Stock Code:8374

ACE PILLAR CO., LTD.

Parent-Company-Only Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2024 and 2023

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Independent Auditors' Report

To the Board of Directors Ace Pillar Co., Ltd.:

Opinion

We have audited the parent-company-only financial statements of Ace Pillar Co., Ltd., which comprise the parent-company-only balance sheets as of December 31, 2024 and 2023, the parent-company-only statements of comprehensive income (loss), 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 financial position of Ace Pillar Co., Ltd. as of December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing 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 Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent-company-only financial statements of the current period. These matters were addressed in the context of our audit of 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 parent-company-only financial statements for the year ended December 31, 2024 are stated as follows:

1. Investments in subsidiaries

   Please refer to Notes 4(h) and (q) for accounting policy on investments in subsidiaries and business combinations, and Note 6(g) for related disclosures of acquisition of subsidiaries, respectively, to the parent-company-only financial statements.

   Description of key audit matter:

   Ace Pillar Co., Ltd. acquired 39% equity ownership of Transpak Equipment Corporation (“Transpak”) in 2024, wherein Ace Pillar Co., Ltd. owned more than half of the board seats of Transpak and has the power to direct the operating relevant activities of Transpak. Therefore, Ace Pillar Co., Ltd. obtained control over Transpak. To adopt accounting treatment of business combination, the management needs to assess and determine the fair value of the identifiable assets and liabilities. The assessment is complex and involves significant assumptions and estimation. Accordingly, the assessment of investments in subsidiaries has been identified as one of the key audit matters.

   How the matter was addressed in our audit:

   In relation to the key audit matter above, our principal audit procedures included obtaining the purchase price allocation report with the valuation on intangible assets conducted by an external expert engaged by the management; evaluating the reasonableness of the acquired assets and liabilities identified by the management at the acquisition date. In doing so, we have consulted internal valuation specialists to assist us in evaluating the reasonableness of the valuation model used. We have also assessed whether correct accounting treatment has been applied, and appropriate disclosures with respect to the acquisition have been made.

2. Assessment of impairment of goodwill from investments in subsidiaries

   Please refer to Note 4(m) for accounting policy on impairment of non-financial assets, Note 5 for uncertainty of accounting estimations and assumptions for goodwill impairment, and Note 6(g) for related disclosures of goodwill impairment test, respectively, to the parent-company-only financial statements.

   Description of key audit matter:

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

   How the matter was addressed in our audit:

   In relation to the key audit matter above, our principal audit procedures included obtaining the assessment of goodwill impairment provided by the management; assessing the appropriateness of the assumptions used by the management in measuring the recoverable amount, including the discount rate, expected sales growth rate and future cash flow projections; evaluating the accuracy of estimates made by the management by comparing the projected and actual cash flows; performing a sensitivity analysis to assess the impact of variations in key assumptions; and assessing the adequacy of disclosures of related information on evaluation of goodwill impairment.

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 Ace Pillar Co., Ltd.'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 Ace Pillar Co., Ltd. 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 Ace Pillar Co., Ltd.'s financial reporting process.

Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent-company-only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or 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 Ace Pillar Co., Ltd.'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 Ace Pillar Co., Ltd.'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 Ace Pillar Co., Ltd. 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 investees 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 year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Kao, Ching-Wen and Chang, Huei-Chen.

KPMG

Taipei, Taiwan (Republic of China)
February 24, 2025

Notes to Readers

The accompanying parent-company-only financial statements are intended only to present the 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' audit 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' audit report and parent-company-only financial statements, the Chinese version shall prevail.

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

ACE PILLAR CO., LTD.

Parent-Company-Only Balance Sheets

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollar)

		December 31, 2024		December 31, 2023	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 354,564	11	97,537	5
1110	Financial assets at fair value through profit or loss－current (note 6(b))	2,779	-	1,271	-
1150-1170	Notes and accounts receivable (notes 6(d) and (t))	312,631	10	249,118	11
1180	Accounts receivable from related parties (notes 6(d), (t) and 7)	1,030	-	1,616	-
1200	Other receivables (note 6(e))	755	-	-	-
1210	Other receivables from related parties (notes 6(e) and 7)	2,795	-	182,590	8
1300	Inventories (note 6(f))	220,495	7	223,257	10
1410-1470	Prepayments and other current assets	7,440	-	5,260	-
	Total current assets	902,489	28	760,649	34
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income －non-current (note 6(c))	50,018	2	-	-
1550	Investments accounted for using the equity method (note 6(g))	1,781,082	57	1,049,321	47
1600	Property, plant and equipment (note 6(h))	289,579	9	294,997	13
1755	Right-of-use assets (note 6(i))	17,684	1	22,639	1
1760	Investment property (note 6(j))	80,399	3	81,805	4
1780	Intangible assets (note 6(k))	6,610	-	10,398	-
1840	Deferred income tax assets (note 6(q))	11,575	-	13,074	1
1900	Other non-current assets	10,755	-	10,701	-
	Total non-current assets	2,247,702	72	1,482,935	66
	Total assets	**$ 3,150,191**	**100**	**2,243,584**	**100**

		December 31, 2024		December 31, 2023	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6(l))	$ 35,000	1	-	-
2120	Financial liabilities at fair value through profit or loss－current (note 6(b))	36	-	40	-
2130	Contract liabilities－current (note 6(t))	6,176	-	5,490	-
2150-2170	Notes and accounts payable	199,622	7	110,305	5
2180	Accounts payable to related parties (note 7)	674	-	131	-
2200	Other payables	40,431	1	28,584	1
2220	Other payables to related parties (note 7)	1,156	-	1,006	-
2230	Current income tax liabilities	1,930	-	1,850	-
2280	Lease liabilities－current (notes 6(o) and 7)	6,302	-	6,683	-
2300	Other current liabilities	3,119	-	7,840	1
	Total current liabilities	294,446	9	161,929	7
	Non-current liabilities:				
2530	Bonds payable (note 6(n))	467,017	15	-	-
2540	Long-term debt (note 6(m))	250,000	8	50,000	2
2570	Deferred income tax liabilities (note 6(q))	37,262	1	45,711	2
2580	Lease liabilities－non-current (notes 6(o) and 7)	12,501	-	17,070	1
	Total non-current liabilities	766,780	24	112,781	5
	Total liabilities	1,061,226	33	274,710	12
	Equity (notes 6(n) and (r)):				
3110	Common stock	1,122,505	37	1,122,505	50
3200	Capital surplus	378,840	12	312,314	14
3300	Retained earnings	606,004	19	572,289	26
3400	Other equity	(18,384)	(1)	(38,234)	(2)
	Total equity	2,088,965	67	1,968,874	88
	Total liabilities and equity	**$ 3,150,191**	**100**	**2,243,584**	**100**

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

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

ACE PILLAR CO., LTD.

Parent-Company-Only Statements of Comprehensive Income (Loss)

For the years ended December 31, 2024 and 2023

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

		2024		2023	
		Amount	%	Amount	%
4000	**Operating revenue (notes (t) and 7)**	$ 1,024,431	100	869,025	100
5000	**Operating costs (notes 6(f), (h), 7 and 12)**	(812,606)	(79)	(698,502)	(80)
	Gross profit	211,825	21	170,523	20
	Operating expenses (notes 6(d), (h), (i), (j), (k), (p), 7 and 12):				
6100	Selling expenses	(112,097)	(11)	(106,478)	(13)
6200	Administrative expenses	(86,074)	(8)	(80,092)	(9)
6450	Gains on reversal of impairment loss	289	-	377	-
	Total operating expenses	(197,882)	(19)	(186,193)	(22)
	Operating income (loss)	13,943	2	(15,670)	(2)
	Non-operating income and loss (notes (g), (n), (o) and 7):				
7100	Interest income	2,033	-	964	-
7010	Other income	7,586	1	4,929	1
7020	Other gains and losses, net	1,829	-	(6,521)	(1)
7050	Finance costs	(6,171)	(1)	(1,843)	-
7070	Share of profits (losses) of subsidiaries	43,486	4	(12,694)	(2)
	Total non-operating income and loss	48,763	4	(15,165)	(2)
	Income (loss) before income tax	62,706	6	(30,835)	(4)
7950	**Add: income tax benefit (note 6(q))**	4,684	1	9,889	1
	Net income (loss)	67,390	7	(20,946)	(3)
	Other comprehensive income (note 6(r)):				
8310	**Items that will not be reclassified subsequently to profit or loss:**				
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	18	-	-	-
8330	Share of other comprehensive income (loss) of subsidiaries	(599)	-	4,333	1
8349	Less: income tax related to items that will not be reclassified subsequently to profit or loss	-	-	-	-
		(581)	-	4,333	1
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation of foreign operations	20,431	2	(6,640)	(1)
8399	Less: income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
		20,431	2	(6,640)	(1)
	Other comprehensive income (loss) for the year, net of income tax	19,850	2	(2,307)	-
8500	**Total comprehensive income (loss) for the year**	**$ 87,240**	**9**	**(23,253)**	**(3)**
	Earnings (loss) per share (in New Taiwan Dollar) (note 6(s)) :				
9750	Basic earnings (loss) per share	**$ 0.60**		**(0.19)**	
9850	Diluted earnings (loss) per share	**$ 0.60**		**(0.19)**	

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

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

ACE PILLAR CO., LTD.

Parent-Company-Only Statements of Changes in Equity

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollar)

			Retained earnings				Other equity			
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Foreign currency translation differences	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Total equity
Balance at January 1, 2023	$ 1,122,505	312,233	273,057	78,028	298,275	649,360	(35,927)	-	(35,927)	2,048,171
Net loss in 2023	-	-	-	-	(20,946)	(20,946)	-	-	-	(20,946)
Other comprehensive income (loss) in 2023	-	-	-	-	-	-	(6,640)	4,333	(2,307)	(2,307)
Total comprehensive income (loss) in 2023	-	-	-	-	(20,946)	(20,946)	(6,640)	4,333	(2,307)	(23,253)
Appropriation of earnings:										
Legal reserve	-	-	7,837	-	(7,837)	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(56,125)	(56,125)	-	-	-	(56,125)
Proceeds from disposal of forfeited employee stock managed by an employee ownership trust	-	81	-	-	-	-	-	-	-	81
Balance at December 31, 2023	1,122,505	312,314	280,894	78,028	213,367	572,289	(42,567)	4,333	(38,234)	1,968,874
Net income in 2024	-	-	-	-	67,390	67,390	-	-	-	67,390
Other comprehensive income (loss) in 2024	-	-	-	-	-	-	20,431	(581)	19,850	19,850
Total comprehensive income (loss) in 2024	-	-	-	-	67,390	67,390	20,431	(581)	19,850	87,240
Appropriation of earnings:										
Cash dividends to shareholders	-	-	-	-	(33,675)	(33,675)	-	-	-	(33,675)
Conversion options recognized for issuance of convertible bonds	-	66,144	-	-	-	-	-	-	-	66,144
Proceeds from disposal of forfeited employee stock managed by an employee ownership trust	-	344	-	-	-	-	-	-	-	344
Share of changes in equity of subsidiaries	-	38	-	-	-	-	-	-	-	38
Balance at December 31, 2024	**$ 1,122,505**	**378,840**	**280,894**	**78,028**	**247,082**	**606,004**	**(22,136)**	**3,752**	**(18,384)**	**2,088,965**

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

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

ACE PILLAR CO., LTD.

