

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

June 30, 2022 and 2021

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2022, December 31, 2021, and June 30, 2021

(Expressed in Thousands of New Taiwan Dollars)

	June 30, 2022		December 31, 2021		June 30, 2021	
	Amount	%	Amount	%	Amount	%
Assets						
Current assets:						
1100 Cash and cash equivalents	\$ 26,130,131	12	44,619,541	21	30,327,470	16
1110 Financial assets measured at fair value through profit or loss—current	4,092,652	2	3,222,868	2	6,198,748	3
1120 Financial assets measured at fair value through other comprehensive income—current	-	-	-	-	129,532	-
1140 Contract assets—current	539,285	-	451,354	-	438,019	-
1170 Notes and accounts receivable, net	75,666,241	35	64,039,437	30	58,248,686	30
1180 Accounts receivable from related parties	124	-	1,329	-	63,832	-
1200 Other receivables	485,947	-	505,914	-	379,560	-
1220 Current income tax assets	596,062	-	486,468	-	331,287	-
130X Inventories	63,441,673	30	58,703,827	27	58,710,870	30
1470 Other current assets	<u>4,446,782</u>	<u>2</u>	<u>3,064,500</u>	<u>1</u>	<u>4,215,721</u>	<u>2</u>
Total current assets	<u>175,398,897</u>	<u>81</u>	<u>175,095,238</u>	<u>81</u>	<u>159,043,725</u>	<u>81</u>
Non-current assets:						
1517 Financial assets measured at fair value through other comprehensive income—non-current	7,353,091	3	7,806,702	4	7,624,213	4
1535 Financial assets at amortised cost—non-current	713,233	-	-	-	-	-
1550 Investments accounted for using the equity method	962,189	1	937,129	-	979,385	1
1600 Property, plant and equipment	4,199,631	2	4,055,870	2	4,021,226	2
1755 Right-of-use assets	1,972,635	1	1,736,642	1	1,841,932	1
1760 Investment property	813,739	-	819,591	-	842,628	-
1780 Intangible assets	17,502,487	8	16,527,283	8	16,425,541	8
1840 Deferred income tax assets	3,657,471	2	3,671,634	2	2,458,222	1
1990 Other non-current assets	2,444,673	1	2,943,066	1	1,717,361	1
1980 Other financial assets—non-current	<u>975,625</u>	<u>1</u>	<u>1,195,156</u>	<u>1</u>	<u>1,068,783</u>	<u>1</u>
Total non-current assets	<u>40,594,774</u>	<u>19</u>	<u>39,693,073</u>	<u>19</u>	<u>36,979,291</u>	<u>19</u>
Total assets	<u>\$ 215,993,671</u>	<u>100</u>	<u>214,788,311</u>	<u>100</u>	<u>196,023,016</u>	<u>100</u>

(Continued)

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June 30, 2022 and 2021

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Balance Sheets (Continued)

June 30, 2022, December 31, 2021, and June 30, 2021

(Expressed in Thousands of New Taiwan Dollars)

