

(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, 2022 and 2021

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2022, December 31, 2021, and March 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

	March 31, 2022		December 31, 2021		March 31, 2021	
	Amount	%	Amount	%	Amount	%
Assets						
Current assets:						
1100 Cash and cash equivalents	\$ 28,087,749	13	44,619,541	21	34,102,856	19
1110 Financial assets measured at fair value through profit or loss—current	3,188,582	2	3,222,868	2	6,561,581	4
1120 Financial assets measured at fair value through other comprehensive income—current	-	-	-	-	122,915	-
1140 Contract assets—current	502,236	-	451,354	-	487,689	-
1170 Notes and accounts receivable, net	69,556,406	33	64,039,437	30	50,928,311	28
1180 Accounts receivable from related parties	337	-	1,329	-	131,413	-
1200 Other receivables	469,834	-	505,914	-	503,892	-
1220 Current income tax assets	569,639	-	486,468	-	341,995	-
130X Inventories	63,858,866	30	58,703,827	27	50,444,330	27
1470 Other current assets	<u>3,178,943</u>	<u>2</u>	<u>3,064,500</u>	<u>1</u>	<u>3,894,561</u>	<u>2</u>
Total current assets	<u>169,412,592</u>	<u>80</u>	<u>175,095,238</u>	<u>81</u>	<u>147,519,543</u>	<u>80</u>
Non-current assets:						
1517 Financial assets measured at fair value through other comprehensive income—non-current	8,095,921	4	7,806,702	4	6,821,030	4
1535 Financial assets at amortised cost—non-current	286,220	-	-	-	-	-
1550 Investments accounted for using the equity method	949,650	-	937,129	-	1,043,117	1
1600 Property, plant and equipment	4,084,437	2	4,055,870	2	3,873,566	2
1755 Right-of-use assets	1,923,634	1	1,736,642	1	1,973,310	1
1760 Investment property	817,072	-	819,591	-	748,382	-
1780 Intangible assets	17,075,066	8	16,527,283	8	16,277,852	9
1840 Deferred income tax assets	3,685,534	2	3,671,634	2	2,467,980	1
1990 Other non-current assets	3,463,784	2	2,943,066	1	1,751,755	1
1980 Other financial assets—non-current	<u>1,022,783</u>	<u>1</u>	<u>1,195,156</u>	<u>1</u>	<u>1,044,987</u>	<u>1</u>
Total non-current assets	<u>41,404,101</u>	<u>20</u>	<u>39,693,073</u>	<u>19</u>	<u>36,001,979</u>	<u>20</u>
Total assets	<u>\$ 210,816,693</u>	<u>100</u>	<u>214,788,311</u>	<u>100</u>	<u>183,521,522</u>	<u>100</u>

(Continued)

(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, 2022 and 2021

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Balance Sheets (Continued)

March 31, 2022, December 31, 2021, and March 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

