

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**ACER INCORPORATED AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**December 31, 2019 and 2018**

(Expressed in Thousands of New Taiwan Dollars)

		<b>December 31, 2019</b>		<b>December 31, 2018</b>	
<b>Assets</b>		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Current assets:</b>					
1100	Cash and cash equivalents	\$ 24,184,332	16	27,283,038	18
1110	Financial assets measured at fair value through profit or loss— current	1,271,742	1	435,574	-
1120	Financial assets measured at fair value through other comprehensive income—current	100,313	-	88,989	-
1140	Contract assets—current	420,882	-	396,235	-
1170	Notes and accounts receivable, net	49,398,044	32	47,491,595	31
1180	Accounts receivable from related parties	41,201	-	34,623	-
1200	Other receivables	550,769	-	1,097,802	1
1220	Current income tax assets	314,898	-	460,334	-
130X	Inventories	41,034,471	26	42,076,409	27
1470	Other current assets	4,412,422	3	3,756,396	3
<b>Total current assets</b>		<b>121,729,074</b>	<b>78</b>	<b>123,120,995</b>	<b>80</b>
<b>Non-current assets:</b>					
1510	Financial assets measured at fair value through profit or loss—non- current	-	-	44,894	-
1517	Financial assets measured at fair value through other comprehensive income—non-current	5,146,642	3	4,340,457	3
1550	Investments accounted for using equity method	944,958	1	875,861	-
1600	Property, plant and equipment	3,561,644	2	3,846,752	2
1755	Right-of-use assets	1,948,343	1	-	-
1760	Investment property	1,129,350	1	1,122,385	1
1780	Intangible assets	16,930,072	11	17,311,344	11
1840	Deferred income tax assets	1,551,795	1	890,458	1
1900	Other non-current assets	1,996,859	1	1,432,482	1
1980	Other financial assets—non-current	1,157,827	1	1,003,782	1
<b>Total non-current assets</b>		<b>34,367,490</b>	<b>22</b>	<b>30,868,415</b>	<b>20</b>
<b>Total assets</b>		<b>\$ 156,096,564</b>	<b>100</b>	<b>153,989,410</b>	<b>100</b>

See accompanying notes to consolidated financial statements.

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

**ACER INCORPORATED AND SUBSIDIARIES****Consolidated Balance Sheets (Continued)****December 31, 2019 and 2018****(Expressed in Thousands of New Taiwan Dollars)**

