Stock Code:6690

ACER CYBER SECURITY INC. AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Review Report

For the Three Months Ended March 31, 2026 and 2025

Address: 13F, No. 9, Section 3, Nangang Rd., Nangang Dist., Taipei City, Taiwan (R.O.C.)
Telephone: 886-2-8979-6286

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

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安侯建業聯合會計師事務所
KPMG
台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)
電 話 Tel + 886 2 8101 6666
傳 真 Fax + 886 2 8101 6667
網 址 Web kpmg.com/tw

Independent Auditors' Review Report

To the Board of Directors of Acer Cyber Security Inc.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Acer Cyber Security Inc. and its subsidiaries as of March 31, 2026 and 2025, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2026 and 2025, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Acer Cyber Security Inc. and its subsidiaries as of March 31, 2026 and 2025, and their consolidated financial performance and their consolidated cash flows for the three months then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, " Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Chao, Min-Ju and Chang, Huei-Chen.

KPMG

Taipei, Taiwan (Republic of China)
April 28, 2026

Notes to Readers

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

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

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

ACER CYBER SECURITY INC. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2026 and 2025

(Expressed in Thousands of New Taiwan Dollar)

		March 31, 2026		December 31, 2025		March 31, 2025	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (note 6(a))	$ 868,138	18	$ 894,213	19	$ 1,591,048	34
1140	Contract assets-current (notes 6(s) and 7)	439,983	9	467,549	10	383,801	8
1170	Notes and accounts receivable, net (notes 6(c) and (s))	214,235	5	321,108	6	163,041	4
1180	Accounts receivable fromrelated parties, net (notes 6(c), (s) and 7)	57,454	1	49,889	1	37,622	1
1200	Other receivables (note 6(d))	2,333	-	1,464	-	2,654	–
1470	Prepaid expenses and other current assets	47,608	1	37,907	1	31,712	1
1476	Other Financial assets-current (note 6(a))	830,000	18	780,000	16	-	–
	Total current assets	2,459,751	52	2,552,130	53	2,209,878	48
	Non-current assets:						
1517	Financial assets measured at fair value through other Comprehensive income-non-current (note 6(b))	26,773	1	26,174	1	25,441	1
1600	Property, plant and equipment (notes 6(e), 7 and 8)	1,333,143	28	1,325,782	27	1,353,828	29
1755	Right-of-use assets (note 6(f))	165,788	4	173,444	4	196,415	4
1780	Intangible assets (note 6(g))	21,056	1	29,172	1	70,817	2
1840	Deferred income tax assets (note 6(m))	11,903	-	11,903	-	11,749	-
1967	Costs to fulfill contracts with customers (note 6(h))	628,282	13	621,429	13	666,536	14
1980	Other financial assets (note 8)	55,378	1	61,321	1	71,521	2
1990	Other non-current assets (note 6(i))	19,899	-	18,273	-	13,606	-
	Total non-current assets	2,262,222	48	2,267,498	47	2,409,913	52
	Total assets	**$ 4,721,973**	**100**	**4,819,628**	**100**	**4,619,791**	**100**

		March 31, 2026		December 31, 2025		March 31, 2025	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2130	Contract liabilities-current (notes 6(s) and 7)	$ 149,046	3	$ 154,436	3	$ 156,659	3
2170	Accounts payable	314,188	7	360,969	7	277,570	6
2180	Accounts payable to related parties (note 7)	36,164	1	31,486	1	23,815	1
2219	Other payables (note 6(s))	559,096	12	375,403	8	421,917	9
2220	Other payables to related parties (note 7)	4,241	-	4,386	-	4,498	-
2230	Current income tax liabilities	60,333	1	43,526	1	51,375	1
2280	Lease liabilities-current (notes 6(k) and 7)	29,869	1	30,050	1	30,330	1
2300	Other current liabilities	4,834	-	20,290	-	6,372	-
2320	Current portion oflong-tenn debt (notes 6(j) and 8)	11,932	-	11,877	-	11,711	-
	Total current liabilities	1,169,703	25	1,032,423	21	984,247	21
	Non-current liabilities:						
2527	Contract liabilities-non-current (note 6(s))	185,125	4	208,265	5	277,687	6
2540	Long-terrn debt (notes 6(j) and 8)	243,987	5	247,007	5	255,919	5
2580	Lease liabilities-non-current (notes 6(k) and 7)	139,651	3	147,082	3	169,520	4
2640	Net defined benefit liabilities (note 6(1))	37,979	1	37,989	1	33,973	1
2645	Guarantee deposits received	8,452	-	8,452	-	8,452	-
	Total non-current liabilities Total liabilities	615,194	13	648,795	14	745,551	16
	Total liabilities	1,784,897	38	1,681,218	35	1,729,798	37
	Equity attributable to shareholders of the Company (note 6(n)):						
	Share capital:						
3110	Common stock	299,997	6	299,997	6	299,997	6
3200	Capital surplus	2,289,805	49	2,289,805	48	2,289,805	50
	Retained earnings:						
3310	Legal reserve	105,819	2	105,819	2	83,243	2
3320	Special reserve	36,220	1	36,220	1	40,569	1
3350	Unappropriated earnings	241,060	5	442,993	9	210,700	5
3400	Other equity	(35,825)	(1)	(36,424)	(1)	(34,321)	(1)
	Total equity	2,937,076	62	3,138,410	65	2,889,993	63
	Total liabilities and equity	**$ 4,721,973**	**100**	**4,819,628**	**100**	**4,619,791**	**100**

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

ACER CYBER SECURITY INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31,2026 and 2025

