



Stock Code: 6690



2024

Acer Cyber Security Inc. Agenda of General Shareholders Meeting

Date: May 28, 2024

**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 2024 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., Tuesday, May 28, 2024

Venue: Oriental Science Park Building D

(No.88, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City)

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

Video Conference Platform: The eServices Platform of Taiwan Depository Clearing Corporation

(Website: <https://stockservices.tdcc.com.tw>)

1. Report Items

(1) Business Report for 2023

(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 2023

2. Proposed Items for Ratification and Discussion

(1) Ratification Proposal of the Financial Statements, Business Report and Proposal of Profit Appropriation for 2023

(2) Discussion of the Amendments to the Articles of Incorporation of the Company

3. Extemporaneous Motion

4. Meeting Adjourned

1. Report Items

(1) Business Report for 2023

Explanatory Notes: Please refer to Attachment 1, pages 9 to 12.

(2) Audit Committee's Review Report

Explanatory Notes: Please refer to Attachment 2, page 13.

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

Explanatory Notes:

a. Distribution of Cash Dividend:

- i. Pursuant to Article 24 of the Article of Incorporation, the distributable dividends and bonuses in whole or in part will be paid in cash by this Company after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the Shareholders' Meeting.
- ii. Cash dividend distribution for 2023 has been resolved by the Board of Directors on February 27, 2024, according to which the Company will distribute the cash dividend of NT\$115,025,144 to the Shareholders whose names and respective shares are in these Shareholders' register on the ex-dividend record date, at a preliminary ratio of NT\$5.2 per share. Rounded down to NT\$1 and the residue will be calculated and booked as the Company's other income.
- iii. Prior to the ex-dividend date for the distribution, should the cash distribution ratio require any adjustment due to amendment of laws

or regulations, request by competent authorities, or any change of the numbers of the issued and outstanding shares, it is to authorize the Chairman with full power to adjust the distribution ratio.

- iv. The record date for ex-dividend is temporarily set on June 12, 2024, and the distribution date is set on July 10, 2024. Should the dates above be adjusted due to the amendment of laws or regulations, or request by competent authorities, the Chairman is authorized with full power to adjust accordingly.
- b. The Execution of Employees' Profit-Sharing Bonus and Board Directors' Compensation:
 - i. The Board of Directors approved the proposal of employees' 2023 profit sharing bonus and Board Directors' compensation on February 27, 2024. The employees' profit-sharing bonus and Board Directors' compensation are to be distributed in cash.
 - ii. The total amount of employees' 2023 profit sharing bonus is NT\$23,200,000.
 - iii. The total amount of Board Directors' 2023 compensation is NT\$1,800,000.

2. Proposed Items for Ratification and Discussion

Item 1

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

Explanatory Notes:

- (1) The Company's Financial Statements for 2023, including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flow, have been audited by CPA Sonia Chang and CPA Charlotte Chao of KPMG.
- (2) The Business Report for 2023, the forementioned Financial Statements and the statements of profit appropriation are attached hereto as Attachment 1, pages 9 to 12 and Attachment 3 to 4, pages 14 to 34, which have been approved by the Audit Committee and resolved by the Board of Directors.
- (3) Please ratify.

Resolution:

Item 2

Proposal: Discussion of the Amendments to the Articles of Incorporation of the Company. (Proposed by the Board of Directors)

Explanatory Notes:

(1) Since the National Communications Commission abolished the business license of the Type II Telecommunications Business, the Taipei City Government abolished the registration of the business and instructed the Company to amend the articles of association; in order to cooperate with the revision of the company's business item code list, it is proposed to amend some provisions of the Articles of Incorporation of the Company. Please refer to the comparison table of the amended Articles of Incorporation of the Company. (Attachment 5, page 35).

(2) Please discuss.