Parent-Company-Only Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollar)

	2024	2023
Cash flows from operating activities:		
Income (loss) before income taxes	$ 62,706	(30,835)
Adjustments for:		
Adjustments to reconcile profit or loss:		
Depreciation	13,993	14,533
Amortization	3,788	4,592
Reversal of expected credit loss	(289)	(377)
Gain on financial instruments at fair value through profit or loss	(950)	-
Interest expense	6,171	1,843
Interest income	(2,033)	(964)
Share of loss (profit) of subsidiaries	(43,486)	12,694
Gain on lease modifications	(3)	(4)
Loss on liquidation of subsidiaries	728	-
Total adjustments for profit or loss	(22,081)	32,317
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	1,192	(1,271)
Notes and accounts receivable	(63,224)	42,440
Accounts receivable from related parties	586	5,072
Other receivables	(576)	612
Other receivables from related parties	(2,334)	(461)
Inventories	2,762	49,060
Prepayments and other current assets	(137)	(739)
Net changes in operating assets	(61,731)	94,713
Changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	(4)	(1,018)
Notes and accounts payable	89,317	(28,932)
Accounts payable to related parties	543	(1,542)
Other payables (including related parties)	11,961	(10,199)
Contract liabilities	686	1,426
Other current liabilities	(4,721)	601
Net changes in operating liabilities	97,782	(39,664)
Total changes in operating assets and liabilities	36,051	55,049
Total adjustments	13,970	87,366
Cash provided by operations	76,676	56,531
Interest received	1,854	964
Income taxes paid	(4,229)	(20,875)
Net cash flows provided by operating activities	74,301	36,620

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

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

ACE PILLAR CO., LTD.

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

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollar)

	2024	2023
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(50,000)	-
Acquisition of investments accounted for using the equity method	(690,000)	-
Proceeds from disposal of investments accounted for using equity method	4,797	-
Acquisition of property, plant and equipment	(81)	(1,322)
Acquisition of intangible assets	-	(4,727)
Increase in refundable deposits	(73)	(11)
Decrease in loans to related parties	182,129	24,939
Decrease in other non-current assets	19	640
Dividends received	16,070	41,064
Net cash flows provided by (used in) investing activities	(537,139)	60,583
Cash flows from financing activities:		
Increase in short-term borrowings	691,160	-
Decrease in short-term borrowings	(656,160)	-
Proceeds from issuing bonds	530,026	-
Increase in long-term debt	600,000	50,000
Repayments of long-term debt	(400,000)	(100,000)
Payment of lease liabilities	(7,080)	(7,391)
Cash dividends distributed to shareholders	(33,675)	(56,125)
Proceeds from disposal of forfeited employee stock managed by an employee ownership trust	344	63
Interest paid	(4,750)	(1,914)
Net cash flows provided by (used in) financing activities	719,865	(115,367)
Net increase (decrease) in cash and cash equivalents	257,027	(18,164)
Cash and cash equivalents at beginning of year	97,537	115,701
Cash and cash equivalents at end of year	$ **354,564**	**97,537**

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

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

ACE PILLAR CO., LTD.

Notes to the Parent-Company-Only Financial Statements

For the years ended December 31, 2024 and 2023

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

1. Organization and business

Ace Pillar Co., Ltd. (the "Company") was incorporated on March 31, 1984 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 12F., No. 558, Zhongyuan Rd., Xinzhuang Dist., New Taipei City, Taiwan (R.O.C.). The Company is primarily engaged in the tests, processing, sales, repairment and electromechanical integration of automation control and mechanical transmission system and intelligent technology service.

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 24, 2025.

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, 2024:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(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, 2025, would not have a significant impact on its parent-company-only financial statements:

- Amendments to IAS 21 "Lack of Exchangeability"

(Continued)

(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 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

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.

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

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 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- 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”

4. Summary of material accounting policies:

The material accounting policies presented in the parent-company-only financial statements are summarized as follows and have been applied consistently to all periods presented in these financial statements.

(a) Statement of compliance

The Company’s 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 the following items in the balance sheets:

1) Financial instruments measured at fair value through profit or loss (including derivative financial instruments); and

2) Financial assets 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 New Taiwan Dollar has been rounded to the nearest thousand.

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Notes to the Parent-Company-Only Financial Statements

(c) Foreign currency

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each 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, except for an investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisition, are translated into the presentation currency of the Company’s parent-company-only financial statements at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency of the Company’s parent-company-only financial statements at the average exchange rates for the period. All resulting exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, joint control, or significant influence is lost, the accumulated exchange differences related to that foreign operation is reclassified to profit or loss. In the case of a partial disposal that does not result in the Company losing control over a subsidiary, the proportionate share of the accumulated exchange differences is reclassified to non-controlling interests. For a partial disposal of the Company’s ownership interest in an associate or joint venture, the proportionate share of the accumulated exchange differences in equity is reclassified to profit or loss.

(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 consists of cash on hand, checking deposits, and demand deposits. Cash equivalents consist of short-term and 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 that meet the aforesaid criteria and are not held for investing purposes are also classified as cash equivalents.

(f) Financial instruments

Accounts receivable is 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 an accounts 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. An accounts receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

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.

(Continued)

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Subsequent to initial recognition, these assets are measured at amortized cost, using the effective interest method less impairment loss. Interest income, foreign exchange gains and losses, and recognition (reversal) of impairment loss are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Financial assets at fair value through other comprehensive income (Financial assets at "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 the 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 are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income 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 and are 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) Financial assets at fair value through profit or loss (Financial assets at "FVTPL")

All financial assets not classified as at amortized cost or FVOCI as described above (e.g. financial assets held for trading and those that are managed and evaluated for performance on a fair value basis) are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any dividend and interest income, are recognized in profit or loss.

(Continued)

4) Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, "principal" is defined as the fair value of the financial assets on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features)

5) 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, financial assets measured at amortized cost, notes and accounts receivable, other receivables and other financial 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:

- other debt securities and 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.

Loss allowances for accounts receivable and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the All financial assets not classified as 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.

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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.

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 recognition or reversal of the loss allowance is recognized in profit or loss.

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.

6) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights of 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 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 or equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual agreement and the definitions of a financial liability and an equity instrument.

2) Equity transactions

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.

(Continued)

3) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, wherein the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. The financial liability is reclassified to equity upon conversion and no gain or loss is recognized.

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities measured at amortized cost 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.

5) 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.

6) 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.

(Continued)

(iii) Derivative financial instruments

The Company uses derivative financial instrument to hedge its foreign currency exposures. Derivatives are initially measured at fair value and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss and included in non-operating income and loss. If the valuation of a derivative instrument is in a positive fair value, it is classified as a financial asset, otherwise, it is classified as a financial liability.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated based on the weighted-average method and includes expenditure incurred in bringing them to the location and condition ready for sale. Net realizable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and necessary selling expenses.

(h) Investments in subsidiaries

When preparing the parent-company-only financial statements, investments in subsidiaries which are controlled by the Company is accounted for using the equity method. Under 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 the shareholders of the Company in the consolidated financial statements. In addition, changes in equity recognized in the parent-company-only financial statements is in line with the changes in equity attributable to shareholders of the Company in the consolidated financial statements.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control as accounted for within equity.

(i) 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 property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

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.

(Continued)

Land is not depreciated. The estimated useful lives for property, plant and equipment are as follows: buildings are depreciated over the following useful lives of significant individual components: main structure: 10 to 54 years and mechanical, electrical power equipment and other equipment: 10 years and other equipment: 3 to 5 years.

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

(iv) A property is reclassified to investment property at its carrying amount when the purpose of the property changes from owner-occupied to investment.

(j) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both. Investment property is measured at cost on initial recognition. Subsequent to initial recognition, investment property is measured at initial acquisition cost less accumulated depreciation and accumulated impairment losses. The methods for depreciating and determining the useful life and residual value of investment property are the same as those adopted for property, plant and equipment. Cost includes expenditure that is directly attributable to the acquisition of the investment property, bringing the investment property to the condition necessary for it to be available for use, and any borrowing cost that is eligible for capitalization.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

An investment property is reclassified to property, plant and equipment at its carrying amount when the purpose of the investment property has been changed from investment to owner-occupied.

(k) 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.

(i) As a leasee

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.

(Continued)

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 a extension 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 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.

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

(Continued)

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(ii) As a leasor

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 of 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.

The Company recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease.

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

(l) Intangible assets

The Company's intangible assets are carried at cost, less accumulated amortization and accumulated impairment losses. Amortization is recognized in profit or loss on a straight-line basis over the following estimated useful lives: acquired software: 3 to 5 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.

(m) Impairment of non-financial assets

The Company assesses at the end of each reporting date whether there is any indication that the carrying amounts of non-financial assets (other than inventories and deferred tax assets) may be impaired. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually or when there are indications of impairment.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. Goodwill arising from a business combination is allocated to cash-generating units ("CGUs") or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an individual asset or CGU is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

(Continued)

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Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other non-financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the assets in prior years.

(n) Revenue recognition

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 to a customer.

(i) Sale of goods

The Company recognizes revenue when control of the goods has been transferred to the customer, being when the goods are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the customer has accepted the goods in accordance with the terms of sales, the risks of obsolescence and loss have been transferred to the customer, and the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(ii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods to the customer, and the payment 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.

(o) 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 benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(Continued)

(p) 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.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS 37.

The Company has determined that the global minimum top-up tax which it is required to pay under Pillar Two legislation is an income tax in the scope of IAS 12. The Companyhas applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

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 taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases. Deferred taxes are recognized except for the following:

(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 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 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.

(Continued)

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.

(q) Business combinations

The Company accounts for business combinations using the acquisition method. Goodwill is measured as the excess of the acquisition-date fair value of consideration transferred (including any non-controlling interest in the acquiree) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed (generally at fair value). If residual balance is negative, the Company shall re-assess whether it has correctly identified all of the assets acquired and liabilities assumed and recognize any additional assets or liabilities that are identified in that review, and shall recognize a gain on the bargain purchase thereafter.

Acquisition-related costs are expensed as incurred except for the costs related to issuance of debt or equity instruments.

Non-controlling interests in an acquire that are present ownership interests and entitle their holders to a proportionate share of the entity’s net assets in the event of liquidation are measured at either fair value or the present ownership instruments’ proportionate share in the recognized amounts of the acquiree’s net identifiable assets. All other non-controlling interest is measured at its acquisition date fair value or other measurement basis in accordance with Taiwan-IFRSs.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

(r) Earnings per share (“EPS”)

The basic and diluted EPS attributable to stockholders of the Company are disclosed in the parent-company-only 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 are employee stock options or profit sharing for employees to be settled in the form of common stock and convertible bonds payable.

(Continued)

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(s) 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.