	June 30, 2022		December 31, 2021		June 30, 2021		
	Amount	%	Amount	%	Amount	%	
Liabilities and Equity							
Current liabilities:							
2100	Short-term borrowings	\$ 6,940,106	3	1,253,590	1	1,366,226	1
2120	Financial liabilities measured at fair value through profit or loss—current	56,903	-	291,917	-	267,248	-
2130	Contract liabilities—current	2,836,512	1	2,455,504	1	2,398,125	1
2170	Notes and accounts payable	42,208,136	20	57,897,697	27	48,768,020	25
2200	Other payables	48,086,224	22	37,249,145	17	39,013,760	20
2230	Current tax liabilities	3,417,274	2	5,205,928	2	3,719,783	2
2250	Provisions—current	6,973,880	3	6,401,659	3	6,295,794	3
2280	Lease liabilities—current	581,609	-	530,564	-	568,714	-
2322	Current portion of long-term debt	55,369	-	20,106	-	23,225	-
2365	Refund liabilities—current	18,157,857	9	16,128,976	8	16,121,636	8
2399	Other current liabilities	2,247,761	1	1,987,969	1	2,384,354	1
	Total current liabilities	<u>131,561,631</u>	<u>61</u>	<u>129,423,055</u>	<u>60</u>	<u>120,926,885</u>	<u>61</u>
Non-current liabilities:							
2500	Financial liabilities measured at fair value through profit or loss—non-current	-	-	3,066	-	3,066	-
2527	Contract liabilities—non-current	890,120	-	1,002,391	-	995,066	-
2531	Bonds payable	10,000,000	5	10,000,000	5	5,000,000	3
2540	Long-term debt	40,783	-	99,820	-	108,534	-
2550	Provisions—non-current	14,588	-	201,650	-	29,746	-
2570	Deferred income tax liabilities	4,645,730	2	4,643,830	2	3,556,574	2
2580	Lease liabilities—non-current	1,519,365	1	1,320,713	1	1,360,062	1
2600	Other non-current liabilities	2,104,768	1	2,070,843	1	2,037,374	1
	Total non-current liabilities	<u>19,215,354</u>	<u>9</u>	<u>19,342,313</u>	<u>9</u>	<u>13,090,422</u>	<u>7</u>
	Total liabilities	<u>150,776,985</u>	<u>70</u>	<u>148,765,368</u>	<u>69</u>	<u>134,017,307</u>	<u>68</u>
Equity :							
3110	Common stock	30,478,538	14	30,478,538	14	30,478,538	16
3200	Capital surplus	27,552,262	13	27,514,269	13	27,424,487	14
Retained earnings:							
3310	Legal reserve	2,515,341	1	1,456,427	1	853,852	-
3320	Special reserve	7,398,192	3	4,833,750	2	3,976,265	2
3350	Unappropriated retained earnings	3,983,598	2	10,596,212	5	6,849,425	3
3400	Other equity	(6,688,570)	(3)	(8,287,624)	(4)	(6,743,771)	(3)
3500	Treasury stock	(2,914,856)	(1)	(2,914,856)	(1)	(2,914,856)	(1)
	Equity attributable to shareholders of the Parent	<u>62,324,505</u>	<u>29</u>	<u>63,676,716</u>	<u>30</u>	<u>59,923,940</u>	<u>31</u>
36XX	Non-controlling interests	<u>2,892,181</u>	<u>1</u>	<u>2,346,227</u>	<u>1</u>	<u>2,081,769</u>	<u>1</u>
	Total equity	<u>65,216,686</u>	<u>30</u>	<u>66,022,943</u>	<u>31</u>	<u>62,005,709</u>	<u>32</u>
	Total liabilities and equity	<u>\$ 215,993,671</u>	<u>100</u>	<u>214,788,311</u>	<u>100</u>	<u>196,023,016</u>	<u>100</u>

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

Consolidated Statements of Comprehensive Income

For the three months ended June 30, 2022 and 2021, and six months ended June 30, 2022 and 2021

