

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

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2024, December 31, 2023, and March 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

	<u>March 31, 2024</u>		<u>December 31, 2023</u>		<u>March 31, 2023</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Assets						
Current assets:						
1100 Cash and cash equivalents	\$ 44,640,867	21	48,134,128	23	41,541,239	22
1110 Financial assets measured at fair value through profit or loss – current	363,692	-	140,558	-	958,159	1
1137 Financial assets measured at amortized cost – current	540,949	-	461,025	-	-	-
1140 Contract assets – current	778,478	-	701,205	-	751,787	-
1170 Notes and accounts receivable, net	57,058,646	26	52,194,191	25	50,249,698	27
1180 Accounts receivable from related parties	111,502	-	114,041	-	40,683	-
1200 Other receivables	953,388	1	981,335	-	659,391	-
1220 Current income tax assets	513,983	-	348,843	-	294,575	-
130X Inventories	47,949,483	22	43,553,072	22	39,456,948	21
1476 Other financial assets – current	4,356,968	2	6,885,203	3	5,179,368	3
1479 Other current assets	<u>3,972,648</u>	<u>2</u>	<u>4,052,437</u>	<u>2</u>	<u>3,630,813</u>	<u>2</u>
Total current assets	<u>161,240,604</u>	<u>74</u>	<u>157,566,038</u>	<u>75</u>	<u>142,762,661</u>	<u>76</u>
Non-current assets:						
1517 Financial assets measured at fair value through other comprehensive income – non-current	12,507,589	6	11,901,429	6	9,084,408	5
1535 Financial assets measured at amortized cost – non-current	4,485,650	2	4,214,559	2	1,376,554	1
1550 Investments accounted for using the equity method	3,208,376	1	1,391,943	1	1,013,239	1
1600 Property, plant and equipment	7,127,599	3	4,423,825	2	4,353,694	2
1755 Right-of-use assets	2,005,716	1	1,924,650	1	2,031,582	1
1760 Investment property	859,058	-	861,680	-	855,352	-
1780 Intangible assets	19,452,162	9	18,855,332	9	18,603,956	10
1840 Deferred income tax assets	3,898,144	2	3,784,322	2	3,707,216	2
1980 Other financial assets – non-current	1,163,300	1	1,133,805	1	1,106,351	1
1990 Other non-current assets	<u>2,707,215</u>	<u>1</u>	<u>2,676,263</u>	<u>1</u>	<u>2,567,106</u>	<u>1</u>
Total non-current assets	<u>57,414,809</u>	<u>26</u>	<u>51,167,808</u>	<u>25</u>	<u>44,699,458</u>	<u>24</u>
Total assets	<u>\$ 218,655,413</u>	<u>100</u>	<u>208,733,846</u>	<u>100</u>	<u>187,462,119</u>	<u>100</u>

(Continued)

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

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Balance Sheets (Continued)

