comprehensive income	(23,316)	(523,430)
Acquisition of financial assets measured at amortized cost	(1,261,347)	(682,054)
Acquisition of financial assets measured at fair value through profit or loss	(74,724)	-
Proceeds from disposal of financial assets measured at fair value through profit or loss	775,088	275,048
Proceeds from disposal of investments accounted for using the equity method	-	21,136
Additions to property, plant and equipment and investment property	(237,166)	(309,171)
Proceeds from disposal of property, plant and equipment and intangible assets	3,724	2,523
Additions to intangible assets	(181,646)	(268,478)
Payment of contingent consideration arising from business combination or investment in associates	(9,939)	(37,534)
Net cash inflow from acquisition of subsidiaries	209,244	-
Net cash outflow from liquidation of subsidiaries	-	(601)
Increase in assets recognized from costs to fulfill contracts with customers	(237,324)	(172,085)
Decrease (increase) in other financial assets	(2,747,994)	175,526
Dividends received	122,765	38,453
Net cash flows used in investing activities	<u>(3,662,635)</u>	<u>(1,480,667)</u>
Cash flows from financing activities:		
Increase in short-term borrowings	2,226,759	43,413,452
Decrease in short-term borrowings	(2,750,420)	(37,757,067)
Repayment of long-term debt	(59,800)	(25,877)
Payment of lease liabilities	(364,209)	(323,437)
Cash dividends paid to non-controlling interests by subsidiaries	(54,298)	(4,023)
Issuance of common stock by subsidiaries not subscribed by the Group	97,213	538,796
Acquisition of interests in subsidiaries	(28,613)	(22,411)
Proceeds from disposal of interests in subsidiaries (without losing control)	-	9,990
Interest paid	(126,596)	(60,352)
Net cash flows (used in) provided by financing activities	<u>(1,059,964)</u>	<u>5,769,071</u>
Effect of foreign exchange rate changes	<u>851,629</u>	<u>1,621,651</u>
Increase (decrease) in cash and cash equivalents	1,108,456	(18,489,410)
Cash and cash equivalents at beginning of period	<u>46,842,902</u>	<u>44,619,541</u>
Cash and cash equivalents at end of period	<u>\$ 47,951,358</u>	<u>26,130,131</u>