

(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	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Assets							
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—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	<u>4,045,865</u>	<u>3</u>	<u>3,756,396</u>	<u>3</u>	<u>3,621,908</u>	<u>2</u>
	Total current assets	<u>129,608,708</u>	<u>79</u>	<u>123,120,995</u>	<u>80</u>	<u>126,995,137</u>	<u>80</u>
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	<u>1,117,662</u>	<u>1</u>	<u>1,003,782</u>	<u>1</u>	<u>988,054</u>	<u>1</u>
	Total non-current assets	<u>33,810,662</u>	<u>21</u>	<u>30,868,415</u>	<u>20</u>	<u>30,831,775</u>	<u>20</u>
	Total assets	<u><u>\$ 163,419,370</u></u>	<u><u>100</u></u>	<u><u>153,989,410</u></u>	<u><u>100</u></u>	<u><u>157,826,912</u></u>	<u><u>100</u></u>

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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, 2019		December 31, 2018		September 30, 2018	
		Amount	%	Amount	%	Amount	%
Liabilities and Equity							
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	<u>2,726,668</u>	<u>2</u>	<u>2,619,592</u>	<u>2</u>	<u>3,180,837</u>	<u>2</u>
Total current liabilities		<u>91,816,343</u>	<u>56</u>	<u>86,816,928</u>	<u>57</u>	<u>95,794,977</u>	<u>61</u>
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	<u>1,786,887</u>	<u>1</u>	<u>1,679,438</u>	<u>1</u>	<u>1,739,194</u>	<u>1</u>
Total non-current liabilities		<u>12,311,931</u>	<u>8</u>	<u>8,186,196</u>	<u>5</u>	<u>3,408,817</u>	<u>2</u>
Total liabilities		<u>104,128,274</u>	<u>64</u>	<u>95,003,124</u>	<u>62</u>	<u>99,203,794</u>	<u>63</u>
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	<u>(2,914,856)</u>	<u>(2)</u>	<u>(2,914,856)</u>	<u>(2)</u>	<u>(2,914,856)</u>	<u>(2)</u>
Equity attributable to shareholders of the Company		<u>58,405,289</u>	<u>35</u>	<u>58,268,094</u>	<u>38</u>	<u>57,722,613</u>	<u>36</u>
36XX	Non-controlling interests	<u>885,807</u>	<u>1</u>	<u>718,192</u>	<u>-</u>	<u>900,505</u>	<u>1</u>
Total equity		<u>59,291,096</u>	<u>36</u>	<u>58,986,286</u>	<u>38</u>	<u>58,623,118</u>	<u>37</u>
Total liabilities and equity		<u>\$ 163,419,370</u>	<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

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)