		<u>December 31, 2019</u>		<u>December 31, 2018</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b>Liabilities and Equity</b>					
<b>Current liabilities:</b>					
2100	Short-term borrowings	\$ 1,505,587	1	657,040	-
2120	Financial liabilities measured at fair value through profit or loss – current	449,052	-	272,085	-
2130	Contract liabilities – current	1,832,271	1	821,374	1
2170	Notes and accounts payable	35,223,814	23	40,079,353	26
2200	Other payables	24,711,860	16	24,420,154	16
2250	Provisions – current	4,953,980	3	5,239,352	4
2280	Lease liabilities – current	598,743	-	-	-
2322	Current portion of long-term debt	9,627	-	4,112	-
2365	Refund liabilities – current	12,441,200	8	12,703,866	8
2399	Other current liabilities	<u>2,747,123</u>	<u>2</u>	<u>2,619,592</u>	<u>2</u>
	<b>Total current liabilities</b>	<u>84,473,257</u>	<u>54</u>	<u>86,816,928</u>	<u>57</u>
<b>Non-current liabilities:</b>					
2527	Contract liabilities – non-current	662,672	-	1,405,350	1
2540	Long-term debt	5,834,188	4	3,315,976	2
2550	Provisions – non-current	32,096	-	36,241	-
2570	Deferred income tax liabilities	2,525,953	2	1,749,191	1
2580	Lease liabilities – non-current	1,409,264	1	-	-
2600	Other non-current liabilities	<u>1,963,895</u>	<u>1</u>	<u>1,679,438</u>	<u>1</u>
	<b>Total non-current liabilities</b>	<u>12,428,068</u>	<u>8</u>	<u>8,186,196</u>	<u>5</u>
	<b>Total liabilities</b>	<u>96,901,325</u>	<u>62</u>	<u>95,003,124</u>	<u>62</u>
<b>Equity:</b>					
3110	Common stock	30,749,338	20	30,749,338	20
3200	Capital surplus	28,152,962	18	27,913,351	18
	Retained earnings:				
3310	Legal reserve	587,602	-	281,559	-
3320	Special reserve	2,940,572	2	2,534,028	2
3350	Unappropriated retained earnings	2,668,082	2	3,085,863	2
3400	Other equity	(4,342,227)	(3)	(3,381,189)	(2)
3500	Treasury stock	<u>(2,914,856)</u>	<u>(2)</u>	<u>(2,914,856)</u>	<u>(2)</u>
	<b>Equity attributable to shareholders of the Company</b>	<u>57,841,473</u>	<u>37</u>	<u>58,268,094</u>	<u>38</u>
36XX	<b>Non-controlling interests</b>	<u>1,353,766</u>	<u>1</u>	<u>718,192</u>	<u>-</u>
	<b>Total equity</b>	<u>59,195,239</u>	<u>38</u>	<u>58,986,286</u>	<u>38</u>
	<b>Total liabilities and equity</b>	<u>\$ 156,096,564</u>	<u>100</u>	<u>153,989,410</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

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

**ACER INCORPORATED AND SUBSIDIARIES****Consolidated Statements of Comprehensive Income****For the years ended December 31, 2019 and 2018****(Expressed in Thousands of New Taiwan Dollars , Except Earnings Per Share)**

		2019		2018	
		Amount	%	Amount	%
4000	<b>Net revenue</b>	\$ 234,285,354	100	242,270,406	100
5000	<b>Cost of revenue</b>	(209,568,568)	(89)	(216,442,207)	(89)
	<b>Gross profit</b>	<u>24,716,786</u>	<u>11</u>	<u>25,828,199</u>	<u>11</u>
	<b>Operating expenses :</b>				
