

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

ACER INCORPORATED AND SUBSIDIARIES**Consolidated Balance Sheets****December 31, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollars)**

Assets		December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
Current assets:					
1100	Cash and cash equivalents	\$ 46,842,902	25	44,619,541	21
1110	Financial assets measured at fair value through profit or loss — current	935,122	1	3,222,868	2
1140	Contract assets — current	523,881	-	451,354	-
1170	Notes and accounts receivable, net	51,322,037	27	64,039,437	30
1180	Accounts receivable from related parties	41,821	-	1,329	-
1200	Other receivables	441,720	-	505,914	-
1220	Current income tax assets	354,479	-	486,468	-
130X	Inventories	42,213,077	22	58,703,827	27
1470	Other current assets	3,981,986	2	3,064,500	1
	Total current assets	<u>146,657,025</u>	<u>77</u>	<u>175,095,238</u>	<u>81</u>
Non-current assets:					
1517	Financial assets measured at fair value through other comprehensive income — non-current	7,603,961	4	7,806,702	4
1535	Financial assets measured at amortized cost — non-current	797,782	-	-	-
1550	Investments accounted for using the equity method	1,174,374	1	937,129	-
1600	Property, plant and equipment	4,298,887	2	4,055,870	2
1755	Right-of-use assets	1,969,364	1	1,736,642	1
1760	Investment property	831,925	1	819,591	-
1780	Intangible assets	18,530,591	10	16,527,283	8
1840	Deferred income tax assets	3,705,388	2	3,671,634	2
1990	Other non-current assets	2,387,598	1	2,943,066	1
1980	Other financial assets — non-current	1,082,824	1	1,195,156	1
	Total non-current assets	<u>42,382,694</u>	<u>23</u>	<u>39,693,073</u>	<u>19</u>
	Total assets	<u>\$ 189,039,719</u>	<u>100</u>	<u>214,788,311</u>	<u>100</u>

(Continued)

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, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollars)**