		<u>March 31, 2022</u>		<u>December 31, 2021</u>		<u>March 31, 2021</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Liabilities and Equity							
Current liabilities:							
2100	Short-term borrowings	\$ 1,747,595	1	1,253,590	1	500,208	-
2120	Financial liabilities measured at fair value through profit or loss—current	502,251	-	291,917	-	362,958	-
2130	Contract liabilities—current	2,660,330	1	2,455,504	1	2,223,406	1
2170	Notes and accounts payable	44,879,306	22	57,897,697	27	44,525,650	24
2200	Other payables	46,375,543	22	37,249,145	17	36,042,356	20
2230	Current tax liabilities	5,787,067	3	5,205,928	2	4,165,983	3
2250	Provisions—current	6,924,246	3	6,401,659	3	6,068,931	4
2280	Lease liabilities—current	563,711	-	530,564	-	612,758	-
2322	Current portion of long-term debt	21,099	-	20,106	-	23,528	-
2365	Refund liabilities—current	16,886,336	8	16,128,976	8	14,742,882	8
2399	Other current liabilities	1,829,938	1	1,987,969	1	2,385,786	1
	Total current liabilities	<u>128,177,422</u>	<u>61</u>	<u>129,423,055</u>	<u>60</u>	<u>111,654,446</u>	<u>61</u>
Non-current liabilities:							
2500	Financial liabilities measured at fair value through profit or loss—non-current	-	-	3,066	-	-	-
2527	Contract liabilities—non-current	872,881	-	1,002,391	-	901,568	-
2531	Bonds payable	10,000,000	5	10,000,000	5	-	-
2540	Long-term debt	100,150	-	99,820	-	3,417,065	2
2550	Provisions—non-current	5,086	-	201,650	-	28,324	-
2570	Deferred income tax liabilities	4,654,727	2	4,643,830	2	3,552,721	2
2580	Lease liabilities—non-current	1,488,390	1	1,320,713	1	1,449,891	1
2600	Other non-current liabilities	2,096,617	1	2,070,843	1	2,022,538	1
	Total non-current liabilities	<u>19,217,851</u>	<u>9</u>	<u>19,342,313</u>	<u>9</u>	<u>11,372,107</u>	<u>6</u>
	Total liabilities	<u>147,395,273</u>	<u>70</u>	<u>148,765,368</u>	<u>69</u>	<u>123,026,553</u>	<u>67</u>
Equity :							
3110	Common stock	30,478,538	14	30,478,538	14	30,478,538	17
3200	Capital surplus	27,489,786	13	27,514,269	13	27,421,817	15
	Retained earnings:						
3310	Legal reserve	1,456,427	1	1,456,427	1	853,852	1
3320	Special reserve	4,833,750	2	4,833,750	2	3,976,265	2
3350	Unappropriated retained earnings	5,882,542	3	10,596,212	5	4,209,420	2
3400	Other equity	(6,374,006)	(3)	(8,287,624)	(4)	(5,461,997)	(3)
3500	Treasury stock	(2,914,856)	(1)	(2,914,856)	(1)	(2,914,856)	(2)
	Equity attributable to shareholders of the Parent	<u>60,852,181</u>	<u>29</u>	<u>63,676,716</u>	<u>30</u>	<u>58,563,039</u>	<u>32</u>
36XX	Non-controlling interests	<u>2,569,239</u>	<u>1</u>	<u>2,346,227</u>	<u>1</u>	<u>1,931,930</u>	<u>1</u>
	Total equity	<u>63,421,420</u>	<u>30</u>	<u>66,022,943</u>	<u>31</u>	<u>60,494,969</u>	<u>33</u>
	Total liabilities and equity	<u>\$ 210,816,693</u>	<u>100</u>	<u>214,788,311</u>	<u>100</u>	<u>183,521,522</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 March 31, 2022 and 2021

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

		For the three months ended March 31			
		2022		2021	
		Amount	%	Amount	%
4000	Net revenue	78,378,269	100	71,555,463	100
5000	Cost of revenue	<u>(69,524,832)</u>	<u>(89)</u>	<u>(63,243,605)</u>	<u>(88)</u>
	Gross profit	<u>8,853,437</u>	<u>11</u>	<u>8,311,858</u>	<u>12</u>
	Operating expenses :				
6100	Selling expenses	(4,059,518)	(5)	(3,707,885)	(5)
6200	General and administrative expenses	(1,262,638)	(1)	(1,179,371)	(2)
6300	Research and development expenses	<u>(635,393)</u>	<u>(1)</u>	<u>(648,054)</u>	<u>(1)</u>
	Total operating expenses	<u>(5,957,549)</u>	<u>(7)</u>	<u>(5,535,310)</u>	<u>(8)</u>
6500	Other operating income and expenses, net	<u>18,326</u>	<u>-</u>	<u>29,721</u>	<u>-</u>
	Operating income	<u>2,914,214</u>	<u>4</u>	<u>2,806,269</u>	<u>4</u>
	Non-operating income and loss:				
7100	Interest income	85,506	-	78,881	-
7020	Other gains and losses	90,629	-	936,344	1
7050	Finance costs	(9,483)	-	(40,444)	-
7060	Share of profits (losses) of associates and joint ventures	<u>21,159</u>	<u>-</u>	<u>(5,539)</u>	<u>-</u>
	Total non-operating income and loss	<u>187,811</u>	<u>-</u>	<u>969,242</u>	<u>1</u>
7900	Income before taxes	3,102,025	4	3,775,511	5
7950	Income tax expense	<u>(757,619)</u>	<u>(1)</u>	<u>(977,953)</u>	<u>(1)</u>
	Net income	<u>2,344,406</u>	<u>3</u>	<u>2,797,558</u>	<u>4</u>
	Other comprehensive income (loss) :				
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	70,990	-	736,351	1
8320	Share of other comprehensive income (losses) of associates	(13)	-	17	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total items that will not be reclassified subsequently to profit or loss	<u>70,977</u>	<u>-</u>	<u>736,368</u>	<u>1</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations	1,866,744	2	(650,992)	(1)
8370	Share of other comprehensive gains (losses) of associates	158	-	(159)	-
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>1,866,902</u>	<u>2</u>	<u>(651,151)</u>	<u>(1)</u>
	Other comprehensive income (loss), net of taxes	<u>1,937,879</u>	<u>2</u>	<u>85,217</u>	<u>-</u>
	Total comprehensive income for the year	<u>\$ 4,282,285</u>	<u>5</u>	<u>2,882,775</u>	<u>4</u>
	Net income (loss) attributable to:				
8610	Shareholders of the Parent	\$ 2,234,551	3	2,743,006	4
8620	Non-controlling interests	<u>109,855</u>	<u>-</u>	<u>54,552</u>	<u>-</u>
		<u>\$ 2,344,406</u>	<u>3</u>	<u>2,797,558</u>	<u>4</u>
	Total comprehensive income (loss) attributable to:				
8710	Shareholders of the Parent	\$ 4,144,438	5	2,801,549	4
8720	Non-controlling interests	<u>137,847</u>	<u>-</u>	<u>81,226</u>	<u>-</u>
		<u>\$ 4,282,285</u>	<u>5</u>	<u>2,882,775</u>	<u>4</u>
	Earnings per share (in New Taiwan dollars) :				
9750	Basic earnings per share	\$ 0.74		0.91	
9850	Diluted earnings per share	<u>\$ 0.74</u>		<u>0.91</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 Changes in Equity

