Stock Code:6690

ACER CYBER SECURITY INC.

Parent-Company-Only Financial Statements

With Independent Auditors' Report

For the Years Ended December 31, 2025 and 2024

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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.

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Independent Auditors' Report

To the Board of Directors
Acer Cyber Security Inc.:

Opinion

We have audited the parent-company-only financial statements of Acer Cyber Security Inc., which comprise the parent-company-only balance sheets as of December 31, 2025 and 2024, the parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including a summary of 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 Acer Cyber Security Inc. as of December 31, 2025 and 2024, 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 Acer Cyber Security Inc. 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 Acer Cyber Security Inc.' s parent-company-only financial statements for the year ended December 31, 2025 are stated as follows:

Revenue recognition

Please refer to Note 4(l) for the accounting policies on recognizing revenue, and Note 6(q) for the related disclosures of revenue recognition, respectively, to the parent-company-only financial statements.

KPMG, a Taiwan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Description of key audit matter:

Acer Cyber Security Inc. engaged primarily in providing integrated cybersecurity services to enterprises, including project security management services. For such service contracts, the identification of performance obligations and the timing of revenue recognition, wherein performance obligations are satisfied over time or at a point in time, is subject to management's judgment, which increases the complexity of revenue recognition. Therefore, revenue recognition has been identified as our key audit matter.

How the matter was addressed in our audit:

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

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

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

In preparing the parent-company-only financial statements, management is responsible for assessing Acer Cyber Security Inc.'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 Acer Cyber Security Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing Acer Cyber Security Inc.'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 Acer Cyber Security Inc.'s internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Acer Cyber Security Inc.'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 Acer Cyber Security Inc. 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 Chao, Min-Ju and Chang, Huei-Chen.

KPMG

Taipei, Taiwan (Republic of China)
February 25, 2026

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 CYBER SECURITY INC.

Parent-Company-Only Balance Sheets

December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollar)

		December 31, 2025		December 31, 2024	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 441,311	11	636,398	17
1140	Contract assets－current (notes 6(q) and 7)	392,582	10	302,625	8
1170	Notes and accounts receivable, net (notes 6(c) and (q))	171,333	4	179,252	5
1180	Accounts receivable from related parties, net (notes 6(c), (q) and 7)	18,236	1	21,023	1
1200	Other receivables (note 6(d))	769	-	-	-
1210	Other receivables from related parties (notes 6(d) and 7)	8,596	-	6,550	-
1476	Other financial assets－current (note 6(a))	260,000	7	-	-
1479	Other current assets－others	24,591	1	20,585	1
	Total current assets	1,317,418	34	1,166,433	32
	Non-current assets:				
1517	Financial assets measured at fair value through other comprehensive income－non-current (note 6(b))	26,174	1	23,543	1
1550	Investments accounted for using the equity method (note 6(e))	1,400,383	36	1,366,357	37
1600	Property, plant and equipment (notes 6(f), 7 and 8)	907,291	23	910,526	25
1780	Intangible assets (note 6(h))	29,158	1	86,200	2
1840	Deferred income tax assets (note 6(m))	5,432	-	5,649	-
1967	Costs to fulfill contracts with customers (note 6(i))	144,465	4	68,651	2
1980	Other financial assets－non-current (note 8)	48,622	1	53,582	1
	Total non-current assets	2,561,525	66	2,514,508	68
	Total assets	**$ 3,878,943**	**100**	**3,680,941**	**100**

		December 31, 2025		December 31, 2024	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2130	Contract liabilities－current (notes 6(q) and 7)	$ 32,307	1	28,686	1
2170	Accounts payable	198,584	5	156,266	5
2180	Accounts payable to related parties (note 7)	27,553	1	7,316	-
2219	Other payables	194,344	5	182,500	5
2220	Other payables to related parties (note 7)	1,560	-	3,467	-
2230	Current income tax liabilities	14,068	-	8,064	-
2305	Other financial liabilities－current	12,768	-	11,872	-
2322	Current portion of long-term debt (notes 6(j) and 8)	11,877	-	11,493	-
	Total current liabilities	493,061	12	409,664	11
	Non-current liabilities:				
2540	Long-term debt (notes 6(j) and 8)	247,007	7	258,884	7
2670	Guarantee deposits received	465	-	465	-
	Total non-current liabilities	247,472	7	259,349	7
	Total liabilities	740,533	19	669,013	18
	Equity (note 6(n)):				
3110	Common stock	299,997	8	301,152	8
3200	Capital surplus	2,289,805	59	2,288,650	63
	Retained earnings:				
3310	Legal reserve	105,819	3	83,243	2
3320	Special reserve	36,220	1	40,569	1
3350	Unappropriated earnings	442,993	11	334,533	9
3400	Other equity	(36,424)	(1)	(36,219)	(1)
	Total equity	3,138,410	81	3,011,928	82
	Total liabilities and equity	**$ 3,878,943**	**100**	**3,680,941**	**100**

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

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

ACER CYBER SECURITY INC.

Parent-Company-Only Statements of Comprehensive Income

For the years ended December 31, 2025 and 2024

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

		2025		2024	
		Amount	%	Amount	%
4000	**Net revenue (notes 6(q) and 7)**	$ 1,231,196	100	1,153,350	100
5000	**Cost of revenue (notes (f), (g), (h), (i), (l), (r), 7 and 12)**	(698,496)	(57)	(697,657)	(60)
	Gross profit	532,700	43	455,693	40
	Operating expenses (notes 6(f), (g), (h), (k), (l), (o), (r), 7 and 12):				
6100	Selling expenses	(74,774)	(6)	(59,136)	(5)
6200	General and administrative expenses	(141,801)	(12)	(136,443)	(12)
6300	Research and development expenses	(225,575)	(18)	(189,464)	(17)
	Total operating expenses	(442,150)	(36)	(385,043)	(34)
	Operating income	90,550	7	70,650	6
	Non-operating income and loss (notes 6(k), (s) and 7):				
7100	Interest income	8,922	1	1,562	-
7010	Other income	8,721	1	5,797	1
7020	Other gains and losses	15,907	1	11,139	1
7050	Finance costs	(4,956)	-	(8,743)	(1)
7070	Share of profit of subsidiaries accounted for using equity method	211,550	17	161,725	14
	Total non-operating income and loss	240,144	20	171,480	15
7900	**Income before taxes**	330,694	27	242,130	21
7950	**Income tax expense (note 6(m))**	(24,009)	(2)	(16,367)	(1)
	Net income	306,685	25	225,763	20
	Other comprehensive income (loss):				
8310	**Items that will not be reclassified subsequently to profit or loss (note 6(n))**				
8316	Unrealized gains from investments in equity instruments at fair value through other comprehensive income	2,631	-	4,462	-
8330	Share of other comprehensive loss of subsidiaries	(2,836)	-	(112)	-
	Other comprehensive income (loss), net of taxes	(205)	-	4,350	-
	Total comprehensive income for the year	**$ 306,480**	**25**	**230,113**	**20**
	Earnings per share (in New Taiwan Dollar) (note 6(p)):				
9750	**Basic earnings per share**	**$**	**10.22**		**10.13**
9850	**Diluted earnings per share**	**$**	**10.14**		**10.06**

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

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

ACER CYBER SECURITY INC.

Parent-Company-Only Statements of Changes in Equity

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollar)

			Retained earnings				Other equity				
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Unearned stock-based employee compensation	Total	Total equity
Balance at January 1, 2024	$ 222,045	769,344	64,184	34,509	248,914	347,607	(10,889)	(29,680)	(4,187)	(44,756)	1,294,240
Net income in 2024	-	-	-	-	225,763	225,763	-	-	-	-	225,763
Other comprehensive income (loss) in 2024	-	-	-	-	-	-	4,462	(112)	-	4,350	4,350
Total comprehensive income (loss) in 2024	-	-	-	-	225,763	225,763	4,462	(112)	-	4,350	230,113
Appropriation of earnings:											
Legal reserve	-	-	19,059	-	(19,059)	-	-	-	-	-	-
Special reserve	-	-	-	6,060	(6,060)	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(115,025)	(115,025)	-	-	-	-	(115,025)
Capital increase in cash	80,000	1,516,000	-	-	-	-	-	-	-	-	1,596,000
Share-based payment－issuance of new shares reserved for employee subscriptions	-	12,325	-	-	-	-	-	-	-	-	12,325
Retirement of restricted stock issued to employees	(893)	893	-	-	-	-	-	-	-	-	-
Share-based payment－restricted stock issued to employees	-	(9,912)	-	-	-	-	-	-	4,187	4,187	(5,725)
Balance at December 31, 2024	301,152	2,288,650	83,243	40,569	334,533	458,345	(6,427)	(29,792)	-	(36,219)	3,011,928
Net income in 2025	-	-	-	-	306,685	306,685	-	-	-	-	306,685
Other comprehensive income (loss) in 2025	-	-	-	-	-	-	2,631	(2,836)	-	(205)	(205)
Total comprehensive income (loss) in 2025	-	-	-	-	306,685	306,685	2,631	(2,836)	-	(205)	306,480
Appropriation of earnings:											
Legal reserve	-	-	22,576	-	(22,576)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(4,349)	4,349	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(179,998)	(179,998)	-	-	-	-	(179,998)
Retirement of restricted stock issued to employees	(1,155)	1,155	-	-	-	-	-	-	-	-	-
Balance at December 31, 2025	**$ 299,997**	**2,289,805**	**105,819**	**36,220**	**442,993**	**585,032**	**(3,796)**	**(32,628)**	**-**	**(36,424)**	**3,138,410**

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

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

ACER CYBER SECURITY INC.