5. Critical accounting judgments, and key sources of estimation 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 assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included as follows:

Assessment of impairment of goodwill from investments in subsidiaries

The assessment of impairment of goodwill, which are included in the carrying amount of investments accounted for using equity method, requires the Company to make subjective judgments to identify cash-generating units, allocate the goodwill to relevant cash-generating units, and estimate the recoverable amount of relevant cash-generating units. Any changes in these estimates based on changed economic conditions or business strategies could result in significant adjustments in future years. Please refer to note 6(g) for further information of the assessment of impairment of goodwill

6. Significant account disclosures

(a) Cash and cash equivalents

	December 31, 2024	**December 31, 2023**
Cash on hand	$ 226	226
Demand deposits and checking accounts	194,338	87,311
Time deposits with original maturities less than three months	160,000	10,000
	$ 354,564	**97,537**

(b) Financial assets at fair value through profit or loss

	December 31, 2024	**December 31, 2023**
Financial assets at fair value through profit or loss:		
Foreign currency forward contracts	$ 79	-
Foreign exchange swaps	-	1,271
Redemption options of convertible bonds (note 6(n))	2,700	-
	$ 2,779	**1,271**
Financial liabilities at fair value through profit or loss:		
Foreign currency forward contracts	**$ (36)**	**(40)**

(Continued)

The Company entered into derivative contracts to manage foreign currency exchange risk resulting from its operating activities. The derivative financial instruments did not conform to the criteria for hedge accounting. At each reporting date, the outstanding derivative contracts consisted of the following:

(i) Foreign currency forward contracts

	December 31, 2024		
	Contract amount (in thousands)		Maturity period
USD Buy / EUR Sell	USD	830	2025/01
USD Buy / CNY Sell	USD	1,230	2025/01

	December 31, 2023		
	Contract amount (in thousands)		Maturity period
USD Buy / EUR Sell	USD	310	2024/01
USD Buy / CNY Sell	USD	1,000	2024/01

(ii) Foreign exchange swaps

	December 31, 2023		
	Contract amount (in thousands)		Maturity period
TWD Swap in / CNY Swap out	CNY	42,000	2024/01

Please refer to note 6(v) for the amounts of gains (losses) recognized related to financial assets measured at fair value.

(c) Financial assets at fair value through other comprehensive income－non-current

	December 31, 2024	December 31, 2023
Equity investments at fair value through other comprehensive income:		
Domestic unlisted stocks	**$ 50,018**	**-**

The Company designated the abovementioned investments as at fair value through other comprehensive income as these equity investments are held for strategic purposes and not for trading.

There were no disposals of the above strategic investments and no transfers of any cumulative gain or loss within equity relating to these investments for the year ended December 31, 2024.

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(d) Notes and accounts receivable (including related parties)

	December 31, 2024	December 31, 2023
Notes receivable from operating activities	$ 38,378	41,312
Accounts receivable (including related parties) measured at amortized cost	276,240	210,833
Less: loss allowance	(957)	(1,411)
	$ 313,661	**250,734**

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. To measure the expected credit losses, notes and accounts receivable have been grouped based on common credit risk characteristics and the days past due, as well as the incorporated forward-looking information. Analysis of expected credit losses on notes and accounts receivable was as follows:

	December 31, 2024		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance**
Current	$ 308,875	0%	-
Past due 1-90 days	4,767	0%	-
Past due 271-365 days	68	46.28%~100%	49
Past due over 366 days	908	100%	908
	$ 314,618		**957**

	December 31, 2023		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance**
Current	$ 236,731	0%	-
Past due 1-90 days	13,997	0%	-
Past due 91-180 days	5	0%	-
Past due 181-270 days	6	0%~24.58%	5
Past due 271-365 days	69	36.57%~100%	69
Past due over 366 days	1,337	100%	1,337
	$ 252,145		**1,411**

Movements of the loss allowance for notes and accounts receivable were as follows:

	2024	2023
Balance at January 1	$ 1,411	1,540
Reversal of impairment loss	(289)	(377)
Write-off	(184)	(2)
Insurance claims for accounts receivable	19	250
Balance at December 31	**$ 957**	**1,411**

(Continued)

ACE PILLAR CO., LTD.
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(e) Other receivables (including related parties)

		December 31, 2024	December 31, 2023
Other receivables－loans to subsidiaries	$	-	182,129
Others		3,550	461
Less: loss allowance		-	-
	$	3,550	182,590

There is no loss allowance was provided for other receivables after the management's assessment.

(f) Inventories

		December 31, 2024	December 31, 2023
Merchandise inventory	$	220,495	223,257

The amounts of inventories recognized as costs of revenue were as follows:

		2024	2023
Cost of inventories sold	$	818,229	678,540
Write-downs (reversal) of inventories		(5,821)	19,756
	$	812,408	698,296

The write-downs of inventories arose from the write-downs of inventories to net realizable value. The reversal of write-downs of inventories arose from the sale of slow-moving inventories to which it was recognized to the extent of the write-downs of inventories to net realizable value.

(g) Investments accounted for using the equity method

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

		December 31, 2024	December 31, 2023
Subsidiaries	$	1,781,082	1,049,321

(i) Subsidiaries

Please refer to consolidated financial statements for the year ended December 31, 2024.

The Company's share of profits (losses) of investments accounted for using the equity method was as follows:

		2024	2023
Subsidiaries	$	43,486	(12,694)

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(ii) Acquisition of subsidiary－Transpak

1) Consideration transferred

On August 12, 2024 (the acquisition date), the Company acquired 460 thousand shares of Transpak, constituting 39% of equity ownership of Transpak, for a cash consideration of $690,000. The Company owned more than half of the board seats of Transpak and has power to direct the relevant operating activities of Transpak, resulting in the Company to obtain control over it since then. Thereafter, Transpak has been included in the consolidated entities. Transpak is primarily engaged in the manufacture and sales of strapping equipment. The acquisition of Transpak enables the Company to respond to long-term operational development of the Company and expand its business capacity to provide customers with a full range of products and services.

2) Identifiable net assets acquired in a business combination

The fair value of identifiable assets acquired, liabilities assumed and goodwill recognized from the acquisition on the acquisition date are as follows

Consideration transferred (cash)		$ 690,000
Add: Non-controlling interests (measured at non-controlling interest's proportionate share of the fair value of the identifiable net assets)		627,233
Less: Identifiable net assets acquired at fair value:		
Cash and cash equivalents	$ 385,305	
Notes and accounts receivable, net	774	
Other receivables	25,084	
Inventories	331,743	
Prepayments and other current assets	1,844	
Property, plant and equipment	2,035	
Right-of-use assets	66,327	
Intangible assets－trademarks	185,911	
Intangible assets－patents	69,054	
Intangible assets－customer relationships	630,208	
Deferred income tax assets	3,812	
Refundable deposits	1,547	
Contract liabilities	(29,369)	
Accounts payable	(167,031)	
Other payables	(21,100)	
Current income tax liabilities	(24,974)	
Preference share liabilities－current	(196,797)	
Other current liabilities	(382)	
Lease liabilities (including current and non-current)	(66,327)	
Deferred income tax liabilities	(169,135)	
Other non-current liabilities	(278)	1,028,251
Goodwill		$ **288,982**

(Continued)

The Company continuously reviewed the abovementioned items during the measurement period and made adjustments to intangible assets, deferred income tax liabilities and non-controlling interests in the fourth quarter of 2024 as follows:

Decrease in intangible assets－trademarks	$	(21,256)
Decrease in intangible assets－patents		(8,040)
Increase in intangible assets－customer relationships		56,510
Increase in deferred income tax liabilities		(5,443)
Increase in non-controlling interests		(13,280)
Decrease in goodwill	$	**8,491**

Intangible assets－ trademarks, patents and customer relationships are amortized on a straight-line basis over the estimated future economic useful life of 10 years, 6 years and 15.39 years, respectively.

Goodwill arising from the acquisition of Transpak is due to the profitability, the synergies of the business combination, future market development and value of assembled workforce. None of the goodwill recognized is expected to be deductible for income tax purposes. Goodwill arising from the acquisition are included in the carrying amount of investments accounted for using the equity method.

(iii) Impairment test on goodwill

The excess of the cost of acquiring an investment in a subsidiary over the Company's equity interest of the net fair value of the investee's identifiable assets acquired and liabilities assumed at the date of acquisition should be recorded as goodwill, and any impairment of goodwill should be recognized as a deduction from the carrying amount of the investments accounted for using equity method. For the years ended December 31, 2024 and 2023, the carrying amount of goodwill arising from business combinations and the respective CGUs to which the goodwill was allocated for impairment test purpose were as follows:

		December 31, 2024	**December 31, 2023**
STC	$	76,149	76,149
BlueWalker GmbH		22,124	22,124
Transpak		280,491	-
	$	**378,764**	**98,273**

Each CGU to which the goodwill is allocated represents the lowest level within the Company, at which the goodwill is monitored for internal management purpose. As of December 31, 2024 and 2023, based on the results of impairment tests conducted by the Company, the recoverable amount of CGUs exceeded its carrying amount; as a result, no impairment loss was recognized. The recoverable amount of a CGU was determined based on the value in use. The related key assumptions were as follows:

	December 31, 2024	**December 31, 2023**
STC:		
Revenue growth rate	10%~26.92%	14.68%~27.9%
Pre-tax discount rate	17.03%	16.48%

(Continued)

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	December 31, 2024	December 31, 2023
BlueWalker GmbH:		
Revenue growth rate	5%~6.16%	2.09%~3%
Pre-tax discount rate	22.00%	24.32%

	December 31, 2024	December 31, 2023
Transpak:		
Revenue growth rate	2.11%~2.50%	-
Pre-tax discount rate	16.87%	-

(i) The cash flow projections were based on future financial budgets, covering a period of 5 years, approved by management. Cash flows beyond that 5-year period have been extrapolated using 0% growth rate.

(ii) The estimation of discount rate is based on the weighted average cost of capital.

