



Listed Code : 6690



# 2023

**Acer Cyber Security Inc.**

## **Agenda of General Shareholders' Meeting**

Date: May 31, 2023

Venue: Oriental Science Park Building D 1st Floor Meeting Room  
(1F, 88, Sec. 1, Xintai 5th Rd. Xizhi, New Taipei City 221)

### ***Disclaimer***

This is a translation of the 2023 General Shareholders' Meeting Agenda of Acer Cyber Security Incorporated (the "Company"). The translation is intended for reference only and nothing else, the Company hereby disclaims any and all liabilities whatsoever for the translation. The Chinese text of the Agenda shall govern any and all matters related to the interpretation of the subject matter stated herein.

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## **A. Programme**

1. Call Meeting to Order
2. Report Items
3. Proposed Items for Ratification and Discussion
4. Extemporary Motion
5. Meeting Adjourned



## **B. Meeting Agenda**

**Time:** 9:00 a.m., Wednesday, May 31, 2023

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

**Type:** Video-assisted Meeting

1. Report Items
  - (1) Business Report for the Year 2022
  - (2) Audit Committee' s Review Report
  - (3) Report on the Distribution of Cash Dividend, Execution of Employees' Profit Sharing Bonus and Board Directors' Compensation for the Year 2022
2. Proposed Items for Ratification and Discussion
  - (1) Ratification Proposal of the Financial Statements, Business Report and Proposal of Profit Appropriation for the Year 2022
3. Extemporary Motion
4. Meeting Adjourned

## 1. Report Items

(1) Business Report for the Year 2022

Explanatory Notes: Please refer to Attachment 1, pages 8 to 11.

(2) Audit Committee's Review Report

Explanatory Notes: Please refer to Attachment 2, page 12.

(3) To Report on the Distribution of Cash Dividend, the Execution of Employees' Profit Sharing Bonus and Board Directors' Compensation for the Year 2022

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 2022 has been resolved by the Board of Directors on February 24, 2023, according to which the Company will distribute the cash dividend of NT\$99,920,565 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\$4.5 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 9, 2023, and the distribution date is set on July 6, 2023. 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' 2022 profit sharing bonus and Board Directors' compensation on February 24, 2023. The employees' profit-sharing bonus and Board Directors' compensation are to be distributed in cash.
  - ii. The total amount of employees' 2022 profit sharing bonus is NT\$19,000,000.
  - iii. The total amount of Board Directors' 2022 compensation is NT\$960,000.

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

### Item 1

Proposal: Ratification Proposal of the Financial Statements, Business Report and Proposal of Profit Appropriation for the Year 2022. (Proposed by the Board of Directors)

Explanatory Notes:

- (1) The Company's Financial Statements for the year 2022, including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flow, have been audited by CPA Ching-Wen Kao and CPA Wei-Ming Shih of KPMG.
- (2) The Business Report for the year 2022, the forementioned Financial Statements and the statements of profit appropriation are attached hereto as Attachment 1, pages 8 to 11 and Attachment 3 to 4, pages 13 to 34, which have been approved by the Audit Committee and resolved by the Board of Directors.
- (3) Please ratify.

Resolution:

## **3. Extemporary Motion**

## **4. Meeting Adjourned**

## Attachment 1

### Business Report

Dear Shareholders,

Acer Cyber Security Inc. (ACSI) was listed on the Taipei Exchange (TPEX) on October 30, 2019, under stock symbol 6690, and is currently the only information security service provider listed on the TPEX in the nation. As the COVID-19 virus continued to spread across the planet in 2022, companies and government agencies were still keeping a close eye on the pandemic with infection control, while the outbreak of Russian aggression against Ukraine in 2022 and China's announcement of military exercises from August 4 to August 12 after US House of Representatives Speaker Nancy Pelosi's visit to Taiwan on August 4 escalated geopolitical tensions and put the cyber defense on the front burner for national and corporate security. ACSI assists its customers in strengthening their defenses while actively training its personnel to address more information security threats. Its overall revenue and profitability remained positive in 2022, with consolidated revenue hitting NT\$1,603 million for the year, up 88% from 2021.

The year 2022 was a pivotal year for ACSI's business development. On January 3, 2022, ACSI officially merged with Acer eDC and achieved its growth target in revenue and overall profitability that year. Acer eDC was qualified as a Microsoft Azure Cloud Services Provider (CSP), enabling direct quotations and contract signing for customer sales, and had a proven track record of working with ACSI on Cloud Security Operations Centers (SOCs). Acer eDC was in 2022 named Microsoft's Security Partner of the Year, linking Azure cloud device logs and API data integration platforms, allowing ACSI to open up the cloud security services related to event integration and notification, making Acer eDC an integral part for ACSI in its rapid development of cloud security services. By complementing the cloud infrastructure with security applications, technical staff can gain a more solid advantage over rivals in the

sustainable development of cyber security services and cater to customers' urgent need to access the cloud. The cyber security academy has been open to the public since the first quarter of 2022. It offers gold-level certification courses for security officers and related technical personnel, as well as specialist security courses and security technology courses such as penetration testing, log keeping and security management. In particular, the "Security Development and Vulnerability Fixing Course" has been well received by programmers. Over 200 people have attended the gold-level programs, and around 1600 have attended other training programs.

In terms of overall project expansion, the public and financial sectors remained at the same level, while manufacturing revenues grew by more than 120% from two years earlier, making it the industry with the highest growth rate, following the adjustment of targets in the customer sector two years before. The manufacturing industry has been relatively conservative in respect of information security deployment, and due to the constant hacking attacks during the pandemic and the company' s strategy of decentralizing its production sites worldwide, maintaining uninterrupted operations and production has become a resilient approach for the manufacturing industry to ponder how to minimize risks and quickly set up production lines. Financial security testing was also a service that grew by more than 50% compared to 2021. The Financial Security Action Plan of the Financial Supervisory Commission (FSC) has accelerated the expansion of demand for financial security inspections and increased the requirements for training in attack and defense drills. The attempted attack on Ukraine' s financial and critical infrastructure prior to the Russian invasion of Ukraine was also a lesson to be learned by Taiwan. In 2022, ACSI assisted the state-run enterprises under the Ministry of Economic Affairs in conducting simulated offense and defense drills. The integrated red (attack), blue (defend), and purple (referee) exercise was a one-day simulation in which the referee (purple) was assigned the tasks of how to respond to an attack and trace the IP of the attack. A complete prior training and scenario simulation allowed both clients and ACSI to build up their security defense capacities and experience



during the exercise.