For the three months ended March 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Attributable to shareholders of the Parent													
	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	Non-controlling interests	Total equity
Balance at January 1, 2021	\$ 30,478,538	27,378,065	853,852	3,976,265	6,038,916	10,569,033	(6,043,227)	768,662	(242,887)	(5,517,432)	(2,914,856)	60,293,331	1,648,633	61,941,964
Net income for the period	-	-	-	-	2,743,006	2,743,006	-	-	-	-	-	2,743,006	54,552	2,797,558
Other comprehensive income (loss) for the period	-	-	-	-	(647,300)	(647,300)	(647,300)	705,836	7	58,543	-	58,543	26,674	85,217
Total comprehensive income (loss) for the period	-	-	-	-	2,743,006	2,743,006	(647,300)	705,836	7	58,543	-	2,801,549	81,226	2,882,775
Appropriation approved by the stockholders:														
Cash dividends	-	-	-	-	(4,571,781)	(4,571,781)	-	-	-	-	-	(4,571,781)	-	(4,571,781)
Share of changes in equity of associates	-	83	-	-	-	83	-	-	-	(3,809)	-	39,186	(39,186)	83
Change in ownership interests in subsidiaries	-	42,995	-	-	(23)	42,972	(23)	(6,544)	2,758	(3,809)	-	39,186	2,500	42,686
Disposal of interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	2,500	2,500
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(330)	-	-	-	(330)	-	-	-	-	-	(330)	330	-
Stock option compensation cost of subsidiaries	-	1,001	-	-	-	1,001	-	-	-	-	-	1,001	698	1,699
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	260,491	260,491
Cash dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(22,762)	(22,762)
Disposal of financial assets measured at fair value through other comprehensive income	-	-	-	-	(721)	(721)	-	721	-	721	-	-	-	-
Balance at March 31, 2021	\$ 30,478,538	27,421,817	853,852	3,976,265	4,209,420	9,039,537	(6,690,500)	1,468,675	(240,122)	(5,461,997)	(2,914,856)	58,563,039	1,931,930	60,494,969
Balance at January 1, 2022	\$ 30,478,538	27,514,269	1,456,427	4,833,750	10,596,212	16,886,389	(8,805,597)	746,183	(228,210)	(8,287,624)	(2,914,856)	63,676,716	2,346,227	66,022,943
Net income for the period	-	-	-	-	2,234,551	2,234,551	-	-	-	-	-	2,234,551	109,855	2,344,406
Other comprehensive income (loss) for the period	-	-	-	-	(1,834,471)	(1,834,471)	1,834,471	75,421	(5)	1,909,887	-	1,909,887	27,992	1,937,879
Total comprehensive income (loss) for the period	-	-	-	-	2,234,551	2,234,551	1,834,471	75,421	(5)	1,909,887	-	1,909,887	137,847	2,077,726
Appropriation approved by the stockholders:														
Cash dividends	-	-	-	-	(6,949,107)	(6,949,107)	-	-	-	-	-	(6,949,107)	-	(6,949,107)
Share of changes in equity of associates	-	(5,675)	-	-	-	(5,675)	-	-	-	-	-	(5,675)	(8,881)	(14,556)
Changes in ownership interests in subsidiaries	-	(16,023)	-	-	(10)	(16,033)	(10)	35	45	70	-	(16,553)	16,553	-
Reorganization under common control	-	(2,185)	-	-	-	(2,185)	-	-	4,547	4,547	-	2,362	(2,362)	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	103,053	103,053
Cash dividends paid to non-controlling interests by subsidiaries	-	-	-	-	886	886	-	(886)	-	-	-	-	(23,198)	(23,198)
Disposal of financial assets measured at fair value through other comprehensive income	-	-	-	-	(886)	(886)	-	886	-	(886)	-	-	-	-
Balance at March 31, 2022	\$ 30,478,538	27,489,786	1,456,427	4,833,750	5,882,542	12,172,719	(6,971,136)	820,753	(223,623)	(6,374,006)	(2,914,856)	60,852,181	2,569,239	63,421,420