March 31, 2024, December 31, 2023, and March 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%
Liabilities and Equity						
Current liabilities:						
2100 Short-term borrowings	\$ 932,507	1	976,627	-	1,509,222	1
2120 Financial liabilities measured at fair value through profit or loss – current	119,742	-	787,803	-	638,720	-
2130 Contract liabilities – current	3,010,765	1	3,252,251	2	2,934,463	2
2170 Notes and accounts payable	44,981,342	21	44,701,410	21	31,201,022	17
2200 Other payables	41,920,062	19	32,285,437	16	38,915,902	21
2230 Current tax liabilities	3,696,913	2	2,997,993	1	3,453,208	2
2250 Provisions – current	6,633,925	3	6,466,024	3	6,674,650	3
2280 Lease liabilities – current	652,254	-	613,488	-	628,983	-
2322 Current portion of long-term debt	136,506	-	39,518	-	71,778	-
2365 Refund liabilities – current	13,882,696	6	13,968,281	7	13,258,345	7
2399 Other current liabilities	<u>1,642,835</u>	<u>1</u>	<u>1,120,719</u>	<u>1</u>	<u>1,265,107</u>	<u>1</u>
Total current liabilities	<u>117,609,547</u>	<u>54</u>	<u>107,209,551</u>	<u>51</u>	<u>100,551,400</u>	<u>54</u>
Non-current liabilities:						
2527 Contract liabilities – non-current	830,250	-	712,983	-	730,508	-
2531 Bonds payable	10,000,000	4	10,000,000	5	10,000,000	5
2540 Long-term debt	1,963,886	1	1,565,035	1	91,420	-
2550 Provisions – non-current	24,982	-	14,232	-	15,546	-
2570 Deferred income tax liabilities	5,729,347	3	5,718,682	3	5,024,193	3
2580 Lease liabilities – non-current	1,453,831	1	1,486,249	1	1,538,466	1
2600 Other non-current liabilities	<u>1,690,593</u>	<u>1</u>	<u>1,685,049</u>	<u>1</u>	<u>1,609,775</u>	<u>1</u>
Total non-current liabilities	<u>21,692,889</u>	<u>10</u>	<u>21,182,230</u>	<u>11</u>	<u>19,009,908</u>	<u>10</u>
Total liabilities	<u>139,302,436</u>	<u>64</u>	<u>128,391,781</u>	<u>62</u>	<u>119,561,308</u>	<u>64</u>
Equity :						
3110 Common stock	30,478,538	14	30,478,538	15	30,478,538	16
3200 Capital surplus	27,798,463	13	27,805,176	13	27,798,059	15
3300 Retained earnings	14,828,545	7	18,490,986	9	10,840,530	6
3400 Other equity	3,335,241	1	664,598	-	(3,039,448)	(2)
3500 Treasury stock	<u>(2,712,774)</u>	<u>(1)</u>	<u>(2,712,774)</u>	<u>(1)</u>	<u>(2,914,856)</u>	<u>(2)</u>
Equity attributable to shareholders of the Parent	<u>73,728,013</u>	<u>34</u>	<u>74,726,524</u>	<u>36</u>	<u>63,162,823</u>	<u>33</u>
36XX Non-controlling interests	<u>5,624,964</u>	<u>2</u>	<u>5,615,541</u>	<u>2</u>	<u>4,737,988</u>	<u>3</u>
Total equity	<u>79,352,977</u>	<u>36</u>	<u>80,342,065</u>	<u>38</u>	<u>67,900,811</u>	<u>36</u>
Total liabilities and equity	<u>\$ 218,655,413</u>	<u>100</u>	<u>208,733,846</u>	<u>100</u>	<u>187,462,119</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 March 31, 2024 and 2023

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

		For the three months ended March 31			
		2024		2023	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Net revenue	\$ 58,832,224	100	52,457,032	100
5000	Cost of revenue	<u>(52,636,427)</u>	<u>(89)</u>	<u>(47,094,141)</u>	<u>(90)</u>
	Gross profit	<u>6,195,797</u>	<u>11</u>	<u>5,362,891</u>	<u>10</u>
	Operating expenses :				
6100	Selling expenses	(3,462,369)	(6)	(3,439,042)	(7)
6200	General and administrative expenses	(1,420,889)	(3)	(1,203,827)	(2)
6300	Research and development expenses	<u>(544,805)</u>	<u>(1)</u>	<u>(495,519)</u>	<u>(1)</u>
	Total operating expenses	<u>(5,428,063)</u>	<u>(10)</u>	<u>(5,138,388)</u>	<u>(10)</u>
6500	Other operating income and expenses, net	<u>13,255</u>	<u>-</u>	<u>14,026</u>	<u>-</u>
	Operating income	<u>780,989</u>	<u>1</u>	<u>238,529</u>	<u>-</u>
	Non-operating income and loss:				
7100	Interest income	548,197	1	333,387	1
7020	Other gains and losses	857,102	1	444,426	1
7050	Finance costs	(82,377)	-	(60,553)	-
7060	Share of profits (losses) of associates and joint ventures	<u>12,929</u>	<u>-</u>	<u>(13,426)</u>	<u>-</u>
	Total non-operating income and loss	<u>1,335,851</u>	<u>2</u>	<u>703,834</u>	<u>2</u>
7900	Income before taxes	2,116,840	3	942,363	2
7950	Income tax expense	<u>(739,104)</u>	<u>(1)</u>	<u>(281,458)</u>	<u>(1)</u>
	Net income	<u>1,377,736</u>	<u>2</u>	<u>660,905</u>	<u>1</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	603,156	1	1,483,567	3
8320	Share of other comprehensive income of associates	43	-	2	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>43</u>	<u>-</u>
	Total items that will not be reclassified to profit or loss	<u>603,199</u>	<u>1</u>	<u>1,476,365</u>	<u>3</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations	2,104,770	4	(218,275)	-
8370	Share of other comprehensive gains of associates	278	-	190	-
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>2,105,048</u>	<u>4</u>	<u>(218,085)</u>	<u>-</u>
	Other comprehensive income, net of taxes	<u>2,708,247</u>	<u>5</u>	<u>1,258,280</u>	<u>3</u>
	Total comprehensive income	<u>\$ 4,085,983</u>	<u>7</u>	<u>1,919,185</u>	<u>4</u>
	Net income attributable to:				
8610	Shareholders of the Parent	\$ 1,202,476	2	515,166	1
8620	Non-controlling interests	<u>175,260</u>	<u>-</u>	<u>145,739</u>	<u>-</u>
		<u>\$ 1,377,736</u>	<u>2</u>	<u>660,905</u>	<u>1</u>
	Total comprehensive income attributable to:				
8710	Shareholders of the Parent	\$ 3,884,768	7	1,785,005	4
8720	Non-controlling interests	<u>201,215</u>	<u>-</u>	<u>134,180</u>	<u>-</u>
		<u>\$ 4,085,983</u>	<u>7</u>	<u>1,919,185</u>	<u>4</u>
	Earnings per share (in New Taiwan dollars) :				
9750	Basic earnings per share	<u>\$ 0.40</u>		<u>0.17</u>	
9850	Diluted earnings per share	<u>\$ 0.40</u>		<u>0.17</u>	