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

		For the three months ended June 30				For the six months ended June 30			
		2022		2021		2022		2021	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Net revenue	\$ 72,321,799	100	79,778,071	100	150,700,068	100	151,333,534	100
5000	Cost of revenue	(64,319,737)	(89)	(70,189,755)	(88)	(133,844,569)	(89)	(133,433,360)	(88)
	Gross profit	<u>8,002,062</u>	<u>11</u>	<u>9,588,316</u>	<u>12</u>	<u>16,855,499</u>	<u>11</u>	<u>17,900,174</u>	<u>12</u>
	Operating expenses :								
6100	Selling expenses	(4,078,348)	(5)	(3,699,204)	(5)	(8,137,866)	(5)	(7,407,089)	(5)
6200	General and administrative expenses	(1,304,174)	(2)	(1,281,589)	(1)	(2,566,812)	(2)	(2,460,960)	(2)
6300	Research and development expenses	(546,020)	(1)	(657,953)	(1)	(1,181,413)	(1)	(1,306,007)	(1)
	Total operating expenses	<u>(5,928,542)</u>	<u>(8)</u>	<u>(5,638,746)</u>	<u>(7)</u>	<u>(11,886,091)</u>	<u>(8)</u>	<u>(11,174,056)</u>	<u>(8)</u>
6500	Other operating income and expenses, net	<u>100,604</u>	<u>-</u>	<u>29,380</u>	<u>-</u>	<u>118,930</u>	<u>-</u>	<u>59,101</u>	<u>-</u>
	Operating income	<u>2,174,124</u>	<u>3</u>	<u>3,978,950</u>	<u>5</u>	<u>5,088,338</u>	<u>3</u>	<u>6,785,219</u>	<u>4</u>
	Non-operating income and loss:								
7100	Interest income	93,367	-	61,766	-	178,873	-	140,647	-
7010	Other income	-	-	19,031	-	-	-	19,031	-
7020	Other gains and losses	295,903	1	31,719	-	386,532	1	968,063	1
7050	Finance costs	(50,660)	-	(68,452)	-	(60,143)	-	(108,896)	-
7060	Share of profits (losses) of associates and joint ventures	26,396	-	7,505	-	47,555	-	1,966	-
	Total non-operating income and loss	<u>365,006</u>	<u>1</u>	<u>51,569</u>	<u>-</u>	<u>552,817</u>	<u>1</u>	<u>1,020,811</u>	<u>1</u>
7900	Income before taxes	<u>2,539,130</u>	<u>4</u>	<u>4,030,519</u>	<u>5</u>	<u>5,641,155</u>	<u>4</u>	<u>7,806,030</u>	<u>5</u>
7950	Income tax expense	<u>(661,883)</u>	<u>(1)</u>	<u>(1,050,546)</u>	<u>(1)</u>	<u>(1,419,502)</u>	<u>(1)</u>	<u>(2,028,499)</u>	<u>(1)</u>
	Net income	<u>1,877,247</u>	<u>3</u>	<u>2,979,973</u>	<u>4</u>	<u>4,221,653</u>	<u>3</u>	<u>5,777,531</u>	<u>4</u>
	Other comprehensive income (loss) :								
8310	Items that will not be reclassified subsequently to profit or loss								
8311	Remeasurements of defined benefit plans	1,945	-	-	-	1,945	-	-	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(1,076,861)	(2)	(577,170)	(1)	(1,005,871)	(1)	159,181	-
8320	Share of other comprehensive income of associates	-	-	-	-	(13)	-	17	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	(486)	-	-	-	(486)	-	-	-
	Total items that will not be reclassified to profit or loss	<u>(1,075,402)</u>	<u>(2)</u>	<u>(577,170)</u>	<u>(1)</u>	<u>(1,004,425)</u>	<u>(1)</u>	<u>159,198</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss								
8361	Exchange differences on translation of foreign operations	741,013	1	(1,038,451)	(1)	2,607,757	2	(1,689,443)	(1)
8370	Share of other comprehensive gains (losses) of associates	(9)	-	2,119	-	149	-	1,960	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	<u>741,004</u>	<u>1</u>	<u>(1,036,332)</u>	<u>(1)</u>	<u>2,607,906</u>	<u>2</u>	<u>(1,687,483)</u>	<u>(1)</u>
	Other comprehensive income (loss), net of taxes	<u>(334,398)</u>	<u>(1)</u>	<u>(1,613,502)</u>	<u>(2)</u>	<u>1,603,481</u>	<u>1</u>	<u>(1,528,285)</u>	<u>(1)</u>
	Total comprehensive income for the year	<u>\$ 1,542,849</u>	<u>2</u>	<u>1,366,471</u>	<u>2</u>	<u>5,825,134</u>	<u>4</u>	<u>4,249,246</u>	<u>3</u>
	Net income (loss) attributable to:								
8610	Shareholders of the Parent	\$ 1,724,412	3	2,896,503	4	3,958,963	3	5,639,509	4
8620	Non-controlling interests	152,835	-	83,470	-	262,690	-	138,022	-
		<u>\$ 1,877,247</u>	<u>3</u>	<u>2,979,973</u>	<u>4</u>	<u>4,221,653</u>	<u>3</u>	<u>5,777,531</u>	<u>4</u>
	Total comprehensive income (loss) attributable to:								
8710	Shareholders of the Parent	\$ 1,408,527	2	1,357,613	2	5,552,965	4	4,159,162	3
8720	Non-controlling interests	134,322	-	8,858	-	272,169	-	90,084	-
		<u>\$ 1,542,849</u>	<u>2</u>	<u>1,366,471</u>	<u>2</u>	<u>5,825,134</u>	<u>4</u>	<u>4,249,246</u>	<u>3</u>
	Earnings per share (in New Taiwan dollars) :								
9750	Basic earnings per share	\$ 0.57		0.97		\$ 1.32		1.88	
9850	Diluted earnings per share	\$ 0.57		0.96		\$ 1.31		1.87	