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

		For the three months ended March 31					
		2026			2025		
		Amount		%	Amount		%
4000	**Net revenue (notes 6(p), 7 and 14)**	$	624,807	100	$	516,328	100
5000	**Cost of revenue (notes (e), (f), (g), (h), (i), (1), (r), 7 and 12)**		(390,608)	(63)		(302,039)	(58)
	Gross profit		234,199	37		214,289	42
	Operating expenses (notes 6(e), (f), (g), (k), (1), (o), (r), 7 and 12):						
6100	Selling expenses		(28,089)	(4)		(30,685)	(6)
6200	General and administrative expenses		(39,813)	(6)		(35,698)	(7)
6300	Research and development expenses		(84,602)	(14)		(81,166)	(16)
	Total operating expenses		(152,504)	(24)		(147,549)	(29)
	Operating income		81,695	13		66,740	13
	Non-operating income and loss (notes 6(k), (r) and 7):						
7100	Interest income		4,835	1		3,552	1
7020	Other gains and losses		211	-		2,355	-
7050	Finance costs		(1,650)	-		(1,766)	-
	Total non-operating income and loss		3,396	1		4,141	1
7900	**Income before taxes**		85,091	14		70,881	14
7950	**Income tax expense (note 6(m))**		(17,027)	(3)		(14,716)	(3)
8200	**Net income**		68,064	11		56,165	11
	Other comprehensive income (loss):						
8310	**Items that will not be reclassified subsequently to profit or loss (notes 6(n))**						
8316	Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income		599	-		1,898	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss		-	-		-	-
	Other comprehensive income (loss), net of taxes		599	-		1,898	-
8500	**Total comprehensive income for the year**		68,663	11		58,063	11
	Earnings per share (in New Taiwan Dollar) (note 6(o)):						
9750	**Basic earnings per share**	$		2.27	$		1.87
9850	**Diluted earnings per share**	$		2.25	$		1.86

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

ACER CYBER SECURITY INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity For the three months ended March 31,2026 and 2025 (Expressed in Thousands of New Taiwan Dollar)

	Attributable to shareholders of the Company									
	Share capital		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 (loss)	Remeasurements of defined benefit plans	Total	Total equity
Balance at January 1, 2025	$ 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	-	-	-	-	56,165	56,165	-	-	-	56,165
Other comprehensive income (loss) in 2025	-	-	-	-	-	-	1,898		1,898	1,898
Total comprehensive income (loss) in 2025	-	-	-	-	56,165	56,165	1,898	-	1,898	58,063
Cash dividends distributed to shareholders	-	-	-	-	(179,998)	(179,998)	-	-	-	(179,998)
Retirement of restricted stock issued to employees	(1,155)	1,155	-	-	-	-	-	-	-	-
Balance at March 31, 2025	**$ 299,997**	**2,289,805**	**83,243**	**40,569**	**210,700**	**334,512**	**(4,529)**	**(29,792)**	**(34,321)**	**2,889,993**
Balance at January 1, 2026	$ 299,997	2,289,805	105,819	36,220	442,993	585,032	(3,796)	(32,628)	(36,424)	3,138,410
Net income in 2026	-	-	-	-	68,064	68,064	-	-	-	68,064
Other comprehensive income (loss) in 2026	-	-	-	-	-	-	599		599	599
Total comprehensive income (loss) in 2026	-	-	-	-	68,064	68,064	599	-	599	68,663
Cash dividends distributed to shareholders	-	-	-	-	(269,997)	(269,997)	-	-	-	(269,997)
Balance at March 31, 2026	**$ 299,997**	**2,289,805**	**105,819**	**36,220**	**241,060**	**383,099**	**(3,197)**	**(32,628)**	**(35,825)**	**2,937,076**

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ACER CYBER SECURITY INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the three months ended March 31,2026 and 2025 (Expressed in Thousands of New Taiwan Dollar)

	For the three months ended March 31,2026 and 2025	
	2026	**2025**
Cash flows from operating activities:		
Income before income tax	$ 85,091	$ 70,881
Adjustments for:		
Adjustments to reconcile profit or loss:		
Depreciation	32,643	31,456
Amortization	242,713	194,324
Interest expense	1,650	1,766
Interest income	(4,835)	(3,552)
Total adjustments for profit or loss	272,171	223,994
Changes in operating assets and liabilities:		
Changes in operating assets:		
Contract assets	27,566	(25,250)
Notes and accounts receivable	106,873	139,485
Accounts receivable from related parties	(7,565)	14,242
Other receivable	(909)	-
Prepaid expenses and other assets	(9,701)	(2,860)
Changes in operating assets	116,264	125,617
Changes in operating liabilities:		
Contract liabilities	(28,530)	(34,269)
Accounts payable	(46,781)	1,201
Accounts payable to related parties	4,678	2,907
Other payables	(86,305)	(79,643)
Other payables to related parties	(145)	(1,806)
Other current liabilities	(15,453)	(11,998)
Net defined benefit liabilities	(10)	(4)
Changes in operating liabilities	(172,546)	(123,612)
Total changes in operating assets and liabilities	(56,282)	2,005
Total adjustments	215,889	225,999
Cash provided by operations	300,980	296,880
Interest received	4,875	898
Interest paid	(1,652)	(1,560)
Income taxes paid	(220)	(103)
Net cash flows provided by operating activities	303,983	296,115

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

ACER CYBER SECURITY INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31,2026 and 2025 (Expressed in Thousands of New Taiwan Dollar)