	December 31, 2022		December 31, 2021		
	Amount	%	Amount	%	
Liabilities and Equity					
Current liabilities:					
2100	Short-term borrowings	\$ 1,652,086	1	1,253,590	1
2120	Financial liabilities measured at fair value through profit or loss— current	1,015,407	-	291,917	-
2130	Contract liabilities—current	2,985,415	2	2,455,504	1
2170	Notes and accounts payable	31,549,698	17	57,897,697	27
2200	Other payables	35,449,182	19	37,249,145	17
2230	Current tax liabilities	3,247,082	2	5,205,928	2
2250	Provisions—current	6,916,990	3	6,401,659	3
2280	Lease liabilities—current	613,263	-	530,564	-
2322	Current portion of long-term debt	58,017	-	20,106	-
2365	Refund liabilities—current	14,722,275	8	16,128,976	8
2399	Other current liabilities	1,314,317	1	1,987,969	1
	Total current liabilities	<u>99,523,732</u>	<u>53</u>	<u>129,423,055</u>	<u>60</u>
Non-current liabilities:					
2500	Financial liabilities measured at fair value through profit or loss— non-current	4,850	-	3,066	-
2527	Contract liabilities—non-current	829,346	-	1,002,391	-
2531	Bonds payable	10,000,000	5	10,000,000	5
2540	Long-term debt	104,476	-	99,820	-
2550	Provisions—non-current	15,296	-	201,650	-
2570	Deferred income tax liabilities	5,025,255	3	4,643,830	2
2580	Lease liabilities—non-current	1,495,786	1	1,320,713	1
2600	Other non-current liabilities	1,606,783	1	2,070,843	1
	Total non-current liabilities	<u>19,081,792</u>	<u>10</u>	<u>19,342,313</u>	<u>9</u>
	Total liabilities	<u>118,605,524</u>	<u>63</u>	<u>148,765,368</u>	<u>69</u>
Equity :					
3110	Common stock	30,478,538	16	30,478,538	14
3200	Capital surplus	27,795,883	15	27,514,269	13
3300	Retained earnings	14,897,145	8	16,886,389	8
3400	Other equity	(4,309,253)	(2)	(8,287,624)	(4)
3500	Treasury stock	(2,914,856)	(2)	(2,914,856)	(1)
	Equity attributable to shareholders of the Parent	<u>65,947,457</u>	<u>35</u>	<u>63,676,716</u>	<u>30</u>
36XX	Non-controlling interests	<u>4,486,738</u>	<u>2</u>	<u>2,346,227</u>	<u>1</u>
	Total equity	<u>70,434,195</u>	<u>37</u>	<u>66,022,943</u>	<u>31</u>
	Total liabilities and equity	<u>\$ 189,039,719</u>	<u>100</u>	<u>214,788,311</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, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2022		2021	
		Amount	%	Amount	%
4000	Net revenue	\$ 275,423,744	100	319,005,456	100
5000	Cost of revenue	<u>(245,679,257)</u>	<u>(89)</u>	<u>(281,814,400)</u>	<u>(88)</u>
	Gross profit	<u>29,744,487</u>	<u>11</u>	<u>37,191,056</u>	<u>12</u>
	Operating expenses :				
6100	Selling expenses	(15,679,457)	(5)	(15,492,033)	(5)
6200	General and administrative expenses	(4,826,563)	(2)	(5,002,271)	(2)
6300	Research and development expenses	<u>(2,448,843)</u>	<u>(1)</u>	<u>(2,646,170)</u>	<u>(1)</u>
	Total operating expenses	<u>(22,954,863)</u>	<u>(8)</u>	<u>(23,140,474)</u>	<u>(8)</u>
6500	Other operating income and expenses, net	<u>138,073</u>	<u>-</u>	<u>112,279</u>	<u>-</u>
	Operating income	<u>6,927,697</u>	<u>3</u>	<u>14,162,861</u>	<u>4</u>
	Non-operating income and loss:				
7100	Interest income	535,746	-	318,945	-
7010	Other income	556,176	-	354,416	-
7020	Other gains and losses	(72,937)	-	867,673	-
7050	Finance costs	(193,684)	-	(336,677)	-
7060	Share of profits (losses) of associates and joint ventures	<u>120,823</u>	<u>-</u>	<u>68,427</u>	<u>-</u>
	Total non-operating income and loss	<u>946,124</u>	<u>-</u>	<u>1,272,784</u>	<u>-</u>
7900	Income before taxes	7,873,821	3	15,435,645	4
7950	Income tax expense	<u>(2,270,529)</u>	<u>(1)</u>	<u>(4,148,332)</u>	<u>(1)</u>
	Net income	<u>5,603,292</u>	<u>2</u>	<u>11,287,313</u>	<u>3</u>
	Other comprehensive income (loss) :				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurements of defined benefit plans	587,280	-	(37,137)	-
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(1,221,882)	-	(358,717)	-
8320	Share of other comprehensive income (loss) of associates	(13)	-	17	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	<u>(34,430)</u>	<u>-</u>	<u>39,131</u>	<u>-</u>
	Total items that will not be reclassified to profit or loss	<u>(669,045)</u>	<u>-</u>	<u>(356,706)</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations	4,596,636	1	(2,788,067)	(1)
8370	Share of other comprehensive gains of associates	234	-	2,166	-
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>4,596,870</u>	<u>1</u>	<u>(2,785,901)</u>	<u>(1)</u>
	Other comprehensive income (loss), net of taxes	<u>3,927,825</u>	<u>1</u>	<u>(3,142,607)</u>	<u>(1)</u>
	Total comprehensive income for the year	<u>\$ 9,531,117</u>	<u>3</u>	<u>8,144,706</u>	<u>2</u>
	Net income attributable to:				
8610	Shareholders of the Parent	\$ 5,003,688	2	10,897,427	3