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

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	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		
Balance at January 1, 2023	\$ 30,478,538	27,795,883	2,515,341	7,398,192	4,983,612	14,897,145	(4,219,903)	(409,726)	320,376	(4,309,253)	(2,914,856)	65,947,457	4,486,738	70,434,195
Net income for the period	-	-	-	-	515,166	515,166	-	-	-	-	-	515,166	145,739	660,905
Other comprehensive income (loss) for the period	-	-	-	-	-	-	(206,431)	1,483,411	(7,141)	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	(7,141)	1,269,839	-	1,785,005	134,180	1,919,185
Appropriation and distribution of retained earnings:														
Cash dividends	-	-	-	-	(4,571,781)	(4,571,781)	-	-	-	-	-	(4,571,781)	-	(4,571,781)
Change 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	(3,039,448)	(2,914,856)	63,162,823	4,737,988	67,900,811
Balance at January 1, 2024	\$ 30,478,538	27,805,176	3,011,327	7,313,941	8,165,718	18,490,986	(3,799,702)	4,170,049	294,251	664,598	(2,712,774)	74,726,524	5,615,541	80,342,065
Net income for the period	-	-	-	-	1,202,476	1,202,476	-	-	-	-	-	1,202,476	175,260	1,377,736
Other comprehensive income (loss) for the period	-	-	-	-	-	-	2,078,692	603,581	19	2,682,292	-	2,682,292	25,955	2,708,247
Total comprehensive income (loss) for the period	-	-	-	-	1,202,476	1,202,476	2,078,692	603,581	19	2,682,292	-	3,884,768	201,215	4,085,983
Appropriation and distribution of retained earnings:														
Cash dividends	-	-	-	-	(4,876,566)	(4,876,566)	-	-	-	-	-	(4,876,566)	-	(4,876,566)
Changes in ownership interests in subsidiaries	-	3,044	-	-	-	-	-	-	-	-	-	3,044	(3,044)	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(9,967)	-	-	-	-	-	-	-	-	-	(9,967)	9,967	-
Organizational restructuring under common control	-	4	-	-	-	-	-	-	-	-	-	4	(4)	-
Stock option compensation cost of subsidiaries	-	206	-	-	-	-	-	-	-	-	-	206	132	338
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	4,969	4,969
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(70,569)	(70,569)
Cash dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(133,243)	(133,243)
Disposal of financial assets measured at fair value through other comprehensive income by the Company	-	-	-	-	11,649	11,649	-	(11,649)	-	(11,649)	-	-	-	-
Balance at March 31, 2024	\$ 30,478,538	27,798,463	3,011,327	7,313,941	4,503,277	14,828,545	(1,721,010)	4,761,981	294,270	3,335,241	(2,712,774)	73,728,013	5,624,964	79,352,977