	For the three months ended March 31,2026 and 2025	
	2026	**2025**
Cash flows from investing activities:		
Additions to property, plant and equipment	(32,348)	(24,201)
Increase in costs to fulfill contracts with customers	(241,036)	(195,589)
Increase(Decrease) in other financial assets	(44,057)	4,215
Increase(Decrease) in other non-current assets	(2,040)	323
Net cash flows used in investing activities	(319,481)	(215,252)
Cash flows from financing activities:		
Repayment of long-term debt	(2,965)	(2,747)
Payment of lease liabilities	(7,612)	(7,532)
Net cash flows provided by financing activities	(10,577)	(10,279)
Net increase (decrease) in cash and cash equivalents	(26,075)	70,584
Cash and cash equivalents at beginning of year	894,213	1,520,464
Cash and cash equivalents at end of year	$ **868,138**	**1,591,048**

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

ACER CYBER SECURITY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements For the Three Months Ended March 31 2026 and 2025

(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 and its subsidiaries (the "Group") take 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. For advance prevention, the Group provides consulting services for information security management system, system vulnerability scanning, penetration testing, information security health check services, and backup services for data and systems. For real-time detection, the Group provides 24-hour security monitoring services through the Security Operations Center ("SOC") and increases the frequency and types of backup operation drills. For post-incident response, the Group provides professional forensic technology for digital evidence preservation to restore the full picture of endpoint intrusions. The Group activates emergency backup and adopts cybersecurity disaster recovery procedures to reduce disaster damage. Additionally, the Group provides IT division with outsourcing services.

2. Authorization of the consolidated financial statements

These consolidated financial statements were authorized for issuance by the Board of Directors on April 28, 2026.

3. Application of new and revised accounting standards and interpretations

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2026:

- 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"
- Annual Improvements to IFRS Accounting Standards--Volume 11
- Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"

(Continued)

(b) 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 Group, 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 Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group 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 consolidated 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 "Subsiaries without Public Accountability: Disclosures" and amendments to IFRS 19 "Subsidiaries without Public Accountability: Disclosures"
- Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"

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ACER CYBER SECURITY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statemen

4. Summary of material accounting policies

(a) Statement of compliance

The Group's accompanying consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the "Regulations") and guidelines of IAS 34 "Interim Financial Reporting" which are endorsed and issued into effect by the FSC, and do not include all the information required by the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual financial statements.

The material accounting policies adopted in the accompanying consolidated financial statements are the same as those in the 2025 annual consolidated financial statements. For the related information, please refer to note 4 of the 2025 annual consolidated financial statements.

(b) Basis of consolidation

(i) List of subsidiaries included in the consolidated financial statements

			Percentage of Ownership			
Name of Investor	Name of Investee	Main Business and Products	March 31, 2026	December 31, 2025	March 31, 2025	Note
The Company	Acer Cyber Security Academy Inc. (“ACAD”)	Cyber security training	100%	100%	100%	
The Company	Acer e-Enabling Data Center Incorporated (“EDC”)	Uninterrupted operation and IT operation outsourcing services	100%	100%	100%	

(ii) List of subsidiaries which are not included in the consolidated financial statements: None.

(c) Employee benefits

The defined benefit pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time, as well as significant curtailments, settlements, or other significant one-time events

(d) Income taxes

The income tax expenses in the interim financial statements have been measured and disclosed in accordance with paragraph Bl2 of IAS 34 "Interim Financial Reporting".

Income tax expenses for the period are measured by multiplying together the pre-tax income for the interim reporting period and the management's best estimate of effective annual tax rate. This should be recognized fully as tax expense for the current period.

When income tax expenses are recognized directly in equity or other comprehensive income in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, the related amounts shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled.

(Continued)

ACER CYBER SECURITY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34 "Interim financial reporting" endorsed and issued into effect by FSC 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.

When preparing the interim consolidated financial statements, same critical accounting judgments and key sources of estimation uncertainties as mentioned in note 5 of the 2025 annual consolidated financial statements have been followed.

6. Significant account disclosures

Except for the following disclosures, there is no significant difference as compared with those disclosed in the 2025 annual consolidated financial statements. Please refer to note 6 of the 2025 annual consolidated financial statements.

(a) Cash and cash equivalents

	March 31,2026	December 31,2025	March 31,2025
Cash on hand	$ 96	$ 96	96
Demand deposits and checking accounts	486,824	479,980	320,952
Time deposits with original maturities less than three months	381,218	414,137	1,270,000
	$ 868,138	**894,213**	**1,591,048**

The balance of Time deposits with original maturities more than three months of March 31,2026,December 31,2025 and March 31,2025 is $830,000,$780,000 and $0 which is reported in other financial assets-current.

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

	March 31, 2026	December 31, 2025	March 31, 2025
Domestic listed stock	$ 26,773	26,174	25,441

The Group 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.

(c) Notes and accounts receivable

	March 31,2026	December 31,2025	March 31,2025
Notes receivable	$ -	13	-
Accounts receivable	214,235	321,095	163,041
Less: loss allowance	-	-	-
	214,235	321,108	163,041
Accounts receivable from related parties	57,454	49,889	37,622
	$ 271,689	**370,997**	**200,663**

ACER CYBER SECURITY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group 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 notes and accounts receivable (including receivables from related parties) was as follows:

	March 31,2026		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 266,811	-	-
Past due 1-30 days	1,528	-	-
Past due 31-60 days	2,974	-	-
Past due 61-90 days	249	-	-
Past due 91-120 days	127	-	-
Past due 181 days or over	-	100%	-
	$ 271,689		**-**

	December 31,2025		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 363,680	-	-
Past due 1-30 days	6,074	-	-
Past due 31-60 days	202	-	-
Past due 61-90 days	1,041	-	-
Past due 181 days or over	-	100%	-
	$ 370,997		**-**

	March 31,2025		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 194,500	-	-
Past due 1-30 days	1,629	-	-
Past due 31-60 days	3,794	-	-
Past due 61-90 days	495	-	-
Past due 91-120 days	245	-	-
Past due 181 days or over	-	100%	-
	$ 200,663		**-**

ACER CYBER SECURITY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Other receivables

		March 31,2026	December 31,2025	March 31,2025
Other receivables	$	2,333	1,464	2,654
		-	-	-
	$	**2,333**	**1,464**	**2,654**

As of March 31, 2026, December 31,2025 and March 31, 2025, no loss allowance was provided for other receivables after management's assessment.

