

ACER INCORPORATED

Agenda of 2025
**General
Shareholders' Meeting**
(Translation)



Date: May 29, 2025
Venue: Aspire Resort
(No. 428, Kewang Rd., Longtan District, Taoyuan City)
www.acer-group.com

acer
2025

TSE 2353

Disclaimer

This is a translation of the 2025 General Shareholders' Meeting Agenda of Acer 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.

ACER INCORPORATED (THE "COMPANY")

Regulations for the Conduct of Shareholders' Meetings

1. These 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 way of 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 domestically, 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 Act, 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, after second such postponement, 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 Act 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 Act, 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 person presiding over the meeting shall also appoint persons to count the votes. The result of the voting shall be announced immediately, and a record of the same shall be made accordingly.

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 Act 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 Act shall not apply.

For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders meeting online shall not attend the postponed or resumed session.

For a meeting to be postponed or resumed under the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.

During a postponed or resumed session of a shareholders meeting held under the preceding paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors.

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.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.

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. These Regulations and any amendments thereto, shall become effective upon approval by the shareholders.
22. Approved by the General Shareholders' Meeting held on May 15, 1990.

First Amendment approved by the General Shareholders' Meeting held on April 26, 1996.

Second Amendment approved by the General Shareholders' Meeting held on May 29, 1998.

Third Amendment approved by the General Shareholders' Meeting held on June 11, 2003.

Fourth Amendment approved by the General Shareholders' Meeting held on June 15, 2012.

Fifth Amendment approved by the General Shareholders' Meeting held on June 10, 2022.

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Meeting Agenda

Time: 9:00 a.m., Friday, May 29, 2025

Venue: Aspire Resort

(No. 428, Kewang Rd., Longtan District, Taoyuan City)

Type: Physical Shareholders' Meeting

1. Report Items

- (1) Business Report for the Year 2024
- (2) Audit Committee Report
- (3) Report on the Distribution of Cash Dividend for the Year 2024, Execution of Employees' Profit Sharing Bonus and Board Directors' Compensation for the Year 2024
- (4) Report on the Status of Shareholders' Diversification of Acer Subsidiaries' Shares is Planned to be Listed on TWSE or TPEx
- (5) Report on the Issue of Unsecured Corporate Bonds of Acer Inc.

2. Proposed Items for Ratification and Discussion

- (1) Ratification Proposal of the Financial Statements, Business Report and Profit Distribution Statement for the Year 2024
- (2) Proposal of the Amendments to Articles of Incorporation
- (3) Proposal of the Amendments to Procedures for Acquiring or Disposing of Assets

3. Extemporary Motion

4. Meeting Adjourned

1. Report Items

(1) Business Report for the Year 2024

Explanatory Notes: Please refer to [Attachment 1, pages 12 to 13](#).

(2) Audit Committee Report

Explanatory Notes: Please refer to [Attachment 2, page 14](#).

(3) Report on the Distribution of Cash Dividend for the Year 2024, Execution of Employees' Profit Sharing Bonus and Board Directors' Compensation for the Year 2024

Explanatory Notes:

i. Distribution of Cash Dividend

(i) Pursuant to Article 21 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) The total accumulative earnings available for appropriation is NT\$7,379,734,692, and plan to distribute the cash dividend of NT\$5,181,351,507 to the shareholders whose names and respective shares are in the shareholders' register on the record date for ex-dividend, at a preliminary ratio of NT\$1.7 per share (Rounded down to NT\$1 and the residue will be calculated and booked as the Company's other income).

(iii) The record date for ex-dividend is temporarily set on June 26, 2025, and the distribution date is set on July 24, 2025. 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.

ii. Execution of Employees' Profit Sharing Bonus and Board Directors' Compensation

The Board of Directors approved the proposal of employees' 2024 profit sharing bonus and Board Directors' compensation on March 13, 2025. The employees' profit sharing bonus and Board Directors' compensation are to be distributed in cash.

(i) The total amount of employees' 2024 profit sharing bonus is NT\$517,000,000.

(ii) The total amount of Board Directors' 2024 compensation is NT\$5,200,000.

(4) Report on the status of shareholders diversification of Acer subsidiaries' shares is planned to be listed on TWSE or TPEX

Explanatory Notes: Please refer to [Attachment 3, page 15](#).

(5) Report on the Issue of Unsecured Corporate Bonds of Acer Inc.

Explanatory Notes: Please refer to [Attachment 4, page 16](#).

2. Proposed Items for Ratification and Discussion

Item 1

Proposal: Ratification Proposal of the Financial Statements, Business Report and Profit Distribution Statement for the Year 2024. (Proposed by the Board of Directors)

Explanatory Notes:

- (1) The Company's Financial Statements for the year 2024, 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 2024, the aforementioned financial statements and Profit Distribution Statement for the year 2024 are attached hereto as [Attachment 1, pages 12 to 13](#) and [Attachment 5~6, pages 17 to 39](#), which have been approved by the Audit Committee and by the Board of Directors via resolution.
- (3) Please discuss.

Resolution:

Item 2

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

Explanatory Notes:

- (1) In response to regulatory amendments and to enhance corporate governance, it is proposed to amend the Company's Articles of Incorporation. The key amendments are as follows:
 - i. The biomedical team under Acer Value Lab focuses on the development of personalized cancer vaccines. Leveraging an AI-based vaccine antigen prediction platform, combined with Acer's proprietary technology, the team aims to expand the application of artificial intelligence in personalized cancer immunotherapy. To support its continued development and to apply for clinical trials with the competent authorities, the Company proposes to add the required Business Scopes in accordance with the Pharmaceutical Affairs Act and other applicable regulations.
 - ii. Subject to the amendment to Article 14, Paragraph 6 of the Securities and Exchange Act, promulgated on August 7, 2024, and the Financial Supervisory Commission's Order Jin-Guan-Zheng-Fa-Zi No. 1130385442 issued on November 8, 2024, the Company deliberates that employee compensation distributions is intended as a bonus to reward employees for their contributions and performance in the preceding fiscal year. In contrast, salary adjustment constitutes regular compensation adjustments based on performance evaluations and expectations for future contribution. Considering the Company's operational status and industry practices, it is stipulated that where there is profit in each fiscal year, after covering the accumulated losses, no less than 1.5% of the profit shall be distributed as non-executive employees' compensation.
 - iii. Pursuant to the amendments to the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" promulgated by Taiwan Stock Exchange on August 23, 2024, the Company proposes to revise Article 12 of its Articles of Incorporation to specify that the number of independent directors shall not be less than one-third of the total number of directors.
- (2) Please refer to [Attachment 7, pages 40 to 42](#), for "Comparison Table of Acer's Articles of Incorporation Before and After Revision".
- (3) Please discuss.

Resolution:

Item 3

**Proposal: Proposal: Proposal of the Amendments to Procedures for Acquiring or Disposing of Assets.
(Proposed by the Board of Directors)**

Explanatory Notes:

(1) To further enhance the resilience of Acer Group, the Company continues its development strategy of multiple business engines engine. Considering the following factors, the Company, referring to the Procedures of the Taiwan-listed companies in the same industry, proposes to raise the total amount limit for securities investment:

- i. To support subsidiaries' business development and maintain the Company's controlling stake, when publicly listed subsidiaries conduct cash capital increases to issue new shares for business expansion and operational requirement, the Company needs to subscribe for such shares to avoid dilution of shareholdings.
- ii. To support subsidiaries in expanding their operations, the Company may engage in strategic investments in potential business partners.
- iii. When the Company or its subsidiaries establish overseas entities for local business development, certain jurisdiction authorities may impose increasing minimum paid-in capital requirements for specific business activities, necessitating capital injections.

In summary, pursuant to the relevant internal control regulations and Articles 4 and 5 of the "Procedures for Acquiring or Disposing of Assets", the Company has established comprehensive risk control regulations for the acquisition and disposal of securities, including evaluation methods, approval, and execution procedures. While certain low-value or routine transactions may be approved by authorized executives within defined limits, the acquisition or disposal of assets generally remains subject to board approval. Matters covered under Article 185 of the Company Act shall continue to require shareholder approval. Based on the above, the Company believes the proposed amendments are justified and therefore proposes to increase the total investment limit for securities.

- (2) Please refer to [Attachment 8, page 42](#), for "Comparison Table of Procedures for Acquiring or Disposing of Assets Before and After Revision"
- (3) Please discuss.

Resolution:

3. Extemporary Motion

4. Meeting Adjourned

Attachment 1

Business Report

Dear Shareholders,

Capturing New Business Opportunities^[1]

We are pleased to share that Acer concluded the year with six consecutive quarters of year-on-year revenue growth. Our fiscal 2024 results were: consolidated revenues of NT\$264.68 billion, operating income of NT\$4.88 billion, net income of NT\$5.54 billion, and EPS of NT\$1.84. Acer Chromebooks ranked No. 1 in worldwide shipments during the third and fourth quarters. Our strategy to expand multiple business engines continued to gain momentum with businesses other than computers and displays contributing 28.3% of total group revenues. Our public subsidiaries increased to a total of 13 companies by the year end, with more to come.

Acer is embracing the changes marked by significant advances in various areas of artificial intelligence (AI) and is committed to developing technology that unleashes human potential instead of replacing them, fully demonstrating our concept of “Human Intelligence”. We are expanding our AI-powered portfolio to fulfill more market needs under two main areas – computing and applications. Under our computing portfolio, we incorporate AI in PCs, servers, and workstations with the tools for learning or analytics for example, while our AI-enhanced applications range from supporting business optimization to smart cities and medical solutions. In 2024, we launched several Copilot+ PCs that seek to provide versatile performance as well as elevate computing capabilities and productivity to another level. As the technology matures, we expect AI PCs to reach a 40% share of our total PC shipments in 2025.

Making ESG an Integral Part of Our Operations

We strive to fulfill our commitment to environmental sustainability from multiple perspectives. We are integrating recycled materials from computers to gadgets, home appliances, and fashion portfolios. To reduce carbon emissions, we delivered our first carbon-neutral laptop, where actions are taken at each stage of the device lifecycle^[2] to minimize carbon footprint^[3]. We are cooperating with logistics providers in support of biofuel solutions, which now include both sustainable marine and aviation fuels. Furthermore, we have invested in smart solutions such as energy storage, smart parking, e-mobility, and smart medical diagnostics. Through design innovation and investment, we aim to reduce carbon, save energy, and increase productivity.

Growing Recognition of Our ESG Initiatives

Acer has set clear sustainability goals: source 100% renewable electricity by 2035, achieve net-zero emissions by 2050, and use 20-30% post-consumer recycled plastic in our computers and monitors by 2025. We joined Plastic Bank for an Impact Program Partnership to collect 50 tons of ocean-bound plastic in 2024 through their community of collectors in Southeast Asia. Through united actions, Acer and its supply chain partners seek to amplify positive impacts on the environment.

The transparent reporting of our environmental, social and governance (ESG) initiatives under our Earthion mission has continued earning recognition and are instrumental in our inclusion in numerous global sustainability indices and accolades. In 2024, Acer made its debut on both TIME's World's Most Sustainable Companies and the Dow Jones Sustainability World Index, for which it was also listed on the Emerging Markets Index for the 11th consecutive year. Acer was listed in the Top 5% of companies in the S&P Global Sustainability Yearbook 2024 for the fifth year, and in the MSCI ESG Leaders Indexes for the 11th year, garnering the best rating of “AAA” in its category since 2021. For the third straight year, Acer received the Platinum medal from EcoVadis' Sustainability Rating, placing it among the top 1% of rated companies [August 2024]. In addition, Forbes continued to name Acer among the World's Best Employers for the fifth year and Top Female Friendly Companies for the third year.

Remain Vigilant and Dynamically Respond to Potential Risks ^[4]

The global supply chain continues to be challenged by global issues such as geo-political tensions, trade barriers, inflation, and currency fluctuation. Acer will remain vigilant and dynamically adjust business and operation strategies, including foreign exchange hedging and being closer to the markets with a shorter supply chain in order to minimize risks and optimize inventory levels. We are also monitoring the development of international regulations related to AI to be ready to respond to future industry trends. To further strengthen the company's risk management, realize sustainable development goals, and enhance governance, Acer reorganized its former Risk Management Committee to become the "Risk Management and Sustainable Development Committee," with expanded tasks of overseeing cyber security and corporate sustainability.