8620	Non-controlling interests	<u>599,604</u>	<u>-</u>	<u>389,886</u>	<u>-</u>
		<u>\$ 5,603,292</u>	<u>2</u>	<u>11,287,313</u>	<u>3</u>
	Total comprehensive income attributable to:				
8710	Shareholders of the Parent	\$ 8,930,204	3	7,818,893	2
8720	Non-controlling interests	<u>600,913</u>	<u>-</u>	<u>325,813</u>	<u>-</u>
		<u>\$ 9,531,117</u>	<u>3</u>	<u>8,144,706</u>	<u>2</u>
	Earnings per share (in New Taiwan dollars) :				
9750	Basic earnings per share	\$	<u>1.67</u>		<u>3.63</u>
9850	Diluted earnings per share	\$	<u>1.65</u>		<u>3.60</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 Changes in Equity
For the nine months ended September 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 shareholders of the parent	Non-controlling interests	Total equity
Balance at January 1, 2021	\$ 30,478,538	27,378,068	833,852	3,976,265	6,038,916	10,897,427	(6,043,227)	-	(242,887)	(5,517,452)	(2,914,856)	60,293,331	1,648,633	61,941,964
Net income for the year	-	-	-	-	10,897,427	10,897,427	(2,766,226)	(324,225)	11,917	(3,078,534)	-	(3,078,534)	389,886	11,287,133
Other comprehensive income (loss) for the year	-	-	-	-	-	-	-	-	-	-	-	10,897,427	-	10,897,427
Total comprehensive income (loss) for the year	-	-	-	-	10,897,427	10,897,427	(2,766,226)	(324,225)	11,917	(3,078,534)	-	(3,078,534)	389,886	11,287,133
Appropriation approved by the stockholders:														
Legal reserve	-	-	602,575	-	(602,575)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	857,485	(857,485)	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(4,571,781)	(4,571,781)	-	-	-	-	-	(4,571,781)	-	(4,571,781)
Adjustments of capital surplus for the cash dividends distributed to subsidiaries	-	70,119	-	-	-	-	-	-	-	-	-	70,119	-	70,119
Share of changes in equity of associates	-	(24,908)	-	-	-	-	-	-	-	-	-	(24,908)	-	(24,908)
Change in ownership interests in subsidiaries	-	60,105	-	-	-	-	3,856	(6,544)	2,760	72	-	60,177	(37,414)	(62,322)
Acquisition or disposal of interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(60,177)	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	-	-	-	-	-	-	-	-	53,032	53,032
Stock option compensation cost of subsidiaries	-	29,880	-	-	-	-	-	-	-	-	-	29,880	(29,880)	-
Acquisition of subsidiaries	-	1,005	-	-	-	-	-	-	-	-	-	1,005	699	1,704
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	249,470	249,470
Cash dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	337,722	337,722
Disposal of financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	(141,671)	(141,671)
Balance at December 31, 2021	\$ 30,478,538	27,514,269	1,456,427	4,833,750	(3,082,209)	16,886,389	(8,805,597)	746,183	(228,210)	(8,287,624)	(2,914,856)	65,676,716	2,346,227	66,022,943
Net income for the year	-	-	-	-	10,596,272	10,596,272	(8,805,597)	-	-	-	-	5,003,688	599,604	5,003,292
Other comprehensive income (loss) for the year	-	-	-	-	-	-	-	-	-	-	-	3,926,516	1,309	3,927,825
Total comprehensive income (loss) for the year	-	-	-	-	10,596,272	10,596,272	(8,805,597)	-	-	-	-	8,930,204	600,913	9,531,117
Appropriation approved by the stockholders:														
Legal reserve	-	-	1,058,914	-	(1,058,914)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	2,564,442	(2,564,442)	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(6,949,107)	(6,949,107)	-	-	-	-	-	(6,949,107)	-	(6,949,107)
Adjustments of capital surplus for the cash dividends distributed to subsidiaries	-	107,298	-	-	-	-	-	-	-	-	-	107,298	-	107,298
Share of changes in equity of associates	-	(2,746)	-	-	-	-	-	-	-	-	-	(2,746)	-	(2,746)
Change in ownership interests in subsidiaries	-	154,065	-	-	-	-	(287)	5,195	7,486	12,394	-	166,459	(8,621)	(11,367)
Acquisition or disposal of interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(166,459)	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	-	-	-	-	-	-	-	-	22,986	22,986
Reorganization under common control	-	12,345	-	-	-	-	-	-	-	-	-	12,345	(12,345)	-
Stock option compensation cost of subsidiaries	-	8,302	-	-	-	-	(11,702)	-	5,483	(6,219)	-	2,083	(2,083)	-
Acquisition of subsidiaries	-	2,350	-	-	-	-	-	-	-	-	-	2,350	18,407	20,757
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	278,873	278,873
Cash dividends paid to non-controlling interests by subsidiaries	-	-	-	-	(43,825)	(43,825)	-	-	-	-	-	-	1,616,281	1,616,281
Disposal of financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	(207,441)	(207,441)
Liquidation of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2022	\$ 30,478,538	27,795,883	2,515,341	7,398,192	(4,983,412)	14,897,145	(4,219,903)	(407,716)	320,376	(4,309,253)	(2,914,856)	65,947,457	4,486,738	70,434,195