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ACER INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the six months ended June 30, 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	-	(2,42,887)	(2,914,856)	60,293,331	1,648,633	61,941,964
Net income for the year	-	-	-	-	5,639,509	5,639,509	(1,674,897)	194,543	-	7	-	5,639,509	138,022	5,777,531
Other comprehensive income (loss) for the year	-	-	-	-	(4,571,781)	(4,571,781)	-	-	-	-	-	(4,571,781)	-	(4,571,781)
Total comprehensive income (loss) for the year	-	-	-	-	1,067,728	1,067,728	(1,674,897)	194,543	-	7	-	1,067,728	138,022	1,205,759
Appropriation approved by the stockholders:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of changes in equity of associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition or disposal of interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stock option compensation cost of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at June 30, 2021	\$ 30,478,538	27,514,269	1,456,427	4,833,750	10,596,212	16,886,389	(8,805,597)	746,183	-	(2,28,210)	(2,914,856)	63,676,716	2,346,227	66,022,943
Balance at January 1, 2022	\$ 30,478,538	27,424,487	853,852	3,976,265	6,849,425	11,679,542	(7,171,518)	1,213,880	-	(2,40,133)	(2,914,856)	59,923,940	2,081,769	62,005,709
Net income for the year	-	-	-	-	3,958,963	3,958,963	2,588,633	(995,548)	-	917	-	3,958,963	265,690	4,224,653
Other comprehensive income (loss) for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income (loss) for the year	-	-	-	-	3,958,963	3,958,963	2,588,633	(995,548)	-	917	-	3,958,963	265,690	4,224,653
Appropriation approved by the stockholders:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of changes in equity of associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition or disposal of interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reorganization under common control	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stock option compensation cost of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at June 30, 2022	\$ 30,478,538	27,552,262	2,515,341	7,398,192	3,983,598	13,897,131	(6,217,851)	(250,104)	-	(886)	(2,914,856)	62,324,805	2,892,181	65,216,986