Once again, we thank all our customers, shareholders, and employees for your steadfast support in 2024. Looking ahead, we will continue to innovate our existing businesses, while pursuing new opportunities for an exciting year ahead.

Chairman of Board :

Jason Chen

Corporate Officers :

Jason Chen

Victor Chien

Meggy Chen

Accounting Officer :

Sophia Chen

^[1] Annual business plan, future development strategy and business policy

^[2] Lifecycle includes raw material, manufacture, distribution, use and disposal.

^[3] The carbon footprint will be validated by a third party in accordance with ISO 14067. After implementing the above-mentioned reduction measures, Acer will then purchase and retire high-quality carbon credits to attain carbon neutrality and obtain a third-party certification.

^[4] Impact from the macro market, governmental regulations, and business environment

Attachment 2

Audit Committee Report

The Board of Directors has prepared the Company's 2024 Business Report, Financial Statements, and the Proposal for Profit & Loss Appropriation. The CPA Ching-Wen Kao and Wei-Ming Shih from KPMG were retained to audit Acer's Financial Statements and have issued an audit report relating to the Financial Statements. The said Business Report, Financial Statements, and Proposal for Profit & Loss Appropriation have been reviewed and determined to be correct and accurate by the Audit Committee of Acer Incorporated 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 Incorporated

Convener of the Audit Committee: Ching-Hsiang Hsu

March 13th, 2025

[Additional Explanation] Communications between the Independent Directors and the Internal Auditors:

Except for reporting the internal audit performances to independent directors every month, the Company's Internal Auditing Officer may present the internal audit report in Audit Committee quarterly and will immediately report to the members of the Audit Committee if any special matter happens.

Attachment 3

The status of shareholders diversification of Acer subsidiaries' shares are planned to be listed on TWSE or TPEx

- Acerpure Inc. (7794.TW, "API")

Date	2023.12	2024.11
Purpose and Method of Transfer of shares	In response to API's IPO plan.	In accordance with Emerging Stock Market regulations, the stock is subscribed by the securities firms and the Securities and Futures Investors Protection Center.
Issuance (Transfer) Price	NTD 13.5 per share	NTD 30 per share
Approval Date by the Audit Committee	August 3, 2023	November 7, 2024
Approval Date by the Board of Directors	August 3, 2023	November 7, 2024
Approval Date by the Shareholders' Meeting	-	-
Shares Transferee	Employees of API, existing shareholders of Acer, employees and directors of Acer and its affiliated companies, and specific persons within the scope of shareholders' waiver of subscription rights ^(Note)	Securities firms and the Securities and Futures Investors Protection Center.
Total Issuance (Transfer) Shares	7,500,000 shares	751,000 shares
Acer's Shareholding Before Issuance (Transfer)	89.94%	59.93%
Acer's Shareholding After Issuance (Transfer)	59.93%	56.93%
Share Price Assessment Basis	Price assessment report issued by an independent CPA	Price jointly determined by the securities firms, Acer, and API
Impact on Shareholder Rights	No adverse effect on existing shareholders	No adverse effect on existing shareholders

Note: In principle, specific persons of share transfers include API employees, employees and directors of Acer and its affiliated companies, and strategic investors beneficial to API's operational development.

Attachment 4

The Issuance of Unsecured Corporate Bonds

Acer's Board of Directors, on March 16, 2024, resolved the issuance of unsecured corporate bonds in the domestic market, with a total limit not exceeding NTD 10 billion. Considering the overall market conditions in 2024 and Acer's capital utilization plan, Acer issued NTD 5 billion of corporate bonds in June 2024, comprised of NTD 2.9 billion for Tranche A, and NTD 2.1 billion for Tranche B.

Due to the unpredictable nature of market conditions, and in consideration of the prevailing market interest rates and Acer's credit rating, Acer intends to issue domestic unsecured corporate bonds to repay debt and/or increase working capital, thereby enhancing the Group's operational flexibility. On March 13, 2025, the Company's Board of Directors approved the issuance of unsecured corporate bonds, which will be conducted in accordance with the relevant provisions of the Company Act, the Securities and Exchange Act, and the Regulations Governing the Offering and Issuance of Securities by Securities Issuers. The key issuance terms are as follows:

- (1) The total issue amount: No more than NT\$10,000,000,000 and issued at one time or separately
- (2) Issuance period: To be decided based on market condition, but no longer than 10 years
- (3) Face value per bond: NT\$1,000,000
- (4) Issue price: At face value
- (5) Coupon rate: Fixed coupon rate, to be determined on market condition
- (6) Calculation and repayment of interest: From the issue date, interest will be paid once a year based on the coupon rate.
- (7) Repayment of Principal: Principal can be repaid in several installments or in a lump sum at maturity

Attachment 5



安侯建業聯合會計師事務所

KPMG

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Independent Auditors' Report

To the Board of Directors
Acer Incorporated:

Opinion

We have audited the consolidated financial statements of Acer Incorporated and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2024 and 2023, 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 material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Acer Incorporated and its subsidiaries as of December 31, 2024 and 2023, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and 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 Acer Incorporated and its subsidiaries 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 Matters

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 consolidated financial statements for the year ended December 31, 2024 are stated as follows:

1. Revenue recognition

Refer to Note 4(p) for the accounting policies on recognizing revenue and Note 5(a) for uncertainty of accounting estimations and assumptions for sales allowances, respectively, to the consolidated financial statements.

Description of key audit matter:

Acer Incorporated and its subsidiaries engaged primarily in the sale of brand-name IT products. Revenue is recognized depending on the various trade terms agreed with customers. This exposes Acer Incorporated and its subsidiaries to the risk that the sales transactions made close to the balance sheet date are not recorded in the appropriate period. Furthermore, the accrual of sales allowances based on business practice is subject to management's judgment, which involves significant uncertainty. Consequently, whether revenue is recognized in the appropriate period and accrual of sales allowances have been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matters above, we have performed certain audit procedures including, among others, testing the design and operating effectiveness of Acer Incorporated and its subsidiaries' internal controls over the timing of revenue recognition; performing a sample test of sales transactions taking place before and after the balance sheet date to ensure that revenue was recognized in the appropriate period; assessing the methodology used by management in estimating sales allowances, including the reasonableness of key assumptions; and inspecting the historical payments of sales allowances to evaluate the reasonableness of the sales allowances estimated by management.

2. Valuation of inventories

Refer to Note 4(h) for the accounting policies on inventory valuation, Note 5(b) for uncertainty of accounting estimations and assumptions for inventory valuation and Note 6(d) for the details of the write-down of inventories, respectively, to the consolidated financial statements.

Description of key audit matter:

Inventories are measured at the lower of cost and net realizable value. Due to the rapid innovation of the information technology products and fierce market competition, Acer Incorporated and its subsidiaries' product price may fluctuate rapidly. Furthermore, the stocks for products and key components may exceed customers' demands thus becoming obsolete. These factors expose Acer Incorporated and its subsidiaries to significant level of uncertainty particularly in the area of estimating net realizable value, which is subject to management's judgments. Therefore, the valuation of inventories has been identified as one of the key audit matters.

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, evaluating whether valuation of inventories was accounted for in accordance with Acer Incorporated and its subsidiaries' accounting policies; obtaining the inventory aging report, analyzing the fluctuation of inventory aging and selecting samples to verify the accuracy of inventory aging classification; and testing the net realizable value of inventories to evaluate the reasonableness of inventory provisions.

3. Impairment of goodwill

Refer to Note 4(n) for the accounting policies on impairment of non-financial assets, Note 5(c) for uncertainty of accounting estimations and assumptions for goodwill impairment and Note 6(l) for the evaluation of goodwill impairment, respectively, to the consolidated financial statements.

Description of key audit matter:

Goodwill arising from acquisition of subsidiaries is subject to impairment test annually or at the time there are indications that goodwill may have been impaired. The assessment of the recoverable amount of the cash-generating unit to which goodwill is allocated involves management's judgment and estimation with respect to the future cash flows and key assumptions which are complex and involve significant uncertainty. Accordingly, the assessment of impairment of goodwill has been identified as one of the key audit matters.

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, assessing the basis used by management for identifying the cash-generating units and whether book value of assets belonging to respective cash-generating units have been completely covered; assessing the appropriateness of the valuation method and key assumptions (in particular projected sales growth rate and weighted-average cost of capital) used by the management in measuring the recoverable amount; assessing the historical reasonableness of management's estimates of financial forecasts, and performing a sensitivity analysis to assess the impact of variations in key assumptions. In addition to the above audit procedures, we have also involved a valuation specialist to evaluate the appropriateness of the weighted-average cost of capital used and its underlying assumptions; and inspecting the adequacy disclosures of related information on impairment evaluation of goodwill.

Other Matter

Acer Incorporated has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2024 and 2023, on which we have issued an 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 with 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 Acer Incorporated and its subsidiaries' 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 Acer Incorporated and its subsidiaries 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 Acer Incorporated and its subsidiaries' 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 auditor's 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 in the aggregate, 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 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 Acer Incorporated and its subsidiaries' 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 Acer Incorporated and its subsidiaries' 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 Acer Incorporated and its subsidiaries 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 financial information of the entities or business activities within Acer Incorporated and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group 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 Kao, Ching-Wen and Shih, Wei-Ming.

KPMG

Taipei, Taiwan (Republic of China)
March 13, 2025

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2024		December 31, 2023	
Assets		Amount	%	Amount	%
Current assets:					
1100	Cash and cash equivalents (note 6(a))	\$ 37,664,975	17	48,134,128	23
1110	Financial assets measured at fair value through profit or loss — current (note 6(b))	1,138,383	1	140,558	-
1136	Financial assets measured at amortized cost — current (note 6(f))	785,759	-	461,025	-
1140	Contract assets — current (note 6(z))	763,516	-	701,205	-
1170	Notes and accounts receivable, net (notes 6(c) & (z))	54,508,844	25	52,194,191	25
1180	Accounts receivable from related parties (notes 6(c) & (z) and 7)	117,875	-	114,041	-
1200	Other receivables (note 7)	1,545,161	1	981,335	-
1220	Current income tax assets	510,296	-	348,843	-
130X	Inventories (note 6(d))	46,351,268	21	43,553,072	22
1476	Other financial assets — current (notes 6(a) and 8)	9,236,370	4	6,885,203	3
1479	Other current assets (note 6(m))	4,075,551	2	4,052,437	2
	Total current assets	<u>156,697,998</u>	<u>71</u>	<u>157,566,038</u>	<u>75</u>
Non-current assets:					
1517	Financial assets measured at fair value through other comprehensive income — non-current (note 6(e))	9,714,964	4	11,901,429	6
1535	Financial assets measured at amortized cost — non-current (note 6(f))	7,304,881	3	4,214,559	2
1550	Investments accounted for using the equity method (note 6(g))	6,441,953	3	1,391,943	1
1600	Property, plant and equipment (notes 6(i) and 8)	8,431,371	4	4,423,825	2
1755	Right-of-use assets (note 6(j))	2,266,644	1	1,924,650	1
1760	Investment property (note 6(k))	990,484	1	861,680	-
1780	Intangible assets (note 6(l))	19,857,525	9	18,855,332	9
1840	Deferred income tax assets (note 6(v))	4,549,909	2	3,784,322	2
1980	Other financial assets — non-current (note 8)	1,209,678	1	1,133,805	1
1990	Other non-current assets (note 6(m) & (u))	2,010,122	1	2,676,263	1
	Total non-current assets	<u>62,777,531</u>	<u>29</u>	<u>51,167,808</u>	<u>25</u>
	Total assets	<u>\$ 219,475,529</u>	<u>100</u>	<u>208,733,846</u>	<u>100</u>

(Continued)

See accompanying notes to consolidated financial statements.

