

**ACER CYBER SECURITY INCORPORATED**  
**MINUTES OF 2024 GENERAL SHAREHOLDERS' MEETING**

*(Translation)*

*The translation is intended for reference only and nothing else. The Chinese text of the Minutes of 2024 General Shareholders' Meeting shall govern any and all matters related to the interpretation of the subject matter stated herein.*

**Time and Date:** 9:00 a.m., Tuesday, May 28, 2024

**Venue:** Oriental Science Park Building D (No.88, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City)

**Meeting Type:** Hybrid Shareholders' Meeting (Physical shareholders' meeting with assistance of video conferencing)

**Video Conference Platform:** The eServices Platform of Taiwan Depository Clearing Corporation  
(Website: <https://stockservices.tdcc.com.tw>)

**Total outstanding shares of ACER CYBER SECURITY INCORPORATED (excluding the shares without voting right as stipulated in Article 179 of the Company Act):** 22,115,220 shares

**Total shares represented by shareholders present in person or proxy:** 13,728,394 shares

**Percentage of shares held by shareholders present in person or proxy:** 62.07%

**Directors present:** Acer Inc. Legal Representative: Maverick Shih, Acer Inc. Legal Representative: Meggy Chen, Acer Inc. Legal Representative: Jack Tsai, and Grace Lung.

**Chairman:** Maverick Shih, the Chairman of the Board of Directors

**Recorder:** Dick Tan

The aggregate shareholding of the shareholders present in person or proxy constituted a quorum. The Chairman called the meeting to order.

**1. Report Items**

**(1) Business Report for 2023**

Explanatory Notes: Please refer to Attachment 1.

**(2) Audit Committee's Review Report**

Explanatory Notes: Please refer to Attachment 2.

**(3) To Report on the Distribution of Cash Dividend, the Execution of Employees' Profit Sharing Bonus and Board Directors' Compensation for 2023**

Explanatory Notes:

a. Distribution of Cash Dividend:

- i. Pursuant to Article 24 of the Article of Incorporation, the distributable dividends and bonuses in whole or in part will be paid in cash by this Company after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by

two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the Shareholders' Meeting.

- ii. Cash dividend distribution for 2023 has been resolved by the Board of Directors on February 27, 2024, according to which the Company will distribute the cash dividend of NT\$115,025,144 to the Shareholders whose names and respective shares are in these Shareholders' register on the ex-dividend record date, at a preliminary ratio of NT\$5.2 per share. Rounded down to NT\$1 and the residue will be calculated and booked as the Company's other income.
  - iii. Prior to the ex-dividend date for the distribution, should the cash distribution ratio require any adjustment due to amendment of laws or regulations, request by competent authorities, or any change of the numbers of the issued and outstanding shares, it is to authorize the Chairman with full power to adjust the distribution ratio.
  - iv. The record date for ex-dividend is temporarily set on June 12, 2024, and the distribution date is set on July 10, 2024. Should the dates above be adjusted due to the amendment of laws or regulations, or request by competent authorities, the Chairman is authorized with full power to adjust accordingly.
- b. The Execution of Employees' Profit-Sharing Bonus and Board Directors' Compensation:
- i. The Board of Directors approved the proposal of employees' 2023 profit sharing bonus and Board Directors' compensation on February 27, 2024. The employees' profit-sharing bonus and Board Directors' compensation are to be distributed in cash.
  - ii. The total amount of employees' 2023 profit sharing bonus is NT\$23,200,000.
  - iii. The total amount of Board Directors' 2023 compensation is NT\$1,800,000.

## **2. Proposed Item for Ratification and Discussion**

### Item 1

Proposal: Ratification Proposal of the Financial Statements, Business Report and Proposal of Profit Appropriation for 2023. (Proposed by the Board of Directors)

Explanatory Notes:

- (1) The Company's Financial Statements for 2023, including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flow, have been audited by CPA Sonia Chang and CPA Charlotte Chao of KPMG.
- (2) The Business Report for 2023, the forementioned Financial Statements and the statements of profit appropriation are attached hereto as Attachment 1 and Attachment 3 to 4, which have been approved by the Audit Committee and resolved by the Board of Directors.
- (3) Please ratify.

Resolution:

Shares present at the time of voting: 13,728,394 (of which 13,584,734 rights were exercised through electronic and virtual voting)

Voting Results*	% of the total represented shares present**
Votes in favor: 13,661,846 votes (13,546,346 votes)	99.51%
Votes against: 7,349 votes (7,349 votes)	0.05%
Invalid votes or abstentions: 59,199 votes (31,039 votes)	0.43%

\*Including votes casted electronically and virtually (number in brackets)

\*\*The percentage of each voting result (votes in favor, against and invalid/abstentions) to the total shares represented was round down to two decimal places which may cause the total proportion not equals 100% due to the fraction parts.

RESOLVED, that the above proposal be and hereby was approved as proposed.

(No question was raised by any shareholders regarding the item)

## Item 2

Proposal: Discussion of the Amendments to the Articles of Incorporation of the Company.

(Proposed by the Board of Directors)

Explanatory Notes:

- (1) Since the National Communications Commission abolished the business license of the Type II Telecommunications Business, the Taipei City Government abolished the registration of the business and instructed the Company to amend the articles of association; in order to cooperate with the revision of the company's business item code list, it is proposed to amend some provisions of the Articles of Incorporation of the Company. Please refer to Attachment 5 for the comparison table of the amended Articles of Incorporation of the Company.
- (2) Please discuss.

Resolution:

Shares present at the time of voting: 13,728,394 (of which 13,584,734 rights were exercised through electronic and virtual voting)

Voting Results*	% of the total represented shares present
Votes in favor: 13,656,763 votes (13,541,263 votes)	99.47%
Votes against: 7,351 votes (7,351 votes)	0.05%
Invalid votes or abstentions: 64,280 votes (36,120votes)	0.46%

\*Including votes casted electronically and virtually (number in brackets)

\*\*The percentage of each voting result (votes in favor, against and invalid/abstentions) to

the total shares represented was round down to two decimal places which may cause the total proportion not equals 100% due to the fraction parts.