Looking ahead to 2023, under the guidance of the Ministry of Digital Affairs of the Executive Yuan, the zero-trust framework will be implemented by the government's level A and B units, while the financial institutions will have to introduce cyber security defense strategies to deepen their security governance. As such, ACSI's operations remain focused on the Security Operation Center (SOC) as its core business, with the addition of a zero-trust framework as the driving force for increased customer requirements. The four major strategies are described below, (1) Deploying Cloud SOC on a hybrid cloud integration architecture: Through Acer eDC's log collection on multi-cloud architectures, and ACSI's security correlation rules, the cloud and local events are integrated to send event notifications and conduct 7x24 maintenance; (2) Expanding security testing services: In addition to stepping up the existing security testing, compliance inspection and OT testing, ACSI has added service innovation in the semiconductor industry with the SEMI E187 testing service and cloud service inspection; (3) Enhancing the curriculum and capacity of the ACSI Cyber Security Academy in training security personnel: The academy has been certified by the Ministry of Labor's Talent Quality Management System (TTQS) in December 2022, and will continue to accelerate the establishment of vocational training institutions to facilitate the promotion of security-related vocational training. In the current approved vocational training courses, security education training stands out and will also be expanded beyond online sessions to include physical classes and corporate course packages; and (4) Strengthening the trust of corporate ESG in energy and environmental protection: Acer eDC provides a complete one-stop-shop for cloud services to ensure uninterrupted business services, and assumes the corporate ESG responsibility for carbon reduction and energy saving in cloud computer room management by obtaining ISO14064, ISO1400 and ISO50001 related certificates. Channels saw some success in initial sales in 2022. This year, we will broaden our sales in the central and southern regions with the goal of multiplying our existing ACSI sales team. As the digital transformation, the trend

towards cloud services and geopolitical tensions have heightened the importance of cyber security for both enterprises and governments; companies should demand information security governance and responsible protection of customer and consumer privacy in their board of directors not just for their own business growth, but also for a civilized approach to society. ACSI' s vision of being a guardian of information security from the very beginning of its existence has led to technological upgrades and service innovations that makes it the most trusted partner in the industry for its comprehensive cyber defense services.

Chairman of Board



Corporate Officer



Accounting Officer



## Attachment 2

### Audit Committee's Review Report



#### 審計委員會查核報告書

### Audit Committee's Review Report

董事會造具本公司 111 年度營業報告書、財務報表及盈餘分派之議案等，其中財務報表業經委託安侯建業聯合會計師事務所高靚玟及施威銘會計師查核完竣，並出具查核報告。上述營業報告書、財務報表及盈餘分派議案經本審計委員會查核，認為尚無不合，爰依證券交易法第 14 條之 4 及公司法第 219 條規定報告如上，敬請 鑒核。

The Board of Directors has prepared the Company's 2022 Business Report, Financial Statements, and the Proposal for profit appropriation. The CPA Ching-Wen Kao and Wei-Ming Shih 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.

安碁資訊股份有限公司  
Acer Cyber Security Incorporated  
審計委員會召集人：龍惠施  
Convener of the Audit Committee: Grace Lung

中華民國 112 年 2 月 24 日

## **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, 2022 and 2021 (restated), 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, 2022 and 2021 (restated), 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.

### **Emphasis Matter**

As disclosed in Note 4(2) and 6(6) of the consolidated financial statements, on January 3, 2022, Acer Cyber Security Inc. acquired 100% equity interest in its parent company Acer Inc.'s subsidiary, Acer e-Enabling Data Center Inc., for cash consideration of \$475,748. The transaction is considered a reorganization of entities under common control in accordance with the regulations of the IFRS Q&A, Interpretation (100) No. 390 and Interpretation (101) No. 301, published by the Accounting Research and Development Foundation. Therefore, the transaction should be treated as a merger from the beginning, and the consolidated financial statements for the year 2021 should be restated accordingly. We did not modify our audit opinion due to this matter.

### **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, 2022 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 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(17) 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, 2022 and 2021, 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 Ching-Wen Kao and Wei-Ming Shih.

KPMG

Taipei, Taiwan (Republic of China)

February 24, 2023

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

**ACER CYBER SECURITY INC. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**December 31, 2022 and 2021**

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021 (restated)			December 31, 2022		December 31, 2021 (restated)		
	Amount	%	Amount	%		Amount	%	Amount	%	
<b>Assets</b>					<b>Liabilities and Equity</b>					
<b>Current assets:</b>					<b>Current liabilities:</b>					
1100	\$ 568,390	27	419,855	20	2130	Contract liabilities - current (note 6(17) and 7)	98,963	5	53,310	3
1140	208,314	10	241,481	11	2170	Accounts payable	190,294	9	280,248	13
1170	225,216	11	221,152	11	2180	Accounts payable - related parties (note 7)	8,597	-	4,863	-
1180	51,814	2	42,760	2	2219	Other payables	253,493	12	261,771	12
1200	-	-	1,469	-	2220	Other payables - related parties (note 7)	3,844	-	3,494	-
1210	4,217	-	3,110	-	2230	Current tax liabilities	24,026	1	11,542	1
1470	12,365	1	13,478	1	2280	Lease liabilities - current (notes 6(11) and 7)	42,851	2	40,401	2
	<b>1,070,316</b>	<b>51</b>	<b>943,305</b>	<b>45</b>	2300	Other current liabilities	18,780	1	11,002	1
						<b>Total current liabilities</b>	<b>640,848</b>	<b>30</b>	<b>666,631</b>	<b>32</b>
<b>Non-current assets:</b>					<b>Non-current liabilities:</b>					
1517	23,909	1	28,538	1	2580	Lease liabilities - non-current (notes 6(11) and 7)	240,329	11	268,826	13
1600	343,018	16	371,959	18	2640	Net defined benefit liability - non-current t (notes 6(12))	34,330	2	45,571	2
1755	281,453	13	308,408	15	2645	Guaranteed deposit received	10,867	1	10,879	-
1780	108,665	5	136,768	6		<b>Total non-current liabilities</b>	<b>285,526</b>	<b>14</b>	<b>325,276</b>	<b>15</b>
1840	9,346	-	11,119	-		<b>Total liabilities</b>	<b>926,374</b>	<b>44</b>	<b>991,907</b>	<b>47</b>
1967	191,133	9	163,884	8	<b>Equity attributable to owners of parent (note 6(14) and (15)):</b>					
1980	93,435	4	127,622	6	3110	Common stock	222,407	10	169,997	8
1990	14,063	1	13,270	1	3200	Capital surplus	775,920	36	323,900	15
	<b>1,065,022</b>	<b>49</b>	<b>1,161,568</b>	<b>55</b>		Retained earnings:				
					3310	Legal reserve	48,648	2	39,963	2
					3320	Special reserve	15,113	1	14,002	1
					3350	Unappropriated retained earnings	193,180	9	111,397	5
					3400	Other equity interest	(46,304)	(2)	(15,113)	-
						<b>Equity attributable to owners of the parent</b>	<b>1,208,964</b>	<b>56</b>	<b>644,146</b>	<b>31</b>
					35XX	Previous entity under common control (notes 12(2))	-	-	468,820	22
						<b>Total equity</b>	<b>1,208,964</b>	<b>56</b>	<b>1,112,966</b>	<b>53</b>
<b>Total assets</b>	<b>\$ 2,135,338</b>	<b>100</b>	<b>2,104,873</b>	<b>100</b>		<b>Total liabilities and equity</b>	<b>\$ 2,135,338</b>	<b>100</b>	<b>2,104,873</b>	<b>100</b>