(e) Property, plant and equipment

		Land	Building	Operating and office equipment	Machinery and equipment	Other equipment construction in progress	Total
Cost							
Balance at January 1,2026	$	503,116	352,189	129,099	866,389	55,554	1,906,347
Additions		-	-	4,916	27,432	-	32,348
Disposals		-	-	(4,051)	-	-	(4,051)
Balance at March 31, 2026	**$**	**503,116**	**352,189**	**129,964**	**893,821**	**55,554**	**1,934,644**
Balance at January 1, 2025	$	503,116	352,189	139,322	802,666	62,387	1,859,680
Additions		-	-	534	8,943	14,724	24,201
Disposals		-	-	(8,474)	-	-	(8,474)
Reclassification		-	-	-	14,067	(14,067)	-
Balance at March 31, 2025	**$**	**503,116**	**352,189**	**131,382**	**825,676**	**63,044**	**1,875,407**
Accumulated depreciation:							
Balance at January 1,2026	$	-	10,934	85,693	464,598	19,340	580,565
Depreciation		-	1,726	5,863	16,146	1,252	24,987
Disposals		-	-	(4,051)	-	-	(4,051)
Balance at March 31, 2026	**$**	**-**	**12,660**	**87,505**	**480,744**	**20,592**	**601,501**
Balance at January 1, 2025		-	4,028	83,696	404,204	14,325	506,253
Depreciation		-	1,726	6,125	14,705	1,244	23,800
Disposals		-	-	(8,474)	-	-	(8,474)
Balance at March 31, 2025	**$**	**-**	**5,754**	**81,347**	**418,909**	**15,569**	**521,579**
Carrying amounts:							
Balance at March 31, 2026	**$**	**503,116**	**339,529**	**42,459**	**413,077**	**34,962**	**1,333,143**
Balance at January 1, 2026	**$**	**503,116**	**341,255**	**43,406**	**401,791**	**36,214**	**1,325,782**
Balance at March 31, 2025	**$**	**503,116**	**346,435**	**50,035**	**406,767**	**47,475**	**1,353,828**

The Group did not have any significant additions, disposals, or impairment losses recognized or reversed for property, plant and equipment during the periods from January 1 to March 31, 2026 and 2025. For other related information, please refer to Note 6(e) to the 2025 consolidated financial statements.

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

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(f) Right-of-use assets

		Buildings
Cost:		
Balance at January 1, 2026 (Balance as of March 31, 2026)	$	**299,428**
Balance at January 1, 2025 (Balance as of March 31, 2025)	$	**299,428**
Accumulated depreciation:		
Balance at January 1, 2026	$	125,984
Depreciation		7,656
Balance at March 31, 2026	$	**133,640**
Balance at January 1, 2025		95,357
Depreciation		7,656
Balance at March 31, 2025	$	**103,013**
Carrying amounts:		
Balance at March 31, 2026	$	**165,788**
Balance at January 1, 2026	$	**173,444**
Balance at March 31, 2025	$	**196,415**

(g) Intangible assets

	License fee	Computer software	Total
Cost:			
Balance at January 1, 2026	$ 112,597	34,158	146,755
Write-off and disposals	(14,408)	-	(14,408)
Balance at March 31, 2026	**$ 98,189**	**34,158**	**132,347**
Balance at January 1, 2025	$ 169,889	38,826	208,715
Write-off and disposals	(4,319)	-	(4,319)
Balance at March 31, 2025	**$ 165,570**	**38,826**	**204,396**
Accumulated amortization:			
Balance at January 1, 2026	$ 83,619	33,964	117,583
Amortization	7,958	158	8,116
Write-off and disposals	(14,408)	-	(14,408)
Balance at March 31, 2026	**$ 77,169**	**34,122**	**111,291**
Balance at January 1, 2025	$ 85,270	36,742	122,012
Amortization	15,155	731	15,886
Write-off and disposals	(4,319)	-	(4,319)
Balance at March 31, 2025	**$ 96,106**	**37,473**	**133,579**

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	License fee	Computer software	Total
Carrying amounts:			
Balance at March 31, 2026	**$ 21,020**	**36**	**21,056**
Balance at January 1, 2026	**$ 28,978**	**194**	**29,172**
Balance at March 31, 2025	**$ 69,464**	**1,353**	**70,817**

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

	For the three months ended March 31	
	2026	**2025**
Cost of revenue	$ 8,078	15,667
Operating expenses	38	219
	$ 8,116	**15,886**

(h) Costs to fulfill contracts with customers

Cost:	
Balance at January 1, 2026	$ 925,829
Additions	241,036
Derecognition	(183,638)
Balance at March 31, 2026	**$ 983,227**
Balance at January 1, 2025	$ 780,142
Additions	195,589
Derecognition	(118,845)
Balance at March 31, 2025	**$ 856,886**
Accumulated amortization:	
Balance at January 1, 2026	$ 304,400
Amortization	234,183
Derecognition	(183,638)
Balance at March 31, 2026	**$ 354,945**
Balance at January 1, 2025	$ 131,019
Amortization	178,176
Derecognition	(118,845)
Balance at March 31, 2025	**$ 190,350**
Carrying amounts:	
Balance at March 31, 2026	**$ 628,282**
Balance at January 1, 2026	**$ 621,429**
Balance at March 31, 2025	**$ 666,536**

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.

