

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

March 31, 2020 and 2019

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Balance Sheets

**March 31, 2020, December 31,
2019, and March 31, 2019**

(Expressed in Thousands of New Taiwan Dollars)

	March 31, 2020		December 31, 2019		March 31, 2019	
	Amount	%	Amount	%	Amount	%
Assets						
Current assets:						
1100 Cash and cash equivalents	\$ 28,209,080	20	24,184,332	16	26,468,305	17
1110 Financial assets measured at fair value through profit or loss— current	2,176,142	2	1,271,742	1	1,810,124	1
1120 Financial assets measured at fair value through other comprehensive income— current	76,868	-	100,313	-	93,440	-
1140 Contract assets— current	405,979	-	420,882	-	266,109	-
1170 Notes and accounts receivable, net	39,532,953	28	49,398,044	32	44,407,426	29
1180 Accounts receivable from related parties	79,131	-	41,201	-	733	-
1200 Other receivables	527,927	-	550,769	-	752,265	1
1220 Current income tax assets	320,085	-	314,898	-	427,758	-
130X Inventories	34,089,573	24	41,034,471	26	40,628,293	27
1470 Other current assets	3,684,231	2	4,412,422	3	3,687,922	3
Total current assets	109,101,969	76	121,729,074	78	118,542,375	78
Non-current assets:						
1510 Financial assets measured at fair value through profit or loss— non-current	-	-	-	-	31,512	-
1517 Financial assets measured at fair value through other comprehensive income— non-current	4,335,765	3	5,146,642	3	4,676,174	3
1550 Investments accounted for using equity method	981,808	1	944,958	1	898,654	-
1600 Property, plant and equipment	3,498,312	2	3,561,644	2	3,755,000	3
1755 Right-of-use assets	2,130,239	2	1,948,343	1	2,315,914	2
1760 Investment property	1,127,392	1	1,129,350	1	1,119,474	1
1780 Intangible assets	16,963,961	12	16,930,072	11	17,365,273	11
1840 Deferred income tax assets	1,504,877	1	1,551,795	1	889,575	-
1900 Other non-current assets	1,879,296	1	1,996,859	1	1,835,140	1
1980 Other financial assets— non-current	1,145,371	1	1,157,827	1	988,569	1
Total non-current assets	33,567,021	24	34,367,490	22	33,875,285	22
Total assets	\$ 142,668,990	100	156,096,564	100	152,417,660	100

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ACER INCORPORATED AND SUBSIDIARIES

Consolidated Balance Sheets (Continued)

**March 31, 2020, December 31,
2019, and March 31, 2019**

(Expressed in Thousands of New Taiwan Dollars)