Resolution:

3. Extemporaneous Motion

4. Meeting Adjourned

Attachment 1

Business Report

Dear Shareholders,

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

In 2022, the integration with the cloud infrastructure of Acer e-Enabling Data Center (Acer eDC) enabled ACSI to rapidly develop cloud cybersecurity services. In the same year, Acer eDC was awarded Microsoft's Best Security Partner of the Year, and the following year, it achieved the same distinction again. The Cloud SOC service, which integrates cloud and on-premises solutions, has helped manufacturing industries, the government, and business sectors to safely migrate to the cloud, accumulating cases and achievements. The company further introduced the first cloud cybersecurity testing service among cloud service providers, continually expanding its operational performance. In March 2023, the Financial Supervisory Commission announced that banking businesses for “non-significant”, “non-consumer finance” and “non-overseas” outsourcing operations could be exempted from prior case-by-case applications from September. In December, the restriction for insurance and securities sectors was fully lifted, allowing financial

institutions to utilize global cloud service providers' resources for cloud storage and AI computing, meeting the urgent needs for cloud migration of customers. The demand for integrated cloud and on-premises solutions and cloud cybersecurity monitoring is gradually expanding. In October 2022, the Ministry of Digital Affairs announced the “Regulations governing Personal Data and File Security Maintenance Management for the Digital Economy Related Industry” , requiring industries broadly engaged in internet retailing, software publishing, computer programming, consulting, and related services, as well as those enterprises which provide data processing, hosting, and related services to establish “Personal Data Security Maintenance Plans” by January 12, 2024. Fines for personal data breaches can reach up to two million New Taiwan Dollars per violation, and if not rectified, the maximum fine can be fifteen million New Taiwan Dollars, making cybersecurity protection a necessary part of corporate development.

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

The fastest-growing business segment in 2023 was the cybersecurity deployment of endpoint detection and response (EDR) and managed detection and response

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

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

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

Chairman of Board



Corporate Officer



Accounting Officer



Attachment 2



審計委員會查核報告書 Audit Committee's Review Report

董事會造具本公司 112 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張惠貞及趙敏如會計師查核完竣，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 2023 Business Report, Financial Statements, and the Proposal for profit appropriation. The CPA Sonia Chang and Charlotte Chao from KPMG were retained to audit ACSI's Financial Statements and have issued an audit report relating to the Financial Statements. The said Business Report, Financial Statements, and Proposal for profit appropriation have been reviewed and determined to be correct and accurate by the Audit Committee of ACSI in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, I hereby submit this Report.

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 113 年 2 月 27 日

February 27, 2024



Attachment 3

**Consolidated Financial Statements and Independent Auditors’
Report of 2023 (page 15-24)**

**Parent-Company-Only Financial Statements and Independent
Auditors’ Report of 2023 (page 25-33)**

Attachment 3

Independent Auditors' Report

To the Board of Directors

Acer Cyber Security Inc.:

Opinion

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

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

Basis for Opinion

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

Key Audit Matter

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

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

1. Revenue recognition

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

Description of key audit matter:

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

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain audit procedures including, among others, testing the design and operating effectiveness of the Group' s internal control over the service revenue recognition; assessing whether the accounting policies with respect to the identification of performance obligation(s) and timing of revenue recognition are appropriate; reviewing the 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(18) of the accompanying consolidated financial statements.

Other Matter

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)

February 27, 2024

(Expressed in Thousands of New Taiwan Dollars)

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

ACER CYBER SECURITY INC.