Parent-Company-Only Statements of Cash Flows

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollar)

	2025	2024
Cash flows from operating activities:		
Income before income tax	$ 330,694	242,130
Adjustments for:		
Adjustments to reconcile profit or loss:		
Depreciation	25,397	23,846
Amortization	494,584	486,572
Interest expense	4,956	8,743
Interest income	(8,922)	(1,562)
Dividend income	1,199	-
Share-based compensation cost	-	1,194
Share of profit of subsidiaries accounted for using equity method	(211,550)	(161,725)
Total adjustments for profit or loss	305,664	357,068
Changes in operating assets and liabilities:		
Changes in operating assets:		
Contract assets	(89,957)	(51,732)
Notes and accounts receivable	7,919	(21,194)
Accounts receivable from related parties	2,787	4,617
Other receivables from related parties	(2,046)	2,225
Prepaid expenses and other current assets	(4,006)	(6,149)
Changes in operating assets	(85,303)	(72,233)
Changes in operating liabilities:		
Contract liabilities	3,621	(16,292)
Accounts payable	42,318	(2,559)
Accounts payable to related parties	20,237	(3,101)
Other payables	12,016	12,450
Other payables to related parties	(1,907)	2,963
Other current liabilities	896	(1,920)
Changes in operating liabilities	77,181	(8,459)
Total changes in operating assets and liabilities	(8,122)	(80,692)
Total adjustments	297,542	276,376
Cash provided by operations	628,236	518,506
Interest received	8,153	1,600
Interest paid	(5,128)	(8,371)
Income taxes paid	(17,788)	(19,013)
Net cash flows provided by operating activities	613,473	492,722

(Continued)

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

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

ACER CYBER SECURITY INC.

Parent-Company-Only Statements of Cash Flows (Continued)

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollar)

	2025	2024
Cash flows from investing activities:		
Investments in subsidiaries	-	(700,000)
Additions to property, plant and equipment	(22,162)	(899,691)
Additions to intangible assets	-	(238,778)
Increase in costs to fulfill contracts with customers	(513,356)	(233,450)
Decrease (increase) in other financial assets	(255,040)	13,083
Dividends received	173,489	185,278
Net cash flows used in investing activities	(617,069)	(1,873,558)
Cash flows from financing activities:		
Increase in long-term debt	-	686,970
Repayment of long-term debt	(11,493)	(416,593)
Payment of lease liabilities	-	(5,534)
Cash dividends distributed to shareholders	(179,998)	(115,025)
Capital increase in cash	-	1,596,000
Net cash flows provided by (used in) financing activities	(191,491)	1,745,818
Net increase (decrease) in cash and cash equivalents	(195,087)	364,982
Cash and cash equivalents at beginning of year	636,398	271,416
Cash and cash equivalents at end of year	**$ 441,311**	**636,398**

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

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

ACER CYBER SECURITY INC.

Notes to the Parent-Company-Only Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollar, Unless Otherwise Specified)

1. Organization and business

Acer Cyber Security Inc. (the "Company") was incorporated on May 29, 2000, as a company limited by shares under the laws of the Republic of China ("R.O.C.") and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is 13F, No. 9, Section 3, Nangang Rd., Nangang Dist., Taipei City, Taiwan (R.O.C.).

The Company takes the R&D expertise as the core capability and specialize in the development of information security related services, including advance prevention, real-time detection, post-incident response and cybersecurity disaster recovery.

2. Authorization of the parent-company-only financial statements

These parent-company-only financial statements were authorized for issue by the Board of Directors on February 25, 2026.

3. Application of new and revised accounting standards and interpretations

(a) The impact of the International Financial Reporting Standards ("IFRS Accounting Standards") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent-company-only financial statements, from January 1, 2025:

- Amendments to IAS 21 "Lack of Exchangeability"
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7

(b) The impact of IFRS Accounting Standards endorsed by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2026, would not have a significant impact on its parent-company-only financial statements:

- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" regarding the application guidance requirements for Sections 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7
- Annual Improvements to IFRS Accounting Standards－Volume 11
- Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"

(Continued)

ACER CYBER SECURITY INC.
Notes to the Parent-Company-Only Financial Statements

(c) The impact of IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the IASB, but have yet to be endorsed by the FSC:

Standards or interpretations	Content of amendment	Effective date per IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities. ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined "operating profit" subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	January 1, 2027 Note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.

The Company is evaluating the impact on its parent-company-only financial position and parent-company-only financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Company completes its evaluation.

(Continued)

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its parent-company-only financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures" and amendments to IFRS 19 "Subsidiaries without Public Accountability: Disclosures"
- Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"

4. Summary of material accounting policies

The material accounting policies presented in the parent-company-only financial statements are summarized below and have been applied consistently throughout the periods presented in the parent-company-only financial statements.

(a) Statement of compliance

The accompanying parent-company-only financial statements have been prepared in accordance with the " Regulations Governing the Preparation of Financial Reports by Securities Issuers" (the "Regulations").

(b) Basis of preparation

(i) Basis of measurement

The accompanying parent-company-only financial statements have been prepared on a historical cost basis except for financial assets measured at fair value through other comprehensive income.

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The Company' s parent-company-only financial statements are presented in New Taiwan Dollar (NTD), which is the Company' s functional currency. Except when otherwise indicated, all financial information presented in NTD has been rounded to the nearest thousand.

(c) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each subsequent reporting period ("the reporting date"), monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the date of the transaction. Exchange differences are generally recognized in profit or loss.

ACER CYBER SECURITY INC.
Notes to the Parent-Company-Only Financial Statements

(d) Classification of current and non-current assets and liabilities

The Company classifies the asset as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Company does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(e) Cash and cash equivalents

Cash comprises cash on hand, checking deposits and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be classified as cash equivalents.

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost and fair value through other comprehensive income (FVOCI). All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

(Continued)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

   A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

   - it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
   - its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

   These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income ("FVOCI")

   A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

   - it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
   - its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

   On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

   Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment loss are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, other comprehensive income accumulated in equity are reclassified to profit or loss.

   Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income. On derecognition, other comprehensive income accumulated in equity is reclassified to retained earnings and is never reclassified to profit or loss.

Dividend income derived from equity investments is recognized on the date that the Company's right to receive the dividends is established (usually the ex-dividend date).

3) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses ("ECL") on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables and other financial assets) and contract assets.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following financial assets which are measured using 12-month ECL:

- bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Company measures loss allowances for accounts receivable and contract assets at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. The information includes both quantitative and qualitative information and analysis based on the Company's historical experience and credit assessment, as well as forward-looking information.

ECLs are probability-weighted estimate of credit losses over the expected life of financial assets. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets; in these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual agreements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recognized at the amount of consideration received, less the direct issuing cost.

2) Financial liabilities

Financial liabilities are classified as measured at amortized cost and are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been fulfilled or cancelled, or has expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

The difference between the carrying amount of a financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

4) Offsetting of financial assets and liabilities

Financial assets and liabilities are presented on a net basis only when the Company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

ACER CYBER SECURITY INC.
Notes to the Parent-Company-Only Financial Statements

(g) Investments in subsidiaries

When preparing the parent-company-only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Carrying amount of investments in subsidiaries includes goodwill arising from initial recognition less any accumulated impairment losses, which is recognized as a reduction of carry amount. Under the equity method, profit or loss and other comprehensive income recognized in parent-company-only financial statement is in line with total comprehensive income attributable to owners of the Company in the consolidated financial statements. In addition, changes in equity recognized in parent-company-only financial statement is in line with the changes in equity attributable to owners of the Company in the consolidated financial statements. Changes in a Company's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

(h) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of assets less their residual values and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leasehold improvements are depreciated over the shorter of the lease term or the estimated useful life. The estimated useful lives of property, plant and equipment are as follows: buildings: 50 years; operating and office equipment: 3 years; machinery and equipment: 10 years; other equipment: 5 to 20 years.

Depreciation methods, useful lives, and residual values are reviewed at each financial year-end, with the effect of any changes in estimate accounted for on a prospective basis.