(i) Other non-current assets

	March 31,2026	December 31,2025	March 31,2025
Payments for Taipower network	$ 11,632	$ 12,046	6,806
Others	8,267	6,227	6,800
	$ 19,899	**$ 18,273**	**13,606**

Payments for Taiwan power company network are amortized on a straight-line basis over the estimated useful lives of 10 years. For the three months ended March 31, 2026 and 2025, the amortization expenses amounted to $414 and $262, respectively.

(j) Long-term debt

	March 31,2026	December 31,2025	March 31,2025
	$ 255,919	$ 258,884	267,630
Secured loan	(11,932)	(11,877)	(11,711)
Less: current portion of long-term debt	**$ 243,987**	**$ 247,007**	**255,919**
Unused credit facilities	**$ -**	**$ -**	**-**
Interest rate	**1.75%~1.87%**	**1.75%~1.87%**	**1.75%~1.87%**
Maturity year	**133**	**133**	**133**

(i) Increase in long-term debt and repayment

The Group did not have any significant issuances, repurchases, or repayments during the periods from January 1 to March 31, 2026 and 2025. Please refer to Note 6(r) for interest expenses and Note 6(j) to the 2025 consolidated financial statements for other related information.

(ii) Collateral for bank borrowings

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

(k) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	March 31,2026	December 31,2025	March 31,2025
Current	**$ 29,869**	**$ 30,050**	**30,330**
Non-current	**$ 139,651**	**$ 147,082**	**169,520**

Please refer to note 6(t) for the maturity analysis.

(i) The amounts recognized in profit or loss were as follows:

	For the three months ended March 31	
	2026	**2025**
Interest expense on lease liabilities	**$ 446**	**525**
Expenses relating to short-term leases	**$ 174**	**176**

(ii) The amounts recognized in the statement of cash flows for the Group were as follows:

	For the three months ended March 31	
	2026	**2025**
The cash outflow for lease	**$ 8,232**	**8,233**

(iii) Major terms of leases

The Group leases buildings for its office and server room with lease terms of 10 years, which include options to extend the lease term after the end of the contract term.

In addition, as the lease for office, equipment and parking space with contract terms within one year conforms to short-term leases, the Group has elected to apply exemption and not to recognize right-of-use assets and lease liabilities.

(l) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material curtailment and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim periods was measured and disclosed according to the actuarial report as of December 31, 2025 and 2024.

The expenses recognized in profit or loss for the Group were as follows:

	For the three months ended March 31	
	2026	**2025**
Operating costs	$ 37	45
Operating expenses	30	31
	$ 67	**76**

(ii) Defined contribution plans

The Group's expenses for the pension plan were as follows:

	For the three months ended March 31	
	2026	**2025**
Operating costs	$ 3,239	2,935
Operating expenses	4,681	4,351
	$ 7,920	**7,286**

(m) Income taxes

	For the three months ended March 31	
	2026	**2025**
Current period	**$ 17,027**	**14,716**

For the three months ended March 31, 2026 and 2025, there was no income tax expense recognized in other comprehensive income or recognized directly in equity.

The Company's income tax returns for the years through 2024 were examined and approved by the R.O.C. income tax authorities.

(n) Capital and other equity

(i) Common stock

As of March 31, 2026, December 31, 2025 and March 31, 2025, the Company's authorized shares of common stock consisted of 300,050 thousand shares, with 29,999 thousand shares issued and outstanding. 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 to employees) were as follows (in thousands of shares):

	Common stock	
	For the three months ended March 31	
	2026	**2025**
Balance at January 1 (Balance at March 31)	**$ 29,999**	**29,999**

Except for the following, there were no significant changes in the Group's capital and other equity during the periods from January 1 to March 31, 2026 and 2025. For the related information, please refer to note 6(n) of the 2025 annual consolidated financial statements.

(ii) Capital surplus

	March 31,2026	December 31,2025	March 31,2025
Paid-in capital in excess of par value	$ 2,264,194	2,264,194	2,264,194
Difference between consideration and carrying amount of subsidiaries acquired or disposed	5,896	5,896	5,896
Employee stock options	19,715	19,715	19,715
	$ 2,289,805	**2,289,805**	**2,289,805**

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 Financial Supervisory Commission, a special reserve equal to the total amount of items that are accounted for as deductions from stockholders' equity shall be set aside from the sum of the current year's after-tax profit and other items included in the current year's undistributed 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 the legal reserve has reached the Company's total paid-in capital. In addition, a special reserve shall be set aside in accordance with applicable laws and regulations. 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.

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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 10% 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 appropriations of 2025 and 2024 earnings were resolved by the Board of Directors on February 25, 2026 and February 24, 2025, respectively. The resolved appropriations of the cash dividends per share were as follows:

	2025		2024	
	Dividends per share (in NTD)	**Amount**	**Dividends per share (in NTD)**	**Amount**
Dividends per share:				
Cash dividends	$ 9.0	269,997	6.0	179,998

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

	For the three months ended March 31	
	2026	**2025**
Balance at January 1	$ (3,796)	(6,427)
Changes in fair value of financial assets measured at fair value through other comprehensive income (loss)	599	1,898
Balance at March 31	**$ (3,197)**	**(4,529)**

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2) Remeasurement of defined benefit plans

	For the three months ended March 31	
	2026	**2025**
Balance at January 1 (Balance at March 31)	**$ (32,628)**	**(29,792)**

(o) Earnings per share ("EPS")

