# (English Translation of Consolidated Financial Statements Originally Issued in Chinese) Reviewed only, not audited in accordance with generally accepted auditing standards as of September 30, 2019 and 2018

### ACER INCORPORATED AND SUBSIDIARIES

### **Consolidated Balance Sheets**

### September 30, 2019, December 31, 2018, and September 30, 2018

### (Expressed in Thousands of New Taiwan Dollars)

			September 30 2019		December 31 2018		September 30 2018		
	Assets	_	Amount	<u>%</u>	Amount	<u>%</u>	Amount	<u>%</u>	
	Current assets:								
1100	Cash and cash equivalents	\$	27,933,358	17	27,283,038	18	30,416,219	19	
1110	Financial assets measured at fair value through profit or loss—current		2,300,120	1	435,574	-	880,857	1	
1120	Financial assets measured at fair value through other comprehensive income—		97.019		99,090		112 260		
1140	current		87,918	-	88,989	-	113,368	-	
1140	Contract assets—current		360,354	-	396,235	-	329,300	-	
1170	Notes and accounts receivable, net		49,556,993	30	47,491,595	31	47,251,908	30	
1180	Accounts receivable from related parties		3,053	-	34,623		406	-	
1200	Other receivables		757,679	1	1,097,802	1	837,586	1	
1220	Current income tax assets		405,790	-	460,334	-	434,811	-	
130X	Inventories		44,157,578	27	42,076,409	27	43,108,774	27	
1470	Other current assets	_	4,045,865	3	3,756,396	3	3,621,908	2	
	Total current assets	_	129,608,708	<u>79</u>	123,120,995	80	126,995,137	80	
	Non-current assets:								
1510	Financial assets measured at fair value								
	through profit or loss—non-current		-	-	44,894	-	242,282	-	
1517	Financial assets measured at fair value through other comprehensive income—								
	non-current		4,808,210	3	4,340,457	3	4,886,833	3	
1550	Investments accounted for using equity								
	method		1,042,248	1	875,861	-	357,403	-	
1600	Property, plant and equipment		3,626,404	2	3,846,752	2	3,959,720	3	
1755	Right-of-use assets		2,015,823	1	-	-	-	-	
1760	Investment property		1,113,707	1	1,122,385	1	1,125,034	1	
1780	Intangible assets		17,324,942	11	17,311,344	11	17,305,202	11	
1840	Deferred income tax assets		867,630	-	890,458	1	658,181	-	
1900	Other non-current assets		1,894,036	1	1,432,482	1	1,309,066	1	
1980	Other financial assets - non-current	_	1,117,662	1	1,003,782	_1	988,054	1	
	<b>Total non-current assets</b>	_	33,810,662	<u>21</u>	30,868,415	<u>20</u>	30,831,775	<u>20</u>	
	Total assets	\$ <sub>=</sub>	163,419,370	<u>100</u>	<u>153,989,410</u>	<u>100</u>	<u>157,826,912</u>	<u>100</u>	

# (English Translation of Consolidated Financial Statements Originally Issued in Chinese) Reviewed only, not audited in accordance with generally accepted auditing standards as of September 30, 2019 and 2018