6100	Selling expenses	(14,697,428)	(7)	(15,234,252)	(6)
6200	General and administrative expenses	(4,431,080)	(2)	(4,462,573)	(2)
6300	Research and development expenses	(2,571,756)	(1)	(2,559,920)	(1)
6400	Other expenses	(33,258)	-	-	-
	<b>Total operating expenses</b>	<u>(21,733,522)</u>	<u>(10)</u>	<u>(22,256,745)</u>	<u>(9)</u>
6500	<b>Other operating income and expenses, net</b>	<u>94,550</u>	<u>-</u>	<u>167,035</u>	<u>-</u>
	<b>Operating income</b>	<u>3,077,814</u>	<u>1</u>	<u>3,738,489</u>	<u>2</u>
	<b>Non-operating income and loss:</b>				
7010	Other income	664,183	1	606,843	-
7020	Other gains and losses — net	270,533	-	216,232	-
7050	Finance costs	(189,251)	-	(175,288)	-
7060	Share of losses of associates and joint ventures	(111,259)	-	(133,896)	-
	<b>Total non-operating income and loss</b>	<u>634,206</u>	<u>1</u>	<u>513,891</u>	<u>-</u>
7900	<b>Income before taxes</b>	<u>3,712,020</u>	<u>2</u>	<u>4,252,380</u>	<u>2</u>
7950	<b>Income tax expense</b>	<u>(1,143,646)</u>	<u>(1)</u>	<u>(1,350,420)</u>	<u>(1)</u>
	<b>Net income</b>	<u>2,568,374</u>	<u>1</u>	<u>2,901,960</u>	<u>1</u>
	<b>Other comprehensive income:</b>				
8310	<b>Items that will not be reclassified to profit or loss</b>				
8311	Remeasurements of defined benefit plans	(233,583)	-	682	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	687,671	-	(593,723)	-
8320	Share of other comprehensive losses of associates	(24)	-	-	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	9,504	-	22,695	-
	<b>Total items that will not be reclassified to profit or loss</b>	<u>463,568</u>	<u>-</u>	<u>(570,346)</u>	<u>-</u>
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign operations	(1,413,636)	-	385,004	-
8370	Share of other comprehensive losses of associates	(36)	-	(3,940)	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	-	-	(3,596)	-
	<b>Total items that may be reclassified subsequently to profit or loss</b>	<u>(1,413,672)</u>	<u>-</u>	<u>377,468</u>	<u>-</u>
	<b>Other comprehensive loss, net of taxes</b>	<u>(950,104)</u>	<u>-</u>	<u>(192,878)</u>	<u>-</u>
	<b>Total comprehensive income for the year</b>	<u>\$ 1,618,270</u>	<u>1</u>	<u>2,709,082</u>	<u>1</u>
	<b>Net income (loss) attributable to:</b>				
8610	Shareholders of the Company	\$ 2,632,565	1	3,060,429	1
8620	Non-controlling interests	(64,191)	-	(158,469)	-
		<u>\$ 2,568,374</u>	<u>1</u>	<u>2,901,960</u>	<u>1</u>
	<b>Total comprehensive income (loss) attributable to:</b>				
8710	Shareholders of the Company	\$ 1,693,913	1	2,876,293	1
8720	Non-controlling interests	(75,643)	-	(167,211)	-
		<u>\$ 1,618,270</u>	<u>1</u>	<u>2,709,082</u>	<u>1</u>
	<b>Earnings per share (in New Taiwan dollars) :</b>				
9750	Basic earnings per share	\$ <u>0.87</u>		<u>1.01</u>	
9850	Diluted earnings per share	\$ <u>0.87</u>		<u>1.01</u>	