(i) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(Continued)

(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically evaluated and reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change of the Company's assessment on whether it will exercise an option to purchase the underlying asset, or;
- there is a change in the lease term resulting from a change of the Company's assessment on whether it will exercise an extension or termination option; or
- there is any lease modification in lease subject, scope of the lease or other terms.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference in profit or loss for any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment properties, and lease liabilities as a separate line item respectively in the parent-company-only balance sheets.

If an arrangement contains lease and non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings, the Company has elected not to separate non-lease components and account for each lease component and any associated non-lease components as a single lease component.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

For operating lease, the Company recognizes rental income on a straight-line basis over the lease term.

(j) Intangible assets

Intangible assets including licensing agreement, and acquired software are carried at cost, less accumulated amortization and accumulated impairment losses. Amortization is recognized in profit or loss using the straight-line method over the estimated useful lives of 1 to 4 years. The residual value, amortization period, and amortization method are reviewed at least at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

ACER CYBER SECURITY INC.
Notes to the Parent-Company-Only Financial Statements

(k) Impairment of non-financial assets

Non-financial assets other than inventories, contract assets, deferred income tax assets, and assets arising from employee benefits are reviewed for impairment at each reporting date to determine whether there is any indication of impairment. When there exists an indication of impairment for an asset, the recoverable amount of the asset is estimated. If the recoverable amount of an individual asset cannot be determined, the Company estimates the recoverable amount of the cash-generating units ("CGU") to which the asset has been allocated.

The recoverable amount for an individual asset or a CGU is the higher of its fair value less costs to sell or its value in use. When the recoverable amount of an asset or a CGU is less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount, and an impairment loss is recognized in profit or loss immediately.

The Company assesses at each reporting date whether there is any evidence that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If so, an impairment loss recognized in prior periods for an asset other than goodwill is reversed, and the carrying amount of the asset or CGU is increased to its revised estimate of recoverable amount. The increased carrying amount shall not exceed the carrying amount (net of amortization or depreciation) that would have been determined had no impairment loss been recognized in prior years.

(l) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company' s main types of revenue are explained below.

1) Revenue from service rendered

Service revenue from security monitoring services is provided over the contract period. For such service contracts, customers simultaneously receive and consume the benefits provided by the Company; thus, revenues from such contracts are recognized over time. In addition, the Company provides project security management services to customers. For such service revenue, performance obligations are satisfied over time and at a point in time. For performance obligations satisfied over time, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on the portion of the work performed or the milestone reached. For performance obligations satisfied at a point in time, revenue is recognized when performance obligations are transferred to the customer and any risks that give rise to a separate performance obligation in addition to the performance obligation to transfer the asset are excluded. Estimates of revenues, costs, or extent of progress toward completion, are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by the management.

(Continued)

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the accumulated revenue recognized by the Company exceeds the payments, a contract asset is recognized. If the payments exceed the accumulated revenue recognized, a contract liability is recognized.

2) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and the payment made by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(ii) Contract costs

1) Incremental costs of obtaining a contract

The Company recognizes the incremental costs of obtaining a contract with a customer as an asset if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred, regardless of whether the contract was obtained, shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Company applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the Company otherwise would have recognized is one year or less.

2) Costs to fulfill contracts with customers

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (e.g., IAS 2 *Inventories*, IAS 16 *Property, Plant and Equipment* or IAS 38 *Intangible Assets*), the Company recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify;
- the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Company cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations) are recognized as expenses when incurred.

ACER CYBER SECURITY INC.
Notes to the Parent-Company-Only Financial Statements

(m) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed during the year in which employees render services.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed during the period in which employees render services. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to make such payments as a result of past service provided by the employees, and the obligation can be estimated reliably.

(n) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, and the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

The grant date of options for employees to subscribe new shares for a cash injection is the date when the Board of Directors approves the exercise price and the shares to which employees can subscribe.

(o) Income taxes

Income taxes comprise current taxes and deferred taxes. Current and deferred taxes are recognized in profit or loss unless they relate to business combinations or items recognized directly in equity or other comprehensive income.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for:

(i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction 1) affects neither accounting nor taxable profits (losses) and 2) does not give rise to equal taxable and deductible temporary differences;

(ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) Taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets are recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(p) Earnings per share ("EPS")

The basic and diluted EPS attributable to stockholders of the Company are disclosed in the financial statements. Basic EPS is calculated by dividing net income attributable to stockholders of the Company by the weighted-average number of common shares outstanding during the year. In calculating diluted EPS, the net income attributable to stockholders of the Company and weighted-average number of common shares outstanding during the year are adjusted for the effects of dilutive potential common shares. The Company's dilutive potential common shares include profit sharing for employees to be settled in the form of common stock and restricted stock to employees.

(q) Operating segments

The Company discloses the operating segment information in the consolidated financial statements. Therefore, the Company does not disclose the operating segment information in the parent-company-only financial statements.

ACER CYBER SECURITY INC.
Notes to the Parent-Company-Only Financial Statements

5. Critical accounting judgments and key sources of estimation and assumption uncertainty

The preparation of the parent-company-only financial statements requires management to make judgments and estimates about the future, including climate-related risks and opportunities, which affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Company's risk management and climate-related commitments where appropriate. Revisions to estimates are recognized prospectively in the period of the change and future periods.

Information about judgements made in applying the accounting policies that have significant effects on the amounts recognized in the parent-company-only financial statements is as follows:

The Company recognizes revenue from service rendered when it satisfies a performance obligation by transferring control of a service to a customer. Please refer to note 4(l) for related conditions for revenue recognition.

There is no information involving assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

6. Significant account disclosures

(a) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Cash on hand	$ 76	76
Demand deposits and checking accounts	241,235	636,322
Time deposits with original maturities less than three months	200,000	-
	$ 441,311	**636,398**

As of December 31, 2025 and 2024, the time deposits with original maturities more than three months amounted to $260,000 and $0, respectively, which were classified as other financial assets－current.

(b) Financial assets at fair value through other comprehensive income

	December 31, 2025	December 31, 2024
Financial assets measured at fair value through other comprehensive income－non-current:		
Domestic listed stock	**$ 26,174**	**23,543**

The Company designated the investments shown above as financial assets measured at fair value through other comprehensive income (FVOCI) because these equity instruments are not held for trading.

(Continued)

ACER CYBER SECURITY INC.
Notes to the Parent-Company-Only Financial Statements

(c) Notes and accounts receivable

	December 31, 2025	December 31, 2024
Accounts receivable	$ 171,333	179,252
Less: loss allowance	-	-
	171,333	179,252
Accounts receivable from related parties	18,236	21,023
	$ 189,569	**200,275**

The Company applies the simplified approach to provide for its expected credit losses, i.e., the use of lifetime expected loss provision for all receivables. Forward-looking information is taken into consideration as well. Analysis of expected credit losses on accounts receivable (including receivables from related parties) was as follows:

	December 31, 2025		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 182,424	-	-
Past due 1-30 days	6,074	-	-
Past due 31-60 days	30	-	-
Past due 61-90 days	1,041	-	-
Past due 181 days or over	-	100%	-
	$ 189,569		**-**

	December 31, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 195,987	-	-
Past due 1-30 days	4,288	-	-
Past due 181 days or over	-	100%	-
	$ 200,275		**-**

(d) Other receivables

	December 31, 2025	December 31, 2024
Other receivables	$ 769	-
Other receivables from related parties	8,596	6,550
Less: loss allowance	-	-
	$ 9,365	**6,550**

As of December 31, 2025 and 2024, no loss allowance was provided for other receivables after management's assessment.

(Continued)

ACER CYBER SECURITY INC.
Notes to the Parent-Company-Only Financial Statements

(e) Investments accounted for using the equity method

A summary of the Company's investments accounted for using the equity method is as follows:

	December 31, 2025	December 31, 2024
Subsidiaries	**$ 1,400,383**	**1,366,357**

For the information of subsidiaries, please refer to the consolidated financial statements for the year ended December 31, 2025.