### ACER INCORPORATED AND SUBSIDIARIES

### **Consolidated Balance Sheets (Continued)**

### September 30, 2019, December 31, 2018, and September 30, 2018

### (Expressed in Thousands of New Taiwan Dollars)

			September 30	0,	December 31, 2018		September 30 2018	,
	Liabilities and Equity		Amount	%	Amount	%	Amount	%
	Current liabilities:							
2100	Short-term borrowings	\$	1,109,318	1	657,040	-	277,245	-
2120	Financial liabilities measured at fair value through profit or loss—current		344,901	_	272,085	_	431,092	_
2130	Contract liabilities — current		807,350	_	821,374	1	567,000	1
2170	Notes and accounts payable		39,678,307	24	40,079,353	26	44,354,295	28
2200	Other payables		28,573,555	18	24,420,154	16	25,332,943	17
2250	Provisions — current		5,126,874	3	5,239,352	4	5,194,141	3
2280	Lease liabilities — current		623,112	_	-	_	-	_
2322	Current portion of long-term debt		3,976	_	4,112	-	3,304,611	2
2365	Refund liabilities—current		12,822,282	8	12,703,866	8	13,152,813	8
2399	Other current liabilities		2,726,668	2	2,619,592	2	3,180,837	2
	Total current liabilities		91,816,343	56	86,816,928	57	95,794,977	61
	Non-current liabilities:							
2527	Contract liabilities - non-current		1,458,089	1	1,405,350	1	428,220	-
2540	Long-term debt		5,812,083	4	3,315,976	2	17,437	-
2550	Provisions - non-current		37,748	-	36,241	-	45,651	-
2570	Deferred income tax liabilities		1,773,711	1	1,749,191	1	1,178,315	1
2580	Lease liabilities - non-current		1,443,413	1	-	-	-	-
2600	Other non-current liabilities	_	1,786,887	1	1,679,438	1	1,739,194	1
	Total non-current liabilities	_	12,311,931	8	8,186,196	5	3,408,817	2
	Total liabilities	_	104,128,274	64	95,003,124	<u>62</u>	99,203,794	63
	Equity:							
3110	Common stock		30,749,338	19	30,749,338	20	30,765,028	19
3200	Capital surplus		27,939,368	17	27,913,351	18	27,914,499	17
	Retained earnings:							
3310	Legal reserve		587,602	-	281,559	-	281,559	-
3320	Special reserve		2,940,572	2	2,534,028	2	2,534,028	2
3350	Unappropriated retained earnings		2,295,169	1	3,085,863	2	2,521,997	2
3400	Other equity		(3,191,904)	(2)	(3,381,189)	(2)	(3,379,642)	(2)
3500	Treasury stock	_	(2,914,856)	<u>(2</u> )	(2,914,856)	<u>(2</u> )	(2,914,856)	<u>(2</u> )
	Equity attributable to shareholders of							
	the Company	_	58,405,289	<u>35</u>	58,268,094	<u>38</u>	57,722,613	<u>36</u>
36XX	Non-controlling interests	-	885,807	1	718,192		900,505	1
	Total equity	-	59,291,096	<u>36</u>	58,986,286	<u>38</u>	58,623,118	_37
	Total liabilities and equity	\$_	163,419,370	<u>100</u>	<u>153,989,410</u>	<u>100</u>	157,826,912	<u>100</u>

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

### ACER INCORPORATED AND SUBSIDIARIES

### **Consolidated Statements of Comprehensive Income**

For the three months ended September 30, 2019 and 2018, and nine months ended September 30, 2019 and 2018 (Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

