

ACER SYNERGY TECH CORP.

BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 4 and 6)	\$ 114,768	11	\$ 149,952	23
Current financial assets at fair value through profit or loss (Note 4 and 7)	1,748	-	58	-
Notes receivable, net (Note 4, 5, and 10)	88	-	-	-
Accounts receivable, net (Note 4, 5, and 10)	299,559	29	301,733	47
Accounts receivable due from related parties, net (Note 4 and 27)	81,465	8	3,951	1
Other receivable due from related parties, net	22,191	2	10,933	2
Current tax assets (Note 4 and 22)	1,001	-	989	-
Inventories (Note 4, 5 and 11)	34,873	3	35,597	5
Prepayments	3,801	-	1,778	-
Other current assets	559,494	53	504,991	78
Total current assets	\$ 114,768	11	\$ 149,952	23
NON-CURRENT ASSETS				
Non-current financial assets at fair value through other comprehensive income (Note 4 and 8)	105,220	10	45,280	7
Non-current financial assets at amortised cost (Note 4 and 9)	1,084	-	-	-
Investments accounted for using equity method (Note 4 and 12)	201,784	19	78,723	12
Property, plant and equipment (Note 4 and 13)	172,542	17	6,634	1
Right-of-use assets (Note 4 and 35)	-	-	914	-
Intangible assets (Note 4, 15 and 27)	1,457	-	-	-
Deferred tax assets (Note 4 and 22)	6,582	1	5,646	1
Guarantee deposits paid	3,883	-	3,079	1
Total non-current assets	492,552	47	140,276	22
TOTAL ASSETS	\$ 1,052,046	100	\$ 645,267	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Current financial liabilities at fair value through profit or loss (Note 4 and 7)	\$ 5,021	1	\$ -	-
Current contract liabilities (Note 20)	25,776	2	8,656	1
Notes payable	600	-	-	-
Accounts payable	225,191	21	187,633	29
Accounts payable to related parties (Note 4 and 27)	17,975	2	31,209	5
Other payables (Note 4 and 16)	39,812	4	26,312	4
Other payables to related parties (Note 4 and 27)	278	-	100	-
Current tax liabilities (Note 4 and 22)	8,391	1	-	-
Current provisions (Note 4 and 17)	7,945	1	3,945	1
Current lease liabilities (Note 4 and 14)	-	-	872	-
Other current liabilities (Note 16)	1,845	-	2,451	-
Total current liabilities	332,834	32	261,178	40
NON-CURRENT LIABILITIES				
Non-current financial liabilities at fair value through profit or loss (Note 4 and 7)	4,850	1	-	-
Deferred tax liabilities (Note 4 and 22)	4,359	-	1,810	-
Net defined benefit liability, non-current (Note 4 and 18)	10,494	1	16,114	3
Total non-current liabilities	19,703	2	17,924	3
TOTAL LIABILITIES	352,537	34	279,102	43
EQUITY				
Share capital				
Ordinary share	200,000	19	130,300	20
Capital surplus				
Capital surplus, additional paid-in capital arising from ordinary share	417,514	40	174,348	27
Retained earnings				
Legal reserve	11,495	1	8,385	2
Special reserve	374	-	734	-
Unappropriated retained earnings (accumulated deficit)	84,397	8	52,772	8
Total retained earnings	96,266	9	61,891	10
Other equity interest				
Exchange differences on translation of foreign financial statements	963	-	(954)	-
Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	(15,234)	(2)	580	-
Total other equity interest	(14,271)	(2)	(374)	-
TOTAL EQUITY	699,509	66	366,165	57
TOTAL LIABILITIES AND EQUITY	\$ 1,052,046	100	\$ 645,267	100

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche auditors' report dated March 14, 2023)

ACER SYNERGY TECH CORP.

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Note 4, 20 and 27)				
Net sales	\$ 1,088,713	100	\$ 1,016,325	100
OPERATING COSTS (Note 4, 11, 21 and 27)				
Cost of goods sold	<u>940,553</u>	<u>87</u>	<u>918,619</u>	<u>91</u>
GROSS PROFIT	<u>148,160</u>	<u>13</u>	<u>97,706</u>	<u>9</u>
UNREALIZED LOSS ON TRANSACTIONS WITH SUBSIDIARIES	(<u>3,305</u>)	-	-	-
REALIZED GROSS PROFIT	<u>144,855</u>	<u>13</u>	<u>97,706</u>	<u>9</u>
OPERATING EXPENSES (Note 4, 10, 21 and 27)				
Selling and marketing expenses	37,477	3	31,737	3
General and administrative expenses	44,139	4	37,522	4
Research and development expenses	30,843	3	25,845	2
Expected credit gain	(<u>625</u>)	-	(<u>10,542</u>)	(<u>1</u>)
Total operating expenses	<u>111,834</u>	<u>10</u>	<u>84,562</u>	<u>8</u>
PROFIT FROM OPERATIONS	<u>33,021</u>	<u>3</u>	<u>13,144</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 4 and 21)	175	-	28	-
Other income (Note 4 and 21)	4,862	-	213	-
Other gains and losses (Note 4 and 21)	8,179	1	1,008	-
Finance cost (Note 4 and 21)	(30)	-	(50)	-
Share of profit (loss) of associates and joint ventures accounted for using equity method	<u>40,417</u>	<u>4</u>	<u>21,510</u>	<u>2</u>
Total non-operating income	<u>53,603</u>	<u>5</u>	<u>22,709</u>	<u>2</u>

(Continued)