(f) Property, plant and equipment

	Land	Buildings	Operating and office equipment	Machinery and equipment	Other equipment and construction in progress	Total
Cost:						
Balance at January 1, 2025	$ 503,116	352,189	75,209	-	20,688	951,202
Additions	-	-	2,964	4,314	14,884	22,162
Disposals	-	-	(22,652)	-	-	(22,652)
Reclassification	-	-	-	15,210	(15,210)	-
Balance at December 31, 2025	**$ 503,116**	**352,189**	**55,521**	**19,524**	**20,362**	**950,712**
Balance at January 1, 2024	$ -	-	55,779	-	8,357	64,136
Additions	503,116	352,189	25,704	-	18,682	899,691
Disposals	-	-	(6,602)	-	(6,023)	(12,625)
Reclassification	-	-	328	-	(328)	-
Balance at December 31, 2024	**$ 503,116**	**352,189**	**75,209**	**-**	**20,688**	**951,202**
Accumulated depreciation:						
Balance at January 1, 2025	$ -	4,028	35,432	-	1,216	40,676
Depreciation	-	6,906	15,490	1,679	1,322	25,397
Disposals	-	-	(22,652)	-	-	(22,652)
Reclassification	-	-	-	10	(10)	-
Balance at December 31, 2025	**$ -**	**10,934**	**28,270**	**1,689**	**2,528**	**43,421**
Balance at January 1, 2024	$ -	-	28,749	-	6,181	34,930
Depreciation	-	4,028	13,285	-	1,058	18,371
Disposals	-	-	(6,602)	-	(6,023)	(12,625)
Balance at December 31, 2024	**$ -**	**4,028**	**35,432**	**-**	**1,216**	**40,676**
Carrying amounts:						
Balance at December 31, 2025	**$ 503,116**	**341,255**	**27,251**	**17,835**	**17,834**	**907,291**
Balance at December 31, 2024	**$ 503,116**	**348,161**	**39,777**	**-**	**19,472**	**910,526**

Please refer to note 8 for a description of the Company's property, plant and equipment pledged as collateral for bank loans.

In May 2024, the Company acquired real estate located in Nangang District, Taipei for its office, wherein the acquisition cost amounted to $855,305.

(Continued)

ACER CYBER SECURITY INC.
Notes to the Parent-Company-Only Financial Statements

(g) Right-of-use assets

	Buildings
Cost:	
Balance at January 1, 2025 (Same as balance at December 31, 2025)	**$ -**
Balance at January 1, 2024	$ 28,595
Termination of lease	(28,595)
Balance at December 31, 2024	**$ -**
Accumulated depreciation:	
Balance at January 1, 2025 (Same as balance at December 31, 2025)	**$ -**
Balance at January 1, 2024	$ 23,120
Depreciation	5,475
Termination of lease	(28,595)
Balance at December 31, 2024	**$ -**
Carrying amounts:	
Balance at December 31, 2025	**$ -**
Balance at December 31, 2024	**$ -**

(h) Intangible assets

	License fee	Computer software	Total
Cost:			
Balance at January 1, 2025	$ 169,889	5,450	175,339
Write-off and disposals	(57,292)	-	(57,292)
Balance at December 31, 2025	**$ 112,597**	**5,450**	**118,047**
Balance at January 1, 2024	$ 147,170	22,497	169,667
Additions	227,116	11,662	238,778
Write-off and disposals	(204,397)	(28,709)	(233,106)
Balance at December 31, 2024	**$ 169,889**	**5,450**	**175,339**
Accumulated amortization:			
Balance at January 1, 2025	$ 85,270	3,869	89,139
Amortization	55,641	1,401	57,042
Write-off and disposals	(57,292)	-	(57,292)
Balance at December 31, 2025	**$ 83,619**	**5,270**	**88,889**
Balance at January 1, 2024	$ 62,219	15,088	77,307
Amortization	227,448	17,490	244,938
Write-off and disposals	(204,397)	(28,709)	(233,106)
Balance at December 31, 2024	**$ 85,270**	**3,869**	**89,139**

(Continued)

ACER CYBER SECURITY INC.
Notes to the Parent-Company-Only Financial Statements

	License fee	Computer software	Total
Carrying amounts:			
Balance at December 31, 2025	**$ 28,978**	**180**	**29,158**
Balance at December 31, 2024	**$ 84,619**	**1,581**	**86,200**

The amortization of intangible assets was included in the following line items of the statement of comprehensive income:

	2025	2024
Cost of revenue	$ 56,588	243,611
Operating expenses	454	1,327
	$ 57,042	**244,938**

(i) Costs to fulfill contracts with customers

Cost:	
Balance at January 1, 2025	$ 124,784
Additions	513,356
Derecognition	(404,323)
Balance at December 31, 2025	**$ 233,817**
Balance at January 1, 2024	$ 125,283
Additions	233,450
Derecognition	(233,949)
Balance at December 31, 2024	**$ 124,784**
Accumulated amortization:	
Balance at January 1, 2025	$ 56,133
Amortization	437,542
Derecognition	(404,323)
Balance at December 31, 2025	**$ 89,352**
Balance at January 1, 2024	$ 48,448
Amortization	241,634
Derecognition	(233,949)
Balance at December 31, 2024	**$ 56,133**
Carrying amounts:	
Balance at December 31, 2025	**$ 144,465**
Balance at December 31, 2024	**$ 68,651**

The Company enters into an agreement to provide security monitoring services, wherein costs arising from such services, including hardware equipment and cloud software, are recognized in costs to fulfill contracts with customers

(Continued)

ACER CYBER SECURITY INC.
Notes to the Parent-Company-Only Financial Statements

(j) Long-term debt

	December 31, 2025	December 31, 2024
Secured loan	$ 258,884	270,377
Less: current portion of long-term debt	(11,877)	(11,493)
	$ 247,007	**258,884**
Unused credit facilities	**$ -**	**-**
Interest rate	**1.75%~1.87%**	**1.75%~1.87%**
Maturity year	**2044**	**2044**

(i) Increase in long-term debt and repayment

For the year ended December 31, 2024, the Company increased its long-term debt of $686,970, due in April 2044. For the years ended December 31, 2025 and 2024, long-term debt amounting to $11,493 and $416,593, respectively, was repaid.

Please refer to note 6(s) for details on the above interest expenses of bank loans.

(ii) Collateral for bank borrowings

Please refer to note 8 for a description of the Company's assets pledged as collateral to secure the bank loans.

(k) Lease liabilities

The amounts recognized in profit or loss were as follows:

	2025	2024
Interest expense on lease liabilities	**$ -**	**10**
Expenses relating to short-term leases	**$ -**	**7,346**

The amounts recognized in the statement of cash flows for the Company were as follows:

	2025	2024
Total cash outflow for leases	**$ -**	**12,890**

(l) Employee benefits

Defined contribution plans

The Company contributes monthly an amount equal to 6% of each employee's monthly wages to the employee's individual pension fund account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company has no legal or constructive obligation to pay additional amounts after contributing a fixed amount to the Bureau of Labor Insurance.

For the years ended December 31, 2025 and 2024, the Company recognized pension expenses of $18,206 and $16,036, respectively.

(Continued)

ACER CYBER SECURITY INC.
Notes to the Parent-Company-Only Financial Statements

(m) Income taxes

(i) The components of income tax expense were as follows:

		2025	2024
Current income tax expense			
Current period	$	23,372	17,412
Adjustments for prior years		103	286
Surtax on undistributed earnings		317	-
		23,792	17,698
Deferred income tax expense (benefit)			
Origination and reversal of temporary differences		217	(1,331)
Income tax expense	**$**	**24,009**	**16,367**

Reconciliation of income tax and profit before tax for 2025 and 2024 is as follows:

		2025	2024
Income before taxes	**$**	**330,694**	**242,130**
Income tax using the Company's statutory tax rate	$	66,139	48,426
Adjustments for prior-year income tax expense		103	286
Other tax-exempt income		(240)	-
Surtax on undistributed earnings		317	-
Investment income recorded under equity method		(42,310)	(32,345)
	$	**24,009**	**16,367**

(ii) Deferred income tax assets

1) Recognized deferred income tax assets

		Accrued expenses
Balance at January 1, 2025	$	5,649
Recognized in profit or loss		(217)
Balance at December 31, 2025	**$**	**5,432**
Balance at January 1, 2024	$	4,318
Recognized in profit or loss		1,331
Balance at December 31, 2024	**$**	**5,649**

(iii) The Company's income tax returns for the years through 2023 were examined and approved by the R.O.C. income tax authorities.

(Continued)

ACER CYBER SECURITY INC.
Notes to the Parent-Company-Only Financial Statements

(n) Capital and other equity

(i) Common stock

As of December 31, 2025 and 2024, the Company's authorized shares of common stock consisted of 300,050 thousand shares, of which 29,999 thousand shares and 30,115 thousand shares were issued, respectively. The par value of the Company's common stock is NTD 10 per share.

The movements in outstanding shares of common stock (excluding unvested restricted stock issued to employees) were as follows (in thousands of shares):

	2025	2024
Balance at January 1	29,999	21,999
Issuance for cash	-	8,000
Balance at December 31	**29,999**	**29,999**

The issuance of additional 8,000 thousand of common shares at price of $200 per share was resolved by the Company's Board of Directors on July 30, 2024, wherein 800 thousand of common shares, comprising 10% of the newly issued common shares, are reserved for employee subscription in accordance with the Company's Articles of Incorporation. If the Company's employees have not subscribed sufficiently and adequately, or waived the right to subscribe, the Chairman may arrange a specific person for subscription. The share issuance was approved by the FSC and the effective date of capital increase was set on December 19, 2024 with a total consideration amounting to $1,596,000 (net of the direct issuing cost of 4,000) and the related registration procedures have been completed.