				hree m eptemb	onths ended er 30		For the nine months ended September 30									
		Ξ	2019		2018		2019		2018							
		_	Amount	<u>%</u>	Amount	<u>%</u>	Amount	<u>%</u>	Amount	%						
4000	Net revenue	\$	62,870,297	100	65,326,327	100	172,701,074	100	178,605,395	100						
5000	Cost of revenue		(56,207,007)	<u>(89</u> )	(58,433,269)	<u>(89</u> )	(154,331,535)	(89)	(159,521,974)	<u>(89</u> )						
	Gross profit		6,663,290	11	6,893,058	11	18,369,539	11	19,083,421	11						
	Operating expenses :															
6100	Selling expenses		(3,992,860)	(7)	(3,945,094)	(6)	(11,141,957)	(7)	(11,567,067)	(6)						
6200	General and administrative expenses		(1,223,980)	(2)	(1,248,346)	(2)	(3,362,941)	(2)	(3,220,936)	(2)						
6300	Research and development expenses	_	(692,701)	(1)	(613,921)	<u>(1</u> )	(2,013,846)	<u>(1</u> )	(1,775,406)	(1)						
	Total operating expenses	_	(5,909,541)	<u>(10</u> )	(5,807,361)	<u>(9</u> )	(16,518,744)	<u>(10</u> )	(16,563,409)	<u>(9</u> )						
6500	Other operating income and expenses, net	_	21,127		84,124		61,732		127,220							
	Operating income	_	774,876	1	1,169,821	2	1,912,527	1	2,647,232	2						
	Non-operating income and loss:															
7010	Other income		300,347	-	304,830	-	562,598	-	473,649	-						
7020	Other gains and losses — net		560,704	1	(241,273)	-	810,738	1	488,066	-						
7050	Finance costs		(40,507)	-	(28,449)	-	(137,896)	-	(138,065)	-						
7060	Share of profits (losses) of associates and joint															
	ventures	_	(30,553)		(18,133)		(52,224)		(73,358)							
	Total non-operating income and loss	_	789,991	1	16,975	<u> </u>	1,183,216	1	750,292							
7900	Income before taxes		1,564,867	2	1,186,796	2	3,095,743	2	3,397,524	2						
7950	Income tax expense	_	(377,769)	<u> </u>	(305,280)	(1)	(779,100)	<u>(1</u> )	(985,472)	<u>(1</u> )						
	Net income	-	1,187,098	2	881,516	1	2,316,643	1	2,412,052	1						
	Other comprehensive income (loss):															
8310	Items that will not be reclassified subsequently to profit or loss:															
8311	Remeasurements of defined benefit plans		-	-	-	-	(1,881)	-	-	-						
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		167,035		(329,897)	(1)	570,387	_	(394,326)	_						
8320	Share of other comprehensive income (loss) of		107,033		(327,877)	(1)	370,367		(374,320)							
	associates		-	-	-	-	(24)	-	-	-						
8349	Income tax related to items that will not be reclassified subsequently to profit or loss				520				0.452							
	Total items that will not be reclassified	-		<u> </u>	530	<u> </u>	<del></del>		9,453	<u> </u>						
	subsequently to profit or loss		167,035	_	(329,367)	(1)	568,482	_	(384,873)	_						
8360	Items that may be reclassified subsequently to profit or loss:	: -	107,033		(323,301)				(301,075)							
8361	Exchange differences on translation of foreign															
	operations		(982,124)	(1)	(279,697)	-	(391,617)	-	219,400	-						
8370	Share of other comprehensive income (loss) of associates		(61)	_	(776)	_	(12)	_	(3,847)	-						
8399	Income tax related to items that may be reclassified								(2 - 2 - 2							
	subsequently to profit or loss  Total items that may be reclassified	-	-		(167)	<u> </u>		<u> </u>	(3,596)							
	subsequently to profit or loss		(982,185)	(1)	(280,640)	_	(391,629)	_	211,957	_						
	Other comprehensive income (loss), net of taxes	-	(815,150)	(1)	(610,007)	${(1)}$	176,853		(172,916)							
	Total comprehensive income for the period	s	371,948	1	271,509		2,493,496	1	2,239,136	1						
	Net income (loss) attributable to:	~=		_		—		_		_						
8610	Shareholders of the Company	\$	1,176,450	2	911,644	1	2,291,517	1	2,500,606	1						
8620	Non-controlling interests	Ψ	10,648	_	(30,128)	_	25,126		(88,554)	_						
00_0		\$	1,187,098		881,516	1	2,316,643	1	2,412,052	<u></u>						
	Total comprehensive income (loss) attributable to:	-		=		_		_		_						
8710	Shareholders of the Company	\$	372,521	1	306,745	_	2,478,877	1	2,349,774	1						
8720	Non-controlling interests	•	(573)		(35,236)		14,619		(110,638)							
	<u> </u>	\$	371,948	1	271,509	_	2,493,496	1	2,239,136	1						
	Earnings per share (in New Taiwan dollars):	=		_		_		_		_						
9750	Basic earnings per share	\$		0.39		0.30		0.76		0.83						
9850	Diluted earnings per share	\$		0.39		0.30		0.75		0.82						
		-	·													