RESOLVED, that the above proposal be and hereby was approved as proposed.

(No question was raised by any shareholders regarding the item)

**3. Extemporary Motion: None**

**4. Meeting Adjourned (9:17 am)**

Note: This document is extracted from the meeting; the details are subject to the audio and video recording.

## Attachment 1

### Business Report

Dear Shareholders,

Acer Cyber Security Inc. (ACSI) (stock symbol: 6690) was reclassified from the Information Sector to the Digital Cloud Sector on the Taipei Exchange on July 1, 2023. ACSI, the only cybersecurity service company traded in the domestic over-the-counter market, transitioned due to the trends in the international emerging industries and the focus industries promoted by the government. This reclassification underscores the necessity of cybersecurity in the new wave of digital cloud development, as cybersecurity is the foundation of trust and a crucial aspect in personal information protection and sustainable business operations, requiring implementation under the supervision of the board of directors. ACSI maintained positive growth in total revenue and profit in 2023, with annual consolidated revenue reaching 1,844 million New Taiwan Dollars, which is a 15% increase compared to the revenue in the previous year.

In 2022, the integration with the cloud infrastructure of Acer e-Enabling Data Center (Acer eDC) enabled ACSI to rapidly develop cloud cybersecurity services. In the same year, Acer eDC was awarded Microsoft's Best Security Partner of the Year, and the following year, it achieved the same distinction again. The Cloud SOC service, which integrates cloud and on-premises solutions, has helped manufacturing industries, the government, and business sectors to safely migrate to the cloud, accumulating cases and achievements. The company further introduced the first cloud cybersecurity testing service among cloud service providers, continually expanding its operational performance. In March 2023, the Financial Supervisory Commission announced that banking businesses for “non-significant”, “non-consumer finance” and “non-overseas” outsourcing operations could be exempted from prior case-by-case applications from September. In December, the restriction for insurance and securities sectors was fully lifted, allowing financial institutions to utilize global cloud service providers' resources for cloud storage and AI computing, meeting the urgent needs for cloud migration of customers. The demand for integrated cloud and on-premises solutions and cloud cybersecurity monitoring is gradually expanding. In October 2022, the Ministry of Digital Affairs announced the “Regulations governing Personal Data and File Security Maintenance Management for the Digital Economy Related Industry”, requiring industries broadly engaged in internet retailing, software publishing, computer programming, consulting, and related services, as well as those enterprises which provide data processing, hosting, and related services to establish “Personal Data Security Maintenance Plans” by January 12, 2024. Fines for personal data breaches can reach up to two million New Taiwan Dollars per violation, and if not rectified, the maximum fine can be fifteen million New Taiwan Dollars, making cybersecurity protection a necessary part of corporate development.

ACSI Cyber Security Academy continues to enhance the practicality of its course content and diversify its target audience. This includes offering advanced certification courses for

cybersecurity managers and related technical personnel. Additionally, the academy provides training for board members which focuses on potential crises arising from geopolitics and explains that information resilience will be a key to sustainable business operations, and it also conducts training for fostering cybersecurity awareness. After obtaining the Talent Quality-management System (TTQS) certification in 2022, the academy actively set up physical classrooms and offered courses at the Workforce Development Agency of the Ministry of Labor. In the second half of the year, due to the need of transition to ISO 27001, the number of enrollees surged, with the total annual enrollment in general knowledge training, professional courses, and physical classes nearing 20,000. In this year, the academy is focusing on the sustainable placement of cybersecurity talents, recruiting graduates interested in working in the field of cybersecurity, and adding new courses on response-related drills and exercises.

The fastest-growing business segment in 2023 was the cybersecurity deployment of endpoint detection and response (EDR) and managed detection and response (MDR). Traditional antivirus software is no longer effective in blocking ransomware and malicious programs. ACSI sold over 150,000 packages of EDR solutions in 2023 and established an MDR response department in response to the growth of business in this segment. The extending from the SOC services of ACSI to EDR/MDR represents an expansion of core capabilities, as it ensures comprehensive monitoring of incidents and log collection. The speed and efficiency of MDR in incident investigation and searching will be enhanced. Regarding overall project expansion, the business opportunities from government and finance sectors maintain growing. About our growth in the manufacturing industry, we expand the business development with electronics companies and traditional publicly listed companies in the central and southern regions under the strategy of increasing channel partners. With this business growth, tangible results are observed. The Financial Supervisory Commission's Financial Cyber Security Action Plan 2.0 requires over 1,300 publicly listed companies to establish a Chief Cybersecurity Officer or department by the end of 2023. Although there is still significant room for improvement in overall completion, a substantial growth in cybersecurity investment and commitment is inevitable. Initially focusing on cybersecurity testing, the growth momentum each year can gradually expand revenue and market share, giving ACSI a competitive advantage through economies of scale.

Looking ahead to the operational growth momentum in 2024, the main drivers are the regulatory requirements set by the Financial Supervisory Commission and the Ministry of Digital Affairs. The executive orders issued by the government require businesses across industries to implement personal data protection and cybersecurity measures. The rigorous enforcement and publication of significant information also necessitate that company operators be cautious and law-abiding. Additionally, companies are facing a series of cyber threats, leading to increased investment in strengthening cybersecurity. Cybersecurity has evolved into a broader concept of data and system maintenance because when cyber soldiers or hackers attack, payment of ransom may not retrieve the data. Regular data backup will become a test of an enterprise's resilience when facing cybersecurity incidents. Therefore, if it comes to the

"Distributed Encryption" strongly advocated by the Ministry of Digital Affairs of the Executive Yuan, the process involves splitting data to the cloud and packaging file assets under the concept of digital sovereignty. This is all based on cloud infrastructure, and Acer eDC's nature of business is well-suited to assist enterprises in responding to cybersecurity and preparing the backend. Various attack methods and technological innovations bring more cybersecurity incidents and alerts. As long as ACSI continues to foster personnel training and maintains innovative technical capabilities and customer trust, it can achieve a new peak in performance in 2024.

