

ACER CYBER SECURITY INCORPORATED
MINUTES OF 2021 ANNUAL SHAREHOLDERS' MEETING

(Translation)

The translation is intended for reference only and nothing else. The Chinese text of the Minutes of 2021 Annual Shareholders' Meeting shall govern any and all matters related to the interpretation of the subject matter stated herein.

Time and Date: 9:00 a.m., Wednesday, July 14, 2021

Venue: Globaltown Business Center-Xinyi District City Hall Center
(8F, No. 560, Section 4, Zhongxiao East Road, 110 Taipei City)

Total outstanding shares of ACER CYBER SECURITY INCORPORATED: 16,666,392 shares

Total shares represented by shareholders present in person or proxy: 11,209,398 shares

Percentage of shares held by shareholders present in person or proxy: 67.25%

Directors present: Acer Inc. Legal Representative: Maverick Shih, Ming-To Yu

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

Recorder: Dick Tan

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

1. Report Items

(1) Business Report for the Year 2020

Explanatory Notes: Please refer to Attachment 1.

(2) Audit Committee's Review Report

Explanatory Notes: Please refer to Attachment 2.

(3) To Report on the Distribution of Cash Dividend and the Execution of Employees' Profit Sharing Bonus and Board Directors' Compensation for the Year 2020

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 2020 has been approved by the Board of Directors on

March 15, 2021, according to which the Company will distribute the cash dividend of NT\$54,999,091 to the shareholders whose names and respective shares are in these shareholders' register on the Ex-rights (ex-dividend) record date, at a preliminary ratio of NT\$3.3 per share. The Board of Directors would set the Ex-rights (ex-dividend) record date separately.

- b. Execution of Employees' Profit Sharing Bonus and Board Directors' Compensation:
- i. The Board of Directors approved the proposal of employees' 2020 profit sharing bonus and Board Directors' compensation on March 15, 2021. The employees' profit sharing bonus and Board Directors' compensation are to be distributed in cash.
 - ii. The total amount of employees' 2020 profit sharing bonus is NT\$9,900,000.
 - iii. The total amount of Board Directors' 2020 compensation is NT\$0.

2. Proposed Items for Ratification and Discussion

Item 1

Proposal: Ratification Proposal of the Financial Statements and Business Report for the Year 2020. (Proposed by the Board of Directors)

Explanatory Notes:

- (1) The Company's Financial Statements for the year 2020, 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 2020 and the aforementioned Financial Statements are attached hereto as Attachment 1 and Attachment 3, which have been approved by the Audit Committee and by the Board of Directors via resolution.
- (3) Please discuss.

Resolution:

Shares present at the time of voting: 11,209,398 (votes casted electronically: 11,184,787)

Voting Results*		% of the total represented share present
Votes in favor:	11,175,555 votes (11,175,555 votes)	99.69%
Vote against:	4,065 votes (4,065 votes)	0.03%
Votes invalid or abstained:	29,778 votes (5,167 votes)	0.26%

*including votes casted electronically (number in brackets)

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

Item 2

Proposal: Ratification Proposal for Profit Appropriation for the Year 2020. (Proposed by the Board of Directors)

Explanatory Notes:

- (1) The distributable dividends and bonuses from the total accumulative profits available for appropriation to shareholders is NT\$58,332,371. The balance of the unappropriated retained profits is reserved for distribution in the future.
- (2) It is proposed to distribute the cash dividend of NT\$54,999,091 among the aforesaid dividends and bonuses to the shareholders whose names and respective shares are in the shareholders' register on the Ex-rights (ex-dividend) record date, at a ratio of NT\$3.3 per share. (Rounded down to NT\$1 and the residue will be calculated and booked as the Company's other income).
- (3) It is proposed to distribute the stock dividend of NT\$3,333,280 among the aforesaid dividends and bonuses to the shareholders whose names and respective shares are in the shareholders' register on the Ex-rights record date, at a ratio of NT\$0.2 per share.
- (4) Before the Ex-rights record date and Ex-rights (ex-dividend) record date, should the approved cash distribution ratio require any adjustment due to the amendment of laws or regulations, request by competent authorities, or any change of the numbers of issued and outstanding shares, it is proposed the General Shareholders' Meeting to authorize the Board of Directors with full power to adjust the distribution ratio.
- (5) The Profit Appropriation Statement for 2020 is attached hereto as Attachment 4.
- (6) Please discuss.