The Company issued 241 thousand of restricted stock to its employees with zero exercise price during the first quarter of 2022, which was retired as the vesting conditions failed to be met in the second quarter of 2024, and the related registration procedures have been completed.

(ii) Capital surplus

	December 31, 2025	December 31, 2024
Paid-in capital in excess of par value	$ 2,264,194	2,264,194
Difference between consideration and carrying amount of subsidiaries acquired or disposed	5,896	5,896
Restricted stock to employees	-	(1,155)
Employee stock options	19,715	19,715
	$ 2,289,805	**2,288,650**

(Continued)

Pursuant to the Company Act, any realized capital surplus is initially used to cover accumulated deficit, and the balance, if any, could be transferred to common stock as stock dividends or distributed by cash based on the original shareholding ratio. Realized capital surplus includes the premium derived from the issuance of shares of stock in excess of par value and donations received by the Company. In accordance with the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers", distribution of stock dividends from capital surplus in any one year shall not exceed 10% of paid-in capital.

(iii) Unappropriated earnings and dividend policy

1) Legal reserve

Pursuant to the Company Act, the Company must retain 10% of its after-tax net profit in the period, plus items other than the after-tax net profit in the period that are included in the undistributed current-period earnings annual income as a legal reserve until such retention equals to the total paid-in capital. The legal reserve shall be used to offset the deficit of the company. If a company has no accumulated deficit, it may, pursuant to a resolution approved by the stockholders, distribute its legal reserve by issuing new shares or distributing cash for the portion in excess of 25% of the paid-in capital

2) Special reserve

In accordance with the rulings issued by the FSC, a special reserve equal to the total amount of items that are accounted for as deductions from stockholders' equity shall be set aside from current and prior-year earnings. This special reserve shall revert to retained earnings and be made available for distribution when the items that are accounted for as deductions from stockholders' equity are reversed in subsequent periods.

3) Earnings distribution

The Company' s Articles of Incorporation stipulate that at least 10% of annual net income, after deducting accumulated deficit, if any, must be retained as legal reserve until such retention equals the amount of paid-in capital. In addition, a special reserve shall be set aside in accordance with applicable laws and regulations when necessary. The remaining balance, together with the unappropriated earnings from the previous years, after retaining a certain portion of it for business considerations, can be distributed as dividends to stockholders, pursuant to the earnings distribution plan proposed by the Board of Directors and approved by the stockholders. Except for the distribution of reserve in accordance with applicable laws and regulations, the Company cannot distribute any earnings when there are no retained earnings.

The distributable dividends in whole or in part will be paid in cash by the 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.

Earnings are distributed in consideration of the Company' s current and long-term development, the overall investment environment, capital needs, market competition in domestic and international business and interest of its shareholders. Earnings can be distributed by stock or cash, wherein no less than 2% of the distributable earnings shall be appropriated as shareholder dividends. The Company has adopted a stable dividend policy in which cash dividends comprise at least 10% of the total distribution of dividends except when the Company's Board of Directors resolved not to distribute any cash dividend, which was approved by the shareholders. Except for the distribution of capital surplus and legal reserve in accordance with applicable laws and regulations in consideration of the financial, business, and operational factors, the Company cannot distribute any earnings when there are no retained earnings.

The appropriation of 2024 and 2023 earnings was resolved by the Board of Directors on February 24, 2025 and February 27, 2024, respectively. The resolved appropriation of the cash dividends per share was as follows:

	2024		2023	
	Dividends per share (in NTD)	Amount	Dividends per share (in NTD)	Amount
Dividends per share:				
Cash dividends	$ 6.0	**179,998**	5.2	**115,025**

The appropriation of 2025 earnings was resolved by the Board of Directors on February 25, 2026. The resolved appropriation of the cash dividends per share was as follows:

	2025	
	Dividends per share (in NTD)	Amount
Dividends per share:		
Cash dividends	$ 9.0	**269,997**

Related information is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(iv) Other equity items (net after tax)

1) Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income

	2025	2024
Balance at January 1	$ (6,427)	(10,889)
Changes in fair value of financial assets measured at fair value through other comprehensive income	2,631	4,462
Balance at December 31	**$ (3,796)**	**(6,427)**

(Continued)

ACER CYBER SECURITY INC.
Notes to the Parent-Company-Only Financial Statements

2) Remeasurement of defined benefit plans

	2025	2024
Balance at January 1	$ (29,792)	(29,680)
Share of remeasurement of defined benefit plans of subsidiaries	(2,836)	(112)
Balance at December 31	**$ (32,628)**	**(29,792)**

3) Unearned compensation cost

	2024
Balance at January 1	$ (4,187)
Compensation cost arising from restricted stock issued to employees	(5,725)
Reversal of compensation cost forfeited	9,912
Balance at December 31	**$ -**

(o) Share-based payment

As of December 31, 2025 and 2024, the Company had the following share-based payment arrangements:

	Restricted stocks to employees	Issuance of new shares reserved for employee subscription
Grant date	2022/03/25	2024/11/06
Number of shares granted (in thousands)	241	725
Vesting conditions	1~3 years of service subsequent to grant date and performance conditions	Immediately vested
Qualified employees	Shares granted to qualified full-time employees of the Company	Shares granted to full-time employees of the Company and its subsidiaries

(i) Restricted stocks to employees

The Company' s shareholders in an extraordinary meeting held on December 23, 2021 approved the issuance of 300 thousand shares of restricted stocks to qualified full-time employees. The Company had filed an effective registration with the Securities and Futures Bureau of the FSC for the issuance of the stocks. As of March 25, 2022, the Company issued 241 thousand shares of restricted stocks to entitled qualified employees who can purchase the shares at the exercise price of $0. The restricted stocks have the vesting periods of 1, 2 and 3 years subsequent to the grant date, and shall be vested based on each employee's performance. During the vesting period, the restricted stock could not be sold, pledged, transferred, gifted, or disposed, in any other forms, except for inheritance; nevertheless, the shareholders' rights (such as attendance, proposing, speaking, voting and electing at the shareholders' meeting) are the same as those of the Company's outstanding shares but are executed by a custodian who will act based on the law and regulations. Employees holding restricted stocks may participate in stock dividends even when the vesting conditions are still yet to be met. For those employees who failed to meet the vesting conditions, the Company shall recall those shares and retire them thereafter.

(Continued)

The movements in number of restricted shares of stock issued (in thousands) were as follows:

	2024
Outstanding, beginning of year	121
Granted during the year	-
Forfeited during the year	(121)
Unvested, end of year	-

The fair value of the restricted stock to employees was $117.5 (in New Taiwan Dollar) per share, which was determined by reference to the closing price of the Company's common stock traded on the Taiwan Stock Exchange at the grant date.

(ii) Issuance of new shares reserved for employee subscription

On July 30, 2024, the Board of Directors approved the issuance of common stock for cash, of which 800 thousand shares were reserved for employee subscription. The Company used the Black-Scholes Model in measuring the fair value of its employee stock options. The main inputs to the valuation model were as follows:

Fair value of stock at grant date (NTD/share)	217
Exercise price (NTD/share)	200
Expected volatility (%)	31.57%
Expected life	3 days
Risk-free interest rate (%)	1.33%

Expected volatility is based on the weighted average of historical volatility and expected life is in accordance with the related program governing employee subscription. Risk-free interest rate is based on interest rate on 1-month time deposits announced by Bank of Taiwan. Service and non-market performance conditions attached to the transactions are not taken into account in determining the fair value.

(iii) Employee compensation cost

The compensation costs resulting from share-based payment transactions were as follows:

	2024
Expenses resulting from compensation cost of restricted stocks to employees	$ (5,725)
Expenses resulting from issuance of new shares reserved for employee subscription	6,919
	$ 1,194

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Notes to the Parent-Company-Only Financial Statements

(p) Earnings per share ("EPS")

(i) Basic earnings per share

	2025	2024
Net income attributable to shareholders of the Company	**$ 306,685**	**225,763**
Weighted-average number of common shares outstanding (in thousands)	**29,999**	**22,284**
Basic earnings per share (in New Taiwan Dollar)	**$ 10.22**	**10.13**

(ii) Diluted earnings per share

	2025	2024
Net income attributable to shareholders of the Company	**$ 306,685**	**225,763**
Weighted-average number of common shares outstanding (in thousands)	29,999	22,284
Effect of employee remuneration in stock	233	152
Effect of restricted stock to employees	-	-
Weighted-average number of common shares outstanding (including effect of dilutive potential common shares) (in thousands)	**30,232**	**22,436**
Diluted earnings per (in New Taiwan Dollar)	**$ 10.14**	**10.06**

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

	2025	2024
Major products/services lines		
Cybersecurity services	**$ 1,231,196**	**1,153,350**

(ii) Contract balances

	December 31, 2025	December 31, 2024	January 1, 2024
Notes and accounts receivable (including related parties)	$ 189,569	200,275	183,698
Less: loss allowance	-	-	-
	$ 189,569	**200,275**	**183,698**
Contract assets	**$ 392,582**	**302,625**	**250,893**
Contract liabilities	**$ 32,307**	**28,686**	**44,978**

(Continued)

Please refer to note 6(c) for details on notes and accounts receivable and related loss allowance.