Chairman of Board



Corporate Officer



Accounting Officer



## Attachment 2

### Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 Business Report, Financial Statements, and the Proposal for profit appropriation. The CPA Sonia Chang and Charlotte Chao from KPMG were retained to audit ACSI's Financial Statements and have issued an audit report relating to the Financial Statements. The said Business Report, Financial Statements, and Proposal for profit appropriation have been reviewed and determined to be correct and accurate by the Audit Committee of ACSI in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, I hereby submit this Report.

Acer Cyber Security Incorporated  
Convener of the Audit Committee: Grace Lung



February 27, 2024



## **Attachment 3**

### **Independent Auditors' Report**

To the Board of Directors

Acer Cyber Security Inc.:

#### **Opinion**

We have audited the consolidated financial statements of Acer Cyber Security Inc. and its subsidiaries ( “the Group” ), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ( “IFRSs” ), International Accounting Standards ( “IASs” ), and interpretations developed by the International Financial Reporting Interpretations Committee ( “IFRIC” ) or the former Standing Interpretations Committee ( “SIC” ) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

#### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

## **Key Audit Matter**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2023 are stated as follows:

### **1. Revenue recognition**

Please refer to Note 4(13) for the accounting policies on recognizing revenue.

Description of key audit matter:

The Group engaged primarily in providing integrated cybersecurity service to enterprises. The identification of performance obligation(s) and the timing of revenue recognition (performance obligations satisfied over time or at a point in time) is subject to management's judgment, which increases the complexity of revenue recognition. Therefore, revenue recognition has been identified as our key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain audit procedures including, among others, testing the design and operating effectiveness of the Group's internal control over the service revenue recognition; assessing whether the accounting policies with respect to the identification of performance obligation(s) and timing of revenue recognition are appropriate; reviewing the contact term and other supporting documents of the selected samples to verify whether the timing and amount of revenue recognition is in accordance with related accounting policies. We also consider the adequacy of the disclosure on revenue from contracts with customers in the Note 6(18) of the accompanying consolidated financial statements.

## **Other Matter**

Acer Cyber Security Inc. has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified audit opinion with Emphasis Matter and unmodified audit opinion.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs, IASs, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or aggregated, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to

provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the investee companies accounted for using equity method to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with

them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication. The engagement partners on the audit resulting in this independent auditors' report are Sonia Chang and Charlotte Chao.

KPMG

Taipei, Taiwan (Republic of China)

February 27, 2024

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

**ACER CYBER SECURITY INC. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**December 31, 2023 and 2022**

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2023		December 31, 2022			December 31, 2023		December 31, 2022			
	Amount	%	Amount	%		Amount	%	Amount	%		
<b>Assets</b>					<b>Liabilities and Equity</b>						
<b>Current assets:</b>					<b>Current liabilities:</b>						
1100	\$	271,416	16	258,973	17	2130	Contract liabilities - current (note 6(17) and 7)	44,978	3	42,019	3
1140		250,893	15	175,638	11	2170	Accounts payable	158,825	8	86,851	6
1170		158,058	9	168,255	11	2180	Accounts payable - related parties (note 7)	10,417	1	7,283	-
1180		25,640	1	40,821	3	2219	Other payables	169,678	10	152,883	10
1200		38	-	-	-	2220	Other payables - related parties (note 7)	504	-	1,075	-
1210		89,048	5	10,427	1	2230	Current tax liabilities	9,379	1	5,624	-
1470		14,436	1	3,997	-	2280	Lease liabilities - current (notes 6(11))	5,534	-	13,970	1
		<u>809,529</u>	<u>47</u>	<u>658,111</u>	<u>43</u>	2300	Other current liabilities	13,792	1	13,236	1
							<b>Total current liabilities</b>	<u>413,107</u>	<u>24</u>	<u>322,941</u>	<u>21</u>
<b>Non-current assets:</b>					<b>Non-current liabilities:</b>						
1517		19,081	1	23,909	1	2580	Lease liabilities - non-current (notes 6(11))	-	-	5,534	-
1550		604,343	35	570,105	37	2670	Guaranteed deposit received	465	-	465	-
1600		29,206	2	30,059	2		<b>Total non-current liabilities</b>	<u>465</u>	<u>-</u>	<u>5,999</u>	<u>-</u>
1755		5,475	-	19,315	1		<b>Total liabilities</b>	<u>413,572</u>	<u>24</u>	<u>328,940</u>	<u>21</u>
1780		92,360	6	103,054	7	<b>Equity attributable to owners of parent (note 6(13)):</b>					
1840		4,318	-	5,737	-	3110	Common stock	222,045	13	222,407	14
1967		76,835	5	55,840	4	3200	Capital surplus	769,344	45	775,920	50
1980		66,665	4	71,774	5		Retained earnings:				
		<u>898,283</u>	<u>53</u>	<u>879,793</u>	<u>57</u>	3310	Legal reserve	64,184	4	48,648	3
						3320	Special reserve	34,509	2	15,113	1
						3350	Unappropriated retained earnings	248,914	15	193,180	13
						3400	Other equity interest	(44,756)	(3)	(46,304)	(2)
							<b>Total equity</b>	<u>1,294,240</u>	<u>76</u>	<u>1,208,964</u>	<u>79</u>
<b>Total assets</b>	\$	<u>1,707,812</u>	<u>53</u>	<u>1,537,904</u>	<u>100</u>		<b>Total liabilities and equity</b>	<u>\$ 1,707,812</u>	<u>100</u>	<u>\$ 1,537,904</u>	<u>100</u>

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACER CYBER SECURITY INC.