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

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Balance Sheets (Continued)

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
Liabilities and Equity					
Current liabilities:					
2100	Short-term borrowings (notes 6(o) and 8)	\$ 3,330,098	2	976,627	-
2120	Financial liabilities measured at fair value through profit or loss – current (note 6(b))	103,952	-	787,803	-
2130	Contract liabilities – current (note 6(z))	3,298,385	2	3,252,251	2
2170	Notes and accounts payable (note 6(n) and 7)	38,278,673	17	44,701,410	21
2200	Other payables (notes 6(aa) and 7)	34,122,169	16	32,285,437	16
2230	Current tax liabilities	4,408,623	2	2,997,993	1
2250	Provisions – current (notes 6(s) and 9)	6,606,987	3	6,466,024	3
2280	Lease liabilities – current (note 6(r))	720,226	-	613,488	-
2321	Current portion of bonds payable (note 6(q))	2,500,000	1	-	-
2322	Current portion of long-term debt (notes 6(p) and 8)	257,957	-	39,518	-
2365	Refund liabilities – current	14,064,657	6	13,968,281	7
2399	Other current liabilities	1,606,931	1	1,120,719	1
	Total current liabilities	<u>109,298,658</u>	<u>50</u>	<u>107,209,551</u>	<u>51</u>
Non-current liabilities:					
2527	Contract liabilities – non-current (note 6(z))	1,198,655	-	712,983	-
2531	Bonds payable (note 6(q))	12,500,000	6	10,000,000	5
2540	Long-term debt (notes 6(p) and 8)	3,663,078	2	1,565,035	1
2550	Provisions – non-current (notes 6(s) and 9)	47,763	-	14,232	-
2570	Deferred income tax liabilities (note 6(v))	6,052,426	3	5,718,682	3
2580	Lease liabilities – non-current (note 6(r))	1,659,262	1	1,486,249	1
2600	Other non-current liabilities (note 6(u))	1,485,965	-	1,685,049	1
	Total non-current liabilities	<u>26,607,149</u>	<u>12</u>	<u>21,182,230</u>	<u>11</u>
	Total liabilities	<u>135,905,807</u>	<u>62</u>	<u>128,391,781</u>	<u>62</u>
Equity (notes 6(e), (h) and (w)):					
3110	Common stock	30,478,538	14	30,478,538	15
3200	Capital surplus	27,876,265	13	27,805,176	13
3300	Retained earnings	19,653,833	9	18,490,986	9
3400	Other equity	1,532,269	-	664,598	-
3500	Treasury stock	(2,712,774)	(1)	(2,712,774)	(1)
	Equity attributable to shareholders of the Parent	<u>76,828,131</u>	<u>35</u>	<u>74,726,524</u>	<u>36</u>
36XX	Non-controlling interests	<u>6,741,591</u>	<u>3</u>	<u>5,615,541</u>	<u>2</u>
	Total equity	<u>83,569,722</u>	<u>38</u>	<u>80,342,065</u>	<u>38</u>
	Total liabilities and equity	<u>\$ 219,475,529</u>	<u>100</u>	<u>208,733,846</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

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

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2024 and 2023

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

		2024		2023	
		Amount	%	Amount	%
4000	Net revenue (notes 6(z), 7 and 14)	\$ 264,682,407	100	241,308,142	100
5000	Cost of revenue (notes 6(d), (i), (j), (l), (r), (s), (u), (aa), 7 and 12)	(236,676,566)	(89)	(215,484,917)	(89)
5910	Unrealized profit from sales	(3,137)	-	-	-
	Gross profit	28,002,704	11	25,823,225	11
	Operating expenses (notes 6(c), (i), (j), (k), (l), (r), (s), (u), (x) & (aa), 7 and 12):				
6100	Selling expenses	(14,825,954)	(6)	(14,204,313)	(6)
6200	General and administrative expenses	(6,145,460)	(2)	(5,335,136)	(2)
6300	Research and development expenses	(2,266,204)	(1)	(2,118,397)	(1)
	Total operating expenses	(23,237,618)	(9)	(21,657,846)	(9)
6500	Other operating income and expenses, net (notes 6(t)&(ab) and 7)	110,736	-	60,032	-
	Operating income	4,875,822	2	4,225,411	2
	Non-operating income and loss:				
7100	Interest income (note 6(ac))	2,165,687	1	2,059,695	1
7010	Other income (note 6(ac))	267,148	-	484,476	-
7020	Other gains and losses (notes 6(ac) and 7)	1,890,486	-	1,265,856	-
7050	Finance costs (notes 6(r) & (ac))	(561,175)	-	(283,478)	-
7060	Share of profits of associates and joint ventures (note 6(g))	336,376	-	46,835	-
	Total non-operating income and loss	4,098,522	1	3,573,384	1
7900	Income before taxes	8,974,344	3	7,798,795	3
7950	Income tax expense (note 6(v))	(2,755,588)	(1)	(2,167,631)	(1)
	Net income	6,218,756	2	5,631,164	2
	Other comprehensive (loss) income (notes 6 (e), (g), (u) & (w)):				
	Items that will not be reclassified subsequently to profit or loss				
8310	Remeasurements of defined benefit plans	(99,957)	-	(35,982)	-
8316	Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	(1,506,669)	-	7,812,351	3
8320	Share of other comprehensive income of associates and joint ventures	2,431	-	84	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	(6,073)	-	3,280	-
	Total items that will not be reclassified to profit or loss	(1,610,268)	-	7,779,733	3
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations	2,990,785	1	408,596	-
8370	Share of other comprehensive income (loss) of associates	14,510	-	(568)	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	3,005,295	1	408,028	-
	Other comprehensive income, net of taxes	1,395,027	1	8,187,761	3
	Total comprehensive income	\$ 7,613,783	3	13,818,925	5
	Net income attributable to:				
8610	Shareholders of the Parent	\$ 5,539,329	2	4,931,944	2
8620	Non-controlling interests	679,427	-	699,220	-
	Total comprehensive income attributable to:	\$ 6,218,756	2	5,631,164	2
	Earnings per share (in New Taiwan dollars) (note 6(y)):				
9750	Basic earnings per share	\$ 1.84		1.64	
9850	Diluted earnings per share	\$ 1.84		1.64	

See accompanying notes to consolidated financial statements.

accompanying notes to consolidated financial statements.

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

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	2024	2023
Cash flows from operating activities:		
Income before income tax	\$ 8,974,344	7,798,795
Adjustments for:		
Adjustments to reconcile profit or loss:		
Depreciation	1,247,349	1,129,867
Amortization	1,024,342	646,315
Net loss on financial assets measured at fair value through profit or loss	238	6,962
Effects of exchange rate changes on financial assets measured at amortized cost	(254,731)	(2,448)
Interest expense	561,175	283,478
Interest income	(2,165,687)	(2,059,695)
Dividend income	(267,148)	(484,476)
Share-based compensation cost	39,785	5,671
Share of profits of associates and joint ventures	(336,376)	(46,835)
Gain on disposal of property, plant and equipment	(14,000)	(1,233)
Property, plant and equipment reclassified to cost	-	323
Impairment loss on non-financial assets	-	1
Gain on disposal of investments accounted for using the equity method	(16,442)	(3,967)
Gain on bargain purchase	-	(2,216)
Unrealized profit from sales	3,137	-
Total adjustments for profit or loss	(178,358)	(528,253)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Derivative financial instruments measured at fair value through profit or loss	(1,656,673)	(154,704)
Contract assets	(62,311)	(147,583)
Notes and accounts receivable	(2,344,679)	(762,755)
Receivables from related parties	(3,834)	(68,125)
Inventories	(2,922,449)	(1,345,565)
Other receivables and other current assets	(409,333)	(802,331)
Other non-current assets	21,701	48,588
Changes in operating assets	(7,377,578)	(3,232,475)
Changes in operating liabilities:		
Contract liabilities	531,806	37,990
Notes and accounts payable	(6,427,845)	13,039,769
Other payables and other current liabilities	2,214,157	(3,384,816)
Provisions	164,367	(454,602)
Refund liabilities	96,376	(753,994)
Other non-current liabilities	(305,114)	45,371
Changes in operating liabilities	(3,726,253)	8,529,718
Cash (used in) provided by operations	(2,307,845)	12,567,785
Interest received	1,974,803	1,910,847
Income taxes paid	(1,189,775)	(1,795,092)
Net cash flows (used in) provided by operating activities	(1,522,817)	12,683,540

(Continued)

See accompanying notes to consolidated financial statements.

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

ACER INCORPORATED AND SUBSIDIARIES**Consolidated Statements of Cash Flows (Continued)****For the years ended December 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	2024	2023
Cash flows from investing activities:		
Acquisition of financial assets measured at fair value through other comprehensive income	(666,370)	(845,063)
Proceeds from disposal of financial assets measured at fair value through other comprehensive income	595,723	4,356,887
Acquisition of financial assets measured at amortized cost	(3,611,069)	(3,859,633)
Proceeds from repayment of principal of financial assets measured at amortized cost	470,000	-
Acquisition of financial assets measured at fair value through profit or loss	-	(74,724)
Proceeds from disposal of financial assets measured at fair value through profit or loss	729	775,088
Acquisition of investments accounted for using the equity method	(4,310,297)	(397,661)
Proceeds from disposal of investments accounted for using the equity method	251,090	-
Acquisition of property, plant and equipment and investment property	(4,482,259)	(516,266)
Proceeds from disposal of property, plant and equipment	42,872	54,517
Acquisition of intangible assets	(371,950)	(483,472)
Payment of contingent consideration arising from business combination or investment in associates	(20,625)	(35,609)
Net cash (outflow) inflow from acquisition of subsidiaries	(57,606)	248,473
Increase in assets recognized from costs to fulfill contracts with customers	(689,581)	(558,479)
Increase in other financial assets	(2,383,558)	(6,587,259)
Dividends received	405,166	557,384
Net cash flows used in investing activities	(14,827,735)	(7,365,817)
Cash flows from financing activities:		
Increase in short-term borrowings	20,065,976	3,784,389
Decrease in short-term borrowings	(17,733,532)	(4,503,595)
Proceeds from issuing bonds	5,000,000	-
Increase in long-term debt	2,723,942	1,500,000
Repayment of long-term debt	(485,392)	(63,652)
Payment of lease liabilities	(771,419)	(744,711)
Cash dividends	(4,809,932)	(4,501,662)
Proceeds from disposal of treasury shares	-	275,197
Cash dividends paid to non-controlling interests by subsidiaries	(527,757)	(426,594)
Issuance of common stock by subsidiaries not subscribed by the Group	1,023,059	433,434
Acquisition of interests in subsidiaries	(170,368)	(28,613)
Proceeds from disposal of interests in subsidiaries (without losing control)	48,227	113,472
Interest paid	(492,251)	(277,876)
Net cash flows provided by (used in) financing activities	3,870,553	(4,440,211)
Effect of foreign exchange rate changes	2,010,846	413,714
Net (decrease) increase in cash and cash equivalents	(10,469,153)	1,291,226
Cash and cash equivalents at beginning of period	48,134,128	46,842,902
Cash and cash equivalents at end of period	\$ 37,664,975	48,134,128

See accompanying notes to consolidated financial statements.



安侯建業聯合會計師事務所

KPMG

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Independent Auditors' Report

To the Board of Directors
Acer Incorporated:

Opinion

We have audited the parent-company-only financial statements of Acer Incorporated("the Company"), which comprise the balance sheets as of December 31, 2024 and 2023, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material 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, 2024 and 2023, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and 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 Matters

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, 2024 are stated as follows:

1. Revenue recognition

Refer to Note 4(p) for the accounting policies on recognizing revenue, and Note 5(a) for uncertainty of accounting estimations and assumptions for sales allowances, respectively, to the parent-company-only financial statements.

Description of key audit matter:

The Company engaged primarily in the sale of brand-name IT products. Revenue is recognized depending on the various trade terms agreed with customers. This exposes the Company to the risk that the sales transactions made close to the balance sheet date are not recorded in the appropriate period. Furthermore, the accrual of sales allowances based on business practice is subject to management's judgment, which involves significant uncertainty. Consequently, whether revenue is recognized in the appropriate period and accrual of sales allowances have been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matters above, we have performed certain audit procedures including, among others, testing the design and operating effectiveness of the Company's internal controls over the timing of revenue recognition; performing a sample test of sales transactions taking place before and after the balance sheet date to ensure that revenue was recognized in the appropriate period; assessing the methodology used by management in estimating sales allowances, including the reasonableness of key assumptions; and inspecting the historical payments of sales allowances to evaluate the reasonableness of the sales allowances estimated by management.

2. Valuation of inventories

Refer to Note 4(g) for the accounting policies on inventory valuation, Note 5(b) for uncertainty of accounting estimations and assumptions for inventory valuation and Note 6(e) for the details of the write-down of inventories, respectively, to the parent-company-only financial statements.

Description of key audit matter:

Inventories are measured at the lower of cost and net realizable value. Due to the rapid innovation of the information technology products and fierce market competition, the Company's product price may fluctuate rapidly. Furthermore, the stocks for products and key components may exceed customers' demands thus becoming obsolete. These factors expose the Company to significant level of uncertainty particularly in the area of estimating net realizable value, which is subject to management's judgments. Therefore, the valuation of inventories has been identified as one of the key audit matters.