		For the three months ended September 30				For the nine months ended September 30			
		2019		2018		2019		2018	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Net revenue	\$ 62,870,297	100	65,326,327	100	172,701,074	100	178,605,395	100
5000	Cost of revenue	<u>(56,207,007)</u>	<u>(89)</u>	<u>(58,433,269)</u>	<u>(89)</u>	<u>(154,331,535)</u>	<u>(89)</u>	<u>(159,521,974)</u>	<u>(89)</u>
	Gross profit	<u>6,663,290</u>	<u>11</u>	<u>6,893,058</u>	<u>11</u>	<u>18,369,539</u>	<u>11</u>	<u>19,083,421</u>	<u>11</u>
	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	<u>(692,701)</u>	<u>(1)</u>	<u>(613,921)</u>	<u>(1)</u>	<u>(2,013,846)</u>	<u>(1)</u>	<u>(1,775,406)</u>	<u>(1)</u>
	Total operating expenses	<u>(5,909,541)</u>	<u>(10)</u>	<u>(5,807,361)</u>	<u>(9)</u>	<u>(16,518,744)</u>	<u>(10)</u>	<u>(16,563,409)</u>	<u>(9)</u>
6500	Other operating income and expenses, net	<u>21,127</u>	<u>-</u>	<u>84,124</u>	<u>-</u>	<u>61,732</u>	<u>-</u>	<u>127,220</u>	<u>-</u>
	Operating income	<u>774,876</u>	<u>1</u>	<u>1,169,821</u>	<u>2</u>	<u>1,912,527</u>	<u>1</u>	<u>2,647,232</u>	<u>2</u>
	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	<u>(30,553)</u>	<u>-</u>	<u>(18,133)</u>	<u>-</u>	<u>(52,224)</u>	<u>-</u>	<u>(73,358)</u>	<u>-</u>
	Total non-operating income and loss	<u>789,991</u>	<u>1</u>	<u>16,975</u>	<u>-</u>	<u>1,183,216</u>	<u>1</u>	<u>750,292</u>	<u>-</u>
7900	Income before taxes	<u>1,564,867</u>	<u>2</u>	<u>1,186,796</u>	<u>2</u>	<u>3,095,743</u>	<u>2</u>	<u>3,397,524</u>	<u>2</u>
7950	Income tax expense	<u>(377,769)</u>	<u>-</u>	<u>(305,280)</u>	<u>(1)</u>	<u>(779,100)</u>	<u>(1)</u>	<u>(985,472)</u>	<u>(1)</u>
	Net income	<u>1,187,098</u>	<u>2</u>	<u>881,516</u>	<u>1</u>	<u>2,316,643</u>	<u>1</u>	<u>2,412,052</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	-	-	-	-	(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 associates	-	-	-	-	(24)	-	-	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	-	-	530	-	-	-	9,453	-
	Total items that will not be reclassified subsequently to profit or loss	<u>167,035</u>	<u>-</u>	<u>(329,367)</u>	<u>(1)</u>	<u>568,482</u>	<u>-</u>	<u>(384,873)</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss:								
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 subsequently to profit or loss	-	-	(167)	-	-	-	(3,596)	-
	Total items that may be reclassified subsequently to profit or loss	<u>(982,185)</u>	<u>(1)</u>	<u>(280,640)</u>	<u>-</u>	<u>(391,629)</u>	<u>-</u>	<u>211,957</u>	<u>-</u>
	Other comprehensive income (loss) , net of taxes	<u>(815,150)</u>	<u>(1)</u>	<u>(610,007)</u>	<u>(1)</u>	<u>176,853</u>	<u>-</u>	<u>(172,916)</u>	<u>-</u>
	Total comprehensive income for the period	<u>\$ 371,948</u>	<u>1</u>	<u>271,509</u>	<u>-</u>	<u>2,493,496</u>	<u>1</u>	<u>2,239,136</u>	<u>1</u>
	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	<u>10,648</u>	<u>-</u>	<u>(30,128)</u>	<u>-</u>	<u>25,126</u>	<u>-</u>	<u>(88,554)</u>	<u>-</u>
		<u>\$ 1,187,098</u>	<u>2</u>	<u>881,516</u>	<u>1</u>	<u>2,316,643</u>	<u>1</u>	<u>2,412,052</u>	<u>1</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	<u>(573)</u>	<u>-</u>	<u>(35,236)</u>	<u>-</u>	<u>14,619</u>	<u>-</u>	<u>(110,638)</u>	<u>-</u>
		<u>\$ 371,948</u>	<u>1</u>	<u>271,509</u>	<u>-</u>	<u>2,493,496</u>	<u>1</u>	<u>2,239,136</u>	<u>1</u>
	Earnings per share (in New Taiwan dollars) :								
9750	Basic earnings per share	<u>\$ 0.39</u>		<u>0.30</u>		<u>0.76</u>		<u>0.83</u>	
9850	Diluted earnings per share	<u>\$ 0.39</u>		<u>0.30</u>		<u>0.75</u>		<u>0.82</u>	

(Expressed in Thousands of New Taiwan Dollars)

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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	
	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	-	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 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:		
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:		
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 months ended September 30	
	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