(h) Property, plant and equipment

	Land	Buildings	Other equipment	Total
Cost:				
Balance at January 1, 2024	$ 193,588	108,841	8,548	310,977
Additions	-	-	81	81
Disposals	-	-	(2,124)	(2,124)
Balance at December 31, 2024	**$ 193,588**	**108,841**	**6,505**	**308,934**
Balance at January 1, 2023	$ 256,927	144,723	7,370	409,020
Additions	-	-	1,322	1,322
Reclassification	(63,339)	(35,882)	(27)	(99,248)
Disposals	-	-	(117)	(117)
Balance at December 31, 2023	**$ 193,588**	**108,841**	**8,548**	**310,977**
Accumulated depreciation:				
Balance at January 1, 2024	$ -	12,285	3,695	15,980
Depreciation	-	3,849	1,650	5,499
Disposals	-	-	(2,124)	(2,124)
Balance at December 31, 2024	**$ -**	**16,134**	**3,221**	**19,355**
Balance at January 1, 2023	$ -	24,446	2,037	26,483
Depreciation	-	4,014	1,775	5,789
Reclassification	-	(16,175)	-	(16,175)
Disposals	-	-	(117)	(117)
Balance at December 31, 2023	**$ -**	**12,285**	**3,695**	**15,980**
Carrying amounts:				
Balance at December 31, 2024	**$ 193,588**	**92,707**	**3,284**	**289,579**
Balance at December 31, 2023	**$ 193,588**	**96,556**	**4,853**	**294,997**

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(i) Right-of-use assets

	Buildings	Transportation equipment	Total
Cost:			
Balance at January 1, 2024	$ 30,404	1,228	31,632
Additions	2,334	-	2,334
Disposals	(2,677)	(402)	(3,079)
Balance at December 31, 2024	**$ 30,061**	**826**	**30,887**
Balance at January 1, 2023	$ 30,548	1,612	32,160
Additions	755	1,980	2,735
Disposals	(899)	(2,364)	(3,263)
Balance at December 31, 2023	**$ 30,404**	**1,228**	**31,632**
Accumulated depreciation:			
Balance at January 1, 2024	$ 8,516	477	8,993
Depreciation	6,642	446	7,088
Disposals	(2,677)	(201)	(2,878)
Balance at December 31, 2024	**$ 12,481**	**722**	**13,203**
Balance at January 1, 2023	$ 2,628	1,478	4,106
Depreciation	6,787	716	7,503
Disposals	(899)	(1,717)	(2,616)
Balance at December 31, 2023	**$ 8,516**	**477**	**8,993**
Carrying amounts:			
Balance at December 31, 2024	**$ 17,580**	**104**	**17,684**
Balance at December 31, 2023	**$ 21,888**	**751**	**22,639**

(j) Investment property

	Land	Buildings	Total
Cost:			
Balance at January 1, 2024 (Balance at December 31, 2024)	**$ 63,339**	**35,882**	**99,221**
Balance at January 1, 2023	$ -	-	-
Reclassification	63,339	35,882	99,221
Balance at December 31, 2023	**$ 63,339**	**35,882**	**99,221**
Accumulated depreciation:			
Balance at January 1, 2024	$ -	17,416	17,416
Depreciation	-	1,406	1,406
Balance at December 31, 2024	**$ -**	**18,822**	**18,822**
Balance at January 1, 2023	$ -	-	-
Depreciation	-	1,241	1,241
Reclassification	-	16,175	16,175
Balance at December 31, 2023	**$ -**	**17,416**	**17,416**

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

	Land	Buildings	Total
Carrying amounts:			
Balance at December 31, 2024	$ **63,339**	**17,060**	**80,399**
Balance at December 31, 2023	$ **63,339**	**18,466**	**81,805**
Fair value:			
Balance at December 31, 2024			$ **180,242**
Balance at December 31, 2023			$ **169,348**

For the years ended December 31, 2024 and 2023, the fair value of the investment property is determined by referring to the market price of similar real estate transaction in the same area by management, wherein the inputs, which are used in the fair value measurement, were classified to Level 3.

(k) Intangible assets

	Computer software
Cost:	
Balance at January 1, 2024	$ 19,417
Disposals	(5,474)
Balance at December 31, 2024	$ **13,943**
Balance at January 1, 2023	$ 14,690
Additions	4,727
Balance at December 31, 2023	$ **19,417**
Accumulated amortization and impairment loss:	
Balance at January 1, 2024	$ 9,019
Amortization	3,788
Disposals	(5,474)
Balance at December 31, 2024	$ **7,333**
Balance at January 1, 2023	$ 4,427
Amortization	4,592
Balance at December 31, 2023	$ **9,019**
Carrying amounts:	
Balance at December 31, 2024	$ **6,610**
Balance at December 31, 2023	$ **10,398**

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(l) Short-term borrowings

	December 31, 2024	December 31, 2023
Unsecured bank loans	$ 35,000	-
Unused credit facilities	$ 1,515,000	1,653,750
Interest rate	0.5%	-

(m) Long-term debt

	December 31, 2024	December 31, 2023
Unsecured bank loans	$ 250,000	50,000
Unused credit facilities	$ 700,000	400,000
Interest rate	1.94%	1.95%
Maturity year	2026	2026

(n) Bonds payable

	December 31, 2024	December 31, 2023
Total bonds payable issued	$ 500,000	-
Unamortized bond discount	(32,983)	-
Bonds payable	$ 467,017	-
Derivative instrument－redemption options (recognized in financial assets at fair value through profit or loss) (note 6(b))	$ 2,700	-
Equity component－conversion options (recognized in capital surplus－conversion options) (note 6(r))	$ 66,144	-

	2024	2023
Derivative instrument－gain recognized related to redemption options measured at fair value (recognized in valuation gains on financial assets at fair value through profit or loss)	$ 950	-

In response to the bank loan repayment and working capital needs, the Company’ s Board of Directors resolved to issue the 2nd domestic unsecured convertible bonds on September 26, 2024, with the approval of the Financial Supervisory Commission of the Republic of China on October 25, 2024. Starting November 15, 2024, the Company issued $500,000 of unsecured convertible bonds, with a 3-year term, without interest, upon maturity on November 15, 2027. The initial effective interest rate was 2.4%. The convertible bonds were public underwritten through competitive auction at 107.06% of par value. The aggregate amount of issuance was $530,026, net of issuing cost of $5,276.

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The related terms and conditions of the issuance of convertible bonds are as follows:

(i) Redemption at maturity

Other than converting the bonds to the Company's ordinary shares or early redeeming or repurchasing the bonds from securities dealers to write off in accordance with the terms of issuance, the Company will repay the convertible bond in cash at par value after 10 trading days upon maturity.

(ii) Redemption at the option of the Company

1) If the closing price of the Company's ordinary share exceeds 30% of the conversion price for 30 consecutive trading days from 3 months after the issuance of the bonds to 40th day before maturity, the Company shall redeem the outstanding bonds at par value.

2) If the balance of the outstanding bonds is less than $50,000 from 3 months after the issuance of the bonds to 40th day before maturity, the Company shall redeem the outstanding bonds at par value.

(iii) Conversion period

The bondholder may request the stock agency of the Company to convert the bond to ordinary shares from the 3 months after issuance to maturity date, except during the period in which the transfer is suspended by laws.

(iv) Conversion price and conversion options exercised

The conversion price was set at NTD 133.1 at the time of the issuance of the bonds. When the common shares are in compliance with conversion price adjustments according to the terms of issuance, the conversion price will be adjusted based on the formula regulated by the terms of conversion. There are no reset clauses for convertible bonds.

(o) Lease liabilities

The carrying amounts of the Company's lease liabilities were as follows:

	December 31, 2024	December 31, 2023
Current	$ 6,302	6,683
Non-current	$ 12,501	17,070

For the maturity analysis, please refer to note 6(x).

The amounts recognized in profit or loss were as follows:

	2024	2023
Interest expense on lease liabilities	$ 391	508

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

	2024	2023
Total cash outflows for leases	$ 7,471	7,899

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(i) Real estate leases

The Company leases buildings for its office premise and warehouses. The leases for office premise and warehouses typically run for a period of 1 to 5 years.

(ii) Other leases

The leases for transportation equipment typically run for a period of 2 years.

(p) Employee benefits

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.

For the years ended December 31, 2024 and 2023, the Company recognized pension expenses of $5,059 and $5,119, respectively, in relation to the defined contribution plans.

(q) Income taxes

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

		2024	2023
Current income tax expense			
Current period	$	3,314	9,707
Adjustments for prior periods		(1,048)	(566)
Surtax on undistributed earnings		-	720
		2,266	9,861
Deferred income tax benefit			
Origination and reversal of temporary differences		(6,950)	(19,750)
Income tax benefit	$	**(4,684)**	**(9,889)**

In 2024 and 2023, there was no income tax recognized directly in equity or other comprehensive income.

Reconciliation of income tax benefit and income (loss) before income tax was as follows:

		2024	2023
Income (loss) before income tax	$	**62,706**	**(30,835)**
Income tax (benefit) measured using tax rates enacted	$	12,541	(6,167)
Surtax on undistributed earnings		-	720
Investment income recorded under equity method		(16,894)	(6,165)
Changes in unrecognized temporary differences		-	1,013
Adjustments for prior periods		(1,048)	(566)
Others		717	1,276
	$	**(4,684)**	**(9,889)**

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(ii) Deferred income tax assets and liabilities

1) Unrecognized deferred income tax assets and liabilities

As the Company is able to control the timing of the reversal of the temporary differences associated with investments in certain subsidiaries as of December 31, 2024 and 2023, and management believes that it is probable that the temporary differences will not reverse in the foreseeable future, such temporary differences are not recognized as deferred income tax liabilities.

	December 31, 2024	December 31, 2023
Aggregate amount of temporary differences related to investments in subsidiaries	$ 9,178	9,178

2) Recognized deferred income tax assets and liabilities

Deferred income tax assets:

	Write-downs of inventories	Others	Total
Balance at January 1, 2024	$ 7,287	5,787	13,074
Recognized in profit or loss	(1,164)	(335)	(1,499)
Balance at December 31, 2024	**$ 6,123**	**5,452**	**11,575**
Balance at January 1, 2023	$ 3,336	5,362	8,698
Recognized in profit or loss	3,951	425	4,376
Balance at December 31, 2023	**$ 7,287**	**5,787**	**13,074**

Deferred income tax liabilities:

	Gains from investments in subsidiaries	Others	Total
Balance at January 1, 2024	$ 45,169	542	45,711
Recognized in profit or loss	(8,278)	(171)	(8,449)
Balance at December 31, 2024	**$ 36,891**	**371**	**37,262**
Balance at January 1, 2023	$ 61,085	-	61,085
Recognized in profit or loss	(15,916)	542	(15,374)
Balance at December 31, 2023	**$ 45,169**	**542**	**45,711**

(iii) The Company’ s income tax returns for the years through 2022 have been examined and approved by the R.O.C. income tax authorities.

(Continued)

ACE PILLAR CO., LTD.
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(r) Capital and other equity

(i) Common stock

As of December 31, 2024 and 2023, the Company’s authorized shares of common stock amounted to $2,000,000 in total, at par value of NTD 10 per share, and consisted of 200,000 thousand shares, of which 112,250 thousand shares were issued.

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2024	December 31, 2023
Paid-in capital in excess of par value	$ 275,225	275,225
Conversion options of convertible bonds (note 6(n))	66,144	-
Changes in ownership interests in subsidiaries	67	29
Employee stock options	7,354	7,354
Unclaimed dividends reclassified to capital surplus	107	107
Treasury share transactions	29,454	29,454
Others	489	145
	$ 378,840	**312,314**

Pursuant to the Company Act, any realized capital surplus is initially used to cover an accumulated deficit, and the balance, if any, could be transferred to common stock as stock dividends based on the original shareholding ratio or distributed as cash dividends based on a resolution approved by the shareholders. Realized capital surplus includes the premium derived from the issuance of shares of stock in excess of par value and donations from shareholders 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) Retained earnings

The Company’s Articles of Incorporation stipulate that at least 10% of annual net income after deducting an accumulated deficit, if any, must be retained as a legal reserve until such retention equals the amount of paid-in capital. In addition, a special reserve should be set aside or reversed in accordance with applicable laws and regulations. The remaining balance of the annual net income, together with unappropriated earnings from previous years, if any, can be distributed as dividends after the earnings distribution plan proposed by the Board of Directors and approved during the stockholders’ meeting. The abovementioned distribution of earnings by way of cash dividends could be approved by the Company’s Board of Directors and then reported to the Company’s shareholders in its meeting. The dividend distribution policy shall be based on the Company’s needs for business operation and growth as well as capital budget. If the Company has annual earnings and the distributable earnings for the years achieves 2% of capital, the dividend distribution shall not be less than 10% of the distributable earnings for the year, of which of the percentage of cash dividends shall not be less than 20% of the total dividends for the year.