The amounts of revenue recognized in 2025 and 2024 that were included in the contract liability balances at January 1, 2025 and 2024 were $28,110 and $34,500, respectively.

The major changes in the balance of contract assets and contract liabilities were due to the timing difference between the satisfaction of performance obligation and the receipt of customer's payment.

(r) Remuneration to employees and directors

The Company's amended Articles of Incorporation approved by the shareholders' meeting held on May 27, 2025 require that annual earnings shall first be offset against any accumulated deficit, then, a minimum of 2% shall be allocated as employee remuneration, of which no less than 1% should be distributed to base-level employees, and a maximum of 0.8% be allocated as directors' remuneration. The Company' s Articles of Incorporation before amendment require that annual earnings shall first be offset against any accumulated deficit, then, a minimum of 2% shall be allocated as employee remuneration and a maximum of 0.8% be allocated as directors' remuneration. Employees who are entitled to receive the abovementioned employee remuneration, in share or cash, include the employees of subsidiaries of the Company who meet certain specific requirements.

For the years ended December 31, 2025 and 2024, the Company accrued its remuneration to employees amounting to $37,100 and $27,429, respectively, and the remuneration to directors amounting to $2,400 and $2,170, respectively. The said amounts, which were recognized as operating expenses, were calculated based on pre-tax net profit for each year before deducting the amount of the remuneration to employees and directors, multiplied by a certain percentage of the remuneration to employees and directors. If the actual amounts differ from the estimated amounts, the differences shall be accounted as changes in accounting estimates and recognized as profit or loss in next year. The aforementioned accrued amounts were the same as the amount approved by the Board of Directors and were paid in cash. Related information is available at the Market Observation Post System website.

(s) Non-operating income and loss

(i) Interest income

	2025	2024
Interest income from bank deposits	**$ 8,922**	**1,562**

(ii) Other income

	2025	2024
Rental income (note 7(c))	$ 7,522	5,797
Dividend income	1,199	-
	$ 8,721	**5,797**

ACER CYBER SECURITY INC.
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(iii) Other gains and losses

	2025	2024
Foreign currency exchange gain (loss), net	$ (471)	286
Other service income (note 7(c))	16,059	10,519
Others	319	334
	$ 15,907	**11,139**

(iv) Finance costs

	2025	2024
Interest expense on lease liabilities	$ -	10
Interest expense from bank loans	4,956	8,733
	$ 4,956	**8,743**

(t) Financial instruments

(i) Categories of financial instruments

1) Financial assets

	December 31, 2025	December 31, 2024
Financial assets measured at fair value through other comprehensive income—non-current	$ 26,174	23,543
Financial assets measured at amortized cost:		
Cash and cash equivalents	441,311	636,398
Notes and accounts receivable and other receivables (including related parties)	198,934	206,825
Time deposits with original maturities more than three months	260,000	-
Other financial assets—non-current	48,622	53,582
	$ 975,041	**920,348**

2) Financial liabilities

	December 31, 2025	December 31, 2024
Financial liabilities measured at amortized cost:		
Accounts payable (including related parties)	$ 226,137	163,582
Other payables (including related parties)	195,904	185,967
Guarantee deposits	465	465
Long-term debt (including current portion)	258,884	270,377
	$ 681,390	**620,391**

(Continued)

ACER CYBER SECURITY INC.
Notes to the Parent-Company-Only Financial Statements

(ii) Fair value information

1) Financial instruments not measured at fair value

The Company considers that the carrying amounts of financial assets and financial liabilities measured at amortized cost approximate their fair values.

2) Financial instruments measured at fair value

Financial assets measured at fair value through other comprehensive income are measured at fair value on a recurring basis.

The table below analyzes the financial instruments measured at fair value subsequent to initial recognition, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The different levels have been defined as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

c) Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	December 31, 2025				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income－non-current:					
Domestic listed stock	$ 26,174	26,174	-	-	26,174

	December 31, 2022				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income－non-current:					
Domestic listed stock	$ 23,543	23,543	-	-	23,543

(iii) Valuation techniques used for financial instruments measured at fair value

The fair value of financial instruments traded in active liquid markets is determined with reference to quoted market prices.

(Continued)

Except for the abovementioned financial instruments traded in an active market, the fair value of other financial instruments are based on the valuation techniques or the quotation from counterparty. The fair value using valuation techniques refers to the current fair value of other financial instruments with similar conditions and characteristics, or using a discounted cash flow method, or other valuation techniques which include model calculating with observable market data at the reporting date.

The fair value for listed stock with standard terms and conditions and traded in active markets is based on quoted market prices.

(iv) Transfers between levels of the fair value hierarchy

There were no transfers among fair value hierarchies for the years ended December 31, 2025 and 2024.

(u) Financial risk management

The Company is exposed to credit risk, liquidity risk, and market risk. The Company has disclosed the information on exposure to the aforementioned risks and the Company's policies and procedures to measure and manage those risks as well as the quantitative information below.

The Company' s management monitors and reviews the financial activities in accordance with procedures required by relevant regulations and internal controls. Internal auditors undertake reviews of risk management controls and procedures, and the results of which are reported to the Board of Directors on a regular basis.

(i) Credit risk

1) The maximum exposure to credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty of a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash and cash equivalents, notes and accounts receivable from customers and other receivables. The maximum exposure to credit risk is equal to the carrying amount of the Company's financial assets and contract assets.

The Company maintains cash with reputable financial institutions; therefore, the exposure related to potential default by those counterparties is not considered significant.

2) Concentration of credit risk

The Company' s customers primarily consist of government authorities, finance and insurance institutions as well as business enterprises. The Company believes that there is no significant concentration of credit risk to a specific number of customers.

3) Credit risk from receivables

Please refer to note 6(c) for credit risk exposure of notes and accounts receivable.

Other financial assets measured at amortized cost include other receivables (please refer to note 6(d)) and refundable deposits (recognized in other financial assets). Abovementioned financial assets are considered low-credit-risk financial assets; thus, the loss allowance is measured using 12-months ECL. Please refer to note 4(f) for descriptions about how the Company determines the credit risk.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in settling its financial liabilities by delivering cash or another financial assets. The Company manages liquidity risk by monitoring regularly the current and mid- to long-term cash demand and maintaining adequate cash and banking facilities. As of December 31, 2025 and 2024, the Company had unused credit facilities of $790,000.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments, including principal and estimated interest.

	Contractual cash flows	Within 6 months	1-2 years	2-5 years	Over 5 years
December 31, 2025					
Non-derivative financial liabilities:					
Long-term debt (including current portion)	$ 306,288	16,616	16,616	49,849	223,207
Accounts payable (including related parties)	226,137	226,137	-	-	-
Other payables (including related parties)	195,904	195,904	-	-	-
Guarantee deposits	465	-	-	465	-
	$ 728,794	**438,657**	**16,616**	**50,314**	**223,207**
December 31, 2024					
Non-derivative financial liabilities:					
Long-term debt (including current portion)	$ 322,904	16,616	16,616	49,849	239,823
Accounts payable (including related parties)	163,582	163,582	-	-	-
Other payables (including related parties)	185,967	185,967	-	-	-
Guarantee deposits	465	-	-	465	-
	$ 672,918	**366,165**	**16,616**	**50,314**	**239,823**

The Company does not expect that the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, and will affect the Company's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company is exposed to the risk of price fluctuation in securities resulting from its investment in publicly traded stocks. The Company supervises the equity price risk actively and manages the risk based on fair value. Assuming a hypothetical increase or decrease of 5% in equity prices of the equity investments at each reporting date, the other comprehensive income for the years ended December 31, 2025 and 2024, would have increased or decreased by $1,309 and $1,177, respectively.

(Continued)

ACER CYBER SECURITY INC.
Notes to the Parent-Company-Only Financial Statements

(v) Capital management

In consideration of the industry dynamics and future developments, as well as external environment factors, the Company maintains an optimal capital structure to enhance long-term shareholder value by managing its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, research and development activities, dividend payments, and other business requirements for continuing operations and to reward shareholders and take into consideration the interests of other stakeholders.

(w) Investing and financing activities not affecting cash flows

(i) Please refer to note 6(g) for a description of acquisition of right-of-use assets through leases.