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1	-1	655,963 57,975,406 2.021 (5.193)	(88,554) 57,970,213 (88,554) 2,412,052	(22,084) (172,916)	(110.638) 2.239.136			(2.120.798)		178,880 178,880	59,387 59,387	116,926 253,213	97 1.954	(1,705)		(2,112) (2,112)	900,505 58,623,118	П			14,619 2,493,496	•	(2.367.699)		36,051	44,821	(23,644) -	76,523 76,523		40,254 (38,245) 84,252 84,252			885,807 59,291,096
Total equity attributable Non-	cont	57,319,443 65 (7,214)		(150,832)	2 349 774 (1)		•	(2.120.798)		- +4,369		136,287	1,857	(1,705)			57,722,613				2,4/8,8//		(2.367.699)		36,051	44,821	23,644 (2			(78,499)			58,405,289
		(2,914,856)	(2.914.856)		,		,										(2,914,856)	(2.914.856)	ı							,							(2,914,856)
	Total	(3,198,500)	(3,198,500)	(150,832)	(150.832)		,							(1,705)			(3,379,642)	(3,381,189)	187.700	167,300	187,360												(3,191,904)
Unearned compensation cost arising from restricted shares of stock	issued to employees	(12,093)	(12,093)				,						,	(1,705)			(13,798)	       .	ı	   		,				,	,	,					
	of defined benefit plans	(96,281)	(96,281)	9,451	9 451		,										(86,830)	(69.817)	076.5	(1.240)	(1,240)												(71,057)
Unrealized gain (loss) from available-for-	sale financial assets	112,035		j	,																	,											
Unrealized gain (loss) from financial assets measured at fair value through other	comprehensive income	112.035	112,035	(383,645)	(383 645)		,										(300,215)	(522,226)	020 023	200,007	208,079												1,925 47,778
Ur fir me Foreign v2 currency		(3,202,161)	(3,202,161)	223,362	223 362		,										(2,978,799)	(2,789,146)	(070 470)	(379,479)	(3/9,4/9)	,											(3,168,625)
	Total	2,815,587	2,808,373		2 500 606		,										5,337,584	5.901.450	110,100,00	1 2 100 6	2,291,517		(2.367.699)			,							(1.925) 5,823,343
Unappropriated	retained earnings	2,815,587	2,808,373		2 500 606		(281,559)	(2,534,028)									2,521,997	3,085,863	11,11,11,11		2,291,517	(306,043)	(406,544)										(1.925) 2,295,169
_	Special reserve		       -				,	2,534,028									2,534,028	2,534,028	ı				406,544										2,940,572
	Legal						281,559										281,559	281,559	ı			306,043						,					587,602
I	Capital surplus	29,852,184	29.852,184				,	(2.120.798)	44.000	- 44,369		136,287	1,857				27,914,499	27,913,351	ı						36,051	44,821	23,644			(78,499)			27,939,368
	Common stock	\$ 30,765,028	30,765,028				•						•				\$ 30,765,028	\$ 30,749,338							•	•	i					<u>.</u>	\$ 30,749,338
		Balance at January 1, 2018  Effects of retrospective application	Adjusted balance at January 1, 2018 Net income for the period	Other comprehensive income (loss) for the period	Total comprehensive income (loss) for the neriod	Appropriation approved by the stockholders:	Legal reserve	Special reserve Cash distributed from capital surplus	Change in equity of investments in	associates Acquisition of subsidiaries	Issuance of common stock from exercise of employee stock options by subsidiaries	Changes in ownership interests in subsidiaries	Stock option compensation cost of subsidiaries	Compensation cost arising from restricted shares of stock issued to employees	Cash dividends paid to non-controlling	interests by subsidiaries Disposal of financial assets measured at fair value through other comprehensive	income by subsidiaries Balance at September 30, 2018	Balance at January 1, 2019	Other comprehensive income (loss) for the	period Total comprehensive income (loss) for the	Appropriation approved by the	Legal reserve	Special reserve Cash dividends	Adjustments of capital surplus for company's cash dividends received by	subsidiaries	change in equity of investments in associates	Changes in ownership interests in subsidiaries	Issuance of common stock from exercise of employee stock options by subsidiaries	Difference between consideration and carrying amount of subsidiaries acquired	or disposed Increase in non-controlling interests	Cash dividends paid to non-controlling interests by subsidiaries	Disposal of financial assets measured at fair value through other comprehensive	income by subsidiaries Balance at September 30,

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### ACER INCORPORATED AND SUBSIDIARIES

