

ACE PILLAR CO., LTD. AND SUBSIDIARIES**Consolidated Financial Statements****With Independent Auditors' Report****For the Years Ended December 31, 2024 and 2023**

Address: 12F, No. 558, Zhongyuan Rd., Xinzhuang Dist., New Taipei City 242, Taiwan (R.O.C.)
Telephone: 886-2-2995-8400

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

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Representation Letter

The entities that are required to be included in the consolidated financial statements of Ace Pillar Co., Ltd. as of and for the year ended December 31, 2024 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 “Consolidated Financial Statements” endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Ace Pillar Co., Ltd. and Subsidiaries do not prepare a separate set of consolidated financial statements.

Hereby declare

Ace Pillar Co., Ltd.
Wen-Hsing Tseng
Chairman
February 24, 2025



安侯建業聯合會計師事務所
KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel	+ 886 2 8101 6666
傳真 Fax	+ 886 2 8101 6667
網址 Web	kpmg.com/tw

Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of Ace Pillar Co., Ltd. and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2024 and 2023, the consolidated statements of comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Ace Pillar Co., Ltd. and its subsidiaries as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Ace Pillar Co., Ltd. and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

1. Business combinations

Please refer to Note 4(q) for accounting policy on business combinations, and Note 6(h) for related disclosures, respectively, to the consolidated 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 business combinations 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. Impairment of goodwill

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(l) for related disclosures of goodwill impairment test, respectively, to the consolidated financial statements.

Description of key audit matter:

Goodwill arising from the acquisition of subsidiaries is subject to impairment test annually or at the time there are indications that goodwill may have been impaired. The assessment of the recoverable amount of the cash-generating unit 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.

Other Matter

Ace Pillar Co., Ltd. has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2024 and 2023, on which we have issued an unmodified audit opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing Ace Pillar Co., Ltd. and its subsidiaries' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Ace Pillar Co., Ltd. and its subsidiaries 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. and its subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ace Pillar Co., Ltd. and its subsidiaries' internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Ace Pillar Co., Ltd. and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Ace Pillar Co., Ltd. and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Ace Pillar Co., Ltd. and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current 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 determined 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 consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

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

ACE PILLAR CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollar)

		December 31, 2024		December 31, 2023				December 31, 2024		December 31, 2023	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 1,237,604	23	391,843	13	2100	Short-term borrowings (notes 6(m) and 8)	\$ 267,912	5	134,599	5
1110	Financial assets at fair value through profit or loss — current (note 6(b))	2,779	-	1,730	-	2123	Financial liabilities at fair value through profit or loss — current (note 6(b))	165	-	40	-
1136	Financial assets measured at amortized cost — current (notes 6(d) and 8)	1,016	-	1,000	-	2130	Contract liabilities — current (note 6(v))	76,431	1	44,252	2
1140	Contract assets — current (note 6(v))	11,383	-	812	-	2150-2170	Notes and accounts payable (note 7)	637,816	12	364,024	12
1150-1170	Notes and accounts receivable (notes 6(e), (v), 7 and 8)	977,534	18	920,711	31	2200	Other payables (notes 6(w) and 7)	196,193	4	127,005	4
1200	Other receivables (notes 6(f) and 7)	6,994	-	5,241	-	2230	Current income tax liabilities	97,608	2	39,331	1
130X	Inventories (note 6(g))	939,936	17	668,897	23	2280	Lease liabilities — current (notes 6(q) and 7)	38,835	1	13,500	-
1410-1470	Prepayments and other current assets	41,336	1	28,155	1	2325	Preference share liabilities — current (note 6(p))	165,559	3	-	-
Total current assets		3,218,582	59	2,018,389	68	2399	Other current liabilities	6,652	-	11,985	-
Non-current assets:						Total current liabilities		1,487,171	28	734,736	24
1517	Financial assets at fair value through other comprehensive income — non-current (note 6(c))	59,232	1	8,655	-	2530	Bonds payable (note 6(o))	467,017	9	-	-
1535	Financial assets measured at amortized cost — non-current (note 6(d))	3,420	-	3,211	-	2540	Long-term debt (note 6(n))	250,000	5	50,000	2
1600	Property, plant and equipment (notes 6(i) and 8)	553,391	10	560,875	19	2570	Deferred income tax liabilities (note 6(s))	247,772	4	82,696	3
1755	Right-of-use assets (note 6(j))	126,382	2	53,443	2	2580	Lease liabilities — non-current (notes 6(q) and 7)	72,940	1	24,342	1
1760	Investment property, net (note 6(k))	80,399	2	81,805	3	2670	Other non-current liabilities — others	903	-	-	-
1780	Intangible assets (notes 6(h) and (l))	1,338,238	25	187,721	6	Total non-current liabilities		1,038,632	19	157,038	6
1840	Deferred income tax assets (note 6(s))	18,021	-	13,438	1	Total liabilities		2,525,803	47	891,774	30
1920	Refundable deposits	20,496	1	20,894	1	Equity attributable to shareholders of the Company (notes 6(h), (o) and (t)):					
1990	Other non-current assets	8,442	-	7,601	-	3110	Common stock	1,122,505	20	1,122,505	38
Total non-current assets		2,208,021	41	937,643	32	3200	Capital surplus	378,840	7	312,314	11
						3300	Retained earnings	606,004	11	572,289	19
						3400	Other equity	(18,384)	-	(38,234)	(1)
						Total equity attributable to shareholders of the Company		2,088,965	38	1,968,874	67
						36XX	Non-controlling interests (notes 6(h) and (t))	811,835	15	95,384	3
						Total equity		2,900,800	53	2,064,258	70
Total assets		\$ 5,426,603	100	2,956,032	100	Total liabilities and equity		\$ 5,426,603	100	2,956,032	100

See accompanying notes to the consolidated financial statements.