	March 31, 2020		December 31, 2019		March 31, 2019		
	Amount	%	Amount	%	Amount	%	
Liabilities and Equity							
Current liabilities:							
2100	\$ 6,468,986	5	1,505,587	1	403,658	-	
2120	Financial liabilities measured at fair value through profit or loss—current	148,794	-	449,052	-	252,271	-
2130	Contract liabilities—current	1,715,529	1	1,832,271	1	970,979	1
2170	Notes and accounts payable	23,732,343	17	35,223,814	23	35,777,765	24
2200	Other payables	24,898,802	17	24,711,860	16	24,239,095	16
2250	Provisions—current	4,756,530	3	4,953,980	3	5,043,175	3
2280	Lease liabilities—current	642,667	-	598,743	-	665,998	-
2322	Current portion of long-term debt	12,592	-	9,627	-	4,144	-
2365	Refund liabilities—current	10,847,246	8	12,441,200	8	12,134,514	8
2399	Other current liabilities	2,858,648	2	2,747,123	2	2,814,113	2
	Total current liabilities	<u>76,082,137</u>	<u>53</u>	<u>84,473,257</u>	<u>54</u>	<u>82,305,712</u>	<u>54</u>
Non-current liabilities:							
2527	Contract liabilities—non-current	666,966	1	662,672	-	1,553,897	1
2540	Long-term debt	3,342,632	2	5,834,188	4	3,314,872	3
2550	Provisions—non-current	31,940	-	32,096	-	35,931	-
2570	Deferred income tax liabilities	2,535,390	2	2,525,953	2	1,765,823	1
2580	Lease liabilities—non-current	1,587,531	1	1,409,264	1	1,669,591	1
2600	Other non-current liabilities	1,994,857	1	1,963,895	1	1,679,434	1
	Total non-current liabilities	<u>10,159,316</u>	<u>7</u>	<u>12,428,068</u>	<u>8</u>	<u>10,019,548</u>	<u>7</u>
	Total liabilities	<u>86,241,453</u>	<u>60</u>	<u>96,901,325</u>	<u>62</u>	<u>92,325,260</u>	<u>61</u>
Equity:							
3110	Common stock	30,749,338	22	30,749,338	20	30,749,338	20
3200	Capital surplus	28,176,226	20	28,152,962	18	27,856,146	18
	Retained earnings:						
3310	Legal reserve	587,602	-	587,602	-	281,559	-
3320	Special reserve	2,940,572	2	2,940,572	2	2,534,028	2
3350	Unappropriated retained earnings	1,873,070	1	2,668,082	2	3,790,228	3
3400	Other equity	(5,952,057)	(4)	(4,342,227)	(3)	(2,943,506)	(2)
3500	Treasury stock	(3,276,799)	(2)	(2,914,856)	(2)	(2,914,856)	(2)
	Equity attributable to shareholders of the Parent	<u>55,097,952</u>	<u>39</u>	<u>57,841,473</u>	<u>37</u>	<u>59,352,937</u>	<u>39</u>
36XX	Non-controlling interests	<u>1,329,585</u>	<u>1</u>	<u>1,353,766</u>	<u>1</u>	<u>739,463</u>	<u>-</u>
	Total equity	<u>56,427,537</u>	<u>40</u>	<u>59,195,239</u>	<u>38</u>	<u>60,092,400</u>	<u>39</u>
	Total liabilities and equity	<u>\$ 142,668,990</u>	<u>100</u>	<u>156,096,564</u>	<u>100</u>	<u>152,417,660</u>	<u>100</u>

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ACER INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2020 and 2019

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

		For the three months ended March 31			
		2020		2019	
		Amount	%	Amount	%
4000	Net revenue	\$ 48,854,503	100	54,703,389	100
5000	Cost of revenue	(43,903,140)	(90)	(48,931,022)	(89)
	Gross profit	4,951,363	10	5,772,367	11
	Operating expenses :				
6100	Selling expenses	(3,318,902)	(7)	(3,543,908)	(7)
6200	General and administrative expenses	(1,044,376)	(2)	(1,028,159)	(2)
6300	Research and development expenses	(592,351)	(1)	(667,215)	(1)
	Total operating expenses	(4,955,629)	(10)	(5,239,282)	(10)
6500	Other operating income and expenses, net	23,269	-	20,984	-
	Operating income	19,003	-	554,069	1
	Non-operating income and loss:				
7010	Other income	91,834	-	135,950	-
7020	Other gains and losses — net	700,490	2	308,779	1
7050	Finance costs	(44,610)	-	(68,248)	-
7060	Share of income (losses) of associates and joint ventures	13,645	-	(5,046)	-
	Total non-operating income and loss	761,359	2	371,435	1
7900	Income before taxes	780,362	2	925,504	2
7950	Income tax expense	(228,579)	(1)	(223,433)	(1)
	Net income	551,783	1	702,071	1
	Other comprehensive income:				
8310	Items that will not be reclassified subsequently to profit or loss				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(836,193)	(2)	337,031	1
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	-	-	-	-
	Total items that will not be reclassified subsequently to profit or loss	(836,151)	(2)	337,007	1
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations	(794,003)	(1)	105,150	-
8370	Share of other comprehensive income (losses) of associates	(1,278)	-	58	-
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	(795,281)	(1)	105,208	-
	Other comprehensive income (loss), net of taxes	(1,631,432)	(3)	442,215	1
	Total comprehensive income (loss) for the period	\$ (1,079,649)	(2)	1,144,286	2
	Net income (loss) attributable to:				
8610	Shareholders of the Parent	\$ 557,959	1	706,290	1
8620	Non-controlling interests	(6,176)	-	(4,219)	-
	Total comprehensive income (loss) attributable to:	\$ 551,783	1	702,071	1
8710	Shareholders of the Parent	\$ (1,051,871)	(2)	1,142,048	2
8720	Non-controlling interests	(27,778)	-	2,238	-
	Total comprehensive income (loss) attributable to:	\$ (1,079,649)	(2)	1,144,286	2
	Earnings per share (in New Taiwan dollars) :				
9750	Basic earnings per share	\$ 0.18		0.23	
9850	Diluted earnings per share	\$ 0.18		0.23	