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, evaluating whether valuation of inventories was accounted for in accordance with the Company's accounting policies; obtaining the inventory aging report, analyzing the fluctuation of inventory aging and selecting samples to verify the accuracy of inventory aging classification; and testing the net realizable value of inventories to evaluate the reasonableness of inventory provisions.

3. Impairment of goodwill from investment in subsidiaries

Refer to Note 4(n) for the accounting policies on impairment of non-financial assets, Note 5(c) for uncertainty of accounting estimations and assumptions for goodwill impairment and Note 6(h) for the evaluation of goodwill impairment, respectively, to the parent-company-only financial statements.

Description of key audit matter:

Goodwill arising from acquisition of subsidiaries, which are included within the carrying amount of investments accounted for using the equity method, is subject to impairment test annually or at the time there are indications that goodwill may have been impaired. The assessment of the recoverable amount of the cash-generating unit to which goodwill is allocated involves management's judgment and estimation with respect to the future cash flows and key assumptions which are complex and involve significant uncertainty. Accordingly, the assessment of impairment of goodwill has been identified as one of the key audit matters.

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, assessing the basis used by management for identifying the cash-generating units and whether book value of assets belonging to respective cash-generating units have been completely covered; assessing the appropriateness of the valuation method and key assumptions (in particular projected sales growth rate and weighted-average cost of capital) used by the management in measuring the recoverable amount; assessing the historical reasonableness of management's estimates of financial forecasts, and performing a sensitivity analysis to assess the impact of variations in key assumptions. In addition to the above audit procedures, we have also involved a valuation specialist to evaluate the appropriateness of the weighted-average cost of capital used and its underlying assumptions; and inspecting the adequacy of the Company's disclosures of related information on impairment evaluation of goodwill.

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 auditor's 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 in the aggregate, 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 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, 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 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 the 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 Kao, Ching-Wen and Shih, Wei-Ming.

KPMG

Taipei, Taiwan (Republic of China)

March 13, 2025

Notes to Readers

The accompanying parent-company-only financial statements are intended only to present the parent-company-only financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent-company-only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying parent-company-only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent-company-only financial statements, the Chinese version shall prevail.

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

ACER INCORPORATED**Parent-Company-Only Balance Sheets****December 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

		December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
Assets					
Current assets:					
1100	Cash and cash equivalents (note 6(a))	\$ 11,468,571	7	18,363,188	12
1110	Financial assets measured at fair value through profit or loss—current (note 6(b))	777,726	-	59,412	-
1136	Financial assets measured at amortized cost—current (note 6(g))	785,759	1	461,025	-
1170	Notes and accounts receivable, net (notes 6(c) & (v))	4,733,876	3	4,037,018	3
1180	Notes and accounts receivable from related parties (notes 6(c) & (v) and 7)	14,950,427	10	13,018,418	9
1200	Other receivables, net (note 6(d))	670,312	-	411,520	-
1210	Other receivables from related parties (notes 6(d) and 7)	1,222,997	1	1,217,952	1
1220	Current income tax assets	102,547	-	101,880	-
130X	Inventories (note 6(e))	12,143,167	8	13,780,973	9
1476	Other financial assets—current (note 6(a))	357,340	-	1,239,900	1
1479	Other current assets	517,058	-	473,761	-
	Total current assets	47,729,780	30	53,165,047	35
Non-current assets:					
1517	Financial assets measured at fair value through other comprehensive income—non-current (note 6(f))	7,886,772	5	10,112,654	7
1535	Financial assets measured at amortized cost—non-current (note 6(g))	7,254,028	5	4,211,756	3
1550	Investments accounted for using the equity method (note 6(h))	87,130,774	56	78,036,358	51
1600	Property, plant and equipment (note 6(i))	1,781,877	1	1,805,810	1
1755	Right-of-use assets (note 6(j))	129,289	-	80,633	-
1760	Investment property (note 6(k))	828,161	1	827,742	1
1780	Intangible assets (note 6(l))	180,130	-	179,704	-
1840	Deferred income tax assets (note 6(s))	3,644,016	2	3,081,892	2
1980	Other financial assets—non-current (note 8)	155,618	-	152,782	-
1990	Other non-current assets	58,623	-	34,547	-
	Total non-current assets	109,049,288	70	98,523,878	65
	Total assets	\$ 156,779,068	100	151,688,925	100

(Continued)

See accompanying notes to parent-company-only financial statements.

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

ACER INCORPORATED

Parent-Company-Only Balance Sheets (Continued)

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
Liabilities and Equity					
Current liabilities:					
2120	Financial liabilities measured at fair value through profit or loss — current (note 6(b))	\$ 12,321	-	490,931	-
2130	Contract liabilities — current (note 6(v))	17,236	-	10,855	-
2170	Accounts payable	22,860,683	15	30,956,168	20
2180	Accounts payable to related parties (note 7)	1,338,314	1	1,201,326	1
2200	Other payables (note 6(w))	24,191,292	15	21,264,177	14
2220	Other payables to related parties (note 7)	1,008,921	-	468,815	-
2230	Current tax liabilities (note 6(s))	3,148,586	2	1,666,225	1
2250	Provisions — current (note 6(p))	727,411	-	797,244	1
2280	Lease liabilities — current (note 6(o))	45,079	-	54,885	-
2321	Current portion of bonds payable (note 6(n))	2,500,000	2	-	-
2365	Refund liabilities — current	2,651,067	2	2,644,086	2
2399	Other current liabilities	123,228	-	27,030	-
	Total current liabilities	<u>58,624,138</u>	<u>37</u>	<u>59,581,742</u>	<u>39</u>
Non-current liabilities:					
2530	Bonds payable (note 6(n))	12,500,000	8	10,000,000	7
2540	Long-term debt (note 6(m))	3,000,000	2	1,500,000	1
2570	Deferred income tax liabilities (note 6(s))	5,531,453	4	5,227,538	4
2580	Lease liabilities — non-current (note 6(o))	85,373	-	27,436	-
2600	Other non-current liabilities (note 6(r))	196,338	-	612,332	-
2622	Long-term payable to related parties (note 7)	13,635	-	13,353	-
	Total non-current liabilities	<u>21,326,799</u>	<u>14</u>	<u>17,380,659</u>	<u>12</u>
	Total liabilities	<u>79,950,937</u>	<u>51</u>	<u>76,962,401</u>	<u>51</u>
Equity (note 6(f) & (t)):					
3110	Common stock	30,478,538	19	30,478,538	20
3200	Capital surplus	27,876,265	18	27,805,176	18
3300	Retained earnings	19,653,833	13	18,490,986	12
3400	Other equity	1,532,269	1	664,598	1
3500	Treasury stock	(2,712,774)	(2)	(2,712,774)	(2)
	Total equity	<u>76,828,131</u>	<u>49</u>	<u>74,726,524</u>	<u>49</u>
	Total liabilities and equity	<u>\$ 156,779,068</u>	<u>100</u>	<u>151,688,925</u>	<u>100</u>

See accompanying notes to parent-company-only financial statements.

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

ACER INCORPORATED**Parent-Company-Only Statements of Comprehensive Income****For the years ended December 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

		2024		2023	
		Amount	%	Amount	%
4000	Net revenue (notes 6(v) and 7)	\$ 159,448,009	100	150,992,910	100
5000	Cost of revenue (notes 6(e) & (p), 7 and 12)	(151,450,559)	(95)	(143,493,770)	(95)
	Gross profit	7,997,450	5	7,499,140	5
5920	Unrealized profit from intercompany sales	(36,402)	-	(37,423)	-
	Realized gross profit	7,961,048	5	7,461,717	5
	Operating expenses (notes 6(c), (d), (i), (j), (k), (l), (p), (q), (r) & (w), 7 and 12):				
6100	Selling expenses	(2,083,365)	(1)	(1,400,978)	(1)
6200	General and administrative expenses	(1,306,240)	(1)	(1,054,664)	(1)
6300	Research and development expenses	(1,698,771)	(1)	(1,612,880)	(1)
	Total operating expenses	(5,088,376)	(3)	(4,068,522)	(3)
6500	Other operating income and expenses, net (notes 6(o), (q) & (x) and 7)	121,355	-	130,515	-
	Operating income	2,994,027	2	3,523,710	2
	Non-operating income and loss:				
7100	Interest income (notes 6(y) and 7)	883,943	-	822,112	1
7010	Other income (note 6(y))	227,956	-	400,382	-
7020	Other gains and losses (notes 6(y) and 7)	1,579,640	1	1,574,350	1
7050	Finance costs (notes 6(o) & (y) and 7)	(183,329)	-	(92,086)	-
7060	Share of profits of subsidiaries, associates and joint ventures (note 6(h))	1,750,364	1	60,104	-
	Total non-operating income and loss	4,258,574	2	2,764,862	2
	Income before taxes	7,252,601	4	6,288,572	4
7950	Income tax expenses (note 6(s))	(1,713,272)	(1)	(1,356,628)	(1)
	Net Income	5,539,329	3	4,931,944	3
	Other comprehensive (loss) income (notes 6(f), (h), (r), (s) & (t)):				
	Items that will not be reclassified subsequently to profit or loss				
8310	Remeasurements of defined benefit plans	31,137	-	4,508	-
8316	Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	(1,512,286)	(1)	7,165,914	5
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures	(127,786)	-	618,551	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	(6,227)	-	(902)	-
	Total items that will not be reclassified subsequently to profit or loss	(1,615,162)	(1)	7,788,071	5
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations	2,980,318	2	421,565	-
8380	Share of other comprehensive losses of associates	(221)	-	-	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	2,980,097	2	421,565	-
	Other comprehensive income, net of taxes	1,364,935	1	8,209,636	5
	Total comprehensive income for the year	\$ 6,904,264	4	13,141,580	8
	Earnings per share (in New Taiwan dollars) (note 6(u)):				
9750	Basic earnings per share	\$ 1.84		1.64	
9850	Diluted earnings per share	\$ 1.84		1.64	

See accompanying notes to parent-company-only financial statements.

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

ACER INCORPORATED

Parent-Company-Only Statements of Changes in Equity

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

[illegible]

See accompanying notes to parent-company-only financial statements.

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

ACER INCORPORATED

Parent-Company-Only Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	2024	2023
Cash flows from operating activities:		
Income before income tax	\$ 7,252,601	6,288,572
Adjustments for:		
Adjustments to reconcile profit or loss:		
Depreciation	157,957	150,584
Amortization	32,246	44,723
Net loss on financial assets measured at fair value through profit or loss	88	1,844
Effects of exchange rate changes on financial assets measured at amortized cost	(252,617)	(2,449)
Interest expense	183,329	92,086
Interest income	(883,943)	(822,112)
Dividend income	(227,956)	(400,382)
Share of profits of subsidiaries, associates and joint ventures	(1,750,364)	(60,104)
Gain on disposal of property, plant and equipment	(15,825)	(418)
Gain on disposal of investments	(15,007)	(3,967)
Gain on bargain purchase	-	(2,216)
Property, Plant and equipment reclassified to cost	-	323
Unrealized profit from intercompany sales	36,402	37,423
Total adjustments for profit or loss	(2,735,690)	(964,665)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Derivative financial instruments measured at fair value through profit or loss	(1,197,741)	(159,164)
Notes and accounts receivable	(696,858)	(467,043)
Notes and accounts from related parties	(1,932,009)	(274,958)
Inventories	1,635,864	(1,269,222)
Other receivables and other current assets	(227,657)	(447,761)
Other non-current assets	(24,208)	10,596
Changes in operating assets	(2,442,609)	(2,607,552)
Changes in operating liabilities:		
Accounts payable	(8,095,485)	9,856,766
Payables to related parties	421,552	(2,146,537)
Refund liabilities	6,981	(137,522)
Other payables and other current liabilities	2,966,156	(3,662,347)
Provisions	(69,833)	(214,022)
Contract liabilities	6,381	2,046
Other non-current liabilities and long-term payables to related parties	(384,575)	(7,020)
Changes in operating liabilities	(5,148,823)	3,691,364
Cash (used in) provided by operations	(3,074,521)	6,407,719
Interest received	799,389	752,829
Income taxes paid	(496,014)	(929,570)
Net cash (used in) provided by operating activities	(2,771,146)	6,230,978

(Continued)

See accompanying notes to parent-company-only financial statements.