Parent-Company-Only Statements of Comprehensive Income

For the Years Ended December 31, 2023 and 2022

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

	2023		2022		
	Amount	%	Amount	%	
4000	Net revenue (notes 6(17) and 7)	\$ 1,031,866	100	905,003	100
5000	Cost of revenue (note 6(5), (7), (8), (9), (12), (18), 7 and 12)	(623,852)	(60)	(529,570)	(59)
	<b>Gross profit</b>	<b>408,014</b>	<b>40</b>	<b>375,433</b>	<b>41</b>
	<b>Operating expenses (notes 6(7), (8), (9), (12), (15), (18), 7 and 12):</b>				
6100	Selling expenses	(51,823)	(5)	(47,368)	(5)
6200	General and administrative expenses	(119,076)	(12)	(104,278)	(12)
6300	Research and development expenses	(159,614)	(15)	(155,415)	(17)
	<b>Total operating expenses</b>	<b>(330,513)</b>	<b>(32)</b>	<b>(307,061)</b>	<b>(34)</b>
	<b>Operating income</b>	<b>77,501</b>	<b>8</b>	<b>68,372</b>	<b>7</b>
	<b>Non-operating income and loss (notes 6(2), (11), (19) and 7):</b>				
7100	Interest income	1,817	-	428	-
7010	Other income	5,251	-	6,477	1
7020	Other gains and losses	9,919	1	10,295	1
7050	Finance costs	(345)	-	(2,167)	-
7070	Share of profits of subsidiaries	115,741	11	87,409	10
	<b>Total non-operating income and loss</b>	<b>132,383</b>	<b>12</b>	<b>102,442</b>	<b>12</b>
7900	<b>Income before taxes</b>	<b>209,884</b>	<b>20</b>	<b>170,814</b>	<b>19</b>
7950	<b>Income tax expense (notes 6(12))</b>	<b>(19,297)</b>	<b>(2)</b>	<b>(15,448)</b>	<b>(2)</b>
8200	<b>Net Income</b>	<b>190,587</b>	<b>18</b>	<b>155,366</b>	<b>17</b>
	<b>Other comprehensive income (loss):</b>				
8310	<b>Items that will not be reclassified subsequently to profit or loss (notes 6(13) and (14))</b>				
8311	Remeasurements of defined benefit plans	-	-	(3,907)	(1)
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(4,828)	-	(4,629)	(1)
8330	Share of other comprehensive incomes (losses) of subsidiaries	(1,230)	-	5,430	1
8349	Income tax related to items that will not be reclassified to profit or loss	-	-	(3,468)	-
	<b>Other comprehensive income (loss)</b>	<b>(6,058)</b>	<b>-</b>	<b>(6,574)</b>	<b>(1)</b>
8500	<b>Total comprehensive income (loss) for the year</b>	<b>\$ 184,529</b>	<b>18</b>	<b>148,792</b>	<b>16</b>
	<b>Profit attributable to:</b>				
8610	Owners of the parent	\$ 190,587	18	\$ 155,366	17
8615	Previous entity under common control	-	-	-	-
		<b>\$ 190,587</b>	<b>18</b>	<b>\$ 155,366</b>	<b>17</b>
	<b>Comprehensive income attributable to:</b>				
8710	Owners of the parent	\$ 184,529	18	\$ 148,792	16
8715	Previous entity under common control	-	-	-	-
		<b>\$ 184,529</b>	<b>18</b>	<b>\$ 148,792</b>	<b>16</b>
	<b>Earnings per share (in New Taiwan dollars) (note 6(16))</b>				
9750	<b>Basic earnings per share (in New Taiwan dollars)</b>				
	Owners of the parent	\$ 8.66		\$ 7.92	
	Previous entity under common control	-		-	
	<b>Basic earnings per share (in New Taiwan dollars)</b>	<b>\$ 8.66</b>		<b>\$ 7.92</b>	
9850	<b>Diluted earnings per share (in New Taiwan dollars)</b>				
	Owners of the parent	\$ 8.55		\$ 7.82	
	Previous entity under common control	-		-	
	<b>Diluted earnings per share (in New Taiwan dollars)</b>	<b>\$ 8.55</b>		<b>\$ 7.82</b>	

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

**ACER CYBER SECURITY INC. AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Equity**  
**For the Years Ended December 31, 2023 and 2022**  
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Total	Other equity			Total	Previous entity under common control	Total Equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings		Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Employee unearned compensation			
<b>Balance at January 1, 2022</b>	\$169,997	323,900	39,963	14,002	111,397	165,362	(1,432)	(13,681)	-	(15,113)	468,820	1,112,966
Net income for the year	-	-	-	-	155,366	155,366	-	-	-	-	-	155,366
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(4,629)	(1,945)	-	(6,574)	-	(6,574)
Total comprehensive income (loss) for the year	-	-	-	-	155,366	155,366	(4,629)	(1,945)	-	(6,574)	-	148,792
Appropriation approved by the stockholders:												
Legal reserve	-	-	8,685	-	(8,685)	-	-	-	-	-	-	-
Special reserve	-	-	-	1,111	(1,111)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(63,787)	(63,787)	-	-	-	-	-	(63,787)
Cash capital increase	50,000	428,800	-	-	-	-	-	-	-	-	-	478,800
Reorganization	-	5,896	-	-	-	-	-	(12,824)	-	(12,824)	(468,820)	(475,748)
Issuance of restricted employee stock	2,410	14,438	-	-	-	-	-	-	(16,848)	(16,848)	-	-
Compensation cost of restricted employee stock	-	-	-	-	-	-	-	-	5,055	5,055	-	5,055
Compensation cost of reservation of cash increase for the employee to purchase	-	2,886	-	-	-	-	-	-	-	-	-	2,886
<b>Balance at December 31, 2022</b>	222,407	775,920	48,648	15,113	193,180	256,941	(6,061)	(28,450)	(11,793)	(46,304)	-	1,208,964
Net income for the year	-	-	-	-	190,587	190,587	-	-	-	-	-	190,587
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(4,828)	(1,230)	-	(6,058)	-	(6,058)
Total comprehensive income (loss) for the year	-	-	-	-	190,587	190,587	(4,828)	(1,230)	-	(6,058)	-	184,529
Appropriation approved by the stockholders:												
Legal reserve	-	-	15,536	-	(15,536)	-	-	-	-	-	-	-
Special reserve	-	-	-	19,396	(19,396)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(99,921)	(99,921)	-	-	-	-	-	(99,921)
Cancellation of restricted employee stock	(362)	362	-	-	-	-	-	-	-	-	-	-
Compensation cost of restricted employee stock	-	(6,938)	-	-	-	-	-	-	7,606	7,606	-	668
<b>Balance at December 31, 2023</b>	\$222,045	769,344	64,184	34,509	248,914	347,607	(10,889)	(29,680)	(4,187)	(44,756)	-	1,294,240