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

**ACER CYBER SECURITY INC. 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 (restated)	
	Amount	%	Amount	%
4000 <b>Net revenue (notes 6(17), 7 and 14)</b>	\$ 1,603,216	100	1,447,368	100
5000 <b>Cost of revenue (note 6(5), (7), (8), (9), (10), (12), (18), 7 and 12)</b>	(960,727)	(60)	(905,163)	(63)
<b>Gross profit</b>	<u>642,489</u>	<u>40</u>	<u>542,205</u>	<u>37</u>
<b>Operating expenses (notes 6(7), (8), (9), (11), (12), (15), (18), 7 and 12):</b>				
6100 Selling expenses	(85,198)	(5)	(63,513)	(4)
6200 General and administrative expenses	(135,767)	(8)	(130,593)	(9)
6300 Research and development expenses	(236,073)	(15)	(215,871)	(15)
<b>Total operating expenses</b>	<u>(457,038)</u>	<u>(28)</u>	<u>(409,977)</u>	<u>(28)</u>
<b>Operating income</b>	<u>185,451</u>	<u>12</u>	<u>132,228</u>	<u>9</u>
<b>Non-operating income and loss (notes 6(11), (19) and 7):</b>				
7100 Interest income	752	-	1,868	-
7010 Other income	1,199	-	400	-
7020 Other gains and losses	5,069	-	1,587	-
7050 Finance costs	(5,015)	-	(718)	-
<b>Total non-operating income and loss</b>	<u>2,005</u>	<u>-</u>	<u>3,137</u>	<u>-</u>
7900 <b>Income before taxes</b>	187,456	12	135,365	9
7950 <b>Income tax expense (notes 6(13))</b>	(32,090)	(2)	(21,766)	(1)
8200 <b>Net Income</b>	<u>155,366</u>	<u>10</u>	<u>113,599</u>	<u>8</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	2,880	-	(10,403)	(1)
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(4,629)	-	333	-
8349 Income tax related to items that will not be reclassified to profit or loss	(4,825)	(1)	2,081	-
<b>Other comprehensive income (loss)</b>	<u>(6,574)</u>	<u>(1)</u>	<u>(7,989)</u>	<u>(1)</u>
8500 <b>Total comprehensive income (loss) for the year</b>	<u>\$ 148,792</u>	<u>9</u>	<u>105,610</u>	<u>7</u>
<b>Profit attributable to:</b>				
8610 Owners of the parent	\$ 155,366	10	86,853	6
8615 Previous entity under common control	-	-	26,746	2
	<u>\$ 155,366</u>	<u>10</u>	<u>113,599</u>	<u>8</u>
<b>Comprehensive income attributable to:</b>				
8710 Owners of the parent	\$ 148,792	9	85,742	6
8715 Previous entity under common control	-	-	19,868	1
	<u>\$ 148,792</u>	<u>9</u>	<u>105,610</u>	<u>7</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	\$	7.92		5.11
Previous entity under common control		-		1.57
<b>Basic earnings per share (in New Taiwan dollars)</b>	<u>\$</u>	<u>7.92</u>		<u>6.68</u>
9850 <b>Diluted earnings per share (in New Taiwan dollars)</b>				
Owners of the parent	\$	7.82		5.08
Previous entity under common control		-		1.56
<b>Diluted earnings per share (in New Taiwan dollars)</b>	<u>\$</u>	<u>7.82</u>		<u>6.64</u>

(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, 2022 and 2021**

(Expressed in Thousands of New Taiwan Dollars)

	Attributable to shareholders of the Parent													
	Retained earnings					Other equity					Total equity attributable to shareholders of the parent	Previous entity under common control	Total Equity	
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Employee unearned compensation	Total				
<b>Balance at January 1, 2021 (restated)</b>	\$ 166,664	323,900	31,748	11,634	93,459	136,841	(1,765)	(12,237)	-	(14,002)	613,403	1,564,233	2,177,636	
Net income for the year	-	-	-	-	86,853	86,853	-	-	-	-	86,853	26,746	113,599	
Other comprehensive income (loss) for the year	-	-	-	-	-	-	333	(1,444)	-	(1,111)	(1,111)	(6,878)	(7,989)	
Total comprehensive income (loss) for the year	-	-	-	-	86,853	86,853	333	(1,444)	-	(1,111)	85,742	19,868	105,610	
Appropriation approved by the stockholders:														
Legal reserve	-	-	8,215	-	(8,215)	-	-	-	-	-	-	-	-	
Special reserve	-	-	-	2,368	(2,368)	-	-	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(54,999)	(54,999)	-	-	-	-	(54,999)	(38,092)	(93,091)	
Stock dividends (unappropriated earnings transferred to common stock)	3,333	-	-	-	(3,333)	(3,333)	-	-	-	-	-	-	-	
Capital Reduction to the business division	-	-	-	-	-	-	-	-	-	-	-	(1,077,189)	(1,077,189)	
<b>Balance at December 31, 2021 (restated)</b>	169,997	323,900	39,963	14,002	111,397	165,362	(1,432)	(13,681)	-	(15,113)	644,146	468,820	1,112,966	
Net income for the year	-	-	-	-	155,366	155,366	-	-	-	-	155,366	-	155,366	
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(4,629)	(1,945)	-	(6,574)	(6,574)	-	(6,574)	
Total comprehensive income (loss) for the year	-	-	-	-	155,366	155,366	(4,629)	(1,945)	-	(6,574)	148,792	-	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)	-	(63,787)	
Cash capital increase	50,000	428,800	-	-	-	-	-	-	-	-	478,800	-	478,800	
Reorganization	-	5,896	-	-	-	-	-	(12,824)	-	(12,824)	(6,928)	(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	-	5,055	
Compensation cost of reservation of cash capital increase for the employee to purchase	-	2,886	-	-	-	-	-	-	-	-	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	-	1,208,964	



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

**ACER CYBER SECURITY INC. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended December 31, 2022 and 2021**  
 (Expressed in Thousands of New Taiwan Dollars)

	2022	2021 (restated)
<b>Cash flows from operating activities:</b>		
<b>Income before income tax</b>	\$ 187,456	135,365
<b>Adjustments for:</b>		
Adjustments to reconcile profit (loss):		
Depreciation	116,197	94,265
Amortization	563,877	409,178
Interest expense	5,015	718
Interest income	(752)	(1,868)
Cash Dividend	(1,199)	(400)
Share-based compensation cost	7,941	-
(Gain) loss on disposal of property, plant and equipment	(359)	8
Gain on lease modification	-	(16)
<b>Total profit and loss</b>	<u>690,720</u>	<u>501,885</u>
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Contract assets	33,167	(81,943)
Notes and accounts receivable	(4,064)	(1,869)
Accounts receivables - related parties	(9,054)	(23,402)
Other receivables	1,469	1,116
Other receivables - related parties	61	1,057
Prepaid expenses and other current assets	1,113	(1,376)
Net defined benefit asset	(3,360)	(619)
<b>Net changes in operating assets</b>	<u>19,332</u>	<u>(107,036)</u>
Net changes in operating liabilities:		
Contract liabilities	45,653	983
Accounts payable	(89,954)	80,715
Accounts payable - related parties	3,734	1,597
Other payables	29,814	34,789
Other payables - related parties	350	(1,433)
Other current liabilities	7,778	(164)
Net defined benefit liability	(5,622)	(177)
<b>Net changes in operating liabilities</b>	<u>(8,247)</u>	<u>116,310</u>
<b>Total changes in operating assets and liabilities</b>	<u>11,085</u>	<u>9,274</u>
<b>Total adjustments</b>	<u>701,805</u>	<u>511,159</u>
Cash provided by operations	889,261	646,524
Interest received	752	1,969
Interest paid	(5,015)	(718)
Income taxes paid	(22,658)	(22,807)
<b>Net cash provided by operating activities</b>	<u>862,340</u>	<u>624,968</u>