Resolution:

Shares present at the time of voting: 11,209,398 (votes casted electronically: 11,184,787)

Voting Results*		% of the total represented share present
Votes in favor:	11,176,575 votes (11,176,575 votes)	99.70%
Vote against:	4,065 votes (4,065 votes)	0.03%
Votes invalid or abstained:	28,758 votes (4,147 votes)	0.25%

*including votes casted electronically (number in brackets)

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

Item 3

Proposal: Discussion proposal for a new share issue through capitalization of earnings.

(Proposed by the Board of Directors)

Explanatory Notes:

- (1) For the further development of company business, the management plans to withdraw NT\$3,333,280 from distributable earnings to issue dividends stocks of 333,328 shares.
- (2) After the approval of competent authority, based on the shareholders and their respective shares in the shareholders' register on the Ex-rights record date, additional 20 shares are proposed to be distributed per 1000 shares. The allotment of less than one share can be paid in cash according to the denomination (rounded down to NT\$1), and authorized the chairman to contact a specific person to subscribe for it, except for the shareholder's application within five days from the Ex-rights record date for combination.
- (3) The shareholder rights and obligations of the new shares are the same as those of existing shares.
- (4) Upon the approval of the Annual Meeting of Shareholders, the Board of Directors will be authorized to resolve the Ex-rights record date and other relevant issues.
- (5) Before the Ex-rights record date, should the approved stock dividend distribution ratio require any adjustment due to amendment of laws or regulations, request by competent authority, or any change of the numbers of the issued and outstanding shares (ex. Transferring or Nullifying Buyback Shares or Capital Injection, etc.), it is proposed that the General Shareholders' Meeting authorize the Board of Directors with full power to adjust the distribution ratio.
- (6) Please discuss.

Resolution:

Shares present at the time of voting: 11,209,398 (votes casted electronically: 11,184,787)

Voting Results*	% of the total represented share present
Votes in favor: 11,176,535 votes (11,176,535 votes)	99.70%
Vote against: 4,105 votes (4,105 votes)	0.03%
Votes invalid or abstained: 28,758 votes (4,147 votes)	0.25%

*including votes casted electronically (number in brackets)

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

3. Extemporany Motion: None

4. Meeting Adjourned: 9:21 a.m.

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

Attachment 1

Business Report

Dear fellow Shareholders,

On October 30, 2019, Acer Cyber Security (ACSI) was officially listed on the Taipei Exchange under stock code: 6690, becoming the first cybersecurity service company to be listed on a stock exchange in Taiwan. Last year, despite the shrouded COVID-19 pandemic, every member of our employees still gave their best efforts to achieve a high standard of customer service under the strict control of group isolation and self-health management measures. Our overall revenue and profitability remained strong in 2020, with consolidated revenue increased by 25% to NT\$ 803 million for the year, as compared to 2019 prior year's revenue figures.

Our SOC (Security Operation Center) business in the financial services industry, as well as our business of mobile application testing as required before the application is launched in the target market under the mobile applications development for small and medium-sized enterprises also have grown significantly in 2020. In addition, the Operation Technology (OT) we introduced in 2020 has enabled relevant energy critical infrastructure operators to understand the risks and importance of cybersecurity they are facing today. As for the development of our overseas businesses, despite the COVID-19 pandemic, we have completed the SOC deployment with our partner overseas and in Thailand in 2019, and with such partnership, we have jointly secured the first SOC client of a securities company in 2020. Immediately after such success, we began a partnership with a cybersecurity company in Indonesia for the first stage of cybersecurity testing deployment, following by the completion of the cybersecurity technology certification for the cybersecurity testing items, vulnerability scanning and penetration testing, through two months of online training, and business development has begun.