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ACER INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2020	2019
Cash flows from operating activities:		
Income before income tax	\$ 780,362	925,504
Adjustments for:		
Adjustments to reconcile profit (loss):		
Depreciation	268,034	307,556
Amortization	48,769	78,348
Net loss on financial assets measured at fair value through profit or loss	963	13,530
Interest expense	44,610	68,248
Interest income	(91,834)	(135,950)
Share of (income) losses of associates and joint ventures	(13,645)	5,046
(Gain) losses on disposal of property, plant and equipment	(4,018)	1,559
Unrealized foreign exchange gain	(42,558)	-
Total adjustments for profit and loss	210,321	338,337
Changes in operating assets and liabilities:		
Changes in operating assets:		
Derivative financial instruments measured at fair value through profit or loss	(1,486,600)	(80,337)
Contract assets	14,903	130,126
Notes and accounts receivable	9,875,216	2,983,789
Receivables from related parties	(37,930)	33,890
Inventories	6,944,440	1,445,094
Other receivables and other current assets	758,263	424,681
Other non-current assets	10,423	(15,096)
Changes in operating assets	16,078,715	4,922,147
Changes in operating liabilities:		
Contract liabilities	(112,448)	298,152
Notes and accounts payable	(11,491,471)	(4,301,588)
Other payables and other current liabilities	(1,189,423)	(171,915)
Provisions	(197,606)	(196,487)
Refund liabilities	(1,593,954)	(569,352)
Other non-current liabilities	30,962	(14)
Changes in operating liabilities	(14,553,940)	(4,941,204)
Cash provided by operations	2,515,458	1,244,784
Interest received	84,604	125,280
Income taxes paid	(11,117)	(295,047)
Net cash provided by operating activities	2,588,945	1,075,017

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

	For the three months ended March 31	
	2020	2019
Cash flows from investing activities:		
Proceeds from capital return of financial assets measured at fair value through other comprehensive income	-	1,179
Acquisition of financial assets measured at fair value through profit or loss	-	(1,314,175)
Proceeds from disposal of financial assets measured at fair value through profit or loss	267,856	-
Additions to property, plant and equipment and investment property	(98,842)	(27,290)
Proceeds from disposal of property, plant and equipment and intangible assets	58,314	115
Additions to intangible assets	(63,509)	(58,083)
Decrease in other non-current financial assets	2,331	15,213
Net cash flows provided by (used in) investing activities	166,150	(1,383,041)
Cash flows from financing activities:		
Increase (Decrease) in short-term borrowings	5,015,018	(254,204)
Increase in long-term debt	15,500	-
Repayment of long-term debt	(2,502,460)	(1,225)
Payment of lease liabilities	(142,997)	(166,507)
Payments to acquire treasury stock	(361,943)	-
Proceeds from disposal of interests in subsidiaries (without losing control)	29,931	19,871
Decrease in non-controlling interests	-	(83,454)
Interest paid	(38,547)	(55,586)
Net cash flows provided by (used in) financing activities	2,014,502	(541,105)
Effect of foreign exchange rate changes	(744,849)	34,396
Net increase (decrease) in cash and cash equivalents	4,024,748	(814,733)
Cash and cash equivalents at beginning of period	24,184,332	27,283,038
Cash and cash equivalents at end of period	\$ 28,209,080	26,468,305