(ii) Investing activities partially received and paid in cash were as follows:

Increase in costs to fulfill contracts with customers:

		2025	2024
Increase in costs to fulfill contracts with customers	$	513,356	899,691
Add: accounts payable at January 1		-	-
Cash paid for costs to fulfill contracts with customers	**$**	**513,356**	**899,691**

Increase in acquisition of property, plant and equipment:

		2025	2024
Increase in acquisition of property, plant and equipment	$	22,162	233,450
Add: accounts payable at January 1		-	-
Cash paid for acquisition of property, plant and equipment	**$**	**22,162**	**233,450**

(iii) The reconciliation of liabilities arising from financing activities was as follows:

		January 1, 2025	Cash flows	December 31, 2025
Long-term debt (including current portion)	$	270,377	(11,493)	258,884
Guarantee deposits		465	-	465
Total liabilities from financing activities	**$**	**270,842**	**(11,493)**	**259,349**

		January 1, 2024	Cash flows	December 31, 2024
Long-term debt (including current portion)	$	-	270,377	270,377
Lease liabilities		5,534	(5,534)	-
Guarantee deposits		465	-	465
Total liabilities from financing activities	**$**	**5,999**	**264,843**	**270,842**

(Continued)

ACER CYBER SECURITY INC.
Notes to the Parent-Company-Only Financial Statements

7. Related-party transactions

(a) Parent company and ultimate controlling party

Acer Incorporated (" Acer") is the parent company and the ultimate controlling party of the Company. Acer and its subsidiaries owned 60.15% and 59.96%, respectively, of the outstanding shares of the Company as of December 31, 2025 and 2024. Acer has issued the consolidated financial statements for public use.

(b) Related party name and categories

The followings are the Company' s subsidiaries and the related parties that have had transactions with the Company during the reporting periods:

Name of related party	Relationship with the Company
Acer Incorporated ("Acer")	The parent company of the Company
ACSI Cyber Security Academy Inc. ("ACAD")	The Company's subsidiary
Acer e-Enabling Data Center Incorporated ("EDC")	The Company's subsidiary
Other related parties:	
Weblink International Inc.	Acer's subsidiary
Acer e-Enabling Service Business Inc.	Acer's subsidiary
Highpoint Service Network (Thailand) Co., Ltd.	Acer's subsidiary
Acer ITS Inc.	Acer's subsidiary
Acer Synergy Manpower CORP.	Acer's subsidiary
Acer Gadget Inc.	Acer's subsidiary
AOPEN Inc.	Acer's subsidiary
Acer Synergy Tech Corp.	Acer's subsidiary
Acer Computer Co., Ltd.	Acer's subsidiary
Altos Computing (Thailand) Co., Ltd.	AST's subsidiary
Highpoint Service Network Corporation	Acer's subsidiary
Acerpure Inc.	Acer's subsidiary
Chao-Chi Property Management Consulting CO., Ltd.	Acer's subsidiary
GadgeTek Inc.	Acer's subsidiary
Ambi Space Inc.	The director of its parent company is the first-degree relative of the Company's director
Datasitter Information Service Inc.	Acer's associate

(Continued)

ACER CYBER SECURITY INC.
Notes to the Parent-Company-Only Financial Statements

(c) Significant related-party transactions

(i) Revenue

The amounts of service income with related parties were as follows:

		2025	2024
Parent company	$	25,569	27,963
Subsidiaries		36,790	41,194
Other related parties		13,022	10,173
	$	**75,381**	**79,330**

The sales prices and the payment terms with related parties are not comparable to those with third-party customers as the specifications of projects and products are different.

(ii) Cost of revenue

The amounts of services purchased from related parties and increase in costs to fulfill contracts with customers were as follows:

		2025	2024
Parent company	$	1,147	1,080
Subsidiaries		68,828	66,509
Other related parties		7,527	2,251
	$	**77,502**	**69,840**

The purchase prices with related parties are not comparable to those with third-party vendors as the specifications of projects and products are different.

(iii) Rental income and management service income

For the years ended December 31, 2025 and 2024, the rental income arising from the sub-lease of part of the office buildings to EDC and ACAD amounted to $7,522 and $5,797, respectively, and was recognized in other income. The rent was determined by referring to the market price nearby. In addition, for the years ended December 31, 2025 and 2024, service income arising from management services provided to EDC and ACAD amounted to $16,059 and $10,519, respectively, and was recognized under other gains and losses.

(iv) Service fees

Service fees related to IT and legal services provided by related parties were as follows:

		2025	2024
Parent company	**$**	**1,271**	**901**

(Continued)

ACER CYBER SECURITY INC.
Notes to the Parent-Company-Only Financial Statements

(v) Property transactions

Operating and office equipment purchased from related parties was as follows:

	2025	2024
Parent company	$ 3,395	2,419
Other related parties	272	-
	$ 3,667	**2,419**

(vi) Other transactions between the Company and related parties recognized in operating expenses were as follows:

	2025	2024
Parent company	$ 3,832	2,922
Subsidiaries	6	67
Other related parties	3,305	2,640
	$ 7,143	**5,629**

(vii) Accounts receivable from related parties, contract assets and contract liabilities

The receivables from related parties due to the abovementioned service income and costs or expenses paid on behalf of related parties and the related contract liabilities were as follows:

Account	Related-party categories	December 31, 2025	December 31, 2024
Contract assets	Parent company	$ 6,070	2,239
Contract assets	Subsidiaries	18,029	17,283
Contract assets	Other related parties	7,040	5,943
Accounts receivable from related parties	Parent company	5,761	11,328
Accounts receivable from related parties	Subsidiaries	5,889	8,201
Accounts receivable from related parties	Other related parties	6,586	1,494
Other receivables from related parties	Subsidiaries	8,596	6,550
		$ 57,971	**53,038**
Contract liabilities	Subsidiaries	$ 991	-
Contract liabilities	Other related parties	2,571	-
		$ 3,562	**-**

(Continued)

ACER CYBER SECURITY INC.
Notes to the Parent-Company-Only Financial Statements

(viii) Accounts payable to related parties

The payables to related parties due to the abovementioned purchases, services fees, office equipment purchased by the Company and payments received and paid on behalf of related parties were as follows:

Account	Related party categories	December 31, 2025	December 31, 2024
Accounts payable to related parties	Parent company	$ 450	345
Accounts payable to related parties	Subsidiaries	26,359	6,740
Accounts payable to related parties	Other related parties	744	231
Other payables to related parties	Parent company	1,345	3,167
Other payables to related parties	Subsidiaries	45	31
Other payables to related parties	Other related parties	170	269
		$ 29,113	**10,783**

(d) Compensation for key management personnel

	2025	2024
Short-term employee benefits	$ 18,143	18,434
Post-employment benefits	324	360
	$ 18,467	**18,794**

8. Pledged assets

Assets	Pledged to secure	December 31, 2025	December 31, 2024
Refundable deposits (recognized in other financial assets)	Contract bidding and project fulfillment guarantee	$ 48,574	52,844
Property, plant and equipment	Security for bank loans	844,371	851,277
		$ 892,945	**904,121**

9. Significant commitments and contingencies: None

10. Significant loss from disaster: None

11. Significant subsequent events: None

(Continued)

ACER CYBER SECURITY INC.
Notes to the Parent-Company-Only Financial Statements

12. Others

(a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

	2025			2024		
	Cost of revenue	Operating expenses	Total	Cost of revenue	Operating expenses	Total
Employee benefits:						
Salaries	130,315	322,379	452,694	126,450	266,595	393,045
Insurance	11,271	24,792	36,063	11,314	20,364	31,678
Pension	5,688	12,518	18,206	5,762	10,274	16,036
Remuneration to directors	-	4,700	4,700	-	4,470	4,470
Others	4,664	10,717	15,381	7,312	15,218	22,530
Depreciation	1,142	24,255	25,397	2,040	21,806	23,846
Amortization	494,130	454	494,584	485,245	1,327	486,572

For the years ended December 31, 2025 and 2024, the information on the number of employees and employee benefit expense of the Company is as follows:

	2025	2024
Employees	**405**	**367**
Directors not in concurrent employment	**7**	**7**
Average employee benefits	**$ 1,312**	**1,287**
Average employee benefits	**$ 1,137**	**1,092**
Adjustment of average employee salaries	**4.12 %**	**2.73 %**
Supervisors' remuneration	**$ -**	**-**

The Company's compensation policy (including directors, managers and employees) is as follows:

(i) The remuneration to directors:

1) The remuneration to directors based on the Company' s Articles of Incorporation is reviewed by the Salary and Remuneration Committee and approved by the Board of Directors and thereafter reported to the shareholders in their meeting.