(i) Basic earnings per share

	For the three months ended March 31	
	2026	**2025**
Net income attributable to shareholders of the Company	**$ 68,064**	**56,165**
Weighted-average number of common shares outstanding (in thousands)	**29,999**	**29,999**
Basic earnings per share (in New Taiwan Dollar)	**$ 2.27**	**1.87**

(ii) Diluted earnings per share

	For the three months ended March 31	
	2026	**2025**
Net income attributable to shareholders of the Company	**68,064**	**56,165**
Weighted-average number of common shares outstanding (in thousands)	29,999	29,999
Effect of dilutive potential common shares (in thousands):		
Effect of restricted stock to employees	192	119
Weighted-average number of common shares outstanding (including effect of dilutive potential common shares) (in thousands)	**30,191**	**30,118**
Diluted earnings per share (in New Taiwan Dollar)	**$ 2.25**	**1.86**

(p) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended March 31	
	2026	**2025**
Major products/services lines		
Cybersecurity services	$ 572,416	457,456
IT operation outsourcing services	52,391	58,872
	$ 624,807	**516,328**

(ii) Contract balances

	March 31, 2026	**December 31, 2026**	**March 31, 2025**
Notes and accounts receivable (including related parties)	$ 271,689	370,997	200,663
Less: loss allowance	-	-	-
	$ 271,689	370,997	200,663
Contract assets - current	$ 439,983	467,549	383,801
Contract liabilities- current	$ 149,046	154,436	156,659
Contract liabilities- non-current	$ 185,125	208,265	277,687

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

The amounts of revenue recognized for the three months ended March 31, 2026 and 2025 that were included in the contract liability balances at January 1, 2026 and 2025 were $51,399 and $48,520, 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.

(q) 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 non-executive 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 three months ended March 31, 2026 and 2025, the Company accrued its remuneration to employees amounting to $8,280 and $6,820, respectively, and remuneration to directors amounting to $600 and $400 thousand, 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.

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.

(r) Non-operating income and loss

(i) Interest income

	For the three months ended March 31	
	2026	**2025**
Interest income from bank deposits	**$ 4,835**	**3,552**

(ii) Other gains and losses

	For the three months ended March 31	
	2026	**2025**
Foreign currency exchange gain (loss), net	$ 132	259
Others	79	2,096
	$ 211	**2,355**

(iii) Finance costs

	For the three months ended March 31	
	2026	**2025**
Interest expense on lease liabilities	$ 446	525
Interest expense from bank loans	1,204	1,241
	$ 1,650	**1,766**

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(s) Financial instruments

(i) Categories of financial instruments

1) Financial assets

	March 31, 2026	December 31, 2025	March 31, 2025
Financial assets measured at fair value through other comprehensive income-non-current	$ 26,773	26,174	25,441
Financial assets measured at amortized cost:			
Cash and cash equivalents	868,138	894,213	1,591,048
Notes and accounts receivable and other receivables (including related parties)	274,022	372,461	203,317
Time deposits with original maturities more than three months	830,000	780,000	-
Other financial assets	55,378	61,321	71,521
	$ 2,054,311	2,134,169	1,891,327

2) Financial liabilities

	March 31, 2026	December 31, 2025	March 31, 2025
Financial liabilities measured at amortized cost:			
Accounts payable (including related parties)	$ 350,352	392,455	301,385
Other payables (including related parties)	563,337	379,789	426,415
Lease liabilities (including current and non-current)	169,520	177,132	199,850
Long-term debt (including current portion)	255,919	258,884	267,630
Guarantee deposits	8,452	8,452	8,452
	$ 1,347,580	1,216,712	1,203,732

(ii) Fair value information

1) Financial instruments not measured at fair value.

The Group 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 incomes 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).

	March 31, 2026				
		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	**$ 26,773**	**26,773**	**-**	**-**	**26,773**

	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**

	March 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	**$ 25,441**	**25,441**	**-**	**-**	**25,441**

(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.

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 three months ended March31, 2026 and 2025.

(t) Financial risk management

Except for the contents mentioned below, there were no significant changes in the fair value of the Group's financial instruments and the degree of exposure to credit risk and market risk arising from financial instruments. For the related information, please refer to note 6(u) of the 2025 annual consolidated financial statements.

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(i) Credit risk

1) The maximum exposure to credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty of a financial instrument fails to meet its contractual obligations, and arises principally from the Group'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 Group's financial assets and contract assets.

2) Concentration of credit risk

The Group' s customers primarily consist of government authorities, finance and insurance institutions as well as business enterprises. The Group 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(g) for descriptions about how the Group determines the credit risk).

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in settling its financial liabilities by delivering cash or another financial assets. The Group manages liquidity risk by monitoring regularly the current and mid- to long-term cash demand and maintaining adequate cash and banking facilities. As of March 31, 2026, December 31 and March 31, 2025, the Group had unused credit facilities of $1,170,000.

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

	Contractual cash flows	Within 1 year	1-2 years	2-5 years	Overs years
March 31, 2026					
Non-derivative financial liabilities:					
Long-term debt(including current portion)	$ 302,134	16,616	16,616	49,849	219,053
Accounts payable (including related parties)	350,352	350,352	-	-	-
Other payables (including related parties)	563,337	563,337	-	-	-
Lease liabilities	174,458	31,458	31,200	93,600	18,200
Guarantee deposits	8,452	-	-	8,452	-
	$ 1,398,773	961,763	47,816	151,901	237,253

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		Contractual cash flows	Within 1 year	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)		392,455	392,455	-	-	-
Other payables (including related parties)		379,789	379,789	-	-	-
Lease liabilities		213,716	31,716	31,200	93,600	57,200
Guarantee deposits		8,452	-	-	8,452	-
	$	1,300,700	820,576	47,816	151,901	280,407

		Contractual cash flows	Within 1 year	1-2 years	2-5 years	Overs years
March 31, 2025						
Non-derivative financial liabilities:						
Long-term debt(including current portion)	$	318,750	16,616	16,616	49,849	235,669
Accounts payable (including related parties)		301,385	301,385	-	-	-
Other payables (including related parties)		426,415	426,415	-	-	-
Lease liabilities		206,690	31,232	31,458	93,600	49,400
Guarantee deposits		8,452	-	-	8,452	-
	$	1,261,692	776,648	48,074	151,901	285,069

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

(u) Capital management

The objectives, policies and processes of capital management of the Group are in conformity with those disclosed in the 2025 annual consolidated financial statements. Please refer to note 6(v) of the 2025 annual consolidated financial statements for related details.