In continuing deepening our leadership in the field of cybersecurity services, 1) we have refined our SOC service reports by introducing new versions of the service reports and notification in Q4 2020 to enhance their accuracy and conciseness and to further improve our customer satisfaction; 2) where the number of logs grows exponentially as a result of the increase in the number of customers, we have strengthened the defense of our SOC cybersecurity monitoring rules with AI-generated techniques for suspicious DNS tunneling attacks; 3) in Q4 2020, we have introduced a new automated penetration testing tool: Breach & Attack Simulation (BAS), which has been tested on our target customers, and we have started to develop BAS test reports towards the testing of the virtual blue team on the client side to strengthen the cybersecurity defense strategy through the report results; 4) we have conducted cybersecurity testing and SOC feasibility analysis on the Critical Infrastructure (CI)

sectors in 2020, and from the data generated, we identified a number of cybersecurity risks in the sectors that were not previously noticed; project presentations and cybersecurity course promotion were conducted in Q4 for senior management in the energy industry; 5) with respect to the development of our overseas businesses, in addition to our new partner in Indonesia as mentioned above, we also have developed a number of SOC maintenance rules for newly signed customers and potential customers in Thailand, and are moving towards our goal of creating a collaborative network in cybersecurity.

The COVID-19 pandemic has accelerated the development of the digital age. Through either video conferencing, working from home, remote work, or distributed offices with multiple locations, phishing emails, ransomware and DDoS attacks have been reported from time to time, and the manufacturing industry in particular has been subjected to numerous incidents of extortion through ransomware; these events again exposed how vulnerable the manufacturing industry is to cybersecurity risks. The Financial Supervisory Commission (FSC) Chairman Tien-Mu Huang has demanded the implementation of the Cybersecurity Action Plan: Cybersecurity Compliance Review, Cybersecurity Offensive and Defensive Training Exercises, and Cybersecurity Monitoring as the important guidelines for the next four years in continuous improvement and emphasis on cybersecurity resilience. The Department of Cyber Security of the Executive Yuan also requires government agencies and critical infrastructure units (including state-owned companies and private enterprises) to implement cybersecurity defense and processes of incident reporting, and establish the requirements for their cybersecurity service providers on the effectiveness of cybersecurity monitoring and response capabilities. Cybersecurity is national security, and it is also a necessary deployment and investment for a preventive measure that must be taken amid business competition. ACSI is a leading cybersecurity and cyber defense company; last year, in doing what we could in these turbulent times, we have held “Cybersecurity Seminars” freely sharing cybersecurity knowledge to enterprises across the nation and reminding corporations that they should pay even more attention to cybersecurity incidents during this pandemic.

Looking ahead to 2021, the FSC Cybersecurity Action Plan will expand the strength of auditing on bank, security and insurance sectors, while intensifying cybersecurity measures in the manufacturing industry and thus observing opportunities presented for 5G networks in the application of AIOT. This is indeed a great time for ACSI to expand our businesses. We will also start to lay out cybersecurity training business seeing that currently there is a strong demand for cybersecurity professionals but with insufficient supply in the market. Many enterprises have our cybersecurity engineers on-site to assist in their cybersecurity day-today maintenance; by establishing a cybersecurity training agency, it will provide our customers with greater support in cybersecurity industry. From Boards of directors, senior management cybersecurity knowledge and cybersecurity talent professional skills, they all will require the works of professional cybersecurity service vendors to assist in promotion and training, and

ACSI is just the company that possesses abundant experience in cybersecurity defense and management. We will be able to expand our cybersecurity service items and make a greater contribution to the integrity of cybersecurity defense.

Chairman of Board



General Manager



Chief Accountant



Attachment 2

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2020 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.

Acer Cyber Security Incorporated
Convener of the Audit Committee :


Ming-To Yu

March 15th, 2021

Attachment 3

Independent Auditors' Report

To the Board of Directors
Acer Cyber Security Inc.:

Opinion

We have audited the financial statements of Acer Cyber Security Inc. (the "Company"), which comprise the balance sheets as of December 31, 2020 and 2019, and the statements of comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its 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 Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the 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 financial statements for the year ended December 31, 2020 are stated as follows:

1. Revenue recognition

Please refer to Note 4(n) 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(o) of the accompanying financial statements.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 auditing standards generally accepted in 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 financial statements.