### **Consolidated Statements of Cash Flows**

### For the nine months ended September 30, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30					
<del>-</del>	2019	2018				
Cash flows from operating activities:						
Income before income tax \$	3,095,743	3,397,524				
Adjustments for:						
Adjustments to reconcile profit (loss):						
Depreciation	908,348	351,732				
Amortization	253,876	339,121				
Net loss (gain) on financial assets measured at fair value through profit or loss	(18,636)	85,216				
Interest expense	137,896	138,065				
Interest income	(367,359)	(250,220)				
Dividend income	(195,239)	(223,429)				
Share-based compensation cost	(193,239)	249				
Share of losses of associates and joint ventures	52,224	73,358				
Loss on disposal of equipment, intangible assets and non-current assets held	32,224	75,556				
for sale	785	2,882				
Property, plant and equipment and intangible assets reclassified to expenses	-	453				
Net loss on disposal of investments	_	75,033				
Gain on bargain purchase	_	(6,385)				
Other investment loss	_	3,696				
Total adjustments for profit and loss	771,895	589,771				
Changes in operating assets and liabilities:	771,055	507,771				
Changes in operating assets:						
Derivative financial instruments measured at fair value through profit or loss	(515,128)	(653,650)				
Contract assets	35,881	(316,678)				
Notes and accounts receivable	(2,166,383)	(259,824)				
Receivables from related parties	31,570	126,497				
Inventories	(2,090,212)	(3,394,711)				
Other receivables and other current assets	62,870	269,917				
Other non-current assets	(39.030)	4,430				
Changes in operating assets	(4,680,432)	(4,224,019)				
Changes in operating liabilities:	(1,000,132)	(1,221,01)				
Contract liabilities	653,685	322,110				
Notes and accounts payable	(401,046)	1,374,456				
Payables to related parties	-	(1,063)				
Other payables and other current liabilities	3,651,136	572,995				
Provisions	(110,971)	(180,778)				
Refund liabilities	118,416	(335,357)				
Other non-current liabilities	105,544	113,014				
Changes in operating liabilities	4,016,764	1,865,377				
Cash inflow generated from operations	3,203,970	1,628,653				
Interest received	355,143	252,733				
Income taxes paid	(1,141,552)	(577,289)				
Net cash from operating activities	2,417,561	1,304,097				

(Continued)

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### ACER INCORPORATED AND SUBSIDIARIES

### **Consolidated Statements of Cash Flows (Continued)**

### For the nine months ended September 30, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	For the nine mont September	
	2019	2018
Cash flows from investing activities:		
Purchase of financial assets measured at fair value through other comprehensive income	-	(86,605)
Proceeds from disposal of financial assets measured at fair value through other comprehensive income	-	63,930
Proceeds from capital return of financial assets measured at fair value through other comprehensive income	7,967	15,440
Proceeds from repayments of financial assets measured at fair value through profit or loss	61,307	-
Acquisition of financial assets measured at fair value through profit or loss	(1,329,782)	-
Proceeds from disposal of financial assets measured at fair value through profit or		
loss	11,249	19,971
Acquisition of investments accounted for using equity method	(101,526)	-
Proceeds from disposal of investments accounted for using equity method	-	557
Proceeds from disposal of non-current assets held for sale	-	163,974
Additions to property, plant and equipment	(158,207)	(219,860)
Proceeds from disposal of property, plant and equipment	6,448	3,396
Additions to intangible assets	(252,959)	(207,020)
Proceeds from disposal of intangible assets	10,424	-
Net cash received from acquisition of subsidiaries	-	8,012
Decrease (increase) in other non-current financial assets	(2,432)	21,171
Dividends received	228,393	232,353
Net cash flows from (used in) investing activities	(1,519,118)	15,319
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	454,840	(297,894)
Increase in long-term debt	5,800,000	22,669
Repayment of long-term debt	(3,303,480)	(2,702,494)
Payment of lease liabilities	(489,187)	-
Cash dividends paid	(2,331,648)	-
Cash distributed from capital surplus	-	(2,120,798)
Cash dividends paid to non-controlling interests by subsidiaries	(24,389)	(2,112)
Issuance of common stock from exercise of employee stock options by subsidiaries	76,523	59,387
Acquisition of interests in subsidiaries	(93,759)	(18,500)
Disposal of interests in subsidiaries (without losing control)	55,514	142,452
Increase in non-controlling interests	84,252	20,228
Interest paid	(133,013)	(128,615)
Net cash flows from (used in) financing activities	95,653	(5,025,677)
Effect of foreign exchange rate changes	(343,776)	152,149
Net increase (decrease) in cash and cash equivalents	650,320	(3,554,112)
Cash and cash equivalents at beginning of period	27,283,038	33,970,331
Cash and cash equivalents at end of period \$	27,933,358	30,416,219