(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

**ACER CYBER SECURITY INC.**

**Parent-Company-Only Statements of Cash Flows**

**For the Years Ended December 31, 2023 and 2022**

(Expressed in Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities:</b>		
Income before income tax	\$ 209,884	170,814
Adjustments for:		
Adjustments to reconcile profit (loss):		
Depreciation	28,680	28,361
Amortization	386,394	360,430
Interest expense	345	2,167
Interest income	(1,817)	(428)
Cash Dividend	-	(1,199)
Share-based compensation cost	668	7,135
Share of profits of subsidiaries	(115,741)	(87,409)
Gain on disposal of property, plant and equipment	-	(359)
Total profit and loss	<u>298,529</u>	<u>308,698</u>
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Contract assets	(75,255)	10,850
Notes and accounts receivable	10,197	(3,197)
Accounts receivables - related parties	15,181	(17,820)
Other receivables	-	1,469
Other receivables - related parties	1,652	(10,366)
Prepaid expenses and other current assets	(10,439)	(1,017)
Net defined benefit asset	-	(3,360)
Net changes in operating assets	<u>(58,664)</u>	<u>(23,441)</u>
Net changes in operating liabilities:		
Contract liabilities	2,959	8,171
Accounts payable	71,974	(71,583)
Accounts payable - related parties	3,134	1,820
Other payables	16,795	27,617
Other payables - related parties	(571)	(4,261)
Other current liabilities	<u>556</u>	<u>3,404</u>
Net changes in operating liabilities	<u>94,847</u>	<u>(34,832)</u>
Total changes in operating assets and liabilities	<u>36,183</u>	<u>(58,273)</u>
Total adjustments	<u>334,712</u>	<u>250,425</u>
Cash provided by operations	544,596	421,239
Interest received	1,779	428
Interest paid	(345)	(2,167)
Income taxes paid	<u>(14,123)</u>	<u>(22,658)</u>
Net cash provided by operating activities	<u>531,907</u>	<u>396,842</u>

(Continued)

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

**ACER CYBER SECURITY INC. AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Equity**  
**For the Years Ended December 31, 2023 and 2022**

(Expressed in Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>
<b>Cash flows from investing activities:</b>		
Payment of reorganization	-	( 475.748)
Cash dividends paid by the previous entity	-	( 38.092)
Additions to property, plant and equipment	( 159.176)	( 43.811)
Proceeds from disposal of property, plant and equipment	-	904
Additions to intangible assets	( 244.928)	( 205.457)
Increase in non-current assets recognized from costs to fulfil contracts with customers	( 577.494)	( 356.519)
Increase (decrease) in other financial assets	4.273	34.187
Increase in other non-current assets	( 2.142)	( 2.387)
Cash dividends received	-	1.199
<b>Net cash flows used in investing activities</b>	<u>( 979.467)</u>	<u>( 1.085.724)</u>
<b>Cash flows from financing activities:</b>		
(Decrease) increase in guaranteed deposit received	( 1.271)	( 12)
Increase in financing payable to related parties	150.000	-
Payment of lease liabilities	( 43.963)	( 43.082)
Cash dividends paid	( 99.921)	( 63.787)
Cash capital increase	-	478.800
<b>Net cash flows provided by (used in) financing activities</b>	<u>4.845</u>	<u>371.919</u>
<b>Net decrease in cash and cash equivalents</b>	( 115.242)	148.535
<b>Cash and cash equivalents at beginning of period</b>	<u>568.390</u>	<u>419.855</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 453.148</u>	<u>\$ 568.390</u>

# Independent Auditors' Report

To the Board of Directors

Acer Cyber Security Inc.:

## Opinion

We have audited the parent-company-only financial statements of Acer Cyber Security Inc. ( "the Company" ), which comprise the parent-company-only balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the parent-company-only financial position of the Company as of December 31, 2023 and 2022 , and its parent-company-only financial performance and its parent-company-only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

## Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the parent-company-only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

## Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent-company-only financial statements of the current period. These matters were addressed in the context of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company' s parent-company-only financial statements for the

year ended December 31, 2023 are stated as follows:

1. Revenue recognition

Please refer to Note 4(13) for the accounting policies on recognizing revenue.

Description of key audit matter:

The Company engaged primarily in providing integrated cybersecurity service to enterprises. The identification of performance obligation(s) and the timing of revenue recognition (performance obligations satisfied over time or at a point in time) is subject to management' s judgment, which increases the complexity of revenue recognition. Therefore, revenue recognition has been identified as our key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain audit procedures including, among others, testing the design and operating effectiveness of the Company' s internal control over the service revenue recognition; assessing whether the accounting policies with respect to the identification of performance obligation(s) and timing of revenue recognition are appropriate; reviewing the contract term and other supporting documents of the selected samples to verify whether the timing and amount of revenue recognition is in accordance with related accounting policies. We also consider the adequacy of the disclosure on revenue from contracts with customers in the Note 6(16) of the accompanying parent-company-only financial statements.

**Responsibilities of Management and Those Charged with Governance for the parent-company-only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent-company-only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent-company-only financial statements, management is responsible for assessing the Company' s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are

responsible for overseeing the Company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the parent-company-only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent-company-only financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or aggregated, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent-company-only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent-company-only financial statements or, if such disclosures are inadequate, to

modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the disclosures, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the investee companies accounted for using equity method to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent-company-only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Sonia Chang and Charlotte Chao.