Parent-Company-Only Statements of Comprehensive Income

For the Years Ended December 31, 2023 and 2022

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

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

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

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

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Other equity					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		
Balance at January 1, 2022	5169.997	323.900	39.963	14.002	111.397	165.362	(1.432)	(13.681)	-	(15.113)	468.820	1.112.966
Net income for the year	-	-	-	-	155.366	155.366	-	-	-	-	-	155.366
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(4.629)	(1.945)	-	(6.574)	-	(6.574)
Total comprehensive income (loss) for the year	-	-	-	-	155.366	155.366	(4.629)	(1.945)	-	(6.574)	-	148.792
Appropriation approved by the stockholders:												
Legal reserve	-	-	8.685	-	(8.685)	-	-	-	-	-	-	-
Special reserve	-	-	-	1.111	(1.111)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(63.787)	(63.787)	-	-	-	-	-	(63.787)
Cash capital increase	50.000	428.800	-	-	-	-	-	-	-	-	-	478.800
Reorganization	-	5.896	-	-	-	-	-	(12.824)	-	(12.824)	(468.820)	(475.748)
Issuance of restricted employee stock	2.410	14.438	-	-	-	-	-	-	(16.848)	(16.848)	-	-
Compensation cost of restricted employee stock	-	-	-	-	-	-	-	-	5.055	5.055	-	5.055
Compensation cost of reservation of cash increase for the employee to purchase	-	2.886	-	-	-	-	-	-	-	-	-	2.886
Balance at December 31, 2022	222.407	775.920	48.648	15.113	193.180	256.941	(6.061)	(28.450)	(11.793)	(46.304)	-	1.208.964
Net income for the year	-	-	-	-	190.587	190.587	-	-	-	-	-	190.587
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(4.828)	(1.230)	-	(6.058)	-	(6.058)
Total comprehensive income (loss) for the year	-	-	-	-	190.587	190.587	(4.828)	(1.230)	-	(6.058)	-	184.529
Appropriation approved by the stockholders:												
Legal reserve	-	-	15.536	-	(15.536)	-	-	-	-	-	-	-
Special reserve	-	-	-	19.396	(19.396)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(99.921)	(99.921)	-	-	-	-	-	(99.921)
Cancellation of restricted employee stock	(362)	362	-	-	-	-	-	-	-	-	-	-
Compensation cost of restricted employee stock	-	(6.938)	-	-	-	-	-	-	7.606	7.606	-	668
Balance at December 31, 2023	522.045	769.344	64.184	34.509	248.914	347.607	(10.889)	(29.680)	(4.187)	(44.756)	-	1.294.240

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

ACER CYBER SECURITY INC.

Parent-Company-Only Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

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

(Continued)

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

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

(Expressed in Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>
Cash flows from investing activities:		
Payment of reorganization	-	(475. 748)
Cash dividends paid by the previous entity	-	(38. 092)
Additions to property, plant and equipment	(159. 176)	(43. 811)
Proceeds from disposal of property, plant and equipment	-	904
Additions to intangible assets	(244. 928)	(205. 457)
Increase in non-current assets recognized from costs to fulfil contracts with customers	(577. 494)	(356. 519)
Increase (decrease) in other financial assets	4. 273	34. 187
Increase in other non-current assets	(2. 142)	(2. 387)
Cash dividends received	-	1. 199
Net cash flows used in investing activities	<u>(979. 467)</u>	<u>(1. 085. 724)</u>
Cash flows from financing activities:		
(Decrease) increase in guaranteed deposit received	(1. 271)	(12)
Increase in financing payable to related parties	150. 000	-
Payment of lease liabilities	(43. 963)	(43. 082)
Cash dividends paid	(99. 921)	(63. 787)
Cash capital increase	-	478. 800
Net cash flows provided by (used in) financing activities	<u>4. 845</u>	<u>371. 919</u>
Net decrease in cash and cash equivalents	<u>(115. 242)</u>	<u>148. 535</u>
Cash and cash equivalents at beginning of period	<u>568. 390</u>	<u>419. 855</u>
Cash and cash equivalents at end of period	<u><u>\$ 453. 148</u></u>	<u><u>\$ 568. 390</u></u>

Independent Auditors’ Report

To the Board of Directors

Acer Cyber Security Inc.:

Opinion

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

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

Basis for Opinion

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

Key Audit Matter

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

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

year ended December 31, 2023 are stated as follows:

1. Revenue recognition

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

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

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

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

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

responsible for overseeing the Company's financial reporting process.