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

ACE PILLAR CO., LTD. AND SUBSIDIARIES**Consolidated 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 6(v), 7 and 14)	\$ 3,678,183	100	3,051,803	100
5000	Operating costs (notes 6(g), (i), (j), (r), 7 and 12)	(2,792,789)	(76)	(2,429,143)	(80)
	Gross profit	<u>885,394</u>	<u>24</u>	<u>622,660</u>	<u>20</u>
	Operating expenses (notes 6(e), (i), (j), (k), (l), (q), (r), (w), 7 and 12):				
6100	Selling expenses	(474,270)	(13)	(421,143)	(14)
6200	Administrative expenses	(241,325)	(7)	(222,952)	(7)
6300	Research and development expenses	(16,005)	-	(5,420)	-
6450	Gains (losses) on reversal of expected credit loss	<u>1,963</u>	<u>-</u>	<u>13,382</u>	<u>-</u>
	Total operating expenses	<u>(729,637)</u>	<u>(20)</u>	<u>(636,133)</u>	<u>(21)</u>
	Operating income (loss)	<u>155,757</u>	<u>4</u>	<u>(13,473)</u>	<u>(1)</u>
	Non-operating income and loss (notes 6(o), (q), (x) and 7):				
7100	Interest income	5,193	-	1,996	-
7010	Other income	10,690	-	21,445	1
7020	Other gains and losses, net	34,425	1	(8,881)	(1)
7050	Finance costs	<u>(13,762)</u>	<u>-</u>	<u>(7,210)</u>	<u>-</u>
	Total non-operating income and loss	<u>36,546</u>	<u>1</u>	<u>7,350</u>	<u>-</u>
	Income (loss) before income tax	<u>192,303</u>	<u>5</u>	<u>(6,123)</u>	<u>(1)</u>
7950	Less: income tax expense (note 6(s))	<u>(46,116)</u>	<u>(1)</u>	<u>(10,957)</u>	<u>-</u>
	Net income (loss)	<u>146,187</u>	<u>4</u>	<u>(17,080)</u>	<u>(1)</u>
	Other comprehensive income (notes 6(s) and (t)):				
8310	Items that will not be reclassified subsequently to profit or loss:				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	577	-	7,222	-
8349	Less: income tax related to items that will not be reclassified subsequently to profit or loss	<u>(1,557)</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(980)</u>	<u>-</u>	<u>7,222</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign operations	22,016	1	(7,359)	-
8399	Less: income tax related to items that may be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>22,016</u>	<u>1</u>	<u>(7,359)</u>	<u>-</u>
	Other comprehensive income (loss) for the year, net of income tax	<u>21,036</u>	<u>1</u>	<u>(137)</u>	<u>-</u>
	Total comprehensive income (loss) for the year	<u>\$ 167,223</u>	<u>5</u>	<u>(17,217)</u>	<u>(1)</u>
	Net income (loss) attributable to:				
8610	Shareholders of the Company	\$ 67,390	2	(20,946)	(1)
8620	Non-controlling interests	<u>78,797</u>	<u>2</u>	<u>3,866</u>	<u>-</u>
		<u>\$ 146,187</u>	<u>4</u>	<u>(17,080)</u>	<u>(1)</u>
	Total comprehensive income (loss) attributable to:				
8710	Shareholders of the Company	\$ 87,240	3	(23,253)	(1)
8720	Non-controlling interests	<u>79,983</u>	<u>2</u>	<u>6,036</u>	<u>-</u>
		<u>\$ 167,223</u>	<u>5</u>	<u>(17,217)</u>	<u>(1)</u>
	Earnings (loss) per share (in New Taiwan Dollar) (note 6(u)):				
9750	Basic earnings (loss) per share	\$ <u>0.60</u>		<u>(0.19)</u>	
9850	Diluted earnings (loss) per share	\$ <u>0.60</u>		<u>(0.19)</u>	

See accompanying notes to the consolidated financial statements.

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

ACE PILLAR CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the years ended December 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollar)**

	Attributable to shareholders of the Company											
	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 of the Company	Non-controlling interests	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	89,338	2,137,509
Net income (loss) in 2023	-	-	-	-	(20,946)	(20,946)	-	-	-	(20,946)	3,866	(17,080)
Other comprehensive income (loss) in 2023	-	-	-	-	-	-	(6,640)	4,333	(2,307)	(2,307)	2,170	(137)
Total comprehensive income (loss) in 2023	-	-	-	-	(20,946)	(20,946)	(6,640)	4,333	(2,307)	(23,253)	6,036	(17,217)
Appropriation of earnings:												
Legal reserve	-	-	7,837	-	(7,837)	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(56,125)	(56,125)	-	-	-	(56,125)	-	(56,125)
Proceeds from disposal of forfeited employee stock managed by an employee ownership trust	-	81	-	-	-	-	-	-	-	81	10	91
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	95,384	2,064,258
Net income in 2024	-	-	-	-	67,390	67,390	-	-	-	67,390	78,797	146,187
Other comprehensive income (loss) in 2024	-	-	-	-	-	-	20,431	(581)	19,850	19,850	1,186	21,036
Total comprehensive income (loss) in 2024	-	-	-	-	67,390	67,390	20,431	(581)	19,850	87,240	79,983	167,223
Appropriation of earnings:												
Cash dividends to shareholders	-	-	-	-	(33,675)	(33,675)	-	-	-	(33,675)	-	(33,675)
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	640,513	640,513
Distribution of cash dividends by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(4,070)	(4,070)
Conversion options recognized for issuance of convertible bonds	-	66,144	-	-	-	-	-	-	-	66,144	-	66,144
Proceeds from disposal of forfeited employee stock managed by an employee ownership trust	-	344	-	-	-	-	-	-	-	344	25	369
Changes in ownership interests in subsidiaries	-	38	-	-	-	-	-	-	-	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	811,835	2,900,800

See accompanying notes to the consolidated financial statements.

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

ACE PILLAR CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the years ended December 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollar)**

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Income (loss) before income taxes	\$ 192,303	(6,123)
Adjustments for:		
Adjustments to reconcile profit or loss:		
Depreciation	56,014	41,393
Amortization	42,779	14,371
Gain on reversal of expected credit loss	(1,963)	(13,382)
Gain on financial instruments at fair value through profit or loss	(32,188)	-
Interest expense	13,762	7,210
Interest income	(5,193)	(1,996)
Dividend income	(1,034)	(996)
Loss (gain) on disposal of property, plant and equipment	(899)	69
Loss on lease modifications	13	61
Gain on liquidation of subsidiaries	(4,360)	-
Total adjustments for profit or loss	<u>66,931</u>	<u>46,730</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	1,651	(1,567)
Contract assets	(10,571)	(812)
Notes and accounts receivable	(54,086)	59,617
Other receivables	23,331	1,228
Inventories	60,704	225,361
Other assets	(10,320)	22,862
Net changes in operating assets	<u>10,709</u>	<u>306,689</u>
Changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	125	(1,018)
Notes and accounts payable	106,761	(26,581)
Other payables	47,878	(22,126)
Contract liabilities	2,810	(63,909)
Other current liabilities	(5,715)	1,845
Other non-current liabilities	625	-
Net changes in operating liabilities	<u>152,484</u>	<u>(111,789)</u>
Total changes in operating assets and liabilities	<u>163,193</u>	<u>194,900</u>
Total adjustments	<u>230,124</u>	<u>241,630</u>
Cash provided by operations	422,427	235,507
Interest received	5,067	1,901
Dividends received	1,034	996
Income taxes paid	(28,691)	(51,526)
Net cash flows provided by operating activities	<u>399,837</u>	<u>186,878</u>

See accompanying notes to the consolidated financial statements.