See accompanying notes to consolidated financial statements.

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**ACER INCORPORATED AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2019 and 2018**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Attributable to shareholders of the Company															
	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	Unrealized gain (loss) from available-for-sale financial assets	Remeasurements of defined benefit plans	Unearned compensation cost arising from restricted shares of stock issued to employees	Total	Treasury stock	Total equity attributable to owners of parent	Non-controlling interests	Total equity
<b>Balance at January 1, 2018</b>	\$ 30,765,028	29,852,184	-	-	2,815,587	2,815,587	(3,202,161)	112,035	(112,035)	-	(12,093)	(3,198,500)	(2,914,856)	57,319,443	655,963	57,975,406
Effects of retrospective application	-	-	-	-	(7,231)	(7,231)	-	-	-	-	-	-	-	(7,231)	2,021	(5,210)
Adjusted balance at January 1, 2018	30,765,028	29,852,184	-	-	2,808,356	2,808,356	(3,202,161)	112,035	(112,035)	-	(12,093)	(3,198,500)	(2,914,856)	57,312,212	657,984	57,970,196
Net income for the year	-	-	-	-	3,060,429	3,060,429	-	-	-	(96,281)	-	-	-	3,060,429	(158,469)	2,901,960
Other comprehensive income (loss) for the year	-	-	-	-	-	-	390,996	(601,596)	-	26,464	-	(184,136)	-	(184,136)	(8,242)	(292,878)
Total comprehensive income (loss) for the year	-	-	-	-	3,060,429	3,060,429	390,996	(601,596)	-	26,464	-	(184,136)	-	2,876,293	(167,211)	2,709,082
Appropriation approved by the stockholders:																
Legal reserve	-	-	281,559	-	(81,559)	-	-	-	-	-	-	-	-	-	-	-
Dividends declared	-	-	-	2,534,028	(2,534,028)	-	-	-	-	-	-	-	-	(2,120,798)	(19)	(2,120,798)
Changes in equity of investments in associates	-	-	-	-	-	-	-	-	-	-	-	-	-	44,225	9,734	44,206
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	32,647	105,682	105,682
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of common stock from exercise of employee stock options by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	61,987	61,987
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	-	-	-	-	-	-	-	-	-	100,600	52,050	152,650
Retirement of restricted shares of stock issued to employees	(15,690)	-	-	-	-	-	-	-	-	-	-	-	-	100,600	-	100,600
Compensation cost arising from restricted shares of stock issued to employees	-	-	-	-	-	-	-	-	-	-	13,798	-	-	-	-	-
Stock option compensation cost of subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,705)	-	-	(1,705)	97	(1,705)
Disposal of investments accounted for using equity method	-	-	-	-	-	-	-	-	-	-	-	-	-	1,857	-	1,857
Cash dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	22,019	-	-	-	-	-	-	22,763	-	22,763
Disposal of financial assets measured at fair value through other comprehensive income by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,112)	(2,112)
Disposal of financial assets measured at fair value through other comprehensive income by subsidiaries	-	-	-	-	-	-	-	(32,665)	-	(69,817)	-	(32,665)	-	58,268,094	718,192	58,986,286
<b>Balance at December 31, 2018</b>	30,749,338	27,913,351	281,559	2,534,028	3,085,863	5,901,430	(2,789,146)	(522,226)	-	-	-	(3,381,189)	(2,914,856)	58,268,094	(64,191)	2,568,374
Net income for the year	-	-	-	-	2,632,565	2,632,565	-	-	-	-	-	-	-	2,632,565	(11,452)	(950,104)
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(1,405,928)	685,362	-	(218,086)	-	(938,652)	-	(938,652)	(75,643)	(1,618,270)
Total comprehensive income (loss) for the year	-	-	-	-	2,632,565	2,632,565	(1,405,928)	685,362	-	(218,086)	-	(938,652)	-	1,693,913	(75,643)	1,618,270
Appropriation approved by the stockholders:																
Legal reserve	-	-	306,043	-	(306,043)	-	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	406,544	(406,544)	-	-	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(2,367,699)	(2,367,699)	-	-	-	-	-	-	-	(2,367,699)	-	(2,367,699)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	36,051	6,005	36,051
Changes in equity of investments in associates	-	-	-	-	-	-	-	-	-	-	-	-	-	64,047	70,052	70,052
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	195,228	(195,228)	-
Issuance of common stock from exercise of employee stock options by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	76,523	76,523
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	-	-	-	-	-	-	-	-	-	(57,583)	419,732	362,149
Reorganization under common control	-	-	-	-	(126)	(126)	7,680	-	-	-	-	-	-	1,868	1,026	2,894
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(126)	126	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	7,680	7,680	7,680
Cash dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	427,422	(427,422)	427,422
Disposal of financial assets measured at fair value through other comprehensive income by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(24,389)	(24,389)	(24,389)
<b>Balance at December 31, 2019</b>	\$ 30,749,338	28,152,902	587,602	2,940,572	30,066	6,196,256	(4,187,394)	(30,066)	-	(287,919)	(30,066)	(4,342,227)	(2,914,856)	57,841,473	1,353,766	59,195,239

See accompanying notes to consolidated financial statements.

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

**ACER INCORPORATED AND SUBSIDIARIES****Consolidated Statements of Cash Flows****For the years ended December 31, 2019 and 2018****(Expressed in Thousands of New Taiwan Dollars)**