(Continued)

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

**ACER CYBER SECURITY INC. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows (Continued)**  
**For the Years Ended December 31, 2022 and 2021**

(Expressed in Thousands of New Taiwan Dollars)

	<b>2022</b>	<b>2021</b> <b>(restated)</b>
<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	(43,811)	(306,040)
Proceeds from disposal of property, plant and equipment	904	-
Decrease in other receivables - related parties	-	250,000
Additions to intangible assets	(205,457)	(254,952)
Increase in non-current assets recognized from costs to fulfil contracts with customers	(356,519)	(361,628)
Increase (decrease) in other financial assets	34,187	(27,244)
Increase in other non-current assets	(2,387)	(12,985)
Payment due to the business division	-	(3,000)
Cash dividends received	1,199	400
<b>Net cash flows used in investing activities</b>	<b>(1,085,724)</b>	<b>(715,449)</b>
<b>Cash flows from financing activities:</b>		
(Decrease) increase in guaranteed deposit received	(12)	623
Payment of lease liabilities	(43,082)	(24,075)
Cash dividends paid	(63,787)	(54,999)
Cash capital increase	478,800	-
<b>Net cash flows provided by (used in) financing activities</b>	<b>371,919</b>	<b>(78,451)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>148,535</b>	<b>(168,932)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>419,855</b>	<b>588,787</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 568,390</b>	<b>419,855</b>

## **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, 2022 and 2021 (restated), 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, 2022 and 2021 (restated), 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.

### **Emphasis Matter**

As disclosed in Note 4(2) and 6(6) of the parent-company-only financial statements, on January 3, 2022, Acer Cyber Security Inc. acquired 100% equity interest in its parent company Acer Inc.'s subsidiary, Acer e-Enabling Data Center Inc., for cash consideration of \$475,748. The transaction is considered a reorganization of entities under common control in accordance with the regulations of the IFRS Q&A, Interpretation (100) No. 390 and Interpretation (101) No. 301, published by the Accounting Research and Development Foundation. Therefore, the transaction should be treated as a merger from the beginning, and the parent-company-only financial statements for the year 2021 should be restated accordingly. We did not modify our audit opinion due to this matter.

### **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, 2022 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 Ching-Wen Kao and Wei-Ming Shih.

KPMG

Taipei, Taiwan (Republic of China)

February 24, 2023

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

**ACER CYBER SECURITY INC.**  
**Parent-Company-Only Balance Sheets**  
**December 31, 2022 and 2021**

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021 (restated)			December 31, 2022		December 31, 2021 (restated)			
	Amount	%	Amount	%		Amount	%	Amount	%		
<b>Assets</b>					<b>Liabilities and Equity</b>						
<b>Current assets:</b>					<b>Current liabilities:</b>						
1100	Cash and cash equivalents (note 6(1))	\$ 258,973	17	257,881	17	2130	Contract liabilities - current (note 6(16) and 7)	42,019	3	33,848	2
1140	Contract assets - current (notes 6(17) and 7)	175,638	11	186,488	13	2170	Accounts payable	86,851	6	158,434	11
1170	Notes and accounts receivable, net (notes 6(3) and (16))	168,255	11	165,058	11	2180	Accounts payable - related parties (note 7)	7,283	-	5,463	-
1180	Accounts receivable - related parties (notes 6(3), (16) and 7)	40,821	3	23,001	2	2219	Other payables	152,883	10	125,266	8
1200	Other receivables (note 6(4))	-	-	1,469	-	2220	Other payables - related parties (note 7)	1,075	-	5,336	-
1210	Other receivables - related parties (note 6(4) and 7)	10,427	1	61	-	2230	Current tax liabilities	5,624	-	11,542	1
1470	Prepay expenses and other current assets	3,997	-	2,980	-	2280	Lease liabilities - current (notes 6(10))	13,970	1	11,811	1
	<b>Total current assets</b>	<u>658,111</u>	<u>43</u>	<u>636,938</u>	<u>43</u>	2300	Other current liabilities	13,236	1	9,832	1
	<b>Non-current assets:</b>						<b>Total current liabilities</b>	<u>322,941</u>	<u>21</u>	<u>361,532</u>	<u>24</u>
1517	Financial assets measured at fair value through other comprehensive income - non-current (note 6(2))	23,909	1	28,538	1		<b>Non-current liabilities:</b>				
1550	Investments accounted for using the equity method (note 6(6))	570,105	37	476,460	32	2580	Lease liabilities - non-current (notes 6(10))	5,534	-	5,384	-
1600	Property, plant and equipment (note 6(7) and 7)	30,059	2	31,551	2	2670	Guaranteed deposit received	465	-	465	-
1755	Right-of-use assets (notes 6(8))	19,315	1	16,621	1		<b>Total non-current liabilities</b>	<u>5,999</u>	<u>-</u>	<u>5,849</u>	<u>-</u>
1780	Intangible assets (note 6(9) and 7)	103,054	7	129,119	9		<b>Total liabilities</b>	<u>328,940</u>	<u>21</u>	<u>367,381</u>	<u>24</u>
1840	Deferred income tax assets (note 6(12))	5,737	-	7,913	1		<b>Equity attributable to owners of parent (note 6(13)):</b>				
1967	Non-current assets recognized from costs to fulfil contracts with customers	55,840	4	55,629	4	3110	Common stock	222,407	14	169,997	11
1975	Net defined benefit asset (note 6(11))	-	-	547	-	3200	Capital surplus	775,920	50	323,900	22
1980	Other financial assets (note 8)	71,774	5	97,031	7		Retained earnings:				
	<b>Total non-current assets</b>	<u>879,793</u>	<u>57</u>	<u>843,409</u>	<u>57</u>	3310	Legal reserve	48,648	3	39,963	3
						3320	Special reserve	15,113	1	14,002	1
						3350	Unappropriated retained earnings	193,180	13	111,397	8
						3400	Other equity interest	(46,304)	(2)	(15,113)	(1)
							<b>Equity attributable to owners of the parent</b>	<u>1,208,964</u>	<u>79</u>	<u>644,146</u>	<u>44</u>
						35XX	Previous entity under common control (notes 6(6) and 12(2))	-	-	468,820	32
							<b>Total equity</b>	<u>1,208,964</u>	<u>79</u>	<u>1,112,966</u>	<u>76</u>
							<b>Total liabilities and equity</b>	<u>\$ 1,537,904</u>	<u>100</u>	<u>1,480,347</u>	<u>100</u>
	<b>Total assets</b>	<u>\$ 1,537,904</u>	<u>100</u>	<u>1,480,347</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, 2022 and 2021**