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

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Continued)
For the years ended December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollar)

	<u>2024</u>	<u>2023</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(50,000)	-
Acquisition of subsidiary, net of cash received	(304,695)	-
Acquisition of property, plant and equipment	(4,044)	(4,468)
Proceeds from disposal of property, plant and equipment	1,181	399
Acquisition of intangible assets	(419)	(5,620)
Decrease (increase) in other financial assets — current	(16)	6,848
Decrease (increase) in refundable deposits	<u>1,945</u>	<u>(2,139)</u>
Net cash flows used in investing activities	<u>(356,048)</u>	<u>(4,980)</u>
Cash flows from financing activities:		
Increase in short-term borrowings	916,025	187,869
Decrease in short-term borrowings	(788,580)	(279,937)
Proceeds from issuing bonds	530,026	-
Increase in long-term debt	600,000	50,000
Repayments of long-term debt	(400,000)	(100,677)
Payment of lease liabilities	(30,217)	(14,872)
Cash dividends distributed to shareholders	(33,675)	(56,125)
Distribution of cash dividend by subsidiaries to non-controlling interests	(4,070)	-
Proceeds from disposal of forfeited employee stock managed by an employee ownership trust	407	91
Interest paid	<u>(12,167)</u>	<u>(7,330)</u>
Net cash flows provided by (used in) financing activities	<u>777,749</u>	<u>(220,981)</u>
Effect of foreign exchange rate changes	<u>24,223</u>	<u>(5,169)</u>
Net increase (decrease) in cash and cash equivalents	845,761	(44,252)
Cash and cash equivalents at beginning of year	<u>391,843</u>	<u>436,095</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,237,604</u></u>	<u><u>391,843</u></u>

See accompanying notes to the consolidated financial statements.

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

ACE PILLAR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated 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 and its subsidiaries (collectively the “Group”) are primarily engaged in the tests, processing, sales, repairment, electromechanical integration of automation control and mechanical transmission system and intelligent technology service, the sales of semiconductor, optoelectronics and machinery equipment and equipment repair, energy technology service, the sales and service of energy management products, as well as the manufacture and sales of strapping equipment.

2. Authorization of the consolidated financial statements

These consolidated 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 Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated 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 Group 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 consolidated financial statements:

- Amendments to IAS 21 “Lack of Exchangeability”

(Continued)

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>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.</p> <ul style="list-style-type: none"> • 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 Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

(Continued)

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- IFRS 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 consolidated financial statements are summarized as follows and have been applied consistently to all periods presented in these financial statements.

(a) Statement of compliance

The Group’s accompanying consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the “Regulations”) and the IFRSs, IASs, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the FSC (collectively as “Taiwan-IFRSs”).

(b) Basis of preparation

(i) Basis of measurement

The accompanying consolidated 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 each Group entity is determined based on the primary economic environment in which the entity operates. The Group’s consolidated 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.

(Continued)

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Basis of consolidation

(i) Principles of preparation of consolidated financial statements

The accompanying consolidated financial statements incorporate the financial statements of the Company and its controlled entities (the subsidiaries) in which the Company is exposed, or has right, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions, balances and resulting unrealized income and loss are eliminated on consolidation. Total comprehensive income (loss) of a subsidiary is attributed to the shareholders of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, financial statements of subsidiaries are adjusted to align their accounting policies with those adopted by the Company.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the adjustment of the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and attributed to the shareholders of the Company.

(ii) List of subsidiaries in the consolidated financial statements

The subsidiaries included in the consolidated financial statements were as follows:

Name of Investor	Name of Subsidiaries	Principal Activities	Percentage of Ownership		Note
			December 31, 2024	December 31, 2023	
The Company	Cyber South Management Ltd. ("Cyber South", Samoa)	Investment and holding activity	100.00 %	100.00 %	-
The Company/ Proton/ Cyber South	Tianjin Ace Pillar Co., Ltd. ("Tianjin Ace Pillar", China)	Sales of automation mechanical transmission system and component	100.00 %	100.00 %	-
The Company	Hong Kong Ace Pillar Enterprise Limited. ("Hong Kong Ace Pillar", Hong Kong)	Sales of automation mechanical transmission system and component	-	100.00 %	Note 1
Cyber South	Proton Inc. ("Proton", Samoa)	Investment and holding activity	100.00 %	100.00 %	-
Cyber South	Ace Tek (HK) Holding Co., Ltd. ("Ace Tek", Hong Kong)	Investment and holding activity	100.00 %	100.00 %	-
Cyber South	Suzhou Super Pillar Automation Equipment Co., Ltd. ("Suzhou Super Pillar", China)	Manufacture and technology service of automation mechanical transmission system and control products	100.00 %	100.00 %	-
Cyber South	Grace Transmission (Tianjin) Co., Ltd. ("Grace Transmission", China)	Manufacture of automation mechanical transmission system and component	-	100.00 %	Note 2
Ace Tek	Advancedtek Ace (TJ) Inc. ("Advancedtek Ace", China)	Electronic system integration	100.00 %	100.00 %	-
The Company	Standard Technology Corp. ("STC", Taiwan)	Sales of semiconductor, optoelectronics and machinery equipment and equipment repair	60.00 %	60.00 %	-

(Continued)

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiaries	Principal Activities	Percentage of Ownership		Note
			December 31, 2024	December 31, 2023	
STC	Standard Technology Corp. ("STCBVI", BVI)	Investment and holding activity	60.00 %	60.00 %	-
STCBVI	Standard International Trading (Shanghai) Co., Ltd. ("Shanghai STC", China)	Sales of semiconductor, optoelectronics and machinery equipment and equipment repair	60.00 %	60.00 %	-
The Company	ACE Energy Co., Ltd. ("AEG", Taiwan)	Energy technology service	99.86 %	99.86 %	-
AEG	BlueWalker GmbH ("BWA", Germany)	Sales and service of energy management products	99.86 %	99.86 %	-
The Company	Transpak Equipment Corporation ("Transpak", Taiwan)	Manufacture and sales of strapping equipment	39.00 %	-	Note 3

Note 1: The subsidiary was liquidated in February 2024.

Note 2: The subsidiary was liquidated in January 2024.

Note 3: On August 12, 2024, the Company acquired 39% equity ownership of Transpak and owned more than half of the board seats of Transpak and has the power to direct the operating relevant activities of Transpak. Therefore, it is determined that the Company has control over Transpak.

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

(d) 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 Group's consolidated financial statements at the exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated into the presentation currency of the Group's consolidated financial statements at the average exchange rates for the period. All resulting exchange differences are recognized in other comprehensive income.

(Continued)

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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 Group 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 Group'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.

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

The Group 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 Group 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 Group 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.

(f) 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.

(g) Financial instruments

Accounts receivable is initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group 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.

(Continued)

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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 Group 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.

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 Group 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.

(Continued)

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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 Group'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 Group 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.

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 Group 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 Group 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 Group's claim to cash flows from specified assets (e.g. non-recourse features)

5) Impairment of financial assets

The Group 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).

(Continued)

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group 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 Group 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 Group's historical experience and credit assessment, as well as forward-looking information.