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

1) Legal reserve

If a company has no accumulated deficit, it may, pursuant to a resolution approved by the stockholders, distribute its legal reserve to shareholders by issuing new shares or by distributing cash for the portion in excess of 25% of the paid-in capital.

2) Special reserve

When the Company adopted IFRS Accounting Standards endorsed by FSC for the first time, Company elected to apply the exemption items applied to the first-time adoption the IFRSs in IFRS 1. In accordance with Rule issued by the Financial Supervisory Commission, at the date of transition to IFRSs, the accumulated translation adjustment amount of $78,330 was transferred to retained earnings and the same amount was set aside in special reserve. When the related assets were used, disposed, or reclassified, the Company should proportionally reverse the original special reserve and distribute it as earnings. As of December 31, 2024 and 2023, the aforementioned special reserve was both $78,028.

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it shall make supplemental allocation of special reserve for any difference between the amount it has already allocated and the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the 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 and the undistributed prior-period earnings. A portion of the undistributed prior-period earnings shall be reclassified to special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. The amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The appropriations of cash dividends of 2023 and 2022 earnings were approved by the Company's Board of Directors on February 27, 2024 and March 1, 2023, respectively. Other appropriations of 2023 and 2022 earnings was approved by the shareholders during their meeting on May 28, 2024 and May 26, 2023, respectively. The resolved appropriations were as follows:

	2023		2022	
	Dividends per share (in NTD)	**Amount**	**Dividends per share (in NTD)**	**Amount**
Legal reserve		$ -		7,837
Dividends per share:				
Cash dividends	$ 0.3	33,675	0.5	56,125

The related information is available on the Market Observation Post System website.

(Continued)

ACE PILLAR CO., LTD.
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The appropriation of 2024 earnings was resolved by the Board of Directors on February 24, 2025. The resolved appropriation of the cash dividends per share was as follows:

	2024	
	Dividends per share (in NTD)	**Amount**
Dividends per share:		
Cash dividends	$ 0.45	**50,512**

(iv) Other equity items (net after tax)

	Foreign currency translation differences	**Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income**	**Total**
Balance at January 1, 2024	$ (42,567)	4,333	(38,234)
Foreign exchange differences arising from translation of foreign operations	20,431	-	20,431
Unrealized gains on financial assets measured at fair value through other comprehensive income	-	18	18
Share of other comprehensive loss of subsidiaries		(599)	(599)
Balance at December 31, 2024	**$ (22,136)**	**3,752**	**(18,384)**
Balance at January 1, 2023	$ (35,927)	-	(35,927)
Foreign exchange differences arising from translation of foreign operations	(6,640)	-	(6,640)
Share of other comprehensive income of subsidiaries	-	4,333	4,333
Balance at December 31, 2023	**$ (42,567)**	**4,333**	**(38,234)**

(s) Earnings per share ("EPS")

(i) Basic earnings (loss) per share

	2024	**2023**
Net income (loss) attributable to shareholders of the Company	**$ 67,390**	**(20,946)**
Weighted-average number of common shares outstanding (in thousands)	**112,250**	**112,250**
Basic earnings (loss) per share (in New Taiwan Dollar)	**$ 0.60**	**(0.19)**

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(ii) Diluted earnings (loss) per share

	2024	2023
Net income (loss) attributable to shareholders of the Company	**$ 67,390**	**(20,946)**
Weighted-average number of common shares outstanding (in thousands)	112,250	112,250
Effect of dilutive potential common shares:		
Effect of employee remuneration in stock	24	-
Weighted-average number of common shares outstanding (in thousands) (including effect of dilutive potential common stock)	**112,274**	**112,250**
Diluted earnings (loss) per share (in New Taiwan Dollar)	**$ 0.60**	**(0.19)**

The convertible bonds had anti-dilutive effect for the year ended December 31, 2024, while the Company incurred net loss in 2023; therefore, the Company did not calculate the effect of dilutive potential common stock on earnings per share.

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

	2024	2023
Major products / services lines:		
Automation control	$ 812,319	704,046
Mechanical transmission	208,445	161,369
Others	3,667	3,610
	$ 1,024,431	**869,025**

(ii) Contract balances

	December 31, 2024	December 31, 2023	January 1, 2023
Notes and accounts receivable (including related parties)	$ 314,618	252,145	299,659
Less: loss allowance	(957)	(1,411)	(1,540)
	$ 313,661	**250,734**	**298,119**
Contract liabilities－advanced receipts	**$ 6,176**	**5,490**	**4,064**

For details on notes and accounts receivable and its loss allowance, please refer to note 6(d).

The major changes in the balance of contract liabilities arose from the timing difference between the satisfaction of performance obligation and the receipt of customer's payment.

The amount of revenue recognized for the years ended December 31, 2024 and 2023, which were included in the contract liabilities balance at the beginning of the period, were $3,558 and $2,132, respectively.

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(u) Remuneration to employees and directors

The Company' s Articles of Incorporation requires that earnings, which refer to income before income tax excluding the renumeration to employees, directors and supervisors, shall first to be offset against any deficit, then a range from 2% to 20% will be distributed as renumeration to its employees and no more than 1% to its directors. Nevertheless, the profits in the current period should be reserved for offsetting the accumulated deficit, with the unappropriated earnings from the previous years, if any, prior to distributing the remuneration to the employees and directors. The abovementioned remuneration to employees shall be paid in shares or cash and remuneration to directors shall be paid in cash.

For the year ended December 31, 2024, the Company estimated its remuneration to employees amounting to $3,339, and the remuneration to directors amounting to $668. The estimated amounts mentioned above are calculated based on the income before income tax, excluding the remuneration to employees and directors of the period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles, and recognized them as operating expenses. The difference between accrual and actual payment, if any, will be accounted for as change in accounting estimate and be recognized in profit or loss in the following year. Shares distributed to employees as employees' remuneration are calculated based on the closing price of the Company's shares on the day before the approval by the Board of Directors.

The estimated remuneration to employees and directors for 2024 was the same as the amount approved by the Board of Directors and will be paid in cash. Related information is available at the Market Observation Post System website. The Company did not accrue any remuneration to employees and directors for the year ended December 31, 2023 as it incurred a net loss in 2023.

(v) Non-operating income and loss

(i) Interest income

	2024	2023
Bank deposits	$ 1,993	884
Others	40	80
	$ 2,033	**964**

(ii) Other income

	2024	2023
Rental income	$ 3,408	2,700
Miscellaneous income	4,178	2,229
	$ 7,586	**4,929**

(iii) Other gains and losses

	2024	2023
Foreign currency exchange gains (losses), net	$ 6,575	(3,318)
Losses on financial instruments at fair value through profit or loss	(3,548)	(2,846)
Losses on liquidation of subsidiaries	(728)	-
Others	(470)	(357)
	$ 1,829	**(6,521)**

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(iv) Finance costs

		2024	2023
Interest expense on bank loans	$	(4,396)	(1,335)
Interest expense on lease liabilities		(391)	(508)
Interest expense on bonds payable		(1,384)	-
	$	**(6,171)**	**(1,843)**

(w) Financial instruments

(i) Categories of financial instruments

1) Financial assets

		December 31, 2024	December 31, 2023
Financial assets at fair value through profit or loss－current	$	2,779	1,271
Financial assets at fair value through other comprehensive income－non-current		50,018	-
Financial assets measured at amortized cost:			
Cash and cash equivalents		354,564	97,537
Notes and accounts receivable (including related parties)		313,661	250,734
Other receivables (including related parties)		3,550	182,590
Refundable deposits (recognized in non-current assets)		10,755	10,682
	$	**735,327**	**542,814**

2) Financial liabilities

		December 31, 2024	December 31, 2023
Financial liabilities at fair value through profit or loss －current	$	36	40
Financial liabilities measured at amortized cost:			
Short-term borrowings		35,000	-
Notes and accounts payable (including related parties)		200,296	110,436
Other payables (including related parties)		41,587	29,590
Bonds payable		467,017	-
Lease liabilities (including current and non-current)		18,803	23,753
Long-term debt		250,000	50,000
	$	**1,012,739**	**213,819**

(Continued)

ACE PILLAR CO., LTD.

Notes to the Parent-Company-Only Financial Statements

(ii) Fair value information － 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.

(iii) Fair value information － financial instruments measured at fair value

The financial instruments at fair value through profit or loss and the financial assets at fair value through other comprehensive income are measured on a recurring basis. The table below analyzes financial instruments that are 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:

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

2) 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).

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

	December 31, 2024				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Derivatives－foreign currency forward contracts	$ 79	-	79	-	79
Redemption options of convertible bonds	2,700	-	-	2,700	2,700
	$ 2,779	-	79	2,700	2,779
Financial liabilities at fair value through profit or loss:					
Derivatives－foreign currency forward contracts	$ (36)	-	(36)	-	(36)
Financial assets at fair value through other comprehensive income:					
Domestic unlisted stocks	$ 50,018	-	-	50,018	50,018

	December 31, 2023				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Derivatives－foreign exchange swaps	$ 1,271	-	1,271	-	1,271
Financial liabilities at fair value through profit or loss:					
Derivatives－foreign currency forward contracts	$ (40)	-	(40)	-	(40)

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(iv) Valuation techniques and assumptions used in fair value measurement

1) Non-derivative financial instruments

The fair value of unlisted stock held by the Company is estimated by using the market approach and is determined by reference to net worth, operating activities and the market value of other assets and liabilities of the investee. The significant unobservable inputs is primarily the liquidity discounts. No quantitative information is disclosed due to that the possible changes in liquidity discounts would not cause significant potential financial impact.

2) Derivative financial instruments

The fair value of derivative financial instruments is determined using the valuation techniques generally accepted by market participants. The fair values of foreign currency forward contracts and foreign exchange swaps are usually determined by the forward exchange rate. Redemption options of convertible bonds are measured based on appropriate option pricing model.

(v) Transfers between levels of the fair value hierarchy

There were no transfers among fair value hierarchies for the years ended December 31, 2024 and 2023.

(vi) Movement in financial assets included in Level 3 fair value hierarchy

Financial assets at fair value through profit or loss:

	2024	2023
Balance at January 1	$ -	-
Additions	1,750	-
Recognized in profit or loss	950	-
Balance at December 31	**$ 2,700**	**-**

Financial assets at fair value through other comprehensive income:

	2024	2023
Balance at January 1	$ -	-
Additions	50,000	-
Recognized in other comprehensive income	18	-
Balance at December 31	**$ 50,018**	**-**

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(x) Financial risk management

The Company is exposed to credit risk, liquidity risk, and market risk (including currency risk, interest rate risk, and other market price 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 Board of Directors is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor adherence to the controls. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's operations.