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

	2022		2021 (restated)	
	Amount	%	Amount	%
4000 <b>Net revenue (notes 6(16) and 7)</b>	\$ 905,003	100	852,427	100
5000 <b>Cost of revenue (note 6(5), (7), (8), (9), (11), (17), 7 and 12)</b>	(529,570)	(59)	(490,578)	(58)
<b>Gross profit</b>	<u>375,433</u>	<u>41</u>	<u>361,849</u>	<u>42</u>
<b>Operating expenses (notes 6(7), (8), (9), (11), (14), (17), 7 and 12):</b>				
6100 Selling expenses	(47,368)	(5)	(41,131)	(5)
6200 General and administrative expenses	(104,278)	(12)	(92,203)	(11)
6300 Research and development expenses	(155,415)	(17)	(122,009)	(14)
<b>Total operating expenses</b>	<u>(307,061)</u>	<u>(34)</u>	<u>(255,343)</u>	<u>(30)</u>
<b>Operating income</b>	<u>68,372</u>	<u>7</u>	<u>106,506</u>	<u>12</u>
<b>Non-operating income and loss (notes 6(2), (10), (18) and 7):</b>				
7100 Interest income	428	-	854	-
7010 Other income	6,477	1	3,687	1
7020 Other gains and losses	10,295	1	115	-
7050 Finance costs	(2,167)	-	(183)	-
7070 Share of profits of subsidiaries	87,409	10	24,386	3
<b>Total non-operating income and loss</b>	<u>102,442</u>	<u>12</u>	<u>28,859</u>	<u>4</u>
7900 <b>Income before taxes</b>	<u>170,814</u>	<u>19</u>	<u>135,365</u>	<u>16</u>
7950 <b>Income tax expense (notes 6(12))</b>	<u>(15,448)</u>	<u>(2)</u>	<u>(21,766)</u>	<u>(3)</u>
8200 <b>Net Income</b>	<u>155,366</u>	<u>17</u>	<u>113,599</u>	<u>13</u>
<b>Other comprehensive income (loss):</b>				
8310 <b>Items that will not be reclassified subsequently to profit or loss (notes 6(12) and (13))</b>				
8311 Remeasurements of defined benefit plans	(3,907)	(1)	(1,805)	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(4,629)	(1)	333	-
8330 Share of other comprehensive incomes (losses) of subsidiaries	5,430	1	(6,878)	(1)
8349 Income tax related to items that will not be reclassified to profit or loss	(3,468)	-	361	-
<b>Other comprehensive income (loss)</b>	<u>(6,574)</u>	<u>(1)</u>	<u>(7,989)</u>	<u>(1)</u>
8500 <b>Total comprehensive income (loss) for the year</b>	<u>\$ 148,792</u>	<u>16</u>	<u>105,610</u>	<u>12</u>
<b>Profit attributable to:</b>				
8610 Owners of the parent	\$ 155,366	17	86,853	10
8615 Previous entity under common control	-	-	26,746	3
	<u>\$ 155,366</u>	<u>17</u>	<u>113,599</u>	<u>13</u>
<b>Comprehensive income attributable to:</b>				
8710 Owners of the parent	\$ 148,792	16	85,742	10
8715 Previous entity under common control	-	-	19,868	2
	<u>\$ 148,792</u>	<u>16</u>	<u>105,610</u>	<u>12</u>
<b>Earnings per share (in New Taiwan dollars) (note 6(15))</b>				
9750 <b>Basic earnings per share (in New Taiwan dollars)</b>				
Owners of the parent	\$	7.92		5.11
Previous entity under common control		-		1.57
<b>Basic earnings per share (in New Taiwan dollars)</b>	<u>\$</u>	<u>7.92</u>		<u>6.68</u>
9850 <b>Diluted earnings per share (in New Taiwan dollars)</b>				
Owners of the parent	\$	7.82		5.08
Previous entity under common control		-		1.56
<b>Diluted earnings per share (in New Taiwan dollars)</b>	<u>\$</u>	<u>7.82</u>		<u>6.64</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, 2022 and 2021**

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Other equity				Previous	Total
	Common	Capital	Legal	Special	Unappropriated	Total	Unrealized gain (loss)	Remeasurements	Employee	Total		
<b>Balance at January 1, 2021 (restated)</b>	\$ 166,664	323,900	31,748	11,634	93,459	136,841	(1,765)	(12,237)	-	(14,002)	1,564,233	2,177,636
Net income for the year	-	-	-	-	86,853	86,853	-	-	-	-	26,746	113,599
Other comprehensive income (loss) for the year	-	-	-	-	-	-	333	(1,444)	-	(1,111)	(6,878)	(7,989)
Total comprehensive income (loss) for the year	-	-	-	-	86,853	86,853	333	(1,444)	-	(1,111)	19,868	105,610
Appropriation approved by the stockholders:												
Legal reserve	-	-	8,215	-	(8,215)	-	-	-	-	-	-	-
Special reserve	-	-	-	2,368	(2,368)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(54,999)	(54,999)	-	-	-	-	(38,092)	(93,091)
Stock dividends (unappropriated earnings transferred to common stock)	3,333	-	-	-	(3,333)	(3,333)	-	-	-	-	-	-
Capital Reduction to the business division	-	-	-	-	-	-	-	-	-	-	(1,077,189)	(1,077,189)
<b>Balance at December 31, 2021 (restated)</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 capital 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

(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, 2022 and 2021**

(Expressed in Thousands of New Taiwan Dollars)

	<b>2022</b>	<b>2021</b>
		<b>(restated)</b>
<b>Cash flows from operating activities:</b>		
<b>Income before income tax</b>	\$ 170,814	135,365
<b>Adjustments for:</b>		
Adjustments to reconcile profit (loss):		
Depreciation	28,361	22,898
Amortization	360,430	271,624
Interest expense	2,167	183
Interest income	(428)	(854)
Cash Dividend	(1,199)	(400)
Share-based compensation cost	7,135	-
Share of profits of subsidiaries	(87,409)	(24,386)
Gain on disposal of property, plant and equipment	(359)	-
Total profit and loss	<u>308,698</u>	<u>269,065</u>
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Contract assets	10,850	(49,954)
Notes and accounts receivable	(3,197)	(29,652)
Accounts receivables - related parties	(17,820)	(9,073)
Other receivables	1,469	1,116
Other receivables - related parties	(10,366)	148
Prepaid expenses and other current assets	(1,017)	(789)
Net defined benefit asset	(3,360)	(619)
Net changes in operating assets	<u>(23,441)</u>	<u>(88,823)</u>
Net changes in operating liabilities:		
Contract liabilities	8,171	(18,296)
Accounts payable	(71,583)	67,339
Accounts payable - related parties	1,820	(1,981)
Other payables	27,617	14,745
Other payables - related parties	(4,261)	(3,025)
Other current liabilities	3,404	(521)
Net changes in operating liabilities	<u>(34,832)</u>	<u>58,261</u>
Total changes in operating assets and liabilities	<u>(58,273)</u>	<u>(30,562)</u>
Total adjustments	<u>250,425</u>	<u>238,503</u>
Cash provided by operations	421,239	373,868
Interest received	428	955
Interest paid	(2,167)	(183)
Income taxes paid	(22,658)	(22,669)
<b>Net cash provided by operating activities</b>	<u>396,842</u>	<u>351,971</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 (Continued)**

**For the Years Ended December 31, 2022 and 2021**

(Expressed in Thousands of New Taiwan Dollars)