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 Group 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 Group in accordance with the contract and the cash flows that the Group 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 Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group 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 Group 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 Group's procedures for recovery of amounts due.

6) Derecognition of financial assets

The Group 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 the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(Continued)

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group 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 Group 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 Group after deducting all of its liabilities. Equity instruments are recognized at the amount of consideration received, less, the direct issuing cost.

3) Preference shares

The Group's preference shares are classified as financial liabilities as they bear non-discretionary dividends, to which the Group has a contractual obligation to distribute.

4) Compound financial instruments

Compound financial instruments issued by the Group 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.

5) 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.

(Continued)

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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.

6) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been fulfilled or cancelled, or has expired. The Group 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.

7) Offsetting of financial assets and liabilities

Financial assets and liabilities are presented on a net basis only when the Group 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.

(iii) Derivative financial instruments

The Group 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.

(h) 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.

(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.

(Continued)

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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 Group.

(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.

Land is not depreciated. The estimated useful lives for property, plant and equipment are as follows: transportation and other equipment: 3 to 10 years; and lease assets: 3 to 5 years. 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.

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

(Continued)

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) As a lessee

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group 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 Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change of the Group's assessment on whether it will exercise an extension option to purchase the underlying asset; or
- there is a change in the lease term resulting from a change of the Group'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.

(Continued)

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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 Group 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 Group 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 consolidated balance sheets.

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

(ii) As a lessor

When the Group 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 Group 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 Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group 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 Group recognizes rental income on a straight-line basis over the lease term.

(l) Intangible assets

(i) Goodwill

Goodwill arising from the acquisition of subsidiaries is accounted for as intangible assets. Please refer to note 4(q) for the description of the measurement of goodwill at initial recognition. Goodwill is not amortized but is measured at cost, less accumulated impairment losses.

(ii) Other intangible assets

Trademarks, patents and customer relationship acquired in a business combination are measured at fair value at the acquisition date. Other 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; trademarks: 10 years; patents: 6 years; customer relationship: 9.75 to 15.39 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.

(Continued)

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Impairment of non-financial assets

The Group assesses at the end of each reporting date whether there is any indication that the carrying amounts of non-financial assets (other than inventories, contract assets 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.

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 Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good to a customer.

(i) Sale of goods

The Group 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 Group 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 Group has a right to an amount of consideration that is unconditional.

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ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Rendering of services

The Group's revenue from providing energy system design and implementation services is recognized in the accounting period in which services are rendered. For performance obligations that are satisfied over time, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided.

(iii) Financing components

The Group 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 Group 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 Group 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.

(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 Group 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 Group 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 Group has 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.

(Continued)

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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 Group 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.

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

- (i) the Group 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 Group 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 Group 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.

(Continued)

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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 consolidated 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 Group'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.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions on the allocation of resources to the segment and to assess its performance for which discrete financial information is available.

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

The preparation of the consolidated 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 Group'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:

Impairment of goodwill

The assessment of impairment of goodwill requires the Group 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(l) for further information of the assessment of impairment of goodwill.

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ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

6. Significant account disclosures

(a) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand	\$ 388	296
Demand deposits and checking accounts	733,283	381,547
Time deposits with original maturities less than three months	503,933	10,000
	<u>\$ 1,237,604</u>	<u>391,843</u>

(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	459
Foreign exchange swaps	-	1,271
Redemption options of convertible bonds (note 6(o))	2,700	-
	<u>\$ 2,779</u>	<u>1,730</u>

	December 31, 2024	December 31, 2023
Financial liabilities at fair value through profit or loss:		
Foreign currency forward contracts	<u>\$ (165)</u>	<u>(40)</u>

The Group 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 / CNY Sell	USD 1,230	2025/01
CNY Buy / USD Sell	USD 1,430	2025/01
USD Buy / EUR Sell	USD 830	2025/01
	December 31, 2023	
	Contract amount (in thousands)	Maturity period
USD Buy / CNY Sell	USD 1,000	2024/01
CNY Buy / USD Sell	USD 2,780	2024/01
USD Buy / EUR Sell	USD 310	2024/01

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ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Foreign exchange swaps

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

Please refer to note 6(x) for the 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 and foreign unlisted stocks	\$ <u>59,232</u>	<u>8,655</u>

The Group 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 years ended December 31, 2024 and 2023.

(d) Financial assets measured at amortized cost

	December 31, 2024	December 31, 2023
Pledged time deposits	\$ 1,016	1,000
Corporate bonds	3,420	3,211
	\$ <u>4,436</u>	<u>4,211</u>
Current	\$ 1,016	1,000
Non-current	3,420	3,211
	\$ <u>4,436</u>	<u>4,211</u>

The Group has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

Please refer to note 8 for details of financial assets pledged as collateral.

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ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Notes and accounts receivable

	December 31, 2024	December 31, 2023
Notes receivable from operating activities	\$ 151,600	292,667
Accounts receivable measured at amortized cost	847,301	650,354
Less: loss allowance	<u>(21,367)</u>	<u>(22,310)</u>
	<u>\$ 977,534</u>	<u>920,711</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. Forward-looking information is taken into consideration as well. Analysis of expected credit losses on notes and accounts receivable of operation in Taiwan and Europe was as follows:

	December 31, 2024		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Current	\$ 500,962	0%	-
Past due 1-90 days	13,371	0%	-
Past due 91-180 days	-	0~100%	-
Past due 181-270 days	-	0~100%	-
Past due 271-365 days	68	0~100%	49
Past due over 366 days	<u>1,091</u>	100%	<u>1,091</u>
	<u>\$ 515,492</u>		<u>1,140</u>

	December 31, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Current	\$ 346,552	0%	-
Past due 1-90 days	21,037	0%	-
Past due 91-180 days	6	0~100%	-
Past due 181-270 days	6	0~100%	5
Past due 271-365 days	69	0~100%	69
Past due over 366 days	<u>1,520</u>	100%	<u>1,520</u>
	<u>\$ 369,190</u>		<u>1,594</u>

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ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Analysis of expected credit losses on notes and accounts receivable of operation in Mainland China was as follows:

	December 31, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	\$ 407,838	0~0.69%	1,802
Past due 1-90 days	55,807	0~11.06%	2,650
Past due 91-180 days	4,567	0~33.90%	720
Past due 181-270 days	414	0~59.32%	272
Past due 271-365 days	119	0~100%	119
Past due over 366 days	14,664	100%	14,664
	<u>\$ 483,409</u>		<u>20,227</u>

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	\$ 511,470	0~1.01%	2,240
Past due 1-90 days	43,575	0~17.85%	2,587
Past due 91-180 days	4,370	0~56.32%	1,957
Past due 181-270 days	2,205	0~84.36%	1,721
Past due 271-365 days	1,582	100%	1,582
Past due over 366 days	10,629	100%	10,629
	<u>\$ 573,831</u>		<u>20,716</u>

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

	2024	2023
Balance at January 1	\$ 22,310	59,012
Gain on reversal of impairment loss	(1,963)	(13,382)
Write-off	(202)	(2)
(Reversal of) insurance claims for accounts receivable	469	(22,866)
Effect of exchange rate changes	753	(452)
Balance at December 31	<u>\$ 21,367</u>	<u>22,310</u>

Please refer to note 8 for details of notes receivable pledged as collateral.