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

ACER INCORPORATED**Parent-Company-Only Statements of Cash Flows (Continued)****For the years ended December 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	2024	2023
Cash flows from investing activities:		
Acquisition of financial assets measured at fair value through other comprehensive income	(553,294)	(766,817)
Proceeds from disposal of financial assets measured at fair value through other comprehensive income	595,723	4,285,821
Acquisition of financial assets measured at amortized cost	(3,564,872)	(3,859,633)
Proceeds from repayment of principal of financial assets measured at amortized cost	470,000	-
Proceeds from disposal of financial assets measured at fair value through profit or loss	729	-
Acquisition of investments accounted for using the equity method	(4,951,103)	(826,182)
Proceeds from disposal of investments accounted for using the equity method	274,617	100,946
Proceeds from capital reduction or liquidation of investments accounted for using the equity method	-	397,320
Acquisition of property, plant and equipment and investment property	(83,519)	(120,096)
Proceeds from disposal of property, plant and equipment	33,502	627
Increase in receivables from related parties	(15,201)	(157,327)
Acquisition of intangible assets	(26,690)	(28,544)
Decrease (increase) in other financial assets	879,724	(1,233,716)
Increase in assets recognized from costs to fulfill contracts with customers	(5,089)	(14,891)
Dividends received	1,136,381	1,011,609
Net cash flows used in investing activities	(5,809,092)	(1,210,883)
Cash flows from financing activities:		
Proceeds from issuing bonds	5,000,000	-
Increase in long-term debt	1,500,000	1,500,000
Payment of lease liabilities	(67,184)	(80,780)
Increase in loans from related parties	255,000	160,000
Cash dividends	(4,876,566)	(4,571,781)
Interest paid	(125,629)	(89,259)
Net cash flows provided by (used in) financing activities	1,685,621	(3,081,820)
Net (decrease) increase in cash and cash equivalents	(6,894,617)	1,938,275
Cash and cash equivalents at beginning of period	18,363,188	16,424,913
Cash and cash equivalents at end of period	\$ 11,468,571	18,363,188

See accompanying notes to parent-company-only financial statements.

Attachment 6**Acer Incorporated
2024 Statement of Profit & Loss Appropriation**

Unit: NT\$

Beginning Balance of Un-appropriated Retained Earnings	2,472,589,713
Plus: 2023 Net Income after Tax	5,539,329,101
Plus: the disposal profit of financial assets at fair value through other comprehensive income	500,084,383
Deduct: Legal Reserve	(603,941,349)
Deduct: Special Reserve	(528,327,156)
Accumulative earnings available for appropriation	7,379,734,692
Appropriation Items:	
Cash dividends to shareholders ^(Note)	(5,181,351,507)
Ending Balance of Un-appropriated Retained Earnings	2,198,383,185

Note: Cash dividends were approved by Board of Directors and shall be reported in Shareholders' Meetings.

Chairman of Board:

Jason Chen

Corporate Officers:

Jason Chen

Victor Chien

Meggy Chen

Accounting Officer:

Sophia Chen

Attachment 7

Before and Revision Chart of Acer Incorporated Articles of Incorporation

After Revision	Before Revision	Reason for Revision
The scope of business of this Company shall include the following 1. F113050 Wholesale of Computing and Business Machinery Equipment 2. F213030 Retail Sale of Computing and Business Machinery Equipment 3~17. (Omitted) 18. F108021 Wholesale of Western Pharmaceutical 19. F208021 Retail Sale of Western Pharmaceutical 20. IC01010 Medicine Inspection 21. IG01010 Biotechnology Services 22. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.	Article 2 The scope of business of this Company shall include the following 1. F113050 Wholesale of Computing and Business Machinery Equipment 2. F213030 Retail Sale of Computing and Business Machinery Equipment 3~17. (Omitted) 18.ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.	The biomedical team under Acer Value Lab focuses on the development of personalized cancer vaccines. Leveraging an AI-based vaccine antigen prediction platform, combined with Acer's proprietary technology, the team aims to expand the application of artificial intelligence in personalized cancer immunotherapy. To support its continued development and to apply for clinical trials with the competent authorities, the Company proposes to add the required Business Scopes in accordance with the Pharmaceutical Affairs Act and other applicable regulations.
Article 12 This Company shall have seven (7) ~ eleven (11) directors, to be elected from the nominees listed in the roster of director with the candidate nomination system. The term of office for directors and supervisors shall be three (3) years. The directors are eligible for re-election. The total capital stock held by all directors shall not be less than the percentage provided by the competent authority. The Company may buy the Responsibility Insurance for the Directors who have to be responsible for the damages caused by their duties. The Company shall establish three (3) or more independent directors to be included in the number of directors designated in the preceding paragraph, and the number of independent directors shall be not less than one-third of the total number of directors. The elections for independent directors shall proceed with the candidate nomination system; the shareholders shall elect independent directors from among the nominees listed in the roster of independent director candidates.	Article 12 This Company shall have seven (7) ~ eleven (11) directors, to be elected from the nominees listed in the roster of director with the candidate nomination system. The term of office for directors and supervisors shall be three (3) years. The directors are eligible for re-election. The total capital stock held by all directors shall not be less than the percentage provided by the competent authority. The Company may buy the Responsibility Insurance for the Directors who have to be responsible for the damages caused by their duties. The Company shall establish three (3) or more independent directors to be included in the number of directors designated in the preceding paragraph. The elections for independent directors shall proceed with the candidate nomination system; the shareholders shall elect independent directors from among the nominees listed in the roster of independent director candidates.	To enhance corporate governance and comply with the Article 24, Paragraph 1 of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", the Company proposes to specify that the number of independent directors shall not be less than one-third of the total number of directors.

After Revision	Before Revision	Reason for Revision
Article 20 Where there is profit at the end of each fiscal year, after covering the accumulated losses, at least 4% of the profit shall be distributed as employees' compensation; <u>Where there is profit at the end of each fiscal year, after covering the accumulated losses, at least 1.5% of the profit shall be distributed as non-executive employees' compensation.</u> 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 may be specified by the Board of Directors.	Article 20 Where there is profit at the end of each fiscal year, after covering the accumulated losses, at least 4% of the profit shall be distributed as employees' compensation. 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 may be specified by the Board of Directors.	Subject to the amendment to Article 14, Paragraph 6 of the Securities and Exchange Act, promulgated on August 7, 2024, and the Financial Supervisory Commission's Order Jin-Guan-Zheng-Fa-Zi No. 1130385442 issued on November 8, 2024, the Company has amended this article after reviewing the nature of annual profit distribution, its operational status, and the interests of stakeholders.
Article 23 (Omitted) The forty-sixth amendment was approved on May 31, 2024 <u>The forty-seventh amendment was approved on May 29, 2025 (provisional)</u>	Article 23 (Omitted) The forty-sixth amendment was approved on May 31, 2024	To add the date of amendment.

Attachment 8

Before and Revision Chart of Acer Incorporated Procedures Governing Acquiring or Disposing of Assets

After Revision	Before Revision	Reason for Revision
Article 7 Scope and Amount of Acquisition or Disposal of Assets 1. Apart from acquisition of assets for business use, the Company may invest or purchase real estate, equipment, right-of-use assets of real estate, right-of-use assets of equipment, and securities for non-business use, the limitations on amounts are set forth as follows: (1) (Omitted) (2) Total investment in securities shall not exceed <u>200% of the shareholder's equity of the Company as certified by the accountant.</u> (3) Investment in a single security shall not exceed 45% of the shareholder's equity of the Company as certified by the accountant. 2. (Omitted)	Article 7 Scope and Amount of Acquisition or Disposal of Assets 1. Apart from acquisition of assets for business use, the Company may invest or purchase real estate, equipment, right-of-use assets of real estate, right-of-use assets of equipment, and securities for non-business use, the limitations on amounts are set forth as follows: (1) (Omitted) (2) Total investment in securities shall not exceed the shareholder's equity of the Company as certified by the accountant. (3) Investment in a single security shall not exceed 45% of the shareholder's equity of the Company as certified by the accountant. 2. (Omitted)	To further enhance the resilience of Acer Group, the Company continues its development strategy of multiple business engines engine. Considering the following factors, the Company, referring to the Procedures of the Taiwan-listed companies in the same industry, proposes to raise the total amount limit for securities investment: i. To support subsidiaries' business development and maintain the Company's controlling stake, when publicly listed subsidiaries conduct cash capital increases to issue new shares for business expansion and operational requirement, the Company needs to subscribe for such shares to avoid dilution of shareholdings. ii. To support subsidiaries in expanding their operations, the Company may engage in strategic investments in potential business partners. iii. When the Company or its subsidiaries establish overseas entities for local business development, certain jurisdiction authorities may impose increasing minimum paid-in capital requirements for specific business activities, necessitating capital injections. In summary, pursuant to the relevant internal control regulations and Articles 4 and 5 of the "Procedures for Acquiring or Disposing of Assets", the Company has established risk control regulations for the acquisition and disposal of securities, including evaluation methods, approval, and execution procedures. Therefore, the Company proposes to revise its procedures for the acquisition and disposal of assets.
Article 29 The Procedures were enacted on July 28, 1995. (Omitted) The twelfth amendment was enacted on June 10, 2022. The thirteenth amendment was enacted on May 31, 2024. <u>The fourteenth amendment was enacted on May 29, 2025.</u> (provisional)	Article 29 The Procedures were enacted on July 28, 1995. (Omitted) The twelfth amendment was enacted on June 10, 2022. The thirteenth amendment was enacted on May 31, 2024.	To add the date of amendment.

Appendix 1

Acer Incorporated Articles of Incorporation (Upon Being Amended)

CHAPTER I – GENERAL PROVISIONS

- Article 1** This Company shall be incorporated in accordance with the Company Law, and its name shall be 宏碁股份有限公司 in the Chinese language, and Acer Incorporated in the English language.
- Article 2** The scope of business of this Company shall include the following:
- (1) F113050 Wholesale of Computing and Business Machinery Equipment
 - (2) F213030 Retail Sale of Computing and Business Machinery Equipment;
 - (3) F118010 Wholesale of Computer Software;
 - (4) I301010 Software Design Services;
 - (5) I301020 Data Processing Services;
 - (6) F401010 International Trade;
 - (7) JA02010 Electric Appliance and Audiovisual Electric Products Repair Shops
 - (8) JE01010 Rental and Leasing Business;
 - (9) CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing
 - (10) CC01070 Telecommunication Equipment and Apparatus Manufacturing;
 - (11) CC01110 Computers and Computing Peripheral Equipment Manufacturing
 - (12) CD01060 Aircraft and Parts Manufacturing;
 - (13) E701030 Restrained Telecom Radio Frequency Equipment and Materials Construction;
 - (14) F113070 Wholesale of Telecom Instruments;
 - (15) IZ13010 Internet Identify Services;
 - (16) F108031 Wholesale of Drugs, Medical Goods;
 - (17) F208031 Retail Sale of Medical Equipments;
 - (18) 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 total amount of investment made by this Company shall be exempt from the restriction under Article 13 of the Company Law.
- Article 5** The headquarters of this Company shall be located in Taipei City, Taiwan, R.O.C. If the Company considers it necessary, it may, by a resolution adopted at a meeting by the board of directors, set up branch offices in Taiwan or abroad.

CHAPTER II – CAPITAL STOCK

- Article 6** The total amount of this Company capital stock is NT\$ forty (40) billion divided into 4 billion shares at par value of NT\$10 per share, within which the board of directors is authorized to issue shares in installments. NT\$ two and half billion of the aforesaid total capital stock, divided into 250 million shares each at a par value of NT\$10, is reserved for exercising stock options.
- Article 6-1** 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 it may 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 7** The Company may be exempted from printing any share certificate for the shares issued, but shall register the issued shares with a centralized securities depository institution in accordance with relevant regulations and rules requested by that institution.
- Article 8** All matters concerning shares shall be handled in accordance with the regulations of the competent authority except as otherwise provided by law.