2) The renumeration to independent directors is based on the Company' s Articles of Incorporation and " Remuneration Policy and Fixed Compensation to Independent Directors". If the Company makes profits in a year, annual earnings shall first be offset against any accumulated deficit, with a maximum of 0.8% of the current year's profits allocated as remuneration to independent directors.

(Continued)

(ii) Manager salaries

The salaries paid to managers with reference to their job positions, job responsibilities, their contributions to the Company's operating performance and the industry norms are reviewed by the Salary and Remuneration Committee and approved by the Board of Directors.

(iii) Employee salaries

The salaries paid to employees in respect of the salary adjustments are based on the salary benchmark of the industry norms, years of service, individual performance and market salary surveys and approved by the corporate president and chairman.

(iv) Manager bonuses

The bonuses paid to managers with reference to the Company's operating performance are reviewed by the Salary and Remuneration Committee and approved by the Board of Directors.

(v) Employee bonuses

The bonuses paid to employees with reference to the Company's year-end bonus policy and operating performance are reported to and approved by the corporate president.

13. Additional disclosures

(a) Information on significant transactions

In accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Company discloses the following information on significant transactions for the year ended December 31, 2025.

(i) Financing provided to other parties: None

(ii) Guarantee and endorsement provided to other parties: None

(iii) Marketable securities held at the reporting date (excluding investments in subsidiaries, associates, and jointly controlled entities):

(In Thousands of New Taiwan Dollar/Shares)

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	December 31, 2025				Note
				Shares	Carrying Value	Percentage of Ownership	Fair Value	
The Company	Preferred Stock H: TS Holdings	-	Financial assets at fair value through other comprehensive income－non-current	666	26,174	0.30 %	26,174	-

(Continued)

ACER CYBER SECURITY INC.
Notes to the Parent-Company-Only Financial Statements

(iv) Total purchases from and sales to related parties which exceed $100 million or 20% of the paid-in capital:

(In Thousands of New Taiwan Dollar)

Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others (Note 1)		Notes/Accounts Receivable or (Payable)		Note
			Purchases/ (Sales)	Amount	% of Total Purchases/ (Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total Notes/Accounts Receivable or (Payable)	
Acer e-Enabling Data Center Incorporated	Acer	Parent/Subsidiary	(Sales)	108,749	4.47%	EM60	-	-	36,607	9.87 %	Note 1

Note 1: The sales prices and the payment terms with related parties are not comparable to those with third-party customers as the specifications of projects and products are different.

(v) Receivables from related parties which exceed $100 million or 20% of the paid-in capital: None

(b) Information on investees

The following is the information on investees for the year ended December 31, 2025 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollar/Shares)

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2025			Net Income (Loss) of the Investee	Share of Profits/ (Losses) of the Investee	Note
				December 31, 2025	December 31, 2022	Shares	Percentage of Ownership	Carrying Value			
The Company	ACSI Cyber Security Academy Inc.	Taiwan	Cyber security training	10,000	10,000	1,000	100.00 %	8,666	5,371	5,371	Parent/ Subsidiary
The Company	Acer e-Enabling Data Center Incorporated	Taiwan	Uninterrupted operation and IT operation outsourcing services	1,175,748	1,175,748	114,462	100.00 %	1,391,717	206,179	206,179	Parent/ Subsidiary

(c) Information on investment in Mainland China: None

14. Segment information

Please refer to the consolidated financial statements for the year ended December 31, 2025.

ACER CYBER SECURITY INC.

Statement of Cash and Cash Equivalents

December 31, 2025

(Expressed in Thousands of New Taiwan Dollar)

Item	Amount
Cash on hand	$ 76
Demand deposits and checking deposits	241,235
Time deposits with original maturities less than three months	200,000
	$ 441,311

Statement of Contract Assets－Current

Item	Amount
Related parties:	
Parent company, subsidiaries and other related parties	$ 31,139
Non-related parties:	
Client A	20,976
Others (less than 5%)	340,467
Subtotal	361,443
	$ 392,582

(Continued)

ACER CYBER SECURITY INC.

Statement of Other Current Assets

December 31, 2025

(Expressed in Thousands of New Taiwan Dollar)

Item	Amount
Prepaid expenses	$ 24,555
Others (less than 5%)	36
	$ 24,591

Statement of Notes and Accounts Receivable

Item	Amount
Related parties:	
Parent company and other related parties	$ 18,236
Non-related parties	
Client I	33,425
Others (less than 5%)	137,908
Less: loss allowance	-
	$ 189,569

(Continued)

ACER CYBER SECURITY INC.

Statement of Changes in Financial Assets Measured at Fair Value through Other Comprehensive Income －Non-current

For the year ended December 31, 2025

(Expressed in Thousands of New Taiwan Dollar/Shares)

Name of Financial Instrument	Beginning balance		Addition		Decrease		Unrealized Gain	Ending Balance		Collateral
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	Amount	
Preferred Stock H: TS Holdings	666	**$ 23,543**	-	**-**	-	**-**	**2,631**	666	**26,174**	-

ACER CYBER SECURITY INC.

Statement of Changes in Investments Accounted for Using the Equity Method

For the year ended December 31, 2025

(Expressed in Thousands of New Taiwan Dollar/Shares)

Name of Investee	Beginning Balance		Addition		Decrease		Investment Profit (Loss)	Other Comprehensive Income (Loss)	Others	Ending balance			Market Value or Net Assets Value		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount (Note)				Shares	Percentage of Ownership	Amount	Unit Price (In NTD)	Total Amount		
ACSI Cyber Security Academy Inc.	1,000	$ 3,295	-	-	-	-	5,369	-	-	1,000	100.00 %	8,664	8.67	8,666	-	-
Acer e-Enabling Data Center Incorporated	114,462	1,363,062	-	-	-	(174,688)	206,181	(2,836)	-	114,462	100.00 %	1,391,719	12.16	1,391,717	-	Note
		$ 1,366,357		**-**		**(174,688)**	**211,550**	**(2,836)**	**-**			**1,400,383**				

Note: Decrease includes earnings distribution of the investee.

(Continued)

ACER CYBER SECURITY INC.

Statement of Other Financial Assets－Non-current

December 31, 2025

(Expressed in Thousands of New Taiwan Dollar)

Item	Amount
Contract bidding and project fulfillment guarantee	**$ 48,622**

Statement of Contract Liabilities－Current

Client Name	Amount
Related parties:	
Subsidiaries and other related parties	$ 3,562
Non-related parties	
Client 1	7,553
Client 2	3,200
Client 3	2,311
Client 4	2,053
Client 5	1,777
Others (less than 5%)	11,851
	$ 32,307

(Continued)

ACER CYBER SECURITY INC.

Statement of Accounts Payable

December 31, 2025

(Expressed in Thousands of New Taiwan Dollar)

Items		Amount
Related parties:		
Parent company, subsidiaries and related parties	$	27,553
Non-related parties:		
Vendor A		42,840
Vendor B		19,779
Vendor C		12,473
Vendor D		10,359
Others (less than 5%)		113,133
	$	**226,137**

Statement of Other Payables

Item		Amount
Salary payables, bonus and remuneration to employees	$	140,200
Others (less than 5%)		54,144
	$	**194,344**

(Continued)

ACER CYBER SECURITY INC.

Statement of Cost of Revenue

For the year ended December 31, 2025

(Expressed in Thousands of New Taiwan Dollar)

Item	Amount
Cybersecurity service costs	$ 62,258
Outsourcing costs	11,793
Salaries	130,315
License fee, costs to fulfill contracts with customers, and software amortization	494,130
	$ 698,496

(Continued)

ACER CYBER SECURITY INC.

Statement of Operating Expenses

For the year ended December 31, 2025

(Expressed in Thousands of New Taiwan Dollar)

Item	Selling Expenses	Administrative Expenses	Research and Development Expenses	Total
Salaries	$ 54,552	87,919	179,908	322,379
Professional service fees	75	10,534	1,203	11,812
Insurance	3,965	9,451	14,184	27,600
Depreciation	1,507	14,157	8,591	24,255
Others (less than 5%)	14,675	19,740	21,689	56,104
	$ 74,774	**141,801**	**225,575**	**442,150**

For details on statement of Changes in Property, Plant and Equipment, please refer to note 6(g).

For details on statement of Changes in Intangible Assets, please refer to note 6(h).

For details on statement of Changes in Costs to Fulfill Contracts with Customers, please refer to note 6(i).

For details on statement of Accounts Receivable from Related Parties and Accounts Payable to Related Parties, please refer to note 7.

For details on statement of Other Receivables from Related Parties and Other Payables to Related Parties, please refer to notes 6(d) and 7.

For details on statement of Long-term Debt, please refer to note 6(j).

For details on statement of Changes in Deferred Tax Income Assets, please refer to note 6(m).

For details on statement of Net Revenue, please refer to note 6(q).

For details on statement of Interest Income, Other Gains and Loss and Finance Costs, please refer to note 6(s).