KPMG

Taipei, Taiwan (Republic of China)

February 27, 2024

## (English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

## ACER CYBER SECURITY INC.

## Parent-Company-Only Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2023		December 31, 2022			December 31, 2023		December 31, 2022		
	Amount	%	Amount	%		Amount	%	Amount	%	
<b>Assets</b>					<b>Liabilities and Equity</b>					
<b>Current assets:</b>					<b>Current liabilities:</b>					
1100	\$ 271,416	16	258,973	17	2130	Contract liabilities - current (note 6(17) and 7)	44,978	3	42,019	3
1140	250,893	15	175,638	11	2170	Accounts payable	158,825	8	86,851	6
1170	158,058	9	168,255	11	2180	Accounts payable - related parties (note 7)	10,417	1	7,283	-
1180	25,640	1	40,821	3	2219	Other payables	169,678	10	152,883	10
1200	38	-	-	-	2220	Other payables - related parties (note 7)	504	-	1,075	-
1210	89,048	5	10,427	1	2230	Current tax liabilities	9,379	1	5,624	-
1470	14,436	1	3,997	-	2280	Lease liabilities - current (notes 6(11))	5,534	-	13,970	1
	<u>809,529</u>	<u>47</u>	<u>658,111</u>	<u>43</u>	2300	Other current liabilities	13,792	1	13,236	1
						<b>Total current liabilities</b>	<u>413,107</u>	<u>24</u>	<u>322,941</u>	<u>21</u>
<b>Non-current assets:</b>					<b>Non-current liabilities:</b>					
1517	19,081	1	23,909	1	2580	Lease liabilities - non-current (notes 6(11))	-	-	5,534	-
1550	604,343	35	570,105	37	2670	Guaranteed deposit received	465	-	465	-
1600	29,206	2	30,059	2		<b>Total non-current liabilities</b>	<u>465</u>	<u>-</u>	<u>5,999</u>	<u>-</u>
1755	5,475	-	19,315	1		<b>Total liabilities</b>	<u>413,572</u>	<u>24</u>	<u>328,940</u>	<u>21</u>
1780	92,360	6	103,054	7	<b>Equity attributable to owners of parent (note 6(13)):</b>					
1840	4,318	-	5,737	-	3110	Common stock	222,045	13	222,407	14
1967	76,835	5	55,840	4	3200	Capital surplus	769,344	45	775,920	50
1980	66,665	4	71,774	5		Retained earnings:				
	<u>898,283</u>	<u>53</u>	<u>879,793</u>	<u>57</u>	3310	Legal reserve	64,184	4	48,648	3
					3320	Special reserve	34,509	2	15,113	1
					3350	Unappropriated retained earnings	248,914	15	193,180	13
					3400	Other equity interest	(44,756)	(3)	(46,304)	(2)
						<b>Total equity</b>	<u>1,294,240</u>	<u>76</u>	<u>1,208,964</u>	<u>79</u>
<b>Total assets</b>	<u>\$ 1,707,812</u>	<u>53</u>	<u>1,537,904</u>	<u>100</u>		<b>Total liabilities and equity</b>	<u>\$ 1,707,812</u>	<u>100</u>	<u>\$ 1,537,904</u>	<u>100</u>

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACER CYBER SECURITY INC.

Parent-Company-Only Statements of Comprehensive Income

For the Years Ended December 31, 2023 and 2022

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

	2023		2022		
	Amount	%	Amount	%	
4000	Net revenue (notes 6(17) and 7)	\$ 1,031,866	100	905,003	100
5000	Cost of revenue (note 6(5), (7), (8), (9), (12), (18), 7 and 12)	(623,852)	(60)	(529,570)	(59)
	<b>Gross profit</b>	<u>408,014</u>	<u>40</u>	<u>375,433</u>	<u>41</u>
	<b>Operating expenses (notes 6(7), (8), (9), (12), (15), (18), 7 and 12):</b>				
6100	Selling expenses	(51,823)	(5)	(47,368)	(5)
6200	General and administrative expenses	(119,076)	(12)	(104,278)	(12)
6300	Research and development expenses	(159,614)	(15)	(155,415)	(17)
	<b>Total operating expenses</b>	<u>(330,513)</u>	<u>(32)</u>	<u>(307,061)</u>	<u>(34)</u>
	<b>Operating income</b>	<u>77,501</u>	<u>8</u>	<u>68,372</u>	<u>7</u>
	<b>Non-operating income and loss (notes 6(2), (11), (19) and 7):</b>				
7100	Interest income	1,817	-	428	-
7010	Other income	5,251	-	6,477	1
7020	Other gains and losses	9,919	1	10,295	1
7050	Finance costs	(345)	-	(2,167)	-
7070	Share of profits of subsidiaries	115,741	11	87,409	10
	<b>Total non-operating income and loss</b>	<u>132,383</u>	<u>12</u>	<u>102,442</u>	<u>12</u>
7900	<b>Income before taxes</b>	<u>209,884</u>	<u>20</u>	<u>170,814</u>	<u>19</u>
7950	<b>Income tax expense (notes 6(12))</b>	<u>(19,297)</u>	<u>(2)</u>	<u>(15,448)</u>	<u>(2)</u>
8200	<b>Net Income</b>	<u>190,587</u>	<u>18</u>	<u>155,366</u>	<u>17</u>
	<b>Other comprehensive income (loss):</b>				
8310	<b>Items that will not be reclassified subsequently to profit or loss (notes 6(13) and (14))</b>				
8311	Remeasurements of defined benefit plans	-	-	(3,907)	(1)
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(4,828)	-	(4,629)	(1)
8330	Share of other comprehensive incomes (losses) of subsidiaries	(1,230)	-	5,430	1
8349	Income tax related to items that will not be reclassified to profit or loss	-	-	(3,468)	-
	<b>Other comprehensive income (loss)</b>	<u>(6,058)</u>	<u>-</u>	<u>(6,574)</u>	<u>(1)</u>
8500	<b>Total comprehensive income (loss) for the year</b>	<u>\$ 184,529</u>	<u>18</u>	<u>148,792</u>	<u>16</u>
	<b>Profit attributable to:</b>				
8610	Owners of the parent	\$ 190,587	18	\$ 155,366	17
8615	Previous entity under common control	-	-	-	-
		<u>\$ 190,587</u>	<u>18</u>	<u>\$ 155,366</u>	<u>17</u>
	<b>Comprehensive income attributable to:</b>				
8710	Owners of the parent	\$ 184,529	18	\$ 148,792	16
8715	Previous entity under common control	-	-	-	-
		<u>\$ 184,529</u>	<u>18</u>	<u>\$ 148,792</u>	<u>16</u>
	<b>Earnings per share (in New Taiwan dollars) (note 6(16))</b>				
9750	<b>Basic earnings per share (in New Taiwan dollars)</b>				
	Owners of the parent	\$ 8.66		\$ 7.92	
	Previous entity under common control	-		-	
	<b>Basic earnings per share (in New Taiwan dollars)</b>	<u>\$ 8.66</u>		<u>\$ 7.92</u>	
9850	<b>Diluted earnings per share (in New Taiwan dollars)</b>				
	Owners of the parent	\$ 8.55		\$ 7.82	
	Previous entity under common control	-		-	
	<b>Diluted earnings per share (in New Taiwan dollars)</b>	<u>\$ 8.55</u>		<u>\$ 7.82</u>	