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

(i) 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, receivables from customers, and other receivables. The maximum exposure to credit risk is equal to the carrying amount of the Company's financial assets.

The Company maintains cash and cash equivalents with reputable financial institutions. Therefore, the exposure related to potential default by those counter-parties is not considered significant.

In order to reduce credit risk of accounts receivable, the Company has established a credit policy under which each customer is analyzed individually for creditworthiness for the purpose of setting the credit limit. Additionally, the Company continuously evaluates the credit quality of customers and utilizes insurance to minimize the credit risk.

The Company believes that there is no significant concentration of credit risk due to the Company's relation to a wide range of customers and large geographical regions.

Please refer to note 6(d) for credit risk exposure of accounts receivable. Other financial assets amortized at cost includes other receivables and refundable deposits (included in other financial assets－non-current). The abovementioned financial assets are considered low-credit risk financial assets; therefore, the loss allowances are measured using 12 months ECL. Please refer to note 6(e) for ECL assessment.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in settling its financial liabilities by delivering cash or other financial assets. The Company manages liquidity risk by monitoring regularly the current and mid- to long-term cash demand, maintaining adequate cash and banking facilities, and ensuring compliance with the terms of the loan agreements. As of December 31, 2024 and 2023, the Company had unused credit facilities of $2,215,000 and $2,053,750, respectively.

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ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	Contractual cash flows	Within 1 year	1-2 years	2-5 years	More than 5 years
December 31, 2024					
Non-derivative financial liabilities:					
Short-term borrowings	$ 35,117	35,117	-	-	-
Notes and accounts payable (including related parties)	200,296	200,296	-	-	-
Bonds payable	500,000	-	-	500,000	-
Other payables (including related parties)	41,587	41,587	-	-	-
Lease liabilities	19,316	6,597	6,750	5,969	-
Long-term debt	257,188	4,902	252,286	-	-
	$ 1,053,504	**288,499**	**259,036**	**505,969**	**-**
Derivative financial instruments:					
Foreign currency forward contracts:					
Outflow	$ 66,915	66,915	-	-	-
Inflow	(66,958)	(66,958)	-	-	-
	$ (43)	**(43)**	**-**	**-**	**-**
December 31, 2023					
Non-derivative financial liabilities:					
Notes and accounts payable (including related parties)	$ 110,436	110,436	-	-	-
Other payables (including related parties)	29,590	29,590	-	-	-
Lease liabilities	24,568	7,054	5,944	11,570	-
Long-term debt	52,126	1,004	975	50,147	-
	$ 216,720	**148,084**	**6,919**	**61,717**	**-**
Derivative financial instruments:					
Foreign currency forward contracts:					
Outflow	$ 41,388	41,388	-	-	-
Inflow	(41,348)	(41,348)	-	-	-
Foreign exchange swaps:					
Outflow	181,772	181,772	-	-	-
Inflow	(183,043)	(183,043)	-	-	-
	$ (1,231)	**(1,231)**	**-**	**-**	**-**

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, 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.

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

1) Foreign currency risk

The Company is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currency of the Company. The functional currency of the Company consists mainly of New Taiwan Dollar (NTD) and the currency other than the functional currency used in these transactions consists mainly of US Dollar (USD), Japanese Yen (JPY) and Chinese Yuan Renminbi (CNY).

At the reporting date, the carrying amounts of the Company's significant monetary assets and liabilities denominated in a currency, other than the respective functional currencies of the Company, were as follows:

	December 31, 2024					
		Foreign currency (in thousands)	Exchange rate	NTD (in thousands)	Change in magnitude	Pre-tax effect on profit or loss (in thousands)
Financial assets						
USD	$	98	32.785	3,213	1 %	32
Financial liabilities						
USD		63	32.785	2,065	1 %	21
JPY		1,887	0.2099	396	1 %	4

	December 31, 2023					
		Foreign currency (in thousands)	Exchange rate	NTD (in thousands)	Change in magnitude	Pre-tax effect on profit or loss (in thousands)
Financial assets						
USD	$	348	30.75	10,701	1 %	107
JPY		9,261	0.2175	2,014	1 %	20
CNY		42,001	4.3364	182,133	1 %	1,821
Financial liabilities						
USD		84	30.75	2,583	1 %	26
JPY		2,191	0.2175	477	1 %	5

As the Company deals in diverse foreign currencies, gains and losses on foreign exchange were summarized as a single amount. The aggregate of realized and unrealized foreign exchange gain (loss) for the years ended December 31, 2024 and 2023 were \$6,575 and \$(3,318), respectively.

2) Interest rate risk

The Company's bank loans carried floating interest rates. To manage the interest rate risk, the Company periodically assesses the interest rates of bank loans and maintains good relationships with financial institutions to obtain lower financing costs. The Company also strengthens the management of working capital to reduce the dependence on bank loans, as well as the risk arising from fluctuation of interest rates.

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

Please refer to the note on liquidity risk management for details on interest rate exposure of the Company's financial liabilities. The following sensitivity analysis is based on the risk exposure to non-derivative financial instruments on the reporting date. The sensitivity analysis assumes the liabilities carrying floating interest rates recorded at the reporting date had been outstanding for the entire period. The change in interest rate reported to the key management in the Company is based on 100 basis points (1%), which is consistent with the assessment made by the key management in respect of the possible change in interest rate.

If interest rates had been 100 basis points (1%) higher/lower, with all other variables held constant, pre-tax income for the year ended December 31, 2024 and 2023 would have been $2,850 and $500, respectively, lower/higher, which mainly resulted from the borrowings with floating interest rates.

(y) Capital management

In consideration of the industry dynamics and future developments, as well as external environment factors, the Company manages its capital in a manner to ensure that it has sufficient and necessary financial resources and business plans to fund its future working capital needs, capital expenditures, repayment of debts, dividend payments, and other business requirements. The management determines the optimal capital structure by utilizing the appropriate debt-to-equity ratio to enhance long-term shareholder value on the basis of a stable capital structure.

(z) Financing activities not affecting current cash flow

(i) For acquisition of right-of-use assets under operating lease for the years ended December 31, 2024 and 2023, please refer to note 6(i).

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

			Non-cash changes			
	January 1, 2024	Cash flows	Effect of foreign exchange rate	Additions to lease liabilities	Disposals of lease liabilities	December 31, 2024
Short-term borrowings	$ -	35,000	-	-	-	35,000
Bonds payable	-	530,026	(63,009)	-	-	467,017
Long-term debt	50,000	200,000	-	-	-	250,000
Lease liabilities	23,753	(7,080)	-	2,334	(204)	18,803
Total liabilities from financing activities	$ 73,753	757,946	(63,009)	2,334	(204)	770,820

			Non-cash changes		
	January 1, 2023	Cash flows	Additions to lease liabilities	Disposals of lease liabilities	December 31, 2023
Long-term debt	$ 100,000	(50,000)	-	-	50,000
Lease liabilities	29,060	(7,391)	2,735	(651)	23,753
Total liabilities from financing activities	$ 129,060	(57,391)	2,735	(651)	73,753

7. Related-party transactions

(a) Parent company and ultimate controlling party

DFI Inc. ("DFI") is the parent company of the Company and owns 46.71% and 48.06% of the outstanding shares of the Company as of December 31, 2024 and 2023, respectively. Qisda Corporation ("Qisda") is the ultimate controlling party of the Company. DFI and Qisda have issued the consolidated financial statements for public use.

(b) Name and relationship with related parties

The following are the Company's subsidiaries and entities that have had transactions with the Company during the periods covered in the parent-company-only financial statements.

Name of related party	Relationship with the Company
Qisda Corporation ("Qisda")	The Company's ultimate controlling party
DFI Inc. ("DFI")	The Company's parent company
Cyber South Management Ltd. ("Cyber")	The Company's subsidiary
Hong Kong Ace Pillar Enterprise Limited. ("Hong Kong Ace Pillar")	The Company's subsidiary (Note 1)
Tianjin Ace Pillar Co., Ltd. ("Tianjin Ace Pillar")	The Company's subsidiary
Suzhou Super Pillar Automation Equipment Co., Ltd. ("Suzhou Super Pillar")	The Company's subsidiary
Proton Inc. ("Proton")	The Company's subsidiary
Ace Tek (HK) Holding Co., Ltd. ("Ace Tek")	The Company's subsidiary
Grace Transmission (Tianjin) Co., Ltd. ("Grace Transmission")	The Company's subsidiary (Note 2)
Advancedtek Ace (TJ) Inc. ("Advancedtek Ace")	The Company's subsidiary
ACE Energy Co., Ltd. (formerly BenQ ESCO Corp.) ("AEG")	The Company's subsidiary
Standard Technology Corp. ("STC")	The Company's subsidiary
Standard International Trading (Shanghai) Co., Ltd. ("Shanghai STC")	The Company's subsidiary
Standard Technology Corp.("STCBVI")	The Company's subsidiary
BlueWalker GmbH ("BWA")	The Company's subsidiary
Transpak	The Company's subsidiary
BenQ Corp. ("BenQ")	Qisda's subsidiary
BenQ Material Corp. ("BMC")	Qisda's subsidiary
BenQ Asia Pacific Corp. ("BQP")	Qisda's subsidiary
Metaguru Corporation ("MRU")	Qisda's subsidiary
MetaAge Corporation ("MetaAge")	Qisda's subsidiary
Global Intelligence Network Co., Ltd. ("Ginnet")	Qisda's subsidiary
Partner Tech Corp. ("PTT")	Qisda's subsidiary
Action Star Technology Co., Ltd. ("AST")	Qisda's subsidiary

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ACE PILLAR CO., LTD.
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Name of related party	Relationship with the Company
Visco Vision Inc. ("Visco Vision")	Qisda's associate
TD HiTech Energy Inc ("TDI")	Qisda's associate
Darfon Energy Technology Corp. ("DET")	Qisda's associate
AU Optronics Corp. ("AU")	A corporate director of Qisda that accounted its investment in Qisda using the equity method
AUO Crystal Corp. ("ACTW")	AU's subsidiary
Darwin Precisions Corporation ("Darwin")	AU's subsidiary
Symbio Inc. ("Symbio")	One of the Company's directors is Symbio's key management
Pro Accutech Co., Ltd. ("Pro Accutech")	One of the Company's directors is Pro Accutech's key management
Avatack Co., Ltd. ("Avatack")	One of the Company's directors is Avatack's key management
Four Pillars Enterprise Co., Ltd. ("Four Pillars")	One of the Company's directors is Four Pillars' key management

Note 1: Hong Kong Ace Pillar was liquidated in February 2024.

Note 2: Grace Transmission was liquidated in January 2024.