CHAPTER III – SHAREHOLDERS' MEETINGS

- Article 9** 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 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.
- Article 10** Where a shareholder is unable to attend a meeting; such shareholder may appoint a proxy by using the proxy form, which shall specify the scope of proxy and be signed and sealed by the shareholder. Where one person has been appointed to act as proxy for more than two shareholders, unless such person is engaged in the trust business, the votes exercised by such person which exceeding three percent (3%) of all the issued and outstanding capital stock of this Company shall not be counted.
- The above-mentioned proxies shall be made pursuant to the requirements of the competent authority in charge of securities affairs, and delivered to this Company five (5) days before the shareholders' meeting. In such a case, only the proxy received earlier shall be effective.
- Article 11** Except as otherwise provided by the Company Law, a resolution may be adopted by the holders of a simple majority of the votes of the issued and outstanding capital stock represented at a shareholders' meeting at which the holders of a majority of issued and outstanding capital stock are present.

CHAPTER IV – DIRECTORS AND COMMITTEE

- Article 12** This Company shall have seven (7) ~ eleven (11) directors, to be elected from the nominees listed in the roster of director with the candidate nomination system. The term of office for directors and supervisors shall be three (3) years. The directors are eligible for re-election. The total capital stock held by all directors shall not be less than the percentage provided by the competent authority. The Company may buy the Responsibility Insurance for the Directors who have to be responsible for the damages caused by their duties.
- The Company shall establish three (3) or more independent directors to be included in the number of directors designated in the preceding paragraph. The elections for independent directors shall proceed with the candidate nomination system; the shareholders shall elect independent directors from among the nominees listed in the roster of independent director candidates.
- Article 12-1** 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 responsible for those responsibilities of Supervisors specified under the ROC Company Law, Securities and Exchange Act and other relevant laws and regulations.
- Article 13** 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 chairman of the Board of Directors shall represent this Company in external matters. The Board of Directors shall place any kinds of committee includes and so on.
- The meeting of the Board of Directors shall be convened in accordance with the Company Law and relevant regulations of competent authority; the notice of the meeting may be made by electronic mail or facsimile transmission.
- Article 14** The board of directors shall have the following authority:
- (1) To audit and supervise annual operation plan,
 - (2) To determine the budget and review final accounts,
 - (3) To propose earnings appropriation or make up for loss,
 - (4) To propose increase or decrease capital plan,
 - (5) To consider significant capital expenditure plans,
 - (6) To establish branch offices or terminate branch offices,
 - (7) To propose and discuss amendments to the Articles of Incorporation,
 - (8) To decide important contracts or other important matters,
 - (9) To decide whether to invest in other business or whether to dispose of shares of investment business,
 - (10) To review the major dealings between the Company its related partners (including affiliated companies),
 - (11) To appoint or remove the president and/or the vice president,
 - (12) To dispose of or purchase important property and approve the bylaws, and
 - (13) Other authorities granted by shareholders or in accordance with the law.
- Article 15** 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 Law. 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.
- Article 16** Unless otherwise provided for in the Company Law, resolutions of the board of directors shall be adopted by one-half of the directors at a meeting attended by one-half of the directors.
- Article 16-1** The Board of Directors is authorized to determine the compensation recommended by the Remuneration Committee for the directors, taking into account the extent and value of the services provided for the management of the Corporation and the standards of the industry within the R.O.C. and overseas, no matter whether the Company has profit or suffered loss.
- Where there is profit in each fiscal year, after covering the accumulated losses, not more than eight thousandths (8‰) of the profit shall be distributed as remuneration of directors; the standard for distribution of remuneration will be recommended by Remuneration Committee and determined by the Board of Directors.

CHAPTER V – MANAGERS

- Article 17** This Company may have one CEO, several presidents and vice presidents. The appointment, removal, and compensation of the president and vice presidents shall be made in accordance with Article 29 of the Company Law.

CHAPTER VI – ACCOUNTING

- Article 18** 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 19** As the industry prosperity and the trends rapidly changed, the dividends strategy of the Company depends on yearly earnings and external environments, therefore, cash dividends of this Company shall be distributed at least ten percent of yearly dividends for complying with related regulations.
- Article 20** Where there is profit at the end of each fiscal year, after covering the accumulated losses, at least 4% of the profit shall be distributed as employees' compensation.
- 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 may be specified by the Board of Directors.
- Article 21** Where this Company has earnings at the end of the fiscal year, after paying all relevant taxes, making up losses of previous year, this Company shall first set aside ten percent (10%) of said earnings as legal reserve, except that such legal reserve amounts to the total paid-in 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, after an amount is reserved for operation needs, shall be allocated to shareholders as bonuses. 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.

CHAPTER VII – SUPPLEMENTARY PROVISIONS

- Article 22** The Company Law and related regulations shall govern any matter not provided in the Articles of Incorporation.
- Article 23** These Articles of Incorporation were approved on June 19, 1979
- The first amendment was approved on December 17, 1980
 - The second amendment was approved on September 10, 1981
 - The third amendment was approved on August 10, 1983
 - The fourth amendment was approved on September 2, 1983
 - The fifth Amendment was approved on May 10, 1985
 - The sixth amendment was approved on August 1, 1985
 - The seventh amendment was approved on October 1, 1986
 - The eighth amendment was approved on April 2, 1987
 - The ninth amendment was approved on November 15, 1987

The tenth amendment was approved on March 15, 1989
The eleventh amendment was approved on April 26, 1989
The twelfth amendment was approved on October 15, 1989
The thirteenth amendment was approved on November 22, 1989
The fourteenth amendment was approved on February 23, 1990
The fifteenth amendment was approved on May 15, 1990
The sixteenth amendment was approved on August 1, 1990
The seventeenth amendment was approved on December 27, 1990
The eighteenth amendment was approved on June 22, 1991
The nineteenth amendment was approved on December 10, 1991
The twentieth amendment was approved on June 10, 1992
The twenty-first amendment was approved on October 23, 1992
The twenty-second amendment was approved on February 17, 1993
The twenty-third amendment was approved on May 31, 1993
The twenty-fourth amendment was approved on March 24, 1994
The twenty-fifth amendment was approved on April 26, 1996
The twenty-sixth amendment was approved on April 26, 1996
The twenty-seventh amendment was approved on June 25, 1997
The twenty-eighth amendment was approved on May 29, 1998
The twenty-ninth amendment was approved on May 28, 1999
The thirtieth amendment was approved on May 23, 2000
The thirty-first amendment was approved on May 17, 2001
The thirty-second amendment was approved on December 17, 2001
The thirty-third amendment was approved on June 19, 2002
The thirty-fourth amendment was approved on June 17, 2004
The thirty-fifth amendment was approved on June 14, 2005
The thirty-sixth amendment was approved on June 15, 2006
The thirty-seventh amendment was approved on June 14, 2007
The thirty-eighth amendment was approved on June 13, 2008
The thirty-ninth amendment was approved on June 18, 2010
The fortieth amendment was approved on June 15, 2012
The forty-first amendment was approved on June 19, 2013. These amendments to Acer's Articles of Incorporation shall be enforced and applied from June 2014 of expiration of the term currently being served by the Board of Directors or Supervisors
The forty-second amendment was approved on June 18, 2014
The forty-third amendment was approved on June 24, 2016
The forty-fourth amendment was approved on June 14, 2019
The forty-fifth amendment was approved on June 10, 2022
The forty-sixth amendment was approved on May 31, 2024.

Appendix 2

Acer Incorporated Procedures for Acquiring or Disposing of Assets (Upon Being Amended)

Article 1 Purpose and Legal Basis

To enhance the management of the Company's "Procedures Governing Acquiring or Disposing of Assets," these Procedures are adopted and amended in accordance with the Securities and Exchange Law, "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and relevant laws and regulations.

Article 2 Scope of "assets" as used in these Procedures is as follows:

1. Investments in stocks, government bonds, corporate bonds, financial debentures, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities, etc.
2. Real estate (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
3. Membership certificates.
4. Intangible assets, such as patent right, copyright, trademark right, franchise, etc.
5. Right-of-use assets.
6. Derivative products.
7. Assets acquired or disposed by mergers, splits, acquisition or share transfer in accordance with laws.
8. Other major assets.

Article 3 Definition

Terms used in these Procedures are defined as follows; any term is not defined herein, it shall be had the same definition in accordance with Securities and Exchange Act, Regulations Governing the Acquisition and Disposal of Assets by Public Companies and related rules:

1. "Derivative Products": means forward contracts, options contracts, futures contracts, leverage contracts, swap contracts, hybrid contracts combining the above contracts, or hybrid contracts or structured products containing embedded derivatives, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rates, index of prices or rates, indexes, credit rating or credit index, or other variable. The term "forward contracts" does not include insurance contracts, fulfillment contracts, after-sales service contracts, long-term leasing contracts and long-term purchase (sale) contracts.
2. "Assets Acquired or Disposed Through Mergers, Splits, Acquisitions or Share transfer Pursuant to Laws": means assets acquired or disposed through mergers, splits, acquisitions in accordance with the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts or, or to share transfer from another company through issuance of the Company's new shares as the consideration therefor (hereinafter "share transfer") under Article 156-3 of the Company Act.
3. "Related Party" and "Subsidiary": As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. "Professional appraiser": refers to a real property appraiser or other person duly authorized by an act of law to engage in the value appraisal of real property or equipment.
5. "Date of occurrence of the event": means the date of contract signing, date of payment, date of consignment trading, date of transfer, date of resolution of Board of Directors, or other date which can confirm the counterparty and trading amount, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. "Mainland area investment": refers to investments in China approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

Article 4 Procedures of Evaluation and Operation for the Acquisition or Disposal of Assets**1. Acquisition or Disposal of Securities**

- (1) For securities acquired or disposed of in the centralized exchange market or OTC exchange, the operating department shall submit items such as the reasons for the proposed acquisition or disposal, targeted assets, and price reference, etc. to the in-charge department for the decision.
- (2) For securities not acquired or disposed of in the centralized exchange market or OTC exchange, the operating department shall submit items such as the reasons for the proposed acquisition or disposal, targeted assets, counterparties, price of transfer, receipt and payment terms, and price reference, etc. to the in-charge department for the decision.
2. For acquisition or disposal of real estates, equipment, right-of-use assets of real estate, right-of-use assets of equipment, membership certificates, intangible assets, and assets acquired or disposed of by mergers, splits, acquisition or share transfer in accordance with laws, the operating department shall submit items such as the reasons for the proposed acquisition or disposal, targeted assets, counterparties, price of transfer, receipt and payment terms, and price reference, etc. to the in-charge department for the decision.
3. For evaluation of derivative products, the finance manager shall hold periodic meetings with relevant persons examining operational strategies and performances. In principle, trading position and performances shall be reported to the chief treasury officer weekly, reported to the chief financial officer monthly and reported to the chief executive officer (equivalent chief manager) quarterly.
4. The appraisal reports to the Company or any subsidiaries which shall comply with these Procedures, opinions provided by certified public accountant, attorney, or securities underwriter, the requirements to professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters, and the process when issuing an appraisal report or opinion, shall comply with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", related regulations" and self-discipline enacted by such person's industry association.
5. Relevant operations for acquisition or disposal of assets shall be handled in accordance with the Company's regulations relating to the internal control system.

Article 5 Procedures for Approval of Acquisition or Disposal of Assets**1. Methods and the Reference Basis for the Decision on Price**

- (1) For securities purchased and sold in the centralized exchange market or OTC exchange, the price shall be determined according to market price at the time of transaction. For securities not acquired or disposed of in the centralized exchange market or OTC exchange, the price shall be determined by reference to net worth per share, profitability, potential for future development, and then transaction price.
- (2) The acquisition or disposal of real estate, equipment, right-of-use assets of real estate, or right-of-use assets of equipment shall be carried out by price comparison, price negotiation, or bidding. As to the price of real estate, it shall be determined by reference to the publicly announced current value, appraised current value, and actual transaction price in the vicinity.
- (3) For acquisition or disposal of membership certificate, the price shall be comprehensively evaluated by reference to future anticipated added-value and produced benefit.
- (4) For acquisition or disposal of intangible assets such as patent right, copyright, trademark right, and franchise, the price shall be determined by reference to elements such as future anticipated profit, levels of technology development and innovation, legal protected conditions, circumstances of license and implementation, production cost or implementation cost, in addition thereto, the relevant elements of right owners and licensees shall also be overall considered.

2. Amount and Level of Authorization

In-charge department of the Company shall decide within its authority on the acquisition and disposal of assets in the following situations; provided, however, that matters governed by Article 185 of the Company Act shall be approved by the shareholders' meeting in advance:

- (1) Unless otherwise provided below, the acquisition or disposal of securities shall be approved by the Board of Directors before its execution:
 - (a) the Company's Chairman is authorized by the Board of Directors to decide and execute project of which amount is within NT\$300 million, and said matter is brought up to and ratified by the Board of Directors later.