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ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Other receivables

	December 31, 2024	December 31, 2023
Other receivables	\$ 6,994	5,241
Less: loss allowance	<u>-</u>	<u>-</u>
	<u>\$ 6,994</u>	<u>5,241</u>

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

(g) Inventories

	December 31, 2024	December 31, 2023
Raw materials	\$ 196,439	-
Work in process	46,280	-
Merchandise inventory	<u>697,217</u>	<u>668,897</u>
	<u>\$ 939,936</u>	<u>668,897</u>

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

	2024	2023
Cost of inventories sold	\$ 2,779,903	2,355,863
(Reversal of) write-downs of inventories	(44,274)	2,165
Losses on scrap of inventories	<u>-</u>	<u>408</u>
	<u>\$ 2,735,629</u>	<u>2,358,436</u>

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.

(h) Acquisition of subsidiary and non-controlling interests

(i) 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 Group's consolidated entities. Transpak is primarily engaged in the manufacture and sales of strapping equipment. The acquisition of Transpak enables the Group to respond to long-term operational development of the Group and expand its business capacity to provide customers with a full range of products and services.

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ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Identifiable net assets acquired and goodwill recognized 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)
	<u>1,028,251</u>
Goodwill	<u><u>\$ 288,982</u></u>

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ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group 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	<u>(13,280)</u>
Decrease in goodwill	<u><u>\$ 8,491</u></u>

3) Intangible assets

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.

4) Pro forma information

From the acquisition date to December 31, 2024, Transpak had contributed the revenue of \$604,257 and the net income of \$120,177 to the Group. If this acquisition had occurred on January 1, 2024, the management estimates that consolidated revenue and consolidated net income would have been \$4,363,015 and \$178,934, respectively.

(ii) Subsidiary that has material non-controlling interest

Subsidiary that has material non-controlling interest was as follows:

Subsidiary	Principal place of business/ Registration country	The percentage of ownership and voting rights held by non-controlling interests	
		December 31, 2024	December 31, 2023
Transpak	Taiwan	61.00 %	-

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ACE PILLAR CO., LTD. AND SUBSIDIARIES
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The summarized financial information of subsidiary was as follows, the information was prepared in accordance with Taiwan-IFRSs. The fair value adjustments made during the acquisition as at the acquisition date were included in these information. Intra-group transactions were not eliminated in this information.

- 1) The summarized financial information of Transpak:

	December 31, 2024
Current assets	\$ 891,160
Non-current assets	1,234,495
Current liabilities	(453,032)
Non-current liabilities	<u>(222,316)</u>
Net assets	<u>\$ 1,450,307</u>
The carrying amount of non-controlling interests	<u>\$ 713,588</u>
	August 12 to December 31, 2024
Net sales	<u>\$ 604,373</u>
Net income	<u>\$ 119,793</u>
Total comprehensive income	<u>\$ 119,793</u>
Net income attributable to non-controlling interests	<u>\$ 73,074</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 73,074</u>
	August 12 to December 31, 2024
Cash flow from operating activities	\$ 118,278
Cash flow from investing activities	(4,448)
Cash flow from financing activities	<u>(6,842)</u>
Net increase in cash and cash equivalents	<u>\$ 106,988</u>
Cash dividends paid to non-controlling interests	<u>\$ -</u>

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ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment and other equipment</u>	<u>Lease</u>	<u>Construction in progress</u>	<u>Total</u>
Cost:						
Balance at January 1, 2024	\$ 193,588	484,938	79,074	-	-	757,600
Acquisition through business combination	-	-	47,623	-	-	47,623
Additions	-	-	4,044	-	-	4,044
Disposals	-	(535)	(5,329)	-	-	(5,864)
Effect of exchange rate changes	-	14,240	1,631	-	-	15,871
Balance at December 31, 2024	<u>\$ 193,588</u>	<u>498,643</u>	<u>127,043</u>	<u>-</u>	<u>-</u>	<u>819,274</u>
Balance at January 1, 2023	\$ 256,927	526,392	173,724	102,532	229	1,059,804
Additions	-	-	4,468	-	-	4,468
Disposals	-	-	(101,611)	(102,532)	-	(204,143)
Reclassification	(63,339)	(35,882)	2,894	-	(229)	(96,556)
Effect of exchange rate changes	-	(5,572)	(401)	-	-	(5,973)
Balance at December 31, 2023	<u>\$ 193,588</u>	<u>484,938</u>	<u>79,074</u>	<u>-</u>	<u>-</u>	<u>757,600</u>
Accumulated depreciation and impairment loss:						
Balance at January 1, 2024	\$ -	135,208	61,517	-	-	196,725
Acquisition through business combination	-	-	45,588	-	-	45,588
Depreciation	-	16,700	5,989	-	-	22,689
Disposals	-	(407)	(5,175)	-	-	(5,582)
Effect of exchange rate changes	-	5,156	1,307	-	-	6,463
Balance at December 31, 2024	<u>\$ -</u>	<u>156,657</u>	<u>109,226</u>	<u>-</u>	<u>-</u>	<u>265,883</u>
Balance at January 1, 2023	\$ -	136,316	154,343	102,532	-	393,191
Depreciation	-	16,685	8,585	-	-	25,270
Disposals	-	-	(101,143)	(102,532)	-	(203,675)
Reclassification	-	(16,175)	-	-	-	(16,175)
Effect of exchange rate changes	-	(1,618)	(268)	-	-	(1,886)
Balance at December 31, 2023	<u>\$ -</u>	<u>135,208</u>	<u>61,517</u>	<u>-</u>	<u>-</u>	<u>196,725</u>
Carrying amounts:						
Balance at December 31, 2024	<u>\$ 193,588</u>	<u>341,986</u>	<u>17,817</u>	<u>-</u>	<u>-</u>	<u>553,391</u>
Balance at December 31, 2023	<u>\$ 193,588</u>	<u>349,730</u>	<u>17,557</u>	<u>-</u>	<u>-</u>	<u>560,875</u>

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

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ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(j) Right-of-use assets