As part of an audit in accordance with auditing standards generally accepted in 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 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, base 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 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 financial statements, including the disclosures, and whether the 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 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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)
March 6, 2017

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

ACER CYBER SECURITY INC.

Balance Sheets

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2020		December 31, 2019			Liabilities and Equity		December 31, 2020		December 31, 2019	
		Amount	%	Amount	%				Amount	%		
Current assets:							Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 415,122	45	397,511	47	2130	Contract liabilities—current (note 6(o))	52,144	6	19,678	2	
1140	Contract assets—current (notes 6(o) and 7)	136,534	15	99,500	12	2170	Accounts payable	91,095	10	79,195	9	
1170	Notes and accounts receivable, net (notes 6(b) and (o))	135,406	15	79,956	9	2180	Accounts payable to related parties (note 7)	7,444	1	3,234	-	
1180	Accounts receivable from related parties (notes 6(b), (o) and 7)	13,928	1	14,183	2	2219	Other payables	110,521	12	96,693	12	
1200	Other receivables (note 6(c))	2,686	-	4,724	1	2220	Other payables to related parties (note 7)	8,361	1	14,400	2	
1210	Other receivables from related parties (note 6(c) and 7)	209	-	1,505	-	2230	Current tax liabilities (note 6(k))	11,808	1	13,927	2	
1470	Prepay expenses and other current assets	2,191	-	2,822	-	2280	Lease liabilities-current (notes 6(13) and (25) and 8)	9,399	1	9,117	1	
	Total current assets	<u>706,076</u>	<u>76</u>	<u>600,201</u>	<u>71</u>	2300	Other current liabilities (note 6(n))	10,353	1	7,206	1	
							Total current liabilities	<u>301,125</u>	<u>33</u>	<u>243,450</u>	<u>29</u>	
Non-current assets:							Non-current liabilities:					
1517	Financial assets measured at fair value through other comprehensive income—non-current	28,205	3	-	-	2580	Lease liabilities-non-current (notes 6(13) and (25) and 8)	7,533	1	16,576	2	
1600	Property, plant and equipment (note 6(c))	19,922	2	14,346	2	2670	Other non-current liabilities	1,042	-	1,042	-	
1755	Right-of use assets (notes 6(g) and 7)	16,373	2	24,950	3		Total non-current liabilities	<u>8,575</u>	<u>1</u>	<u>17,618</u>	<u>2</u>	
1780	Intangible assets (note 6(h))	65,262	7	104,253	12		Total liabilities	<u>309,700</u>	<u>34</u>	<u>261,068</u>	<u>31</u>	
1840	Deferred income tax assets (note 6(k))	6,915	1	6,097	1		Equity (note 6(l)):					
1967	Non-current assets recognized from costs to fulfil contracts with customers (notes 6(c), 7 and 8)	14,541	2	23,185	3	3110	Common stock	166,664	18	163,396	19	
1975	Other non-current assets	1,733	-	823	-	3200	Capital surplus	323,900	35	323,900	38	
1980	Other financial assets—non-current (note 6(l))	64,076	7	69,848	8	3310	Retained earnings:					
	Total non-current assets	<u>217,027</u>	<u>24</u>	<u>243,502</u>	<u>29</u>	3320	Legal reserve	31,748	3	24,978	3	
						3350	Unappropriated earnings (accumulated deficit)	11,634	1	510	-	
						3400	Unappropriated retained earnings (accumulated deficit)	93,459	10	81,486	10	
							Other equity	(14,002)	(1)	(11,635)	(1)	
							Total equity	<u>613,403</u>	<u>66</u>	<u>582,635</u>	<u>69</u>	
Total assets		<u>\$ 923,103</u>	<u>100</u>	<u>843,703</u>	<u>100</u>		Total liabilities and equity	<u>\$ 923,103</u>	<u>100</u>	<u>843,703</u>	<u>100</u>	

(English Translation of Financial Statements Originally Issued in Chinese)

ACER CYBER SECURITY INC.