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

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

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

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

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

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

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)

February 27, 2024

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

ACER CYBER SECURITY INC.

Parent-Company-Only Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

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

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

ACER CYBER SECURITY INC.

Parent-Company-Only Statements of Comprehensive Income

For the Years Ended December 31, 2023 and 2022

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

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

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

ACER CYBER SECURITY INC.

Parent-Company-Only Statements of Changes in Equity

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Other equity					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		
Balance at January 1, 2022	5169,997	323,900	39,963	14,002	111,397	165,362	(1,432)	(13,681)	-	(15,113)	468,820	1,112,966
Net income for the year	-	-	-	-	155,366	155,366	-	-	-	-	-	155,366
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(4,629)	(1,945)	-	(6,574)	-	(6,574)
Total comprehensive income (loss) for the year	-	-	-	-	155,366	155,366	(4,629)	(1,945)	-	(6,574)	-	148,792
Appropriation approved by the stockholders:												
Legal reserve	-	-	8,685	-	(8,685)	-	-	-	-	-	-	-
Special reserve	-	-	-	1,111	(1,111)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(63,787)	(63,787)	-	-	-	-	-	(63,787)
Cash capital increase	50,000	428,800	-	-	-	-	-	-	-	-	-	478,800
Reorganization	-	5,896	-	-	-	-	-	(12,824)	-	(12,824)	(468,820)	(475,748)
Issuance of restricted employee stock	2,410	14,438	-	-	-	-	-	-	(16,848)	(16,848)	-	-
Compensation cost of restricted employee stock	-	-	-	-	-	-	-	-	5,055	5,055	-	5,055
Compensation cost of reservation of cash increase for the employee to purchase	-	2,886	-	-	-	-	-	-	-	-	-	2,886
Balance at December 31, 2022	222,407	775,920	48,648	15,113	193,180	256,941	(6,061)	(28,450)	(11,793)	(46,304)	-	1,208,964
Net income for the year	-	-	-	-	190,587	190,587	-	-	-	-	-	190,587
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(4,828)	(1,230)	-	(6,058)	-	(6,058)
Total comprehensive income (loss) for the year	-	-	-	-	190,587	190,587	(4,828)	(1,230)	-	(6,058)	-	184,529
Appropriation approved by the stockholders:												
Legal reserve	-	-	15,536	-	(15,536)	-	-	-	-	-	-	-
Special reserve	-	-	-	19,396	(19,396)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(99,921)	(99,921)	-	-	-	-	-	(99,921)
Cancellation of restricted employee stock	(362)	362	-	-	-	-	-	-	-	-	-	-
Compensation cost of restricted employee stock	-	(6,938)	-	-	-	-	-	-	7,606	7,606	-	668
Balance at December 31, 2023	522,045	769,344	64,184	34,509	248,914	347,607	(10,889)	(29,680)	(4,187)	(44,756)	-	1,294,240

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

ACER CYBER SECURITY INC.

Parent-Company-Only Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

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

(Continued)

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

ACER CYBER SECURITY INC.

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

(Expressed in Thousands of New Taiwan Dollars)

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

Attachment 4

Acer Cyber Security Incorporated 2023 Statement of Profit Appropriation

Unit: NT\$

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

Note:

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

Chairman of Board



Corporate Officer



Accounting Officer



Attachment 5

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

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



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 shareholder 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(Before Revision)

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
 - I213010 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 represents 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 March 30, 2024

Title	Name	Number of Shares
Chairman	Acer Incorporated	13,295,601
	Legal Representative: Maverick Shih	
Director	Acer Incorporated	13,295,601
	Legal Representative: Jack Tsai	
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
Total		13,295,601

Note:

- (1) The current number of issued shares in the Company as of March 30, 2024: 22,120,220 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.