(v) Investing and financing activities not affecting cash flows

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

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

		January 1,2026	Cach flow	March 31,2026
Long-term debt	$	258,884	(2,965)	255,919
Lease liabilities		177,132	(7,612)	169,520
Guarantee deposits		8,452	-	8,452
Total liabilities from financing activities	**$**	**444,468**	**(10,577)**	**433,891**

		January 1,2025	Cach flow	March 31,2025
Long-term debt	$	270,377	(2,747)	267,630
Lease liabilities		207,382	(7,532)	199,850
Guarantee deposits		8,452	-	8,452
Total liabilities from financing activities	**$**	**486,211**	**(10,279)**	**475,932**

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 Group. Acer and its subsidiaries owned 59.89%, 60.15% and 60.19%, respectively, of the outstanding shares of the Company as of March 31, 2026, December 31,2025 and March 31, 2025. Acer has issued the consolidated financial statements for public use.

(b) Related party name and categories

The followings are the related parties that have had transactions with the Group during the reporting periods:

Name of related party	Relationship with the Group
Acer Incorporated ("Acer")	The parent company of the Group
Other Related Parties	
Weblink International Inc.	Acer's subsidiary
Acer e-Enabling Service Business Inc.	Acer's subsidiary
Acer AI Cloud Inc.("AIC",Taiwan)	Acer's subsidiary
Aspire Service & Development Inc.	Acer's subsidiary
Acer Asset Management Incorporated ("AAM")	Acer's subsidiary
Acer ITS Inc.	Acer's subsidiary
Acer Synergy Tech Corp.	Acer's subsidiary
Acer Computer Co., Ltd.	Acer's subsidiary
Highpoint Service Network (Thailand) Co., Ltd.	Acer's subsidiary
Acer Gadget Inc.	Acer's subsidiary
AOPEN Inc.	Acer's subsidiary
Acer Synergy Manpower CORP.	Acer's subsidiary
Highpoint Service Network Corporation	Acer's subsidiary
Altos Computing (Thailand) Co., Ltd.	Acer's subsidiary
Bluechip Infotech Incorporated ("BLI",Taiwan)	Acer's subsidiary
Chao-Chi Property Management Consulting Co. Ltd. ("CCP")	Acer's subsidiary
Acerpure Inc. ("API",Taiwan)	Acer's subsidiary
Shine Passion Engineering Co., Ltd. ("SPE",Taiwan)	Acer's subsidiary
Ambi Space Inc.	The director of its parent company is the first-degree relative of the Company's director.
Ambi Arts Inc.	The director of its parent company is the first-degree relative of the Company's director.
Datasitter Information Service Inc.	Acer e-Enabling Service Business Inc.'s associates
Solming Green Energy Corp. ("SGE")	Acer's associates

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(c) Significant related-party transactions

(i) Revenue

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

	For the three months ended March 31	
	2026	**2025**
Parent company	$ 28,612	28,656
Other related parties	24,241	5,232
	$ 52,853	**33,888**

The service revenue 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:

	For the three months ended March 31	
	2026	**2025**
Parent company	$ 433	491
Other related parties	20,277	9,675
	$ 20,710	**10,166**

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) Service fees

	For the three months ended March 31	
	2026	**2025**
Parent company	**$ 537**	**451**

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

(iv) Property transactions

Operating and office equipment and intangible assets purchased from related parties were as follows:

	For the three months ended March 31	
	2026	**2025**
Parent company	$ -	800
Other related parties	616	-
	$ 616	**800**

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

	For the three months ended March 31	
	2026	**2025**
Parent company	$ 511	802
Other related parties	937	973
	$ 1,448	**1,775**

(vi) Lease

In September 2021, the Group leased buildings from AAM with a lease term of 10 years, which include options to extend the lease term after the end of the contract term. The rent was determined by referring to the market price nearby.

Interest expenses and lease liabilities arising from the abovementioned leases were as follows:

	For the three months ended March 31	
	2026	**2025**
Interest expense	**$ 444**	**519**

	March 31,2026	**December 31,2025**	**March 31,2025**
Lease liabilities- current	$ 29,612	29,536	29,311
Lease liabilities- non-current	139,651	147,082	169,263
	$ 169,263	**176,618**	**198,574**

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

The receivables from related parties due to the abovementioned service income and the related contract liabilities were as follows:

Account	**Related-party categories**	**March 31,2026**	**December 31,2025**	**March 31,2025**
Contract assets	Parent company	$ 1,179	$ 6,135	5,436
Contract assets	Other related parties	8,630	7,040	5,798
Accounts receivable from related parties	Parent company	39,239	42,368	33,823
Accounts receivable from related parties	Other related parties	18,215	7,521	3,799
		$ 67,263	**63,064**	**48,856**
Contract liability	Parent company	$ -	-	177
Contract liability	Other related parties	83	2,742	56
		$ 83	**2,742**	**233**