	<b>2022</b>	<b>2021</b> <b>(restated)</b>
<b>Cash flows from investing activities:</b>		
Payment of reorganization	(475,748)	(10,000)
Additions to property, plant and equipment	(14,006)	(22,282)
Proceeds from disposal of property, plant and equipment	904	-
Additions to intangible assets	(200,795)	(232,725)
Increase in non-current assets recognized from costs to fulfil contracts with customers	(133,781)	(143,844)
Increase (decrease) in other financial assets	25,257	(32,955)
Cash dividends received	1,199	400
<b>Net cash flows used in investing activities</b>	<b>(796,970)</b>	<b>(441,406)</b>
<b>Cash flows from financing activities:</b>		
Decrease in guaranteed deposit received	-	(577)
Payment of lease liabilities	(13,793)	(12,230)
Cash dividends paid	(63,787)	(54,999)
Cash capital increase	478,800	-
<b>Net cash flows provided by (used in) financing activities</b>	<b>401,220</b>	<b>(67,806)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>1,092</b>	<b>(157,241)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>257,881</b>	<b>415,122</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 258,973</b>	<b>257,881</b>

## Attachment 4

### Acer Cyber Security Incorporated 2022 Statement of Profit Appropriation

Unit: NT\$

<b>Beginning Balance of Un-appropriated Retained Earnings</b>	<b>\$ 37,813,830</b>
Plus: 2022 Net Income after Tax	155,365,559
Deduct: Legal Reserve	(15,536,556)
Deduct: Special Reserve (Remeasurements of the Defined benefit plans)	(14,767,600)
Deduct: Special Reserve (Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income)	(4,628,700)
<b>Appropriation Items</b>	<b>158,246,533</b>
Cash Dividends to Shareholders (Note 1)	(99,920,565)
Stock Dividends to Shareholders (Note 2)	-
<b>Ending Balance of Un-appropriated Retained Earnings</b>	<b>\$ 58,325,968</b>

Note:

1. Cash dividend: NT\$ 4.5 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



## Appendix 1

### **Acer Cyber Security Incorporated Regulations for the Conduct of Shareholders' Meeting**

1. This Regulations shall govern the conduct of Shareholders' Meetings of the Company.
2. Each shareholders or his/her/its proxy attending the Shareholders' Meeting shall sign the attendance card for their attendance. The number of shares in attendance of the Shareholders' Meeting shall be calculated based upon the number of shares signed in according to the attendance cards so submitted.  
The time during which shareholder attendance registrations will be accepted shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.  
In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date. In the event of a virtual shareholders meeting, the Company shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.
3. The attendance and votes at the Shareholders' Meeting shall be based upon the number of shares in attendance. The shares in attendance shall be calculated according to the shares indicated by the attendance book and attendance card handed in, and the shares checked in on the virtual meeting platform, plus the shares exercising voting right by the ways of written or electronic transmission. When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the



shareholders meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders meeting. In the event a virtual shareholders meeting, the Company shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

During the Company's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.

4. The Shareholders' Meeting shall be held at the location of the Company, or a place which is convenient for the shareholders to attend and proper for holding such meeting. The Shareholders' Meeting shall be held no earlier than 9 a.m. and no later than 3 p.m. on the designated meeting date. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

The restrictions on the place of the meeting shall not apply when the Company convenes a virtual-only shareholders meeting.

When the Company convenes a virtual-only shareholders meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.

5. The Shareholders' Meeting shall be called by the Board of Directors. The

chairman of the Board of Directors shall preside over the meeting. If the chairman of the Board of Directors takes a leave or is not available for the meeting then the vice-chairman of the Board of Directors shall act on his/her behalf to preside over the meeting. If neither the chairman nor the vice-chairman of the Board of Directors is available for the meeting, or no vice-chairman is elected, the chairman shall designate a director of the Board of Directors to act on his/her behalf to preside over the meeting. The Board of Directors shall elect a director to act on the chairman's behalf if the chairman does not appoint a designee.

In the event that a Shareholders' Meeting is called by a person other than the Board of Directors who is entitled by law to call a Shareholders' Meeting, that person shall preside over the meeting.

6. The Company may designate attorneys, certified-public-accountants, or relevant personnel to attend the Shareholders' Meeting.
7. The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures. The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Law, the recording shall be retained until the conclusion of the litigation.

Where a shareholders meeting is held online, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

The information and audio and video recording in the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.

8. The person who presides over the Shareholders' Meeting shall call the meeting in session at the designated time of the meeting. However, such person may announce a postponement of the meeting if at the designated time shares in attendance fail to exceed half of the total issued and outstanding shares of the Company. Such a postponement of meeting shall not be made more than two times, with postponement(s) limiting to one hour in aggregate. If shares in attendance are less than a quorum but more than one-thirds of the total issued and outstanding shares, the shareholders may proceed with such meeting pursuant to Article 175 of the Company Law to adopt provisional resolutions. Before the meeting is adjourned, if shares in attendance have reached a required quorum, the person presiding over the meeting may, pursuant to Article 174 of the Company Law, submit those provisional resolutions so adopted for a final resolution at the meeting.
9. If Shareholders' Meeting is called by the Board of Directors, the Board of Directors shall set the agenda of the meeting. The meeting shall proceed in accordance with the agenda so set by the Board of Directors unless otherwise changed by a resolution adopted at the meeting. During the meeting, the person presiding over the meeting may allocate an appropriate amount of time for recess. Unless otherwise adopted by a resolution, the person presiding over the meeting may not adjourn the meeting prior to the end of the agenda of the meeting. If the person presiding over the meeting declares the adjournment of the meeting in a manner in violation of the applicable rules governing the proceedings of meetings, a new chairman of the meeting may be elected by a resolution adopted by a majority of the voting rights represented by the shareholders attending said meeting to continue the proceeding of the meeting.
10. A shareholder in attendance who wishes to make an oral statement at the Shareholders' Meeting shall first submit an oral statement form, stating the gist of his/her statement, his/her name and shareholder's account number. The person presiding over the meeting shall determine the order to make such oral statements.

Shareholder in attendance who submits an oral statement form but fail to make an oral statement shall be deemed to have not made any statement. In the event of any conflict between the contents of the oral statement form and the actual oral statement, the actual oral statement shall prevail.

No shareholders shall interfere with the shareholder who is making oral statement in any way unless the chairman of the meeting or the speaking shareholder gives his/her consent. The person presiding over the meeting shall stop any such interference.

Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in the preceding paragraph do not apply.

11. Unless otherwise approved by the person presiding over the meeting, each shareholder may make oral statements only twice for a same proposal or addressing matter under deliberation; and the length each oral statement shall not exceed 5 minutes. Otherwise, the person presiding over the meeting may stop the shareholder from making further statements.
12. A legal entity acting as a proxy for a shareholder to attend the meeting may appoint only one representative to attend the meeting. If more than one representatives are appointed by such legal entity to attend the meeting, only one person elected among them may make oral statements on the same proposal.
13. The person presiding over the meeting may reply to the oral statements, or may designate appropriate person to reply to the oral statements made by shareholders in attendance.
14. The person presiding over the meeting may declare the suspension of discussing of a proposal as he/she may deem appropriate and may submit the proposal for adopting a resolution.