(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACER CYBER SECURITY INC.

Parent-Company-Only Statements of Changes in Equity

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Total	Other equity			Total	Previous entity under common control	Total Equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings		Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Employee unearned compensation			
<b>Balance at January 1, 2022</b>	\$169,997	323,900	39,963	14,002	111,397	165,362	(1,432)	(13,681)	-	(15,113)	468,820	1,112,966
Net income for the year	-	-	-	-	155,366	155,366	-	-	-	-	-	155,366
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(4,629)	(1,945)	-	(6,574)	-	(6,574)
Total comprehensive income (loss) for the year	-	-	-	-	155,366	155,366	(4,629)	(1,945)	-	(6,574)	-	148,792
Appropriation approved by the stockholders:												
Legal reserve	-	-	8,685	-	(8,685)	-	-	-	-	-	-	-
Special reserve	-	-	-	1,111	(1,111)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(63,787)	(63,787)	-	-	-	-	-	(63,787)
Cash capital increase	50,000	428,800	-	-	-	-	-	-	-	-	-	478,800
Reorganization	-	5,896	-	-	-	-	-	(12,824)	-	(12,824)	(468,820)	(475,748)
Issuance of restricted employee stock	2,410	14,438	-	-	-	-	-	-	(16,848)	(16,848)	-	-
Compensation cost of restricted employee stock	-	-	-	-	-	-	-	-	5,055	5,055	-	5,055
Compensation cost of reservation of cash increase for the employee to purchase	-	2,886	-	-	-	-	-	-	-	-	-	2,886
<b>Balance at December 31, 2022</b>	222,407	775,920	48,648	15,113	193,180	256,941	(6,061)	(28,450)	(11,793)	(46,304)	-	1,208,964
Net income for the year	-	-	-	-	190,587	190,587	-	-	-	-	-	190,587
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(4,828)	(1,230)	-	(6,058)	-	(6,058)
Total comprehensive income (loss) for the year	-	-	-	-	190,587	190,587	(4,828)	(1,230)	-	(6,058)	-	184,529
Appropriation approved by the stockholders:												
Legal reserve	-	-	15,536	-	(15,536)	-	-	-	-	-	-	-
Special reserve	-	-	-	19,396	(19,396)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(99,921)	(99,921)	-	-	-	-	-	(99,921)
Cancellation of restricted employee stock	(362)	362	-	-	-	-	-	-	-	-	-	-
Compensation cost of restricted employee stock	-	(6,938)	-	-	-	-	-	-	7,606	7,606	-	668
<b>Balance at December 31, 2023</b>	\$222,045	769,344	64,184	34,509	248,914	347,607	(10,889)	(29,680)	(4,187)	(44,756)	-	1,294,240

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

**ACER CYBER SECURITY INC.**

**Parent-Company-Only Statements of Cash Flows**

**For the Years Ended December 31, 2023 and 2022**

(Expressed in Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities:</b>		
<b>Income before income tax</b>	\$ 209,884	170,814
<b>Adjustments for:</b>		
Adjustments to reconcile profit (loss):		
Depreciation	28,680	28,361
Amortization	386,394	360,430
Interest expense	345	2,167
Interest income	(1,817)	(428)
Cash Dividend	-	(1,199)
Share-based compensation cost	668	7,135
Share of profits of subsidiaries	(115,741)	(87,409)
Gain on disposal of property, plant and equipment	-	(359)
Total profit and loss	<u>298,529</u>	<u>308,698</u>
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Contract assets	(75,255)	10,850
Notes and accounts receivable	10,197	(3,197)
Accounts receivables - related parties	15,181	(17,820)
Other receivables	-	1,469
Other receivables - related parties	1,652	(10,366)
Prepaid expenses and other current assets	(10,439)	(1,017)
Net defined benefit asset	-	(3,360)
Net changes in operating assets	<u>(58,664)</u>	<u>(23,441)</u>
Net changes in operating liabilities:		
Contract liabilities	2,959	8,171
Accounts payable	71,974	(71,583)
Accounts payable - related parties	3,134	1,820
Other payables	16,795	27,617
Other payables - related parties	(571)	(4,261)
Other current liabilities	556	3,404
Net changes in operating liabilities	<u>94,847</u>	<u>(34,832)</u>
Total changes in operating assets and liabilities	<u>36,183</u>	<u>(58,273)</u>
Total adjustments	<u>334,712</u>	<u>250,425</u>
Cash provided by operations	544,596	421,239
Interest received	1,779	428
Interest paid	(345)	(2,167)
Income taxes paid	(14,123)	(22,658)
<b>Net cash provided by operating activities</b>	<u>531,907</u>	<u>396,842</u>