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:				
Balance at January 1, 2024	\$ 18,169	50,381	2,594	71,144
Acquisition through business combination	-	64,366	1,961	66,327
Additions	-	36,035	1,728	37,763
Disposals	-	(7,584)	(1,186)	(8,770)
Effect of exchange rates changes	<u>1,709</u>	<u>634</u>	<u>7</u>	<u>2,350</u>
Balance at December 31, 2024	<u><u>\$ 19,878</u></u>	<u><u>143,832</u></u>	<u><u>5,104</u></u>	<u><u>168,814</u></u>
Balance at January 1, 2023	\$ 18,466	45,440	2,844	66,750
Additions	-	14,978	2,568	17,546
Disposals	-	(9,884)	(2,806)	(12,690)
Effect of exchange rate changes	<u>(297)</u>	<u>(153)</u>	<u>(12)</u>	<u>(462)</u>
Balance at December 31, 2023	<u><u>\$ 18,169</u></u>	<u><u>50,381</u></u>	<u><u>2,594</u></u>	<u><u>71,144</u></u>
Accumulated depreciation:				
Balance at January 1, 2024	\$ 1,932	14,517	1,252	17,701
Depreciation	459	30,056	1,404	31,919
Disposals	-	(7,362)	(985)	(8,347)
Effect of exchange rates changes	<u>996</u>	<u>156</u>	<u>7</u>	<u>1,159</u>
Balance at December 31, 2024	<u><u>\$ 3,387</u></u>	<u><u>37,367</u></u>	<u><u>1,678</u></u>	<u><u>42,432</u></u>
Balance at January 1, 2023	\$ 1,595	10,619	2,224	14,438
Depreciation	451	13,259	1,172	14,882
Disposals	-	(9,320)	(2,133)	(11,453)
Effect of exchange rates changes	<u>(114)</u>	<u>(41)</u>	<u>(11)</u>	<u>(166)</u>
Balance at December 31, 2023	<u><u>\$ 1,932</u></u>	<u><u>14,517</u></u>	<u><u>1,252</u></u>	<u><u>17,701</u></u>
Carrying amounts:				
Balance at December 31, 2024	<u><u>\$ 16,491</u></u>	<u><u>106,465</u></u>	<u><u>3,426</u></u>	<u><u>126,382</u></u>
Balance at December 31, 2023	<u><u>\$ 16,237</u></u>	<u><u>35,864</u></u>	<u><u>1,342</u></u>	<u><u>53,443</u></u>

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ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
Balance at January 1, 2024			
(Balance at December 31, 2024)	\$ <u>63,339</u>	<u>35,882</u>	<u>99,221</u>
Balance at January 1, 2023	\$ -	-	-
Reclassification	<u>63,339</u>	<u>35,882</u>	<u>99,221</u>
Balance at December 31, 2023	\$ <u>63,339</u>	<u>35,882</u>	<u>99,221</u>
Accumulated depreciation:			
Balance at January 1, 2024	\$ -	17,416	17,416
Depreciation	<u>-</u>	<u>1,406</u>	<u>1,406</u>
Balance at December 31, 2024	\$ <u>-</u>	<u>18,822</u>	<u>18,822</u>
Balance at January 1, 2023	\$ -	-	-
Depreciation	<u>-</u>	<u>1,241</u>	<u>1,241</u>
Reclassification	<u>-</u>	<u>16,175</u>	<u>16,175</u>
Balance at December 31, 2023	\$ <u>-</u>	<u>17,416</u>	<u>17,416</u>
Carrying amounts:			
Balance at December 31, 2024	\$ <u>63,339</u>	<u>17,060</u>	<u>80,399</u>
Balance at December 31, 2023	\$ <u>63,339</u>	<u>18,466</u>	<u>81,805</u>
Fair value:			
Balance at December 31, 2024			\$ <u>180,242</u>
Balance at December 31, 2023			\$ <u>169,348</u>

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.

(l) Intangible assets

	<u>Goodwill</u>	<u>Patents</u>	<u>Computer software</u>	<u>Trademarks</u>	<u>Customer relationships</u>	<u>Total</u>
Cost:						
Balance at January 1, 2024	\$ 98,273	-	21,029	12,822	81,942	214,066
Additions	-	-	419	-	-	419
Acquisition through business combination	288,982	69,054	95	185,911	630,208	1,174,250
Adjustment of business combination during the measurement period	(8,491)	(8,040)	-	(21,256)	56,510	18,723
Disposals	-	-	(5,904)	-	-	(5,904)
Effect of exchange rates changes	<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>2</u>
Balance at December 31, 2024	\$ <u>378,764</u>	<u>61,014</u>	<u>15,641</u>	<u>177,477</u>	<u>768,660</u>	<u>1,401,556</u>

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ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Goodwill</u>	<u>Patents</u>	<u>Computer software</u>	<u>Trademarks</u>	<u>Customer relationships</u>	<u>Total</u>
Balance at January 1, 2023	\$ 98,273	-	16,731	12,822	81,942	209,768
Additions	-	-	5,620	-	-	5,620
Disposals	-	-	(1,341)	-	-	(1,341)
Effect of exchange rates changes	-	-	19	-	-	19
Balance at December 31, 2023	<u>\$ 98,273</u>	<u>-</u>	<u>21,029</u>	<u>12,822</u>	<u>81,942</u>	<u>214,066</u>
Accumulated amortization:						
Balance at January 1, 2024	\$ -	-	10,160	2,244	13,941	26,345
Amortization	-	4,268	4,125	8,191	26,195	42,779
Acquisition through business combination	-	-	95	-	-	95
Disposals	-	-	(5,904)	-	-	(5,904)
Effect of exchange rates changes	-	-	3	-	-	3
Balance at December 31, 2024	<u>\$ -</u>	<u>4,268</u>	<u>8,479</u>	<u>10,435</u>	<u>40,136</u>	<u>63,318</u>
Balance at January 1, 2023	\$ -	-	6,035	962	6,300	13,297
Amortization	-	-	5,448	1,282	7,641	14,371
Disposals	-	-	(1,341)	-	-	(1,341)
Effect of exchange rates changes	-	-	18	-	-	18
Balance at December 31, 2023	<u>\$ -</u>	<u>-</u>	<u>10,160</u>	<u>2,244</u>	<u>13,941</u>	<u>26,345</u>
Carrying amounts:						
Balance at December 31, 2024	<u>\$ 378,764</u>	<u>56,746</u>	<u>7,162</u>	<u>167,042</u>	<u>728,524</u>	<u>1,338,238</u>
Balance at December 31, 2023	<u>\$ 98,273</u>	<u>-</u>	<u>10,869</u>	<u>10,578</u>	<u>68,001</u>	<u>187,721</u>

The carrying amount of goodwill arising from business combinations and the respective CGUs to which the goodwill was allocated for impairment test purpose as of December 31, 2024 and 2023 were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
STC	\$ 76,149	76,149
BWA	22,124	22,124
Transpak	280,491	-
	<u>\$ 378,764</u>	<u>98,273</u>

Each CGU to which the goodwill is allocated represents the lowest level within the Group, 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 Group, 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:

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

(Continued)

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2024	December 31, 2023
BWA:		
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.