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, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollars)**

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Income before income tax	\$ 7,873,821	15,435,645
Adjustments for:		
Adjustments to reconcile profit or loss:		
Depreciation	1,016,650	1,022,560
Amortization	674,048	492,670
Net loss (gain) on financial assets measured at fair value through profit or loss	37,445	(30,094)
Effects of exchange rate changes of financial assets measured at amortized cost	(57,817)	-
Interest expense	193,684	336,677
Interest income	(535,746)	(318,945)
Dividend income	(556,176)	(354,416)
Share-based compensation cost	20,757	1,704
Share of profit of associates and joint ventures	(120,823)	(68,427)
Net gain on disposal of investments accounted for using the equity method	(8,121)	(47,815)
Loss on disposal of equipment and intangible assets	9,559	8,252
Property, plant and equipment reclassified to expenses	-	917
Net gain on disposal of investment property	-	(1,141)
Impairment loss on non-financial assets	7,503	-
Reversal of impairment loss on non-financial assets	(30,048)	-
Gain on liquidation of subsidiaries and other profits from investments	2,566	(3,068)
Total adjustments for profit or loss	<u>653,481</u>	<u>1,038,874</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Derivative financial instruments measured at fair value through profit or loss	1,268,942	(1,744,184)
Contract assets	18,835	63,015
Notes and accounts receivable	12,910,775	(8,283,499)
Receivables from related parties	(40,492)	30,990
Inventories	16,491,929	(15,317,842)
Other receivables and other current assets	147,075	268,860
Other non-current assets	150,924	(16,406)
Changes in operating assets	<u>30,947,988</u>	<u>(24,999,066)</u>
Changes in operating liabilities:		
Contract liabilities	352,660	198,239
Notes and accounts payable	(26,389,589)	8,138,491
Other payables and other current liabilities	(2,705,802)	7,158,143
Provisions	328,977	622,044
Refund liabilities	(1,406,701)	1,052,018
Other non-current liabilities	88,790	(11,505)
Changes in operating liabilities	<u>(29,731,665)</u>	<u>17,157,430</u>
Cash provided by operations	9,743,625	8,632,883
Interest received	517,270	318,103
Income taxes paid	(4,326,459)	(2,453,171)
Net cash flows provided by operating activities	<u>5,934,436</u>	<u>6,497,815</u>

(Continued)

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

ACER INCORPORATED AND SUBSIDIARIES**Consolidated Statements of Cash Flows (Continued)****For the years ended December 31, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollars)**

	<u>2022</u>	<u>2021</u>
Cash flows from investing activities:		
Purchase of financial assets measured at fair value through other comprehensive income	(978,681)	(2,234,039)
Proceeds from disposal of financial assets measured at fair value through other comprehensive income	-	178,648
Proceeds from capital reduction and liquidation of financial assets measured at fair value through other comprehensive income	-	2,845
Purchase of financial assets measured at amortized cost	(739,775)	-
Proceeds from disposal of financial assets measured at fair value through profit or loss	1,943,356	2,849,874
Acquisition of investments accounted for using the equity method	(150,125)	-
Proceeds from disposal of investments accounted for using equity method	21,136	-
Additions to property, plant and equipment and investment property	(475,429)	(552,937)
Proceeds from disposal of property, plant and equipment and intangible assets	32,342	10,260
Proceeds from disposal of investment property	-	18,497
Additions to intangible assets	(395,832)	(373,199)
Payment of contingent consideration arising from business combination	(37,534)	-
Net cash flow from disposal of subsidiaries and other investments	-	2,872
Net cash flow from (used in) acquisition of subsidiaries	(418,436)	154,958
Increase in assets recognized from costs to fulfill contracts with customers	(356,804)	(364,440)
Decrease (increase) in other non-current financial assets	28,258	(130,914)
Dividends received	624,495	416,584
Net cash flows used in investing activities	<u>(903,029)</u>	<u>(20,991)</u>
Cash flows from financing activities:		
Increase in short-term borrowings	9,800,722	3,070,574
Decrease in short-term borrowings	(9,434,416)	(3,664,124)
Proceeds from issuing bonds	-	10,000,000
Increase in long-term debt	72,355	64,510
Repayment of long-term debt	(34,561)	(3,349,490)
Payment of lease liabilities	(652,218)	(679,795)
Cash dividends	(6,841,809)	(4,501,662)
Cash dividends paid to non-controlling interests by subsidiaries	(207,441)	(141,671)
Issuance of common stock by subsidiaries not subscribed by the Group	1,616,281	337,722
Acquisition of ownership to interests in subsidiaries	(21,930)	(22,736)
Proceeds from disposal of interests in subsidiaries (without losing control)	44,916	75,768
Interest paid	(181,155)	(294,441)
Net cash flows (used in) provided by financing activities	<u>(5,839,256)</u>	<u>894,655</u>
Effect of foreign exchange rate changes	<u>3,031,210</u>	<u>(1,932,961)</u>
Net increase in cash and cash equivalents	<u>2,223,361</u>	<u>5,438,518</u>
Cash and cash equivalents at beginning of period	<u>44,619,541</u>	<u>39,181,023</u>
Cash and cash equivalents at end of period	<u><u>\$ 46,842,902</u></u>	<u><u>44,619,541</u></u>

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