Statements of Comprehensive Income (Loss)

For the years ended December 31, 2020 and 2019

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

		2020		2019	
		Amount	%	Amount	%
4000	Net revenue (notes 6(o) & (p) and 7)	\$ 803,373	100	642,209	100
5000	Cost of revenue (note 6(d), (h), (i) & (j) and 7 and 12)	(482,164)	(60)	(371,150)	(58)
	Gross profit	321,209	40	271,059	42
	Operating expenses (notes 6(g), (h), (i), (j), (m) & (q), 7 and 12):				
6100	Selling expenses	(45,921)	(6)	(36,238)	(6)
6200	General and administrative expenses	(72,919)	(9)	(69,539)	(11)
6300	Research and development expenses	(101,920)	(12)	(88,313)	(13)
	Total operating expenses	(220,760)	(27)	(194,090)	(30)
	Operating income (loss)	100,449	13	76,969	12
	Non-operating income and loss (notes 6(r) and 7):				
7100	Interest income	1,356	-	335	-
7020	Other gains and losses — net	(142)	-	8,662	1
7050	Finance costs	(237)	-	(289)	-
	Total non-operating income and loss	977	-	8,708	1
7900	Profit (loss) from continuing operations before tax	101,426	13	85,677	13
7950	Less: Income tax expenses	(19,272)	3	(17,981)	2
	Profit (loss)	82,154	10	67,696	11
	Other comprehensive income:				
	Items that will not be reclassified subsequently to profit or loss				
8310	Remeasurements of defined benefit plans	(753)	-	(1,466)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(1,765)	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(151)	-	(293)	-
	Other comprehensive income	(2,367)	-	(1,173)	-
	Total comprehensive income (loss) for the year	\$ 79,787	10	66,523	11
	Earnings per share (in New Taiwan dollars) ((note 6(n)):				
9750	Basic earnings (loss) per share	\$	4.93	\$	5.01
9850	Diluted earnings (loss) per share	\$	4.90	\$	4.95

(English Translation of Financial Statements Originally Issued in Chinese)

ACER CYBER SECURITY INC.

Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Other equity				Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings (accumulated deficit)	Total	Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	
Balance at January 1, 2019	\$ 126,296	22,124	19,179	-	57,988	77,167	-	(10,462)	(10,462)	215,125
Net loss for the year	-	-	-	-	67,696	67,696	-	-	-	67,696
Other comprehensive loss for the year	-	-	-	-	-	-	-	(1,173)	(1,173)	(1,173)
Total comprehensive loss for the year	-	-	-	-	67,696	67,696	-	(1,173)	(1,173)	66,523
Appropriation approved by the stockholders:										
Legal reserve	-	-	5,799	-	(5,799)	-	-	-	-	-
Special reserve appropriated	-	-	-	510	(510)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(37,889)	(37,889)	-	-	-	(37,889)
Issue of shares	37,100	298,882	-	-	-	-	-	-	-	335,982
Changes in ownership interests in subsidiaries	-	2,894	-	-	-	-	-	-	-	2,894
Balance at December 31, 2019	163,396	323,900	24,978	510	81,486	106,974	-	(11,635)	(11,635)	582,635
Net loss for the year	-	-	-	-	82,154	82,154	-	-	-	82,154
Other comprehensive loss for the year	-	-	-	-	-	-	(1,765)	(602)	(2,367)	(2,367)
Total comprehensive loss for the year	-	-	-	-	82,154	82,154	(1,765)	(602)	(2,367)	79,787
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	6,770	-	(6,770)	-	-	-	-	-
Special reserve appropriated	-	-	-	11,124	(11,124)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(49,019)	(49,019)	-	-	-	(49,019)
Cash dividends of preference share	3,268	-	-	-	(3,268)	(3,268)	-	-	-	-
Balance at December 31, 2020	\$ 166,664	323,900	31,748	11,634	93,459	136,841	(1,765)	(12,237)	(14,002)	613,403

(English Translation of Financial Statements Originally Issued in Chinese)

ACER CYBER SECURITY INC.