- (b) the finance manager is authorized to execute idle fund to invest in domestic and foreign government bond, commercial paper, domestic bond fund, financial debentures, monetary fund, financial preferred stock trading in centralized securities exchange market and over-the-counter market, and corporate bond with investment grade above BBB with amount not exceeding NT\$300 million; the approval of the head of treasury department is required for amount between NT\$300 million to 600 million; the approval of the chief financial officer is required for amount between NT\$600 million and NT\$1.2 billion; the approval of the chief executive officer (equivalent chief manager) is required for amount between NT\$1.2 billion and NT\$1.5 billion; and the approval of the Company's Chairman is required for amount exceeding NT\$1.5 billion.
- (2) The acquisition or disposal of real estate shall be approved by the Board of Directors before its execution, except that the Company's Chairman is authorized by the Board of Directors to execute project of which the amount is less than NT\$50 million and be brought up to and ratified by the Board of Directors later.
- (3) The acquisition or disposal of right-of-use assets of real estate shall be approved by the Board of Directors with the amount is more than NT\$300 million; the approval of the Company's Chairman is required for amount between NT\$100 million and NT\$300 million (not exceeding); the approval of the (equivalent chief manager) is required for amount between NT\$50 million and NT\$100 million (not exceeding); the chief officers (equivalent managers) who directly report to chief executive officer are authorized to execute the acquisition or disposal of right-of-use assets of real estate with the amount not reaching NT\$50 million.
- (4) The acquisition or disposal of equipment or right-of-use assets of equipment which the amount is above NT\$100 million, shall be approved by the Board of Directors, and which the amount is not exceeding NT\$100 million, shall be executed in accordance with the Company's Internal Control Systems to management of assets and relevant rules.
- (5) Regulations are enacted, in accordance with the Company's development of turnover and variation of risk position, for the process of the license of acquisition or disposal of derivative products.
- (6) The acquisition or disposal of patent rights, copyrights, trademark rights, franchise rights, and other intangible assets shall be decided by the Company's Chairman before its execution, except that the transaction of which the amount is above NT\$300 million shall be approved by the Board of Directors.
- (7) The following transactions between the Company, its Subsidiary, or its subsidiaries in which the Company holds, directly or indirectly, 100% of the shares outstanding or total capital shall be decided by the Company's Chairman before its execution, except that the transaction of which the amount is above NT\$300 million shall be approved by the Board of Directors:
- (a) acquisition or disposal of equipment or right-of-use assets of equipment for business use.
- (b) acquisition or disposal of right-of-use assets of real estate for business use.

3. Operating Department

Finance department is the operating department for securities and derivative product investments; the using department and relevant in-charge departments are the operating departments for investments in real estate, equipment, right-of-use assets of real estate, right-of-use assets of equipment, intangible assets, membership certificate and assets acquired or disposed of through mergers, splits, acquisition or share transfer.

Article 6

The Standards for Public Announcement

1. For acquisition or disposal of the Company's assets as provided below, the Company shall announce the same at the website designated by the Competent Authority in a form stipulated by the Competent Authority based on its nature, within two days commencing immediately from the date of occurrence of said matter:
- (1) acquisition or disposal of real estate or right-of-use assets of real estate from related party; or the acquisition or disposal of other assets other than real estate or right-of-use assets of real estate from related party and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets or NT\$300 million or more; provided, however, that trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or buyback/redemption of money market funds issued by domestic securities investment trust enterprises shall not be applied.
- (2) proceeding mergers, splits, acquisition or share transfer.
- (3) enacting in derivative products transactions and the loss reaching the maximum loss limit amount of the total or individual contract as provided in relevant procedures.
- (4) acquisition or disposal of equipment or right-of-use assets of equipment for business use, the counterparty is not a related party, and the transaction amount reaches the follows:
- (a) the transaction amount is NT\$500 million or more in the event the paid-in capital of the Company is less than NT\$10 billion.
- (b) the transaction amount is NT\$1 billion or more in the event the paid-in capital of the Company is NT\$10 billion or more.

- (5) where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on a leased land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages with an party which is not a related party, an, or joint construction and separate sale, and the amount the Company expects to invest in the transaction is NT\$500 million or more.
- (6) asset transactions other than those provided in the preceding items (1) to (5), or investment in Mainland China, the transaction amount reaches 20% of Company's paid-in capital or NT\$300 million or more; provided, however, that the following situations are not applied:
 - (a) purchase and sale of domestic government bond or foreign bond with a credit rating not lower than the sovereign rating of the ROC.
 - (b) trading of bonds under repurchase/resale agreements, or subscription or buyback/redemption of money market funds issued by domestic securities investment trust enterprises.
2. The transaction amount in the preceding paragraph is calculated in accordance with the methods provided below:
 - (1) the amount of any individual transaction.
 - (2) the transaction amount accumulated within one year with the same counterparty in the acquisition or disposal of the targeted assets of the same type.
 - (3) the amount accumulated (the transaction amount for acquisition and disposal are separately accumulated) within one year in the acquisition or disposal of real estate or right-of-use assets of real estate within the same development project.
 - (4) the amount accumulated (the transaction amount for acquisition and disposal are separately accumulated) within one year in the acquisition or disposal of the same securities.

"Within one year" as used in this paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount.
3. The Company shall monthly report the transaction of the derivative products engaged by it and its subsidiaries not categorized as domestic public companies up to the end of the previous month by entering the information in the stipulated form to the website designated by the Competent Authority for filing of information before the 10th date of each month.
4. Where there is an error or omission in an item required to be announced according to regulations at the time of announcement and correction is required, all the items shall be again publicly announced and reported in their entirety within 2 days commencing immediately from the date of knowing of the error or omission.
5. Unless otherwise provided by other laws, the Company acquiring or disposing assets shall retain all relevant contracts, meeting minutes, registry, appraisal reports, and opinions of accountants, attorneys and security underwriters for at least 5 years.
6. After announcing and filing the transaction in accordance with these Procedures, the Company shall make a public announcement of relevant information in the website designated by the Competent Authority within two days commencing immediately from the date of occurrence of said matter:
 - (1) The executed relevant contracts of the original transaction have been changed, terminated or ceased.
 - (2) Mergers, splits, acquisition or share transfer have not been completed in the anticipated timeframe as provided in the contracts.
 - (3) Any change in the content of the original announcement and filing.

Article 7

Scope and Amount of Acquisition or Disposal of Assets

1. Apart from acquisition of assets for business use, the Company may invest or purchase real estate, equipment, right-of-use assets of real estate, right-of-use assets of equipment, and securities for non-business use, the limitations on amounts are set forth as follows:
 - (1) Total investment in real estate, equipment, right-of-use assets of real estate, and right-of-use assets of equipment for non-business use shall not exceed 40% of the summation of shareholder's equity and long-term liabilities of the Company as certified by the accountant.
 - (2) Total investment in securities shall not exceed the shareholder's equity of the Company as certified by the accountant.
 - (3) Investment in a single security shall not exceed 40% of the shareholder's equity of the Company as certified by the accountant.

2. The limitations to the Company's subsidiaries on amounts of acquisition or disposal of assets shall not violate rules provided herein below:
 - (1) shall not purchase real estate or right-of-use assets of real estate for non-business use.
 - (2) total investment in equipment and right-of-use assets of equipment, for non-business use, shall not exceed 15% of the shareholder's equity of the Company as certified by the accountant.
 - (3) total investment in securities shall not exceed 40% of the shareholder's equity of the Company as certified by the accountant.
 - (4) investment in a single security shall not exceed 20% of the shareholder's equity of the Company as certified by the accountant.

Article 8 Control Procedures for Acquisition or Disposal of Assets of the Company's Subsidiaries

1. For the acquisition or disposal of assets by the Company's subsidiaries thereof that is not a public company in Taiwan, either one of the following shall be processed in advance:
 - (1) The acquisition or disposal shall be approved and executed by the Company's Board of Director and relevant departments of the Company in accordance with these Procedures, and the Company's subsidiaries shall cooperate to handle relevant matters; or
 - (2) the subsidiaries' "Procedures Governing Acquiring or Disposing of Assets" shall be enacted and executed in accordance with regulations; and filed with the Company's Board of Director for approval. Any amendment thereto shall be subject to the same procedures.
2. Where subsidiaries of the Company not categorized as domestic public companies whose acquisition or disposal of assets reach the thresholds of public announcement under these Procedures, the Company shall also make a public announcement with copies to relevant competent authorities in accordance with these Procedures.
3. The paid-in capital or total assets of the Company shall be the standard for determining whether or not a subsidiary under the preceding paragraph is subject to Paragraph 1 of Article 6 (in the event the type of transaction reaches 20% of paid-in capital or 10% of total assets).
4. For the acquisition or disposal of assets by the Company's subsidiaries thereof that is a public company in Taiwan, the subsidiaries shall comply with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and related regulations.

Article 9 Punishment of Violation of the Procedure

If relevant employees and personnel of the Company violate these Procedures, they will be subject to the related rules of the Company's "Personnel Administration Regulations".

Article 10 Appraisal Report of Professional Appraisal Institutions

In acquiring or disposing of real estates, equipment, right-of-use assets of real estate, or right-of-use assets of equipment, where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, the Company, unless otherwise transacted with a domestic government institution, engaging others to build on its own land, engaging others to build on leased land, or acquiring or disposing of equipment or right-of-use assets of equipment for business use, the Company shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraisal institution and shall further comply with the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted to the Board of Directors for approval in advance, as well as any future changes to the terms and conditions of the transaction thereto.
2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - (1) the discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.
 - (2) the discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.

4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser institution and execution date of the contract; provided, however, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Article 11 Certified Public Accountant's Opinions

1. The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, a certified public accountant shall be retained prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Competent Authority.
2. In acquiring or disposing intangible assets, right-of-use of intangible assets, or membership certificate and the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacted with a domestic government institution, shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.
3. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 11-1 In addition that handling of the acquisition or disposal of assets between the Company and related party shall proceed with relevant approval procedures and evaluate the reasonableness of terms of the transaction in accordance with these Procedures, where the transaction amount reaches 10% of the Company's total assets or more, appraisal report or CPA's opinion shall also be required in accordance with Articles 10 through the preceding Article.

When judging whether counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

Article 11-2 The transaction amount in the preceding three Articles are calculated in accordance to Paragraph 2 of Article 6; "within one year" as used refers to the year preceding the date of occurrence of the current transaction. Items duly obtained appraisal report or accountant opinion in accordance with these Procedures need not be counted toward the transaction amount.

Article 12 The acquisition or disposal of real estate or right-of-use assets of real estate, from related parties, or the acquisition or disposal of other assets other than real estate or right-of-use assets of real estate from related party, and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets or NT\$300 million or more; provided, unless trading of domestic government bonds or bonds under repurchase and resale agreements or subscription or buyback/redemption of money market funds issued by domestic securities investment trust enterprises, the Company shall submit information provided below to the audit committee for approval of more than half of all audit committee members and then submit the same to the Board of Directors for further approval before signing the contracts and payments:

1. the purpose, necessity and the anticipated benefit of the acquisition or disposal of assets.
2. reasons for choosing the related party as a trading counterparty.
3. with respect to the acquisition of real property or right-of-use assets of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Articles 13 and 14.
4. the date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.
5. monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
6. An appraisal report from a professional appraiser or a CPA's opinion obtained in accordance with these Procedures.
7. Restrictive covenants and other important stipulations associated with the transaction.

Provided that this Company or the Company's subsidiary that isn't a public company has the transaction as stated in Paragraph 1 and the transaction amount in Paragraph 1 reaches 10% of the Company's total assets, the Company shall submit all information set forth in Paragraph 1 before signing the transaction agreement or making the payment but this requirement does not apply to the transaction between this Company and its subsidiary or between the Company's subsidiaries.

The transaction amount in Paragraph 1 and the preceding paragraph is calculated in accordance with Paragraph 2 of Article 6; "within one year" as used in these Procedures refers to the year preceding the date of occurrence of the current transaction. Items duly approved by more than half of all audit committee members and submit to shareholder's meeting the Board of Directors for further approval in accordance with these Procedures need not be counted toward the transaction amount.