	2022		2021	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	\$ 86,624	8	\$ 35,853	3
INCOME TAX EXPENSE (Note 4 and 22)	(10,722)	(1)	(4,037)	-
NET PROFIT FOR THE YEAR	<u>75,902</u>	<u>7</u>	<u>31,816</u>	<u>3</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Gains (losses) on remeasurements of defined benefit plans	473	-	(719)	-
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (Note 4 and 19)	(15,814)	(1)	580	-
Components of other comprehensive income that will be reclassified to profit or loss:				
Exchange differences on translation (Note 4 and 19)	<u>1,917</u>	<u>-</u>	(<u>220</u>)	<u>-</u>
Total other comprehensive income	(<u>13,424</u>)	(<u>1</u>)	(<u>359</u>)	<u>-</u>
Total comprehensive income	<u>\$ 62,478</u>	<u>4</u>	<u>\$ 31,457</u>	<u>3</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 23)				
Basic	<u>\$ 4.05</u>		<u>\$ 2.44</u>	
Diluted	<u>\$ 4.00</u>		<u>\$ 2.42</u>	

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ACER SYNERGY TECH CORP.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Capital (Note 20)		Capital Surplus (Note 20)	Retain Earnings (Note 20)			Other Equity (Note 20)		Total	Total Equity	
	Ordinary shares (In Thousands of Shares)	Total Share Capital		Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange differences on translation of foreign financial statements			Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income
BALANCE JANUARY 1, 2021	13,030	\$ 130,300	\$ 174,348	\$ 4,921	\$ 983	\$ 52,253	\$ 58,157	(\$ 734)	\$ -	(\$ 734)	\$ 362,071
Appropriation of the 2020 earnings											
Legal reserve appropriated	-	-	-	3,464	-	(3,464)	-	-	-	-	-
Special reserve appropriated	-	-	-	-	(249)	249	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(27,363)	(27,363)	-	-	-	(27,363)
Net profit for the year ended December 31, 2021	-	-	-	-	-	31,816	31,816	-	-	-	31,816
Other comprehensive income(loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	(719)	(719)	(220)	580	360	(359)
BALANCE AT DECEMBER 31, 2021	13,030	130,300	174,348	8,385	734	52,772	61,891	(954)	580	(374)	366,165
Appropriation of the 2021 earnings											
Legal reserve appropriated	-	-	-	3,110	-	(3,110)	-	-	-	-	-
Special reserve appropriated	-	-	-	-	(360)	360	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(42,000)	(42,000)	-	-	-	(42,000)
Issues of shares	6,970	69,700	243,166	-	-	-	-	-	-	-	312,866
Net profit for the year ended December 31, 2022	-	-	-	-	-	75,902	75,902	-	-	-	75,902
Other comprehensive income(loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	473	473	1,917	(15,814)	(13,897)	(13,424)
BALANCE AT DECEMBER 31, 2022	<u>20,000</u>	<u>\$ 200,000</u>	<u>\$ 417,514</u>	<u>\$ 11,495</u>	<u>\$ 374</u>	<u>\$ 84,397</u>	<u>\$ 96,266</u>	<u>\$ 963</u>	<u>(\$ 15,234)</u>	<u>(\$ 14,271)</u>	<u>\$ 699,509</u>

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ACER SYNERGY TECH CORP.STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 86,624	\$ 35,853
Adjustments for:		
Depreciation expense	4,231	3,636
Amortization expense	257	693
Expected credit loss reversed on trade receivables	(625)	(10,542)
Net loss on fair value change of financial assets and liabilities at fair value through profit or loss	(1,519)	(58)
Finance costs	30	50
Interest income	(175)	(28)
Dividend income	(4,208)	-
Share of profit of associates and joint ventures accounted for using equity method	(40,417)	(21,510)
Loss for market price decline and obsolete and slow-moving inventories	5,594	3,222
Unrealized loss on the transactions with subsidiaries	3,305	-
Changes in operating assets and liabilities		
Notes receivable	(88)	589
Accounts receivables	2,799	(5,747)
Accounts receivables of related parties	(77,514)	1,225
Other receivables of related parties	10,263	(10,743)
Inventories	(4,870)	(20,461)
Prepayments	(2,023)	2,032
Other current assets	-	2,622
Current contract liabilities	17,120	5,073
Notes payable	600	-
Accounts payable	37,558	64,687
Accounts payable of related parties	(13,234)	20,566
Other payables	13,500	2,916
Other payables of related parties	178	(1,425)
Current provisions	4,000	1,700
Other current liabilities	(606)	(10,255)
Net defined benefit liabilities	(5,029)	(3,052)
Cash generated from operations	35,751	61,043
Interest received	150	28

(Continued)

	<u>2022</u>	<u>2021</u>
Interest paid	(\$ 30)	(\$ 35)
Income tax paid	(848)	(5,317)
Net cash generated from operating activities	<u>35,023</u>	<u>55,719</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(75,754)	(44,700)
Purchase of financial assets at amortized cost	(1,084)	-
Purchase of investments accounted for using equity method	(90,000)	(14,000)
Payments for property, plant and equipment	(169,493)	(3,504)
Decrease (Increase) in refundable deposits	(804)	379
Other receivables of related parties	(21,496)	-
Payments for intangible assets	(1,714)	-
Dividends received from associates	<u>19,876</u>	<u>10,504</u>
Net cash used in investing activities	<u>(340,469)</u>	<u>(51,321)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of lease liabilities	(604)	(1,699)
Dividends paid to owners of the Company	(42,000)	(27,363)
Proceeds from issuing shares	<u>312,866</u>	<u>-</u>
Net cash generated from financing activities	<u>270,262</u>	<u>(29,062)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		
	(35,184)	(24,664)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	<u>149,952</u>	<u>174,616</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
	<u>\$ 114,768</u>	<u>\$ 149,952</u>

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