(c) Significant related-party transactions

(i) Revenue

	2024	2023
Ultimate controlling party	$ 2,250	2,723
Subsidiaries	175	482
Other related parties	4,382	6,562
	$ 6,807	**9,767**

The selling price and payment terms of sales to related parties depend on the economic environment and market competition, and are not comparable to those with third-party customers.

(ii) Purchases

	2024	2023
Parent company	$ 4,127	8,693
Subsidiaries	204	21
Other related parties	-	215
	$ 4,331	**8,929**

There are no significant differences between the purchase prices for related parties and those for third-party vendors. The payment terms of 1～2 months show no significant difference between related parties and third-party vendors.

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(iii) Loans to related parties

Information of actual drawdown amounts of interest-free financing provided to related parties, classified as other receivables from related parties, was as follows:

	December 31, 2024	December 31, 2023
Subsidiary－Tianjin Ace Pillar	$ -	151,774
Subsidiary－Suzhou Super Pillar	-	30,355
	$ -	182,129

(iv) Receivables from related parties

Account	Related-party categories	December 31, 2024	December 31, 2023
Accounts receivable	Ultimate controlling party	$ -	29
	Subsidiaries	-	89
	Other related parties	1,030	1,498
Other receivables	Parent company	1,902	-
	Subsidiaries	893	182,479
	Other related parties	-	111
		$ 3,825	184,206

(v) Payables to related parties

Account	Related-party categories	December 31, 2024	December 31, 2023
Accounts payable	Parent company	$ 569	131
	Subsidiaries	105	-
Other payables	Ultimate controlling party	-	100
	Parent company	700	700
	Subsidiaries	77	-
	Other related parties	379	206
		$ 1,830	1,137

(vi) Lease

The Company leased office from Qisda and the rent is paid monthly with reference to the nearby office rental rates. For the years ended December 31, 2024 and 2023, the related interest expenses on lease liabilities amounted to $7 and $10, respectively. As of December 31, 2024 and 2023, the balances of the lease liabilities amounted to $351 and $482, respectively.

The Company leased its office to related parties. For the years ended December 31, 2024 and 2023, the rental income amounted to $3,408 and $2,700, respectively, which were recognized in other income.

(Continued)

ACE PILLAR CO., LTD.

Notes to the Parent-Company-Only Financial Statements

(vii) Others

In 2024 and 2023, the remuneration received from its subsidiaries as corporate directors, including in other income, amounted to $1,900 and $1,167, respectively. As of December 31, 2024 and 2023, the related outstanding payables were included in other receivables.

(d) Compensation for key management personnel

	2024	2023
Short-term employee benefits	$ 11,456	12,047
Post-employment benefits	43	203
	$ 11,499	**12,250**

8. Pledged assets: None

9. Significant commitments and contingencies

As of December 31, 2024 and 2023, the Company had issued promissory notes amounting to $2,535,000 and $2,103,750, respectively, as collateral for obtaining credit facilities from financial institutions.

10. Significant losses due to major disasters: None

11. Significant subsequent events: None

12. Others:

Employee benefits, depreciation, and amortization (recognized in operating expense) categorized by function were as follows:

	2024			2023		
	Cost of sales	**Operating expenses**	**Total**	**Cost of sales**	**Operating expenses**	**Total**
Employee benefits:						
Salaries	-	117,417	117,417	-	106,080	106,080
Insurance	-	9,996	9,996	-	10,280	10,280
Pension	-	5,059	5,059	-	5,119	5,119
Remuneration to directors	-	5,758	5,758	-	4,980	4,980
Others	-	5,686	5,686	-	5,025	5,025
Depreciation	198	13,795	13,993	206	14,327	14,533
Amortization	-	3,788	3,788	-	4,592	4,592

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ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

Additional information related to the number of employees and employee benefits of 2024 and 2023, was as follows:

	2024	2023
The number of employees	120	123
The number of non-employee directors	7	7
Average employee benefits	$ 1,223	1,091
Average employee salaries	$ 1,039	914
Average employee salaries increased (decreased) by	13.68 %	(12.70)%
Supervisors' remuneration	$ -	-

The Company's salary and remuneration policies (including directors, managers and employees) were as follows:

(a) Directors:

(i) The remuneration to directors is made quarterly based on the days of duty of each director and is calculated based on different ratios if a director takes up different positions, such as the chairman, an audit committee convener, a member of the audit committee or remuneration committee.

(ii) The payout for the remuneration to directors is calculated based on the days of duty of each director in accordance with the Company's articles of incorporation approved by the Board of Directors.

The payment base is determined according to the Company's condition and scale of current operations, with reference to the industry levels, wherein the amendments to the payment base will be approved by the Board of Directors.

(b) Managers:

(i) Fixed salary for 12 months

(ii) Variable payouts related to employee remuneration and bonus are based on individual performance.

(iii) Other benefits including premium physical check-up program, official vehicles, fuel allowance and parking space.

(c) Employees:

Employee remuneration is based on their salaries, meal allowances, as well as year-end and quarterly bonus, taking into account their individual performance evaluation.

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

13. Additional disclosures:

(a) Information on significant transactions:

(i) Financing provided to other parties: Table 1 (attached)

(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): Table 2 (attached)

(iv) Marketable securities for which the accumulated purchase or sale amounts exceed $300 million or 20% of the paid-in capital: Table 3 (attached)

(v) Acquisition of real estate which exceeds $300 million or 20% of the paid-in capital: None

(vi) Disposal of real estate which exceeds $300 million or 20% of the paid-in capital: None

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

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

(ix) Information about derivative instrument transactions: Please refer to note 6(b)

(b) Information on investees: Table 4 (attached)

(c) Information on investment in Mainland China: Table 5 (attached)

(d) Major shareholders:

Shareholding Major Shareholder's Name	Shares	Percentage
DFI Inc.	52,436,069	46.71 %
Han-Yu Investment Co., Ltd.	10,176,013	9.06 %
Chief Investment Co., Ltd.	7,329,443	6.52 %
Rido Investment Co., Ltd.	5,711,538	5.08 %

14. Segment information

Please refer to the consolidated financial statements for the years ended December 31, 2024.

ACE PILLAR CO., LTD.

Financing provided to other parties

For the year ended December 31, 2024

(Amounts in thousands of New Taiwan Dollar, unless specified otherwise)

Table 1

No.	Financing Company	Counter-Party	Financial Statement Account	Related Parties	Maximum Balance for the Period	Ending Balance	Actual Drawdown Amounts	Interest Rate	Nature of Financing	Transaction Amounts	Reasons for Short-term Financing	Loss Allowance	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits
													Item	Value		
0	The Company	Tianjin Ace Pillar	Other receivables from related parties	Yes	246,032	89,830	-	0%~2%	2	-	Operating requirement	-		-	417,793	835,586
0	The Company	Suzhou Super Pillar	Other receivables from related parties	Yes	87,796	-	-	0%	2	-	Operating requirement	-		-	417,793	835,586
1	Cyber South	Tianjin Ace Pillar	Other receivables from related parties	Yes	22,985	22,950	22,950	0%	2	-	Operating requirement	-		-	519,280	519,280
2	Proton	Tianjin Ace Pillar	Other receivables from related parties	Yes	13,134	13,114	13,114	0%	2	-	Operating requirement	-		-	389,016	389,016
3	Suzhou Super Pillar	Tianjin Ace Pillar	Other receivables from related parties	Yes	45,467	44,915	44,915	3%	2	-	Operating requirement	-		-	118,611	118,611

Note 1: The aggregate financing amount shall not exceed 40% of the latest audited or reviewed net worth of the Company, within which the short-term financing amount to subsidiaries shall not exceed 20% of net worth of the abovementioned net worth of the Company.

Note 2: The aggregate financing amount and the individual financing amount of Cyber South and Proton shall not exceed 10% and 5%, respectively, of the most recent net worth of subsidiaries. For the subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company, which are not located in Taiwan, for the purpose of lending operating capital, the amount of financing offered to a single company owned by the Company shall not exceed 100% of the net worth of subsidiaries.

Note 3: The aggregate financing amount and the individual financing amount of Suzhou Super Pillar shall not exceed 40% and 20%, respectively, of the most recent net worth of subsidiaries. For the subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company, which are not located in Taiwan, for the purpose of lending operating capital, the amount of financing offered to a single company owned by the Company shall not exceed 100% of the net worth of subsidiaries.

Note 4: Nature of Financing

1 Business transaction purpose

2 Short-term financing purpose

ACE PILLAR CO., LTD.

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

December 31, 2024

(Amounts in thousands of New Taiwan Dollar / shares / units, unless specified otherwise)

Table 2

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	December 31, 2024				Note
				Shares/ Units	Carrying Value	Percentage of Ownership	Fair value	
The Company	Stock: Blade Hydrogen Green Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	10,000	50,018	9.31%	50,018	-
STC	Stock: Intelligent fluids GmbH	-	Financial assets at fair value through other comprehensive income－non-current	27	Note 1	1.36%	-	-
STC	Stock: COMPITEK CORP PTE LTD. (CPL)	-	Financial assets at fair value through other comprehensive income－non-current	36	9,214	6.28%	9,214	-
STCBVI	Corporate bond: Biogen Inc.	-	Financial assets at amortized cost－non-current	USD 100	3,420	-	3,420	-

Note 1: The impairment loss was fully recognized.

ACE PILLAR CO., LTD.

Marketable securities for which the accumulated purchase or sale amount for the year exceed NT$300 million or 20% of the paid-in capital

For the year ended December 31, 2024

(Amounts in thousands of New Taiwan Dollar / shares, unless specified otherwise)

Table 3

Company name	Marketable Securities Type and Name	Financial Statement Account	Counter-Party	Relationship	Beginning Balance		Purchase		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain (Loss) on Disposal	Shares	Amount (Note 1)
The Company	Stock: Transpak	Investment accounted for using equity method	-	-	-	-	460	690,000	-	-	-	-	460	736,719

Note 1: The ending balance includes shares of profits/losses of investees and other related adjustment.

ACE PILLAR CO., LTD.

Information on investees (excluding information on investments in Mainland China)

For the year ended December 31, 2024

(Amounts in thousands of New Taiwan Dollar / shares, unless specified otherwise)

Table 4

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount (Note)		Balances as of December 31, 2024			Net Income (Loss) of the Investee	Share of Profit/ (Loss) of the Investee	Note
				December 31, 2024	December 31, 2023	Shares	Percentage of Ownership	Carrying Value			
The Company	Cyber South	SAMOA	Investment and holding activity	107,041	107,041	4,669	100.00%	519,280	(32,134)	(32,162)	-
The Company	Hong Kong Ace Pillar	Hong Kong	Sales of automation mechanical transmission system and component	-	5,120	-	-	-	-	-	Note 3
Cyber South	Proton	SAMOA	Investment and holding activity	527,665	527,665	17,744	100.00%	389,016	(43,250)	Note 1	-
Cyber South	Ace Tek	Hong Kong	Investment and holding activity	4,938	4,938	150	100.00%	3,115	420	Note 1	-
The Company	STC	Taiwan	Sales of semiconductor, optoelectronics and machinery equipment and equipment repair	187,000	187,000	6,084	60.00%	223,050	19,672	8,523	-
STC	STCBVI	B.V.I.	Investment and holding activity	21,727	21,727	600	100.00%	104,019	13,991	Note 1	-
The Company	AEG	Taiwan	Energy technology service	166,760	166,760	4,993	99.86%	223,730	29,268	29,227	-
AEG	BWA	Germany	Sales and service of energy management products	138,804	138,804	Note 2	100.00%	192,273	23,018	Note 1	-
The Company	Transpak	Taiwan	Manufacture and sales of strapping equipment	690,000	-	460	39.00%	736,719	207,087	46,719	-

Note: Original investment amounts include capitalization of retained earnings.