Article 13 The Company purchases real estate or right-of-use assets of real estate from a related party shall comply with methods provided below to evaluate the reasonableness of the transaction cost:

1. Based on the transaction price of the related party plus necessary interest on funding and the cost to be borne by the buyer according to law. "Necessary interest on funding" shall be imputed based on the weighted average interest rate of the funding borrowed by the Company in the year of purchase of the asset; however, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, however, that the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one (1) year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.
3. Where both the land and building on the property in question are purchased or leased in one transaction, the cost of the transaction may be reached by respectively evaluating such land and building based on either of the methods described above.
4. The Company acquires real property or right-of-use assets of real property from a related party and appraises the cost of the real property in accordance with the preceding Paragraphs 1, 2 and 3 shall also engage a CPA to check the appraisal and render a specific opinion.
5. Where the Company acquires real property or right-of-use assets of real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 5 and 12, and the preceding four paragraphs do not apply:
 - (1) the related party acquires real estate or right-of-use assets of real estate through inheritance or as a gift.
 - (2) more than five (5) years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets of real property to the signing date for the current transaction.
 - (3) the real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on leased land.
 - (4) the acquisition or disposal of real estate's right-of-use assets, which is for business use, between the Company, its Subsidiary, or its subsidiaries in which Company holds, directly or indirectly, 100% of the shares outstanding or total capital.

Article 14 When the results evaluated by the Company in accordance with paragraphs 1, 2 and 3 of the preceding Article are all lower than the transaction price, the matter shall be handled in accordance with Article 15; provided, however, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - (1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and buildings according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - (2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property or leasing market practices.
2. Where the Company acquiring real property by purchasing or acquiring right-of-use assets of real estate by lease from a related party provides evidence that the terms of the transaction are similar to the terms of transactions for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or right-of-use assets of real property.

Article 15 Where the Company acquires real property or right-of-use assets of real property from a related party and the results of appraisals conducted in accordance with Articles 13 and 14 are all lower than the transaction price or there are evidences showing that the aforesaid transaction is a non-arm's length transaction, the following steps shall be done:

1. a special reserve shall be set aside in accordance with the Securities and Exchange Act and related regulations against the difference between the real property or right-of-use assets of real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under the Securities and Exchange Act and related regulations shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
2. the audit committee handling the matter pursuant to Article 218 of the Company Act.
3. actions taken pursuant to the preceding subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and prospectus.

After setting aside a special reserve pursuant to the preceding paragraph, the Company may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or the assets have been disposed of, terminated the lease agreement, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the Competent Authority has given its consent.

Transaction of Derivative Products

Article 16 The Company engages in transactions of derivative products shall pay strict attention to control of the following important risk management and auditing matters, and incorporate them into their Procedures:

1. Trading principles and strategies: shall include the types of derivatives that may be traded, operating or hedging strategies, segregation of duties, essentials of performance evaluation, total amount of derivatives contracts that may be traded, and the maximum loss limit on total trading and for individual contracts.
2. Risk management measures.
3. Internal auditing system.
4. Regular evaluation methods and the handling of irregular circumstances.

Article 17 The Company engaging in derivatives trading shall adopt the following risk management measures:

1. The scope of risk management shall include the risk management of credit, market price, liquidity, cash flows, operation and legal risks.
2. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.
3. Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the Board of Directors or high-level managers with no responsibility for trading or position decision-making.
4. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to high-level managers authorized by the Board of Directors.
5. Other important risk management measures.

Article 18 Principles of Supervision and Management of the Board of Directors:

1. Assign high-level managers to pay continuous attention to monitoring and controlling derivatives trading risk.
2. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance..

The Principles of Supervision and Control of the High-Level Managers Authorized by the Board of Directors:

1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Procedures and the "Rules to Engage in the Transaction of Derivative Products" stipulated by the Company.
2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the Board of Directors; where the Company has independent directors, an independent director shall be present at the meeting and express an opinion.

The Company shall report to the next meeting of the Board of Directors after it authorizes the relevant personnel to handle derivative trading in accordance with its enacting Procedures for Engaging in Derivatives Trading.

Article 19 The Company shall establish a log book in which details of the types and amounts of derivatives trading engaged in, Board of Directors approval dates, and the matters required to be carefully evaluated under Subparagraph 4 of Article 17, Subparagraph 2 of Paragraph 1 and Subparagraph 1 of Paragraph 2 of Article 18 shall be recorded in detail.

The Company's internal auditors shall periodically check the suitability of internal controls on derivative transactions and conduct a monthly audit of compliance of the trading departments with the Procedures to Engage in the Transaction of Derivative Products, and prepare an audit report. If any material violation is discovered, the audit committee and its members shall be notified in writing.

Mergers, Splits, Acquisitions and Share Transfer among Enterprises**Article 20** Before convening the meeting for the Board of Directors for a resolution, the Company engaging in a merger, split, acquisition or share transfer shall retain accountants, attorneys or securities underwriters to provide opinions on the reasonableness of the share conversion rates, acquisition price or the cash or other assets distributed to shareholders, and submit the opinions to the Board of Directors to discuss for approval. Provided, when the Company merge its Subsidiary in which the Company holds, directly or indirectly, 100% of the shares outstanding or total capital, or a merger of its subsidiaries in which the Company holds, directly or indirectly, 100% of the shares outstanding or total capital, the foregoing experts' opinions is not required.**Article 21** Prior to convening the shareholders' meeting, the Company participating in a merger, split or acquisition shall prepare a public report to shareholders detailing important contractual content and matters relating to the merger, demerger, or acquisition and include it along with the expert opinion referred to in the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, however, where another act exempts the Company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

If the shareholders' meeting of any company (including the Company) participating in the merger, split or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the Company shall immediately make a public announcement explaining the reasons for such occurrence, the follow-up measures to be taken, and the anticipated date for convening of the next shareholders' meeting(s).

- Article 22** Unless otherwise provided by other laws or the Competent Authority is notified in advance of extraordinary circumstances and grants consent, the Company shall convene the board meetings and shareholders' meetings and pass resolutions regarding merger, split or acquisition and relevant matters on the same day with companies participating in a merger, split, acquisition or share transfer.
- When participating in a merger, split, acquisition, or transfer of another company's shares, the Company shall prepare a full written record of the information requested by the Competent Authority and retain it for reference.
- When participating in a merger, split, acquisition, or transfer of another company's shares, the Company shall, within 2 days commencing immediately from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information requested by the Competent Authority for recordation.
- Where any of the companies participating in a merger, split, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such company whereby the latter is required to abide by Paragraphs 2 and 3 of Article 22.
- Article 23** All persons participating in or knowing of plan of the Company's merger, split, acquisition or share transfer shall issue a written undertaking of nondisclosure, and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or share transfer.
- Article 24** In the Company's participating in a merger, split, acquisition or share transfer, the share conversion rates or the acquisition price may not be arbitrarily changed unless under the following circumstances, and conditions for change shall be provided in the merger, split, acquisition or share transfer contract:
1. Cash capital increase, issuance of convertible corporate bonds, distribution of stock dividends, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
 2. Acts affecting the Company's finances or operations, such as disposal of major assets.
 3. Occurrence of major disasters, major technological transformations, or other events affecting the Company's shareholders' equity or the Company's securities prices.
 4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock according to laws.
 5. Increase, decrease, or change in the entities, or number thereof, participating in the merger, split, acquisition or share transfer.
 6. Other conditions for change have been provided in the contract and publicly disclosed.
- Article 25** In the Company's participation in a merger, split, acquisition or share transfer, the contract shall specify the rights and obligations of the companies participating in the merger, split, acquisition or share transfer and shall also specify the following particulars:
1. Handling of breach of agreement.
 2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
 3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
 4. The manner of handling changes in the number of participating entities or companies.
 5. The scheduled timetable for execution of the plan, and scheduled timeframe for completion.
 6. The relevant procedures for handling failure to complete within such timeframe, such as the anticipated date for convening of the shareholders' meeting(s) pursuant to laws.
- Article 26** Following public disclosure of information about the Company's participating in merger, split, acquisition or share transfer, if the Company has an intention to undertake a further merger, split, acquisition or share transfer with another company, any procedures or legal actions already carried out by the Company under the original merger, split, acquisition or share transfer plan shall be carried out anew except conditions that the number of the participating companies decreases and the companies' shareholders' meeting has made a resolution and authorized the Board of Directors the right for modification, the Company is exempt from convening the shareholders' meeting for another resolution.

Article 27 If the companies participating in the merger, split, acquisition or share transfer are categorized as non-public companies, the Company shall enter into an agreement with them whereby the latter is required to abide by Articles 22, 23 and 26.

Article 28 Others

1. Matters not provided herein shall be governed by the relevant laws and regulations and relevant internal rules of the Company. If the Procedures of Acquisition or Disposal of Assets in the original ruling is amended by the competent authority, the Company shall apply the provisions in the new ruling.
2. These Procedures shall be approved by more than half of all audit committee members and submitted to the Board of Directors for further approval and reported to the shareholders' meeting for approval. The same procedures shall apply with any amendment hereto. If a director holds dissenting opinions of Company's matters and there were records for it or in written stating, the Company shall submit materials of the director's dissenting opinions to the audit committee.
3. For the Company's matters which shall be approved by the Board of Directors pursuant to these Procedures or other laws, where a director holds dissenting opinions on the Company's matters and there were relevant records or made in writing, the Company shall submit materials of the director's dissenting opinions to audit committee.
4. When the Company reports the transaction of acquisition or disposal of assets pursuant to the preceding two paragraphs to the Board of Directors for discussion, in case the position of independent director is established in accordance with the law, the Board of Directors shall fully take each independent director's opinions into consideration. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.
5. If approval of more than half of all audit committee members as required in Paragraph 2 is not obtained, these Procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.
6. The terms "all audit committee members" in these Procedures and "all directors" in the preceding paragraph shall be calculated as the actual number of persons currently holding those positions.
7. Where an audit committee is established in accordance with the law, the provisions set out in Subparagraph 2 of Paragraph 1 of Article 15 shall apply mutatis mutandis to the independent director as the member of audit committee; and the other the provisions regarding supervisors shall apply mutatis mutandis to the audit committee.
8. Another stricter management principles may be drafted by the Company's Chairman in accordance with these Procedures and be effective after approval by the Board of Directors with two-thirds vote at a meeting attended by more than two-thirds of the directors. The same procedure shall apply to any amendment thereto.
9. Where the Company's share is no-par stock or its par value per share is not the NT\$10, the transaction amount calculation related to 20% of the paid-in capital under these Procedures shall be calculated based on 10% of equity attributable to owners of the parent company; for calculations under the provisions of these Procedures regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.
10. For calculation of 10% of total assets under these Procedures, the total assets stated in the most recent parent company only financial report prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

Article 29 The Procedures were enacted on July 28, 1995.
The first amendment was made on October 27, 1995.
The second amendment was made on November 18, 1999.
The third amendment was made on June 11, 2003.
The fourth amendment was made on June 13, 2008.
The fifth amendment was made on June 15, 2012.
The sixth amendment was made on June 18, 2014.
The seventh amendment was enacted on June 23, 2015.
The eighth amendment was enacted on June 21, 2017.
The ninth amendment was enacted on June 14, 2019.
The tenth amendment was enacted on June 12, 2020.
The eleventh amendment was enacted on June 11, 2021.
The twelfth amendment was enacted on June 10, 2022.
The thirteenth amendment was enacted on May 31, 2024.

Appendix 3

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

Not Applicable

Appendix 4

Shareholdings of All Directors as of March 31, 2025

Title	Name	Number of Shares
Chairman	Jason Chen	10,619,536 (Note 1)
Director	Hung Rouan Investment Corp. Legal Representative: Stan Shih	73,629,933
Director	Maverick Shih	10,141,777
Independent Director	Ching-Hsiang Hsu	0
Independent Director	Yuri, Kure	0
Independent Director	Pan-Chyr Yang	0
Independent Director	Mei-Yueh Ho	0
TOTAL		94,391,246 (Note 2)

Note 1: Including the shares of 7,986,056 which held by the investment company wholly owned by Mr. Jason Chen.

Note 2: (1) The current number of issued shares in the Company as of March 31, 2025: 3,047,853,828 common shares.

(2) Given that the independent directors of the Company exceed one-half of the total director seats and an audit committee has been established legally, the provisions on the minimum percentage requirements for the shareholding respectively of all directors and supervisors shall not apply.



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