(Continued)

(English Translation of Parent-Company-Only Financial Statements Originally Issued in  
Chinese)

**ACER CYBER SECURITY INC.**

**Parent-Company-Only Statements of Cash Flows  
For the Years Ended December 31, 2023 and 2022**

(Expressed in Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>
<b>Cash flows from investing activities:</b>		
Payment of reorganization	-	(475,748)
Additions to property, plant and equipment	(13,987)	(14,006)
Proceeds from disposal of property, plant and equipment	-	904
Additions to intangible assets	(244,425)	(200,795)
Increase in non-current assets recognized from costs to fulfil contracts with customers	(152,270)	(133,781)
Increase (decrease) in other financial assets	5,109	25,257
Cash dividends received	-	1,199
<b>Net cash flows used in investing activities</b>	<u>(405,573)</u>	<u>(796,970)</u>
<b>Cash flows from financing activities:</b>		
Decrease in guaranteed deposit received	-	-
Payment of lease liabilities	(13,970)	(13,793)
Cash dividends paid	(99,921)	(63,787)
Cash capital increase	-	478,800
<b>Net cash flows provided by (used in) financing activities</b>	<u>(113,891)</u>	<u>401,220</u>
<b>Net decrease in cash and cash equivalents</b>	12,443	1,092
<b>Cash and cash equivalents at beginning of period</b>	<u>258,973</u>	<u>257,881</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 271,416</u>	<u>\$ 258,973</u>

## Attachment 4

### Acer Cyber Security Incorporated 2023 Statement of Profit Appropriation

Unit: NT\$

<b>Beginning Balance of Un-appropriated Retained Earnings</b>	<b>\$ 58,325,968</b>
Plus: 2023 Net Income after Tax	190,586,773
Deduct: Legal Reserve	(19,058,677)
Deduct: Special Reserve (Remeasurements of the Defined benefit plans)	(1,231,200)
Deduct: Special Reserve (Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income)	(4,828,500)
<b>Appropriation Items</b>	<b>223,794,364</b>
Cash Dividends to Shareholders (Note 1)	(115,025,144)
Stock Dividends to Shareholders (Note 2)	-
<b>Ending Balance of Un-appropriated Retained Earnings</b>	<b>\$ 108,769,220</b>

Note:

1. Cash dividend: NT\$ 5.2 per share.
2. Stock dividend: NT\$ 0 per share.
3. Cash dividends were approved by Board of Directors and shall be reported in shareholders' Meetings.

Chairman of Board



Corporate Officer



Accounting Officer



## Attachment 5

### Acer Cyber Security Incorporated 「 Articles of Incorporation 」 Comparison Table of Amended Articles

After Revision	Before Revision	Reason for Revision
<p>Article 2</p> <p>The scope of business of this Company shall include the following:</p> <p>I301010 Software Design Services</p> <p>I301020 Data Processing Services</p> <p>I301030 Digital Information Supply Services</p> <p>I213010 Internet Identify Services</p> <p><del>I103060 Management Consulting</del></p> <p><del>I103010 Enterprise Management Consultancy</del></p> <p>F118010 Wholesale of Computer Software</p> <p>F218010 Retail Sale of Computer Software</p> <p>F113050 Wholesale of <del>Computing and Business</del> <u>Computers and Clerical</u> Machinery Equipment</p> <p>F213030 Retail Sale of <del>Computing and Business</del> <u>Computers and Clerical</u> Machinery Equipment</p> <p>F113070 Wholesale of Telecom Instruments</p> <p>F213060 Retail Sale of Telecom Instruments</p> <p><del>CC01120 Data Storage Media Manufacturing and Duplicating</del> <del>CC01050 Data Storage Media Units Manufacturing</del></p> <p><del>I601010 Rental and Leasing</del></p> <p>JZ99050 Agency Services</p> <p><del>F301030 General Merchandise</del></p> <p><del>G902011 Type II Telecommunications Enterprise</del></p> <p>H703100 Real Estate Rental and Leasing</p> <p>ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval</p>	<p>Article 2</p> <p>The scope of business of this Company shall include the following:</p> <p>I301010 Software Design Services</p> <p>I301020 Data Processing Services</p> <p>I301030 Digital Information Supply Services</p> <p>I213010 Internet Identify Services</p> <p>I103010 Enterprise Management Consultancy</p> <p>F118010 Wholesale of Computer Software</p> <p>F218010 Retail Sale of Computer Software</p> <p>F113050 Wholesale of Computing and Business Machinery Equipment</p> <p>F213030 Retail sale of Computing and Business Machinery Equipment</p> <p>F113070 Wholesale of Telecom Instruments</p> <p>F213060 Retail Sale of Telecom Instruments</p> <p>CC01050 Data Storage Media Units Manufacturing</p> <p>I601010 Rental and Leasing</p> <p>JZ99050 Agency Services</p> <p>F301030 General Merchandise</p> <p>G902011 Type II Telecommunications Enterprise</p> <p>H703100 Real Estate Rental and Leasing</p> <p>ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval</p>	<p>In accordance with the regulations of the competent authority of the target industry and the revision of the "Company Line Business Item Code List", "I601010 Rental and Leasing ", "F301030 General Merchandise ", "G902011 Type II Telecommunications Business " are deleted and the code names of some business items are adjusted.</p>
<p>Article 27</p> <p>The Procedures were enacted on May 24, 2000. (omitted)</p> <p><u>The fifteenth amendment was approved on May 28, 2024</u></p>	<p>Article 27</p> <p>The Procedures were enacted on May 24, 2000. (omitted)</p>	<p>Updated revision date</p>