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Income (loss) before income tax	\$ 101,426	85,677
Adjustments for:		
Adjustments to reconcile profit (loss):		
Depreciation	18,706	13,167
Amortization	279,245	217,909
Interest expense	237	289
Interest income	(1,356)	(335)
Share-based compensation cost	-	2,894
Gain on disposal of property, plant and equipment	(20)	-
Total profit and loss	<u>296,812</u>	<u>233,924</u>
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Increase in contract assets	(37,034)	(28,407)
Decrease (increase) in notes and accounts receivable	(55,450)	(9,900)
Decrease (increase) in accounts receivables from related parties	255	(8,505)
Increase in other receivables	2,042	21,780
Increase in other receivables from related parties	1,296	21,908
Increase in inventories	-	929
Increase in prepaid expenses and other current assets	(470)	(338)
Decrease (increase) in prepayments	(1,657)	(823)
Net changes in operating assets	<u>(91,018)</u>	<u>(3,356)</u>
Net changes in operating liabilities:		
Increase in contract liabilities	32,466	(14,781)
Increase in accounts payable	11,900	(82,669)
Increase in accounts payable to related parties	4,210	(486)
Increase (decrease) in other payables	13,828	36,156
Increase in other payables to related parties	(6,045)	(38,694)
Increase (decrease) in other current liabilities	3,147	133
Decrease in net defined benefit liabilities	-	(8,484)
Net changes in operating liabilities	<u>59,506</u>	<u>(108,825)</u>
Total changes in operating assets and liabilities	<u>(31,512)</u>	<u>(112,181)</u>
Total adjustments	<u>265,300</u>	<u>121,743</u>
Cash provided by operations	366,726	207,420
Interest received	1,352	237
Interest paid	(237)	(289)
Income taxes paid	(20,957)	(14,513)
Net cash from operating activities	<u>346,884</u>	<u>192,855</u>

(Continued)

(English Translation of Financial Statements Originally Issued in Chinese)

ACER CYBER SECURITY INC.

Statements of Cash Flows (Continued)

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	<u>2020</u>	<u>2019</u>
Cash flows from investing activities:		
Purchase of financial assets at fair value through other comprehensive income	(29,970)	-
Additions to property, plant and equipment	(12,810)	(12,561)
Proceeds from disposal of property, plant and equipment	72	-
Additions to intangible assets	(141,304)	(146,603)
Proceeds from disposal of intangible assets	(90,306)	(80,200)
Net cash receipts from acquisitions of subsidiaries and other business units	5,772	(19,400)
Net cash flows used in investing activities	<u>(268,546)</u>	<u>(258,764)</u>
Cash flows from financing activities:		
Payment of lease liabilities	(11,708)	(10,200)
Cash dividends	(49,019)	(37,889)
Proceeds from issuing shares	-	335,982
Net cash flows from (used in) financing activities	<u>(60,727)</u>	<u>287,893</u>
Net decrease in cash and cash equivalents	17,611	221,984
Cash and cash equivalents at beginning of period	397,511	175,527
Cash and cash equivalents at end of period	<u>\$ 415,122</u>	<u>397,511</u>

Attachment 4

Acer Cyber Security Incorporated 2020 Statement of Profit Appropriation

	Unit : NT\$
Beginning Balance of Un-appropriated Retained Earnings	11,305,540
Plus: 2020 Net Income after Tax	82,153,512
Deduct: Legal Reserve	(8,215,351)
Deduct: Special Reserve (Remeasurements of the Defined benefit plans)	(602,400)
Deduct: Special Reserve (Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income)	(1,764,900)
Appropriation Items	<u>82,876,401</u>
Cash Dividends to Shareholders ^{Note 1}	(54,999,091)
Stock Dividends to Shareholders ^{Note 2}	<u>(3,333,280)</u>
Ending Balance of Un-appropriated Retained Earnings	<u>24,544,030</u>

Note 1:

- i. Cash dividend: NT\$3.3 per share.
- ii. Pursuant to Article 21 of the Company's 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.
- iii. The total amount of cash dividends to the shareholders is NT\$54,999,091, which has been approved by the Board of Directors on March 15, 2021.

Note 2: Stock dividend: NT\$0.2 per share.

Chairman of Board



General Manager



Chief Accountant