(viii) Accounts payable to related parties

The payables to related parties due to the abovementioned services purchased, services fees, office equipment purchased by the Group and loans were as follows:

Account	Related-party categories	March 31,2026	December 31,2025	March 31,2025
Accounts payable to related parties	Parent company	$ 19,794	$ 27,321	16,773
Accounts payable to related parties	Other related parties	16,370	4,165	7,042
Other payables to related parties	Parent company	1,026	1,345	1,457
Other payables to related parties	Other related parties	3,215	3,041	3,041
Dividends payable (included in other payables)	Parent company	140,058	-	93,372
		$ 180,463	**35,872**	**121,685**

(d) Compensation for key management personnel

	For the three months ended March 31	
	2026	**2025**
Short-term employee benefits	$ 6,679	5,776
Post-employment benefits	108	108
Share-based payments	**$ 6,787**	**5,884**

8. Pledged assets

Assets	Pledged to secure	March 31,2026	December 31,2025	March 31,2025
Refundable deposits (recognized in other financial assets)	Contract bidding and project fulfillment guarantee	$ 55,157	$ 61,101	71,332
Property, plant and equipment	Credit lines of bank loans	842,645	844,371	849,551
		$ 897,802	**$ 905,472**	**920,883**

9. Significant commitments and contingencies: None

10. Significant loss from disaster: None

11. Significant subsequent events: None

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12. Others

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

	For the three months ended March 31, 2026			For the three months ended March 31, 2025		
	Cost of revenue	Operating expenses	Total	Cost of revenue	Operating expenses	Total
Employee benefits:						
Salaries	73,330	111,707	185,037	70,487	107,707	178,194
Insurance	6,446	9,100	15,546	6,381	9,702	16,083
Pension	3,276	4,711	7,987	2,980	4,382	7,362
Remuneration to directors	-	1,175	1,175	-	975	975
Others	3,631	4,075	7,706	955	3,521	4,476
Depreciation	25,796	6,847	32,643	24,586	6,870	31,456
Mortization	242,675	38	242,713	194,105	219	194,324

(b) Seasonality operations

The Group's operations were not significantly influenced by seasonality or cyclicality factors.

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 Group discloses the following information on significant transactions for the three months ended March 31,2026.

(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	March 31, 2026				Note
				Shares	Carrying Value	Percentage of Ownership	Fair Value	
The Company	Preferred Stock B :SKFHC	-	Financial assets at fair value through other comprehensive income-non-current	666	26,773	0.30%	26,773	-

(iv) Total purchases from and sales to related parties which exceed $100 million or 20% of the paid-in capital: None

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

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(vi) Business relationships and significant intercompany transactions:

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions)			
				Account (Note 3)	Amount	Transaction Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 4)
0	The Company	Acer e-Enabling Data Center Incorporated	1	Sales	10,262	EM 60	1.64%
1	Acer e-Enabling Data Center Incorporated	The Company	2	Sales	9,094	EM 60	1.46%

Note 1: Parties with the intercompany transactions are identified and numbered as follows:

1. "0" represents the Company.
2. Subsidiaries are numbered from "1".

Note 2: The relationships with counterparties are as follows:

No. "1" represents the transactions from the Company to subsidiary.

No. "2" represents the transactions from subsidiary to the Company.

No. "3" represents the transactions from subsidiary to subsidiary.

Note 3: Intercompany relationships and significant intercompany transactions are disclosed only for the amounts that exceed 1% of the consolidated operating revenue or total assets. The corresponding purchases and accounts payable are not disclosed.

Note 4: The ratio is based on the transaction amount divided by the consolidated operating revenues or consolidated total assets.

Note 5: The above intercompany transactions have been eliminated when preparing the consolidated financial statements.

(b) Information on investees

(In Thousands of New Taiwan Dollar/Shares)

Investor	Investee	Location	Main Business and Products	Original Investment Amount		Balance as of March 31, 2026			Net Income (Loss) of the Investee	Share of Profits/ (Losses) of the Investee	Note
				March 31,2026	December 31, 2025	Shares	Percentage of Ownership	Carrying Value			
The Company	ACSI Cyber Security Academy Inc.	Taiwan	Cyber security training	10,000	10,000	1,000	100%	8,622	(44)	(44)	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%	1,450,457	58,740	58,740	Parent/ Subsidiary

(c) Information on investment in Mainland China: None

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14. Segment information

(a) General information

The Group's reportable segments comprise the cybersecurity services segment and IT operation outsourcing services segment. The cybersecurity services segment engages mainly in related information security services, including early deployment, real-time response, post-incident response and cybersecurity disaster recovery. IT segment engages mainly in IT operation outsourcing services,

The Group measures operating income as the basis of performance assessment. The reporting amount is consistent with the report used by chief operating decision maker. There was no material inconsistency between the accounting policies adopted for the operating segments and the significant accounting policies of the Group.

	For the three months ended March 31, 2026			
	Cybersecurity services	**IT operation outsourcing services**	**Adjustments and eliminations**	**Total**
Revenues from external customers	$ 572,416	52,391	-	624,807
Intra-group revenue	13,536	7,519	(21,055)	-
Total revenues	**$ 585,952**	**59,910**	**(21,055)**	**624,807**
Segment profit (loss)	**$ 73,187**	**2,689**	**5,819**	**81,695**

	For the three months ended March 31, 2025			
	Cybersecurity services	**IT operation outsourcing services**	**Adjustments and eliminations**	**Total**
Revenues from external customers	$ 457,456	58,872	-	516,328
Intra-group revenue	9,642	6,633	(16,275)	-
Total revenues	**$ 467,098**	**65,505**	**(16,275)**	**516,328**
Segment profit (loss)	**$ 57,477**	**4,524**	**4,739**	**66,740**