15. The person presiding over the meeting shall appoint persons among the shareholders in attendance to supervise the voting process. The results of the voting shall be announced on-site at the meeting, and a record made of the vote. In the event of a virtual shareholders meeting, the Company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.
16. Unless otherwise provided for in the Company Law or the Company's Articles of Incorporation, a proposal may be adopted as a resolution by a majority of the shares in attendance voting in favor thereof. A resolution shall be deemed adopted if no opposition is raised when the person presiding over the meeting makes an oral inquiry to the shareholders concerning the acceptance of the same, and such resolution shall have the same effect as a voting by ballot. In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.
17. The person presiding over the meeting shall determine the order of voting on amendment proposals or substituted proposals accompanying with their original proposals. As soon as one of those proposals is adopted as a resolution, other proposals in conflict regarding the same matter shall be deemed denied and shall require no further voting.
18. The person presiding over the meeting may direct monitors (or security guards) to maintain order at the meeting. Monitors (or security guards) shall wear a badge marked "SECURITY" or "MONITOR" when performing their duties at the meetings.
19. In the event of force majeure during the meeting, the person presiding over the meeting may suspend a meeting and may announce at a later time when the meeting shall be resumed as he/she deems appropriate; or the shareholders shall

make a resolution at the meeting to resume the meeting within 5 days without the need to make any further written notices or published announcements to shareholders.

In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date, in which case Article 182 of the Company Law shall not apply.

For a meeting to be postponed or resumed as described in the preceding paragraph, the voting and results, and the election results which is announced the elected directors or supervisors shall not be rediscussed and resolved.

When the Company convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and not postponement or resumption thereof under the second paragraph is required.

20. The applicable provisions of the Company Act, the relevant regulations and the Company' s Articles of Incorporation shall govern any matter not provided herein.
21. This Regulations and any amendments thereto, shall become effective upon approval by the shareholders.
22. This Regulations was approved on November 27, 2017.  
First Amendment was approved on May 27, 2022.

## Appendix 2

### Acer Cyber Security Incorporated Articles of Incorporation

#### CHAPTER I – GENERAL PROVISIONS

- Article 1 This Company shall be incorporated in accordance with the Company Law, and its name shall be 安碁資訊股份有限公司 in the Chinese language, and Acer Cyber Security Incorporated in the English language.
- Article 2 The scope of business of this Company shall include the following:
- I301010 Software Design Services
  - I301020 Data Processing Services
  - I301030 Digital Information Supply Services
  - IZ13010 Internet Identify Services
  - I103010 Enterprise Management Consultancy
  - F118010 Wholesale of Computer Software
  - F218010 Retail Sale of Computer Software
  - F113050 Wholesale of Computing and Business Machinery Equipment
  - F213030 Retail sale of Computing and Business Machinery Equipment
  - F113070 Wholesale of Telecom Instruments
  - F213060 Retail Sale of Telecom Instruments
  - CC01050 Data Storage Media Units Manufacturing
  - I601010 Rental and Leasing
  - JZ99050 Agency Services
  - F301030 General Merchandise
  - G902011 Type II Telecommunications Enterprise
  - H703100 Real Estate Rental and Leasing
  - ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3 This Company may, for its business operations or other investment matters, make endorsements or issue guarantees.

- Article 4 The headquarters of this Company shall be located in Taipei City, Taiwan, R.O.C. If the Company considers it's necessary, it may, by a resolution adopted at a meeting by the Board of Directors, set up branch offices in Taiwan or abroad.
- Article 5 If the Company considers it's necessary for business operation, it may make investment, and it may, by a resolution adopted at a meeting by the Board of Directors, be a corporate shareholder of other company with limited liabilities. The total amount of investment made by this Company shall be exempt from the restriction under Article 13 of the Company Law.
- Article 6 Public announcements of the Company shall be made according to Article 28 of the Company Act.

## **CHAPTER II – CAPITAL STOCK**

- Article 7 The total amount of this Company capital stock is NT\$ 3,000,500,000 divided into 300,050,000 shares at par value of NT\$10 per share, within which the Board of Directors is authorized to issue shares in installments. NT\$ 20,000,000 of the aforesaid total capital stock is reserved for exercising stock options, within which the Board of Directors may be authorized to issue shares in installments according to laws and regulations.
- When this Company issues employee stock options, transfers treasury stock to employees, issues new shares reserved for subscription by employees, and issues restricted stock for employees, the employees of subsidiaries of this Company may be included. Qualification requirements of the employees who are entitled to receive the aforesaid shall be set and specified by the Board of Director.
- To issue employee stock options that the exercise price may be lower than the closing price of this Company stocks as of the issue date, this



Company must have obtained the consent of at least two-thirds of the voting rights represented at a shareholders meeting attended by shareholders representing a majority of the total issued shares.

To transfer shares to employees at less than the average actual repurchase price, this Company must have obtained the consent of at least two-thirds of the voting rights present at the most recent shareholders meeting attended by shareholders representing a majority of total issued shares.

Article 8 After approval for registration, the share certificates of this Company shall be issued in registered form, signed by, and affixed with the seals of, at least three directors of this Company, and authenticated by the competent registrar.

The Company may issue shares without printing share certificate, provided that it shall register such issued shares with a centralized securities depository enterprise. The same applies in case of issuing other marketable securities.

The Company's withdrawal of application for public issuance shall be resolved by the shareholders meeting in accordance with the Company Act and relevant laws and regulations. This Article shall not be modified as long as the Company is under the process of applying for the qualifications of an emerging stock company and OTC/listed company.

Article 9 The transfer of share certificates shall not be filed with the Company within sixty (60) days prior to the date of the annual shareholders' meeting or within thirty (30) days prior to the special shareholders' meeting or within five (5) days prior to the date fixed for allocating dividends, bonuses or other benefits.

The affairs of share certificates shall be ascertained by referring to the Regulations Governing the Administration of Shareholder Services of Public Companies unless specified otherwise by law and securities regulations.

### **CHAPTER III – SHAREHOLDERS' MEETINGS**

Article 10 Shareholders' meetings of this Company are classified into (1) regular meetings and (2) special meetings. The Board of Directors shall convene regular meetings within six (6) months after the close of each fiscal year. Special meetings shall be convened, whenever deemed necessary in accordance with the law. The shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority, and the Company shall be subject to prescriptions provided for by the competent authority in charge of securities affairs, including the prerequisites, procedures, and other compliance matters. The notice of shareholders' meeting may, as an alternative, be given by means of electronic transmission, after obtaining a prior consent from the recipient(s) thereof. The notice of the shareholders meeting to shareholders who own less than 1,000 shares of nominal stocks may be given by the Company in the form of a public announcement. The notice and public announcement of shareholders' meeting shall be ascertained by referring to Article 172 of the Company Act.

Article 11 Where a shareholder is unable to attend a meeting; such shareholder may appoint a proxy by using the proxy form provided by this Company, which shall specify the scope of proxy and be signed or sealed by the shareholder. Where one person has been appointed to act as proxy for more than two shareholders, unless such person representing a trust enterprise or agent for stock affairs approved by the security authority, the votes exercised by such person which exceeding three percent (3%) of all the issued and outstanding shares of this Company shall not be counted.

The above-mentioned proxy forms shall be delivered to this Company five (5) days before the shareholders' meeting. In case of duplicated forms were received, the proxy received earlier shall be effective.

Besides Article 177 of the Company Act and Article 25-1 of the Securities and Exchange Act, the policies of shareholders' appointment of proxy shall also be ascertained referring to the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies. After this Company becomes an OTC/listed company, it shall provide electronic voting mechanism as one of the options for shareholders to exercise their voting rights.

Article 12 Unless otherwise regulated by law, each shareholder of this Company owns one vote per share.