Note 1: The share of profit or losses of the investee company is not disclosed herein as such amount is already included in the share of profit or losses of the investor company.

Note 2: There were no shares as the company is a limited liability company.

Note 3: Hong Kong Ace Pillar approved its dissolution in July 2023 and was liquidated in February 2024.

ACE PILLAR CO., LTD.
Information on investment in Mainland China
For the year ended December 31, 2024
(Amounts in thousands of New Taiwan Dollar and other currencies)

Table 5

1. Information on investments in Mainland China:

Name of Investee	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2024	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2024	Net Income (Loss) of the Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss) (Note 3)	Carrying Value as of December 31, 2024	Accumulated Inward Remittance of Earnings as of December 31, 2024
					Outflow	Inflow						
Tianjin Ace Pillar	Sales of automation mechanical transmission system and component	1,157,212 (USD 35,297)	Direct and indirect investment	63,931 (USD 1,950)	-	-	63,931 (USD 1,950)	(51,736)	100.00%	(51,736)	459,253	125,533
Grace Transmission	Manufacture of automation mechanical transmission system and component	-	Indirect investment	5,246 (USD 160)	-	-	5,246 (USD 160)	-	Note 5	-	-	-
Advancedtek Ace	Electronic system integration	9,836 (USD 300)	Indirect investment	4,918 (USD 150)	-	-	4,918 (USD 150)	419	100.00%	419 (USD 13)	3,086 (USD 94)	-
Suzhou Super Pillar	Manufacture and technology service of automation mechanical transmission system and control products	47,538 (USD 1,450)	Indirect investment	Note 2	-	-	Note 2	7,101	100.00%	7,101 (USD 221)	118,611 (USD 3,618)	-
Shanghai STC	Sales of semiconductor, optoelectronics and machinery equipment and equipment repair	15,737 (USD 480)	Indirect investment	15,737 (USD 480)	-	-	15,737 (USD 480)	13,878	100.00%	13,878	89,689	160,279

Note 1: Total amounts of paid-in capital include direct investment and capitalization of liabilities.

Note 2: Established by Cyber South's reinvestment.

Note 3: Investment income or loss recognized based on the financial statements audited by the auditors of the Company.

Note 4: The amounts were translated into New Taiwan Dollar at the exchange rates of US$1=NTD 32.785 and CNY 1=NTD 4.4915.

Note 5: Grace Transmission approved its dissolution in January 2022 and was liquidated in January 2024.

2. Limits on investments in Mainland China:

Company Name	Accumulated Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA (Note 3)
ACE	167,826 (USD 5,119)	167,826 (USD 5,119)	1,740,480
STC	15,737 (USD 480)	15,737 (USD 480)	120,638

Note 1: The Group' s investment in Delta Greentech (China) Co., Ltd. for USD 2,859 thousand was authorized by Investment Commission, MOEA.

In 2011, the Group sold all of its equity interest in Delta Greentech (China) Co., Ltd. which was reported to Investment Commission, MOEA on August 5, 2011 but the investment was not yet retired.

Note 2: The amounts were translated into New Taiwan Dollar at the exchange rates of US$1=NTD 32.785.

Note 3: Pursuant to "Principle of Investment or Technical Cooperation in Mainland China", investment amounts in Mainland China shall not exceed the 60% net worth of the company.

3. Significant transactions with investee companies in Mainland China:

The transactions between parent and investee companies in Mainland China (the intercompany transaction) have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on significant transactions" for detail description.

Ace Pillar Co., Ltd.

Statement of Cash and Cash Equivalents

December 31, 2024

(Expressed in Thousands of New Taiwan Dollar)

Item	Description		Amount
Cash on hand			$ 226
Demand deposits and checking accounts			191,120
Foreign currency deposits	USD: $98 thousand	Exchange rate: 32.785	3,218
Time deposits			160,000
			$ 354,564

Statement of Notes and Accounts Receivable

Client Name	Amount
Customer A	$ 44,507
Customer B	17,887
Customer C	16,464
Others (Note)	234,730
	313,588
Less: loss allowance	(957)
	$ 312,631

Note: The amount of each item in others did not exceed 5% of the account balance.

(Continued)

Ace Pillar Co., Ltd.

Statement of Inventories

December 31, 2024

(Expressed in Thousands of New Taiwan Dollar)

Item	Description	Amount: Carrying Amount	Amount: Net realizable Value	Note
Merchandise inventory	Automation control, mechanical transmission system, intelligent technology service and others	$ 220,495	277,678	Net realizable value

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

For the year ended December 31, 2024

(Expressed in Thousands of New Taiwan Dollar / shares)

Name of financial instruments	Balance at January 1, 2024		Additions		Decrease		Unrealized gains on financial assets measured at fair value through other comprehensive income	Balance at December 31, 2024		Collateral	Note
	Shares	Fair value	Shares	Amount	Shares	Amount		Shares	Fair value		
Unlisted stock: Blade Hydrogen Green Technology Co., Ltd.	-	$ -	10,000	50,000	-	-	18	10,000	50,018	-	-

(Continued)

Ace Pillar Co., Ltd.

Statement of Changes in Investments Accounted for Using the Equity Method

For the year ended December 31, 2024

(Expressed in Thousands of New Taiwan Dollar / Shares)

	Balance at January 1, 2024		Additions (Note 1)		Decrease (Note 2)		Investment	Other	Balance at December 31, 2024			Net Assets Value		
Name of Investee	Shares	Amount	Shares	Amount	Shares	Amount	Income (Loss)	adjustments (Note 3)	Shares	Percentage of Ownership	Amount	Unit Price (in NTD)	Total Amount	Collateral
Investments accounted for using equity method:														
Tianjin Ace Pillar	Note	$ 84,179	-	-	-	-	(8,821)	2,945	Note	17.05 %	78,303	-	78,303	-
Cyber South	4,669	537,147	-	-	-	-	(32,162)	14,295	4,669	100.00 %	519,280	-	519,280	-
Hong Kong Ace Pillar	1,200	4,714	-	-	(1,200)	(4,797)	-	83	-	-	-	-	-	-
STC	6,084	218,794	-	-	-	(6,084)	8,523	1,817	6,084	60.00 %	223,050	-	223,050	-
AEG	4,993	204,487	-	-	-	(9,986)	29,227	2	4,993	99.86 %	223,730	-	223,730	-
Transpak	-	-	460	690,000	-	-	46,719	-	460	39.00 %	736,719	-	736,719	-
		$ 1,049,321		690,000		(20,867)	43,486	19,142			1,781,082		1,781,082	

Note: There were no shares as the company is a limited liability company.

Note 1: Additions arose from the increase in investment by cash.

Note 2: Decrease arose from disposal of investments by cash and cash dividends received from investees.

Note 3: Other adjustments

Foreign currency translation differences	$ 20,431
Changes in capital surplus	38
Unrealized loss from investments in equity instruments measured at FVOCI	(599)
Loss on liquidation of subsidiaries	(728)
	$ 19,142

(Continued)

Ace Pillar Co., Ltd.

Statement of Other Non-current Assets

December 31, 2024

(Expressed in Thousands of New Taiwan Dollar)

Item	Amount
Refundable deposits	$ 10,755

Statement of Short-Term Borrowings

Types of Loan	Description	Ending Balance	Contract Period	Interest Rate	Credit Facilities	Collateral
Unsecured loan	E.SUN Commercial Bank	$ 35,000	2024/08/05~2025/08/05	0.50%	200,000	-

Statement of Notes and Accounts Payable

Vendor Name	Amount
Vendor A	$ 151,454
Vendor B	29,098
Others (Note)	19,070
	$ 199,622

Note: The amount of each item in others did not exceed 5% of the account balance.

(Continued)

Ace Pillar Co., Ltd.

Statement of Other Payables

December 31, 2024

(Expressed in Thousands of New Taiwan Dollar)

Item	Amount
Salaries and bonus payables	$ 25,117
Remuneration to employees and directors	5,357
Others (Note)	9,957
	$ 40,431

Note: The amount of each item in others did not exceed 5% of the account balance.

Statement of Lease Liabilities

Item	Description	Lease Term	Discount Rate	Ending Balance
Buildings	Office premise, factory and warehouses	2022/10/01~2027/11/30	1.82%~2.97%	$ 18,697
Transportation equipment		2023/04/01~2025/03/31	3%	106
Less: current portion of lease liabilities				(6,302)
				$ 12,501

(Continued)

Ace Pillar Co., Ltd.

Statement of Long-term Debt

December 31, 2024

(Expressed in Thousands of New Taiwan Dollar)

Creditor	Description	Loan Amount	Contract Period	Interest Rate	Collateral
First Commercial Bank	Medium and long-term loans	$ 250,000	2024/11~2026/06	1.940%	-

Statement of Operating Cost

For the year ended December 31, 2024

Item	Amount
Inventory, beginning of year	$ 259,691
Add: Purchases	809,871
Less: Inventory, end of year	(251,108)
Transferred to other expenses	(225)
Write-downs (reversal) of inventories	(5,821)
Lease cost	198
Operating cost	**$ 812,606**

(Continued)

Ace Pillar Co., Ltd.

Statement of Operating Expenses

For the year ended December 31, 2024

(Expressed in Thousands of New Taiwan Dollar)

Item	Selling Expenses	Administrative Expenses
Salaries (including pension)	$ 83,311	48,925
Insurance	8,627	4,158
Depreciation	3,722	10,073
Amortization	269	3,519
Professional service expense	1,053	11,808
Others (Note)	14,826	7,591
	$ 111,808	**86,074**

Note: The amount of each item in others did not exceed 5% of the account balance.

For details on statement of Financial Assets and Liabilities at Fair Value through Profit or Loss－Current, please refer to note 6(b).

For details on statements of Accounts Receivable from Related Parties, Accounts Payable to Related Parties, Other Receivables from Related Parties and Other Payables to Related Parties, please refer to note 7.

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

For details on statement of Changes in Right-of-Use Assets, please refer to note 6(i).

For details on statement of Changes in Investment Property, please refer to note 6(j).

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

For details on statement of Bonds Payable, please refer to note 6(n).

For details on statement of Deferred Income Tax Assets and Liabilities, please refer to note 6(q).

For details on statement of Operating Revenue, please refer to note 6(t).

For details on statement of Interest Income, please refer to note 6(v).

For details on statement of Other Income, please refer to note 6(v).

For details on statement of Other Gains and Losses, please refer to note 6(v).

For details on statement of Finance Costs, please refer to note 6(v).