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ACER INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2022	2021
Cash flows from operating activities:		
Income before income tax	\$ 5,641,155	7,806,030
Adjustments for:		
Adjustments to reconcile profit or loss:		
Depreciation	503,078	530,429
Amortization	295,792	216,323
Net loss (gain) on financial assets measured at fair value through profit or loss	1,238	(17,924)
Effects of exchange rate changes of financial assets at amortised cost	(31,221)	-
Interest expense	60,143	108,896
Interest income	(178,873)	(140,647)
Dividend income	-	(19,031)
Share-based compensation cost	12,694	1,699
Share of profit of associates and joint ventures	(47,555)	(1,966)
Loss on disposal of equipment	10,975	1,220
Gain on disposal of investments accounted for using equity method	(8,121)	-
Property, plant and equipment reclassified to expenses	-	917
Reversal of impairment loss on non-financial assets	(30,048)	-
Loss on liquidation of subsidiaries	601	-
Total adjustments for profit or loss	588,703	679,916
Changes in operating assets and liabilities:		
Changes in operating assets:		
Derivative financial instruments measured at fair value through profit or loss	(1,233,026)	(1,738,139)
Contract assets	(87,931)	76,350
Notes and accounts receivable	(11,542,799)	(2,482,774)
Receivables from related parties	1,205	(31,513)
Inventories	(4,741,380)	(15,320,833)
Other receivables and other current assets	(1,348,297)	346,395
Other non-current assets	934,393	41,590
Changes in operating assets	(18,017,835)	(19,108,924)
Changes in operating liabilities:		
Contract liabilities	268,737	133,535
Notes and accounts payable	(15,689,561)	(955,414)
Other payables and other current liabilities	3,944,135	4,725,893
Provisions	385,159	344,275
Refund liabilities	2,028,881	1,047,015
Other non-current liabilities	35,384	(46,969)
Changes in operating liabilities	(9,027,265)	5,248,335
Cash used in operations	(20,815,242)	(5,374,643)
Interest received	165,032	140,705
Income taxes paid	(3,709,255)	(1,622,736)
Net cash flows used in operating activities	(24,359,465)	(6,856,674)

(Continued)

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ACER INCORPORATED AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Continued)
For the six months ended June 30, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2022	2021
Cash flows from investing activities:		
Purchase of financial assets measured at fair value through other comprehensive income	(523,430)	(1,502,287)
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	(682,054)	-
Proceeds from liquidation of financial assets measured at fair value through other comprehensive income	-	54
Proceeds from disposal of financial assets measured at fair value through profit or loss	275,048	-
Proceeds from disposal of investments accounted for using equity method	21,136	-
Additions to property, plant and equipment and investment property	(309,171)	(325,571)
Proceeds from disposal of property, plant and equipment	2,523	3,591
Additions to intangible assets	(268,478)	(142,752)
Payment of contingent consideration arising from business combination	(37,534)	-
Net cash received from acquisition of subsidiaries	-	212,698
Net cash flow from liquidation of subsidiaries	(601)	-
Increase in assets recognized from costs to fulfill contracts with customers	(172,085)	(125,616)
Decrease (increase) in other non-current financial assets	135,526	(55,607)
Dividends received	38,453	45,389
Net cash flows used in investing activities	(1,520,667)	(1,887,101)
Cash flows from financing activities:		
Increase in short-term borrowings	43,413,452	1,004,281
Decrease in short-term borrowings	(37,757,067)	(1,486,504)
Proceeds from issuing bonds	-	5,000,000
Increase in long-term debt	-	32,908
Repayment of long-term debt	(25,877)	(3,310,400)
Payment of lease liabilities	(323,437)	(369,906)
Cash dividends paid to non-controlling interests by subsidiaries	(4,023)	(6,858)
Issuance of common stock by subsidiaries not subscribed by the Group	538,796	264,392
Acquisition of ownership to interests in subsidiaries	(22,411)	(13,236)
Proceeds from disposal of interests in subsidiaries (without losing control)	9,990	2,500
Interest paid	(60,352)	(100,512)
Net cash flows provided by financing activities	5,769,071	1,016,665
Effect of foreign exchange rate changes	1,621,651	(1,126,443)
Net decrease in cash and cash equivalents	(18,489,410)	(8,853,553)
Cash and cash equivalents at beginning of period	44,619,541	39,181,023
Cash and cash equivalents at end of period	\$ 26,130,131	30,327,470