(m) Short-term borrowings

	December 31, 2024	December 31, 2023
Unsecured bank loans	\$ 207,994	53,695
Secured bank loans	59,918	80,904
	<u>\$ 267,912</u>	<u>134,599</u>
Unused credit facilities	<u>\$ 2,172,678</u>	<u>2,304,216</u>
Interest rate	0.5%~3.75%	0.95%~3.9%

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

(n) Long-term debt

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

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ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(o) Bonds payable

	December 31, 2024	December 31, 2023
Total bonds payable issued	\$ 500,000	-
Unamortized bond discount	(32,983)	-
Bonds payable	<u><u>\$ 467,017</u></u>	<u><u>-</u></u>
Derivative instrument—redemption options (recognized in financial assets at fair value through profit or loss) (note 6(b))	<u><u>\$ 2,700</u></u>	<u><u>-</u></u>
Equity component—conversion options (recognized in capital surplus—conversion options) (note 6(t))	<u><u>\$ 66,144</u></u>	<u><u>-</u></u>
	<u>2024</u>	<u>2023</u>
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)	<u><u>\$ 950</u></u>	<u><u>-</u></u>

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.

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.

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ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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.

(p) Preference share liabilities

On July 10, 2024, the Board of Directors of Transpak resolved to issue 1,000 Series A preference shares at the price of NTD 10 per share for a total amount of \$10. The significant terms were as follows:

- (i) Except for the distribution of preference share dividends in accordance with Transpak's Articles of Incorporation, the holders of Series A preference shares are not entitled to the distribution of residual assets, voting rights, rights of being elected as directors or supervisors, the distribution of dividends or bonus, or other rights.
- (ii) Series A preference shares shall not be converted into common shares.
- (iii) Series A preference shares shall not be transferred.
- (iv) Annual net income of Transpak for 2024, after deducting taxes, offsetting accumulated deficits, and appropriating 10% as legal reserve, shall be distributed preferentially to the holders of Series A preference shares, wherein the amount of dividends to be distributed is based on Transpak's profitability.
- (v) The aforementioned Series A preference shares dividend should be paid by April 30, 2025. Thereafter, the Series A preference shares will be recalled without consideration.

The Group estimated the fair value of preference share liabilities at December 31, 2024 to be \$165,559, which was determined based on future cash flows.

(q) Lease liabilities

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

	December 31, 2024	December 31, 2023
Current	\$ 38,835	13,500
Non-current	\$ 72,940	24,342

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

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ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts recognized in profit or loss were as follows:

	2024	2023
Interest expense on lease liabilities	\$ <u>2,309</u>	<u>810</u>
Expenses relating to short-term leases	\$ <u>5,006</u>	<u>15,459</u>

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

	2024	2023
Total cash outflows for leases	\$ <u>37,532</u>	<u>31,141</u>

(i) Real estate leases

The Group leases lands and buildings for its office premise, factory and warehouses. The leases for land-use rights typically run for a period of 50 years. The leases for office premise, factory and warehouses typically run for a period of 1 to 5 years.

(ii) Other leases

The Group leases transportation equipment, with lease terms of 2 to 3 years. For the short-term lease of office premise and transportation equipment, the Group has elected to apply exemption and not to recognize right-of-use assets and lease liabilities for these leases.

(r) 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. Foreign subsidiaries make contributions in compliance with their respective local regulations. Under this defined contribution plan, the Group 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 Group recognized the pension expenses of \$24,099 and \$23,106, respectively, in relation to the defined contribution plans.

(s) Income taxes

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

	2024	2023
Current income tax expense	\$ 55,308	30,286
Surtax on undistributed earnings	3,527	1,589
Adjustments for prior periods	<u>(889)</u>	<u>95</u>
	<u>57,946</u>	<u>31,970</u>
Deferred income tax expense (benefit)		
Origination and reversal of temporary differences	<u>(11,830)</u>	<u>(21,013)</u>
Income tax expense	<u>\$ 46,116</u>	<u>10,957</u>

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ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

The components of income tax benefit recognized in other comprehensive income were as follows:

	<u>2024</u>	<u>2023</u>
Items that will not be reclassified subsequently to profit or loss:		
Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	\$ <u>1,557</u>	<u>-</u>

Reconciliation of income tax expense and income (loss) before income tax for the years ended December 31, 2024 and 2023 was as follows:

	<u>2024</u>	<u>2023</u>
Income (loss) before income tax	\$ <u>192,303</u>	<u>(6,123)</u>
Income tax (benefit) using the Company's statutory tax rate	\$ 38,461	(1,225)
Effect of different tax rates in foreign jurisdictions	1,026	2,751
Surtax on undistributed earnings	3,527	1,589
Investment income recorded under equity method	(16,894)	(6,165)
Changes in unrecognized tax losses	22,364	18,531
Changes in unrecognized temporary differences	(4,269)	(3,473)
Adjustments for prior periods	(889)	95
Others	<u>2,790</u>	<u>(1,146)</u>
	\$ <u>46,116</u>	<u>10,957</u>

(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 considers 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. In addition, as certain subsidiaries determined that it is not probable that future taxable profits will be sufficient to allow for the utilization of loss carryforwards as of the reporting dates, no deferred income tax assets are recognized.

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ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Unrecognized deferred income tax assets:

	December 31, 2024	December 31, 2023
Tax losses	\$ 87,654	95,283

Unrecognized deferred income tax liabilities:

	December 31, 2024	December 31, 2023
Aggregate amount of temporary differences related to investments in subsidiaries	\$ 18,391	14,122

As of December 31, 2024, the unrecognized tax losses and the respective expiry years were as follows:

Unrecognized tax losses	Year of expiry
\$ 53,557	2025
56,845	2026
59,004	2027
77,673	2028
103,657	2029
1,604	2030
\$ 352,340	

2) Recognized deferred income tax assets and liabilities

Deferred income tax assets:

	Write-downs of inventories	Loss allowance of receivables	Tax losses	Others	Total
Balance at January 1, 2024	\$ 8,073	4,654	-	711	13,438
Acquisition through business combination	3,812	-	-	-	3,812
Recognized in profit or loss	(1,683)	361	1,491	602	771
Balance at December 31, 2024	\$ 10,202	5,015	1,491	1,313	18,021
Balance at January 1, 2023	\$ 4,485	5,014	-	366	9,865
Recognized in profit or loss	3,588	(360)	-	345	3,573
Balance at December 31, 2023	\$ 8,073	4,654	-	711	13,438

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ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Deferred income tax liabilities:

	Gains from investments in subsidiaries	Others	Total
Balance at January 1, 2024	\$ 66,345	16,351	82,696
Acquisition through business combination	-	174,578	174,578
Recognized in profit or loss	(10,540)	(519)	(11,059)
Recognized in other comprehensive income	-	1,557	1,557
Balance at December 31, 2024	\$ 55,805	191,967	247,772
Balance at January 1, 2023	\$ 82,602	17,534	100,136
Recognized in profit or loss	(16,257)	(1,183)	(17,440)
Balance at December 31, 2023	\$ 66,345	16,351	82,696

(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.

(t) 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

	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(o))	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 stockholders. Realized capital surplus includes the premium derived from the issuance of shares of stock in excess of par value and donations from stockholders 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.