Article 13 Except as otherwise provided by the Company Law, a resolution of shareholders meeting shall be adopted by the shareholders of a majority of the votes of the issued and outstanding shares represented at such meeting at which the shareholders of a majority of issued and outstanding shares are present.

Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting according to Article 28 of the Company Act.

#### **CHAPTER IV – DIRECTORS AND COMMITTEE**

Article 14 This Company shall have five (5) ~ nine (9) directors, to be elected from the nominees listed in the roster of director with the candidate nomination system. The term of office of directors shall be three (3) years. The directors are eligible for re-election.

To comply with Article 14-2 of the Securities and Exchange Act, the Company shall establish at least three (3) independent directors, occupying equal to/exceeding seats of one fifth of the elected directors, to be included in the number of directors designated in the preceding paragraph. The profession qualifications of independent directors, and their holding shares number, non-competition limitation, nomination,

election and other items requiring compliance shall be ascertained referring to regulations of the security authority.

The Company shall establish an Audit Committee, which shall consist of all independent directors. The Audit Committee or the members of Audit Committee shall be obligated to perform those duties of Supervisors specified under the Company Act, Securities and Exchange Act and other relevant laws and regulations.

Article 15 The election of the Company's directors adopts the cumulative voting system. Each share has the same votes/voting rights as the number of directors to be elected. All votes can be used to elect one person collectively, or distributed to several persons. The person received votes representing more voting rights shall be elected as director.

Article 16 The Board of Directors shall consist of directors of the company, and the chairman of the Board of Directors shall be elected by a majority of directors in attendance at a meeting attended by over two-thirds of the Board of Directors. The Company may have a vice chairman through the same way. The chairman of the Board of Directors shall represent this Company in external matters.

Article 17 Where the chairman of the Board of Directors is on leave or cannot exercise his powers or perform his duties for any reason, an acting chairman shall be designated in accordance with Article 208 of the Company Act. Where a director is unable to attend the meeting of the Board of Directors, he may appoint another director as his proxy to attend the meeting by issuing a letter of proxy. Each director can act as a proxy for only one other director. In case that a director attended a meeting of the Board of Directors via visual communication network, he/she shall be deemed to have attended such meeting in person.

Article 18 The meeting of the Board of Directors shall be convened in accordance with the Company Act and relevant regulations of competent authority; the notice of such meeting to each director may be provided in writing, by electronic mail or facsimile transmission.

Unless otherwise provided for in the Company Act, resolutions of the Board of Directors shall be adopted by more than one-half of the directors at a meeting attended by more than one-half of the directors.

Article 19 For business operation requirements, the Board of Directors may place remuneration committee or other functional committees.

Article 20 The Board of Directors is authorized to determine the compensation for chairman of the Board of Directors and directors, taking into account the extent and value of the services provided for the management of the Company and the standards of the industry within the R.O.C. and overseas, no matter whether the Company has profit or suffered loss.

Article 21 The Board of Directors may buy the Responsibility Insurance for the directors who have to be responsible for the damages caused by their performance of duties during their tenure according to laws and regulations.

## **CHAPTER V – MANAGERS**

Article 22 This Company may have one president and several vice presidents. The appointment, removal, and compensation of such president and vice presidents shall be made in accordance with Article 29 of the Company Act.

## **CHAPTER VI – ACCOUNTING**

Article 23 At the end of each business fiscal year, the following reports shall be prepared by the Board of Directors, and shall be submitted to the shareholders' meeting for approval:

- (1) Business Report;
- (2) Financial Report;
- (3) Proposal of Appropriation of Net Profit or the Covering of Losses.

Article 24 Where there is profit at the end of each fiscal year, after covering the accumulated losses, at least 2% of the profit shall be distributed as employees' compensation and no more than 0.8% shall be allocated as the remuneration for directors.

The employees' compensation in the previous section may be distributed in the form of either cash or stock bonus, and may be distributed to the employees of subsidiaries of this Company. Qualification requirements of the employees who are entitled to receive the employees' compensation shall be specified by the Board of Directors.

Where this Company has earnings at the end of the fiscal year, after paying all relevant taxes, making up losses of previous years, this Company shall first set aside ten percent (10%) of said earnings as legal reserve, except that such legal reserve amounts to the total authorized capital. Thereafter, this Company shall set aside or reverse a special reserve in accordance with the applicable laws and regulations. The remainder together with previous year amount of the same may be allocated to shareholders as dividends and bonuses after the resolution of proposal, submitted by the Board of Directors, has been made by the shareholders' meeting. Except distribution of reserve in accordance with competent laws and regulations, the Company shall not pay dividends or bonuses when there is no profit.

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.

Article 25 Considering that the industry life cycle is in growth stage, the Company's dividend policy is set based on capital budgeting needs for long-term financial planning, as well as shareholders' interests and other factors. The shareholders' dividends allocated shall not be lower than 10% of the annual distributable surplus. The method for allocation of

shareholders' dividends could be done in cash or stock dividends, where the proportion of cash dividends should not be less than 10% unless the Board of Directors decided not to distribute and such decision was approved by the shareholders meeting. When the Company has no surplus, no dividends and bonuses will be distributed; however, the legal reserve and capital reserve may be distributed in whole or in part according to laws and regulations or the competent authority based on the consideration of the Company's financial, business and operating aspects.

## **CHAPTER VII – SUPPLEMENTARY PROVISIONS**

Article 26 The Company Act and related regulations shall govern any matter not provided in these Articles of Incorporation.

Article 27 These Articles of Incorporation were approved on May 24, 2000

The first amendment was approved on August 1, 2000

The second amendment was approved on December 7, 2000

The third amendment was approved on February 1, 2001

The fourth amendment was approved on February 26, 2001

The fifth Amendment was approved on November 2, 2002

The sixth amendment was approved on December 10, 2002

The seventh amendment was approved on March 31, 2003

The eighth amendment was approved on April 17, 2006

The ninth amendment was approved on June 28, 2010

The tenth amendment was approved on December 1, 2015

The eleventh amendment was approved on February 9, 2018

The twelfth amendment was approved on December 13, 2018

The thirteenth amendment was approved on June 21, 2019

The fourteenth amendment was approved on May 27, 2022

## Appendix 3

### **Impact of Stock Dividend Issuance on the Company' s Business Performance, Earnings per Share and Shareholder Return Rate**

The Company did not allot shares for free during the year, so it is not applicable.



## Appendix 4

### Acer Cyber Security Incorporated Shareholdings of All Directors as of April 2, 2023

Title	Name	Number of Shares
Chairman	Acer Incorporated	13,295,601
	Legal Representative: Maverick Shih	
Director	Acer Incorporated	13,295,601
	Legal Representative: Tiffany Huang	
Director	Acer Incorporated	13,295,601
	Legal Representative: Meggy Chen	
Independent Director	Sophia Tung	0
Independent Director	Grace Lung	0
Independent Director	Dung-Chun Tsai	0
Independent Director	Jih-Chu Lee	0
<b>Total</b>		<b>13,295,601</b>

Note:

- (1) The current number of issued shares in the Company as of Apr. 2, 2023 is 22,204,570 common shares.
- (2) As more than one-half of the total number of directors in our company are independent directors and an audit committee has been established in accordance with the law, the provisions requiring all directors and supervisors to hold a certain percentage of shares do not apply.



安碁資訊股份有限公司  
Acer Cyber Security Inc.



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