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

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2024	2023
Cash flows from operating activities:		
Income before income tax	\$ 2,116,840	942,363
Adjustments for:		
Adjustments to reconcile profit or loss:		
Depreciation	290,740	272,619
Amortization	164,261	153,849
Net loss (gain) on financial assets measured at fair value through profit or loss	238	(3,127)
Effects of exchange rate changes on financial assets measured at amortized cost	(133,924)	3,720
Interest expense	82,377	60,553
Interest income	(548,197)	(333,387)
Share-based compensation cost	338	1,685
Share of (profits) losses of associates and joint ventures	(12,929)	13,426
Loss (gain) on disposal of equipment and intangible assets	(350)	572
Impairment loss on non-financial assets	-	1
Total adjustments for profit or loss	<u>(157,446)</u>	<u>169,911</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Derivative financial instruments measured at fair value through profit or loss	(873,305)	(393,231)
Contract assets	(77,273)	(198,165)
Notes and accounts receivable	(4,867,224)	1,180,640
Receivables from related parties	2,539	1,138
Inventories	(4,401,415)	2,754,174
Other receivables and other current assets	222,320	(148,710)
Other non-current assets	4,261	25,433
Changes in operating assets	<u>(9,990,097)</u>	<u>3,221,279</u>
Changes in operating liabilities:		
Contract liabilities	(124,219)	(228,173)
Notes and accounts payable	279,932	(452,904)
Other payables and other current liabilities	5,093,991	(1,291,515)
Provisions	168,720	(244,662)
Refund liabilities	(85,585)	(1,463,930)
Other non-current liabilities	5,544	(4,405)
Changes in operating liabilities	<u>5,338,383</u>	<u>(3,685,589)</u>
Cash (used in) provided by operations	(2,692,320)	647,964
Interest received	442,175	301,322
Income taxes paid	(288,039)	(206,951)
Net cash flows (used in) provided by operating activities	<u>(2,538,184)</u>	<u>742,335</u>

(Continued)

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

ACER INCORPORATED AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Continued)
For the three months ended March 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended	
	March 31	
	2024	2023
Cash flows from investing activities:		
Acquisition of financial assets measured at fair value through other comprehensive income	(21,610)	-
Proceeds from disposal of financial assets measured at fair value through other comprehensive income	18,833	-
Acquisition of financial assets measured at amortized cost	(525,297)	(578,639)
Proceeds from repayments of financial assets at amortised cost	312,000	-
Proceeds from disposal of financial assets measured at fair value through profit or loss	729	-
Acquisition of investments accounted for using the equity method	(1,796,522)	-
Acquisition of property, plant and equipment	(2,784,065)	(142,438)
Proceeds from disposal of property, plant and equipment	9,904	1,436
Acquisition of intangible assets	(112,350)	(60,562)
Payment of contingent consideration arising from business combination or investment in associates	(15,625)	(5,000)
Net cash inflow from acquisition of subsidiaries	5,087	209,244
Increase in assets recognized from costs to fulfill contracts with customers	(119,575)	(94,378)
Decrease (increase) in other financial assets	2,501,509	(4,857,174)
Net cash flows used in investing activities	(2,526,982)	(5,527,511)
Cash flows from financing activities:		
Increase in short-term borrowings	688,398	1,212,709
Decrease in short-term borrowings	(736,456)	(1,382,649)
Increase in long-term debt	500,000	-
Repayment of long-term debt	(3,749)	(5,026)
Payment of lease liabilities	(185,285)	(183,381)
Acquisition of interests in subsidiaries	(70,569)	-
Interest paid	(61,645)	(41,885)
Net cash flows provided by (used in) financing activities	130,694	(400,232)
Effect of foreign exchange rate changes	1,441,211	(116,255)
Net decrease in cash and cash equivalents	(3,493,261)	(5,301,663)
Cash and cash equivalents at beginning of period	48,134,128	46,842,902
Cash and cash equivalents at end of period	\$ 44,640,867	41,541,239