(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 Cash Flows

For the three months ended March 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2022	2021
Cash flows from operating activities:		
Income before income tax	\$ 3,102,025	3,775,511
Adjustments for:		
Adjustments to reconcile profit or loss:		
Depreciation	242,196	266,901
Amortization	141,943	112,602
Net (gain) loss on financial assets measured at fair value through profit or loss	7,809	(9,699)
Effects of exchange rate changes of financial assets at amortised cost	(9,233)	-
Interest expense	9,483	40,444
Interest income	(85,506)	(78,881)
Share-based compensation cost	-	1,699
Share of profit of associates and joint ventures	(21,159)	5,539
Loss on disposal of equipment	87	1,720
Loss on liquidation of subsidiaries	478	-
Total adjustments for profit or loss	286,098	340,325
Changes in operating assets and liabilities:		
Changes in operating assets:		
Derivative financial instruments measured at fair value through profit or loss	61,528	(1,906,918)
Contract assets	(50,882)	26,680
Notes and accounts receivable	(5,432,958)	4,266,325
Receivables from related parties	992	(103,994)
Inventories	(5,156,450)	(7,461,855)
Other receivables and other current assets	(77,664)	154,380
Other non-current assets	(141,904)	7,524
Changes in operating assets	(10,797,338)	(5,017,858)
Changes in operating liabilities:		
Contract liabilities	75,316	27,782
Notes and accounts payable	(13,018,391)	(4,879,984)
Other payables and other current liabilities	1,977,481	2,360,785
Provisions	326,023	115,990
Refund liabilities	757,360	(331,739)
Other non-current liabilities	25,774	(59,036)
Changes in operating liabilities	(9,856,437)	(2,766,202)
Cash provided by operations	(17,265,652)	(3,668,224)
Interest received	85,000	77,821
Income taxes paid	(484,642)	(155,492)
Net cash flows used in operating activities	(17,665,294)	(3,745,895)

(Continued)

(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 Cash Flows (Continued)
For the three months ended March 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2022	2021
Cash flows from investing activities:		
Purchase of financial assets measured at fair value through other comprehensive income	(205,170)	(1,800)
Proceeds from disposal of financial assets measured at fair value through other comprehensive income	-	209
Proceeds from capital return of financial assets measured at fair value through other comprehensive income	-	2,791
Purchase of financial assets at amortised cost	(277,000)	-
Proceeds from disposal of financial assets measured at fair value through profit or loss	275,048	-
Acquisition of investments accounted for using the equity method	-	(64,383)
Payment of contingent consideration arising from business combination	(37,534)	-
Additions to property, plant and equipment and investment property	(90,206)	(123,520)
Proceeds from disposal of property, plant and equipment	426	975
Additions to intangible assets	(138,894)	(75,410)
Net cash flow from liquidation of subsidiaries	(478)	-
Increase in assets recognized from costs to fulfill contracts with costumers	(105,655)	(63,304)
Decrease (increase) in other non-current financial assets	88,362	(10,557)
Dividends received	-	24,000
Net cash flows used in investing activities	(491,101)	(310,999)
Cash flows from financing activities:		
Increase in short-term borrowings	1,698,876	491,109
Decrease in short-term borrowings	(1,221,292)	(1,019,086)
Increase in long-term debt	-	32,908
Repayment of long-term debt	(5,062)	(4,524)
Payment of lease liabilities	(147,814)	(188,084)
Cash dividends paid to non-controlling interests by subsidiaries	-	(3,258)
Issuance of common stock by subsidiaries not subscribed by the Group	103,053	260,491
Interest received (paid)	9,100	(39,470)
Net cash flows provided by (used in) financing activities	436,861	(469,914)
Effect of foreign exchange rate changes	1,187,742	(551,359)
Net decrease in cash and cash equivalents	(16,531,792)	(5,078,167)
Cash and cash equivalents at beginning of period	44,619,541	39,181,023
Cash and cash equivalents at end of period	\$ 28,087,749	34,102,856