	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities:</b>		
Income before income tax	\$ 3,712,020	4,252,380
<b>Adjustments for:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation	1,193,596	423,898
Amortization	318,723	415,818
Net loss (gain) on financial assets measured at fair value through profit or loss	(20,112)	496,558
Interest expense	189,251	175,288
Interest income	(468,887)	(358,954)
Dividend income	(195,296)	(247,889)
Share-based compensation cost	2,894	249
Share of losses of associates and joint ventures	111,259	133,896
Loss on disposal of equipment, intangible assets and non-current assets held for sale	12,830	3,475
Property, plant and equipment and intangible assets reclassified to expenses	-	453
Loss on disposal of investments	5,086	33,158
Impairment loss	51,584	-
Gain on bargain purchase	-	(6,385)
Other investment loss	-	3,696
<b>Total adjustments for profit and loss</b>	<u>1,200,928</u>	<u>1,073,261</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Derivative financial instruments measured at fair value through profit or loss	514,979	(606,239)
Contract assets	(24,647)	(383,613)
Notes and accounts receivable	(2,031,798)	(523,043)
Receivables from related parties	(6,578)	92,280
Inventories	1,025,472	(2,434,278)
Other receivables and other current assets	(106,195)	(147,231)
Other non-current assets	(49,783)	4,968
<b>Changes in operating assets</b>	<u>(678,550)</u>	<u>(3,997,156)</u>
<b>Changes in operating liabilities:</b>		
Contract liabilities	883,189	498,459
Notes and accounts payable	(4,855,539)	(2,897,116)
Other payables and other current liabilities	(289,681)	338,917
Provisions	(289,517)	(144,977)
Refund liabilities	(262,666)	(784,304)
Other non-current liabilities	60,379	52,880
<b>Changes in operating liabilities</b>	<u>(4,753,835)</u>	<u>(2,936,141)</u>
Cash used in operations	(519,437)	(1,607,656)
Interest received	466,089	359,771
Income taxes paid	(1,327,101)	(884,258)
<b>Net cash used in operating activities</b>	<u>(1,380,449)</u>	<u>(2,132,143)</u>

(Continued)

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**ACER INCORPORATED AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows (Continued)**  
**For the years ended December 31, 2019 and 2018**  
**(Expressed in Thousands of New Taiwan Dollars)**

	2019	2018
<b>Cash flows from investing activities:</b>		
Purchase of financial assets measured at fair value through other comprehensive income	(272,983)	(86,605)
Proceeds from disposal of financial assets measured at fair value through other comprehensive income	-	62,576
Proceeds from capital return and liquidation of financial assets measured at fair value through other comprehensive income	23,028	31,883
Proceeds from repayments of financial assets measured at fair value through profit or loss	61,307	16,580
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	114,896	8,458
Acquisition of investments accounted for using equity method	(101,526)	(151,500)
Proceeds from disposal of investments accounted for using equity method	-	557
Proceeds from liquidation of investments accounted for using equity method	9,563	-
Proceeds from disposal of non-current assets held for sale	-	163,974
Additions to property, plant and equipment	(225,397)	(230,598)
Proceeds from disposal of equipment and intangible assets	7,784	9,787
Additions to intangible assets	(303,594)	(218,040)
Net cash paid for acquisition of subsidiaries	-	(1,071)
Increase in other non-current financial assets	(18,233)	(4,965)
Dividends received	228,450	256,813
<b>Net cash flows used in investing activities</b>	<b>(1,806,487)</b>	<b>(142,151)</b>
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	850,496	98,492
Increase in long-term debt	5,828,760	22,669
Repayment of long-term debt	(3,304,596)	(2,704,109)
Payment of lease liabilities	(631,624)	-
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	61,987
Acquisition of interests in subsidiaries	(93,762)	(18,500)
Disposal of interests in subsidiaries (without losing control)	455,911	168,402
Increase in non-controlling interests	427,422	34,029
Interest paid	(182,087)	(161,420)
<b>Net cash flows from (used in) financing activities</b>	<b>1,071,006</b>	<b>(4,621,360)</b>
<b>Effect of foreign exchange rate changes</b>	<b>(982,776)</b>	<b>208,361</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(3,098,706)</b>	<b>(6,687,293)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>27,283,038</b>	<b>33,970,331</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 24,184,332</b>	<b>27,283,038</b>

See accompanying notes to consolidated financial statements.