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ACE PILLAR CO., LTD. AND SUBSIDIARIES
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(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 expenditure budget. If the Company has annual earnings and the distributable earnings for the year achieve 2% of the paid-in capital, the dividend distribution shall not be less than 10% of the distributable earnings for the year, of which the percentage of cash dividends shall not be less than 20% of the total dividends for the year.

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. 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.

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ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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.

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 losses on financial assets measured at fair value through other comprehensive income	-	(581)	(581)
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)
Unrealized gains on financial assets measured at fair value through other comprehensive income	-	4,333	4,333
Balance at December 31, 2023	\$ (42,567)	4,333	(38,234)

(Continued)

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Non-controlling interests (net after tax)

	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ 95,384	89,338
Equity attributable to non-controlling interests		
Net income	78,797	3,866
Changes in ownership interests in subsidiaries	25	10
Foreign exchange differences arising from translation of foreign operations	1,585	(719)
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	(399)	2,889
Distribution of cash dividends by subsidiaries to non-controlling interests	(4,070)	-
Increase in non-controlling interests in acquisition of subsidiary	640,513	-
Balance at December 31	<u>\$ 811,835</u>	<u>95,384</u>

(u) Earnings (loss) per share ("EPS")

(i) Basic earnings (loss) per share

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

(ii) Diluted earnings (loss) per share

	<u>2024</u>	<u>2023</u>
Net income (loss) attributable to shareholders of the Company	\$ <u>67,390</u>	<u>(20,946)</u>
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 shares)	<u>112,274</u>	<u>112,250</u>
Diluted earnings (loss) per share (in New Taiwan Dollar)	<u>\$ 0.60</u>	<u>(0.19)</u>

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.

(Continued)

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Revenue from contracts with customers

(i) Disaggregation of revenue

	2024	2023
Major products / services lines:		
Automation control	\$ 1,173,474	1,287,813
Mechanical transmission	884,009	783,648
Sales of semiconductor equipment consumables and equipment repair services	535,760	516,026
Energy management products	475,809	460,206
Equipment and consumables	604,257	-
Others	4,874	4,110
	<u><u>\$ 3,678,183</u></u>	<u><u>3,051,803</u></u>

(ii) Contract balances

	December 31, 2024	December 31, 2023	January 1, 2023
Notes and accounts receivable	\$ 998,901	943,021	1,003,015
Less: loss allowance	(21,367)	(22,310)	(59,012)
	<u><u>\$ 977,534</u></u>	<u><u>920,711</u></u>	<u><u>944,003</u></u>
Contract assets	<u><u>\$ 11,383</u></u>	<u><u>812</u></u>	<u><u>-</u></u>
Contract liabilities — advance receipts	<u><u>\$ 76,431</u></u>	<u><u>44,252</u></u>	<u><u>108,161</u></u>

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

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

The amounts 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 \$31,536 and \$82,646, respectively.

(w) Remuneration to employees and directors

The Company's Articles of Incorporation requires that earnings, which refer to income before income tax before deducting the remuneration to employees and directors, shall first to be offset against any deficit (including any retained earnings adjustment) then a range from 2% to 20% will be distributed as remuneration to its employees and no more than 1% to its directors. The abovementioned remuneration to employees shall be paid in shares or cash and remuneration to directors shall be paid in cash.

(Continued)

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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 were 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.

(x) Non-operating income and loss

(i) Interest income

	2024	2023
Interest income from bank deposits	\$ 5,027	1,820
Interest income from financial assets measured at amortized cost	126	95
Others	40	81
	\$ 5,193	1,996

(ii) Other income

	2024	2023
Rental income	\$ 3,408	2,700
Dividend income	1,034	996
Payables and advance receipts reclassified to income	821	13,244
Miscellaneous income	5,427	4,505
	\$ 10,690	21,445

(iii) Other gains and losses

	2024	2023
Losses on lease modifications	\$ (13)	(61)
Foreign currency exchange gains (losses), net	7,231	(2,406)
Gains (losses) on financial instruments at fair value through profit or loss	23,199	(5,865)
Gains (losses) on disposal of property, plant and equipment	899	(69)
Gains on liquidation of subsidiaries	4,360	-
Others	(1,251)	(480)
	\$ 34,425	(8,881)

(Continued)

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Finance costs

	2024	2023
Interest expense on bank loans	\$ (10,069)	(6,400)
Interest expense on lease liabilities	(2,309)	(810)
Interest expense on bonds payable	(1,384)	-
	<u><u>\$ (13,762)</u></u>	<u><u>(7,210)</u></u>

(y) 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	1,730
Financial assets at fair value through other comprehensive income — non-current	59,232	8,655
Financial assets measured at amortized cost:		
Cash and cash equivalents	1,237,604	391,843
Financial assets measured at amortized cost (including current and non-current)	4,436	4,211
Notes and accounts receivable	977,534	920,711
Other receivables	6,994	5,241
Refundable deposits	20,496	20,894
	<u><u>\$ 2,309,075</u></u>	<u><u>1,353,285</u></u>

2) Financial liabilities

	December 31, 2024	December 31, 2023
Financial liabilities at fair value through profit or loss:		
Derivatives	\$ 165	40
Preference share liabilities	165,559	-
Financial liabilities measured at amortized cost:		
Short-term borrowings	267,912	134,599
Notes and accounts payable	637,816	364,024
Other payables	196,193	127,005
Bonds payable	467,017	-
Lease liabilities (including current and non-current)	111,775	37,842
Long-term debt	250,000	50,000
	<u><u>\$ 2,096,437</u></u>	<u><u>713,510</u></u>

(Continued)

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Fair value information

1) Financial instruments not measured at fair value

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

2) Financial instruments measured at fair value

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:

- a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- c) Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	December 31, 2024				
	Carrying amount	Fair Value			
		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
	<u>\$ 2,779</u>	<u>-</u>	<u>79</u>	<u>2,700</u>	<u>2,779</u>
Financial liabilities at fair value through profit or loss:					
Derivatives — foreign currency forward contracts	\$ (165)	-	(165)	-	(165)
Preference share liabilities	(165,559)	-	-	(165,559)	(165,559)
	<u>\$ (165,724)</u>	<u>-</u>	<u>(165)</u>	<u>(165,559)</u>	<u>(165,724)</u>
Financial assets at fair value through other comprehensive income:					
Domestic and foreign unlisted stocks	\$ 59,232	-	-	59,232	59,232

(Continued)

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2023				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Derivatives — foreign currency forward contracts	\$ 459	-	459	-	459
Derivatives — foreign exchange swaps	1,271	-	1,271	-	1,271
	<u>\$ 1,730</u>	<u>-</u>	<u>1,730</u>	<u>-</u>	<u>1,730</u>
Financial liabilities at fair value through profit or loss:					
Derivatives — foreign currency forward contracts	\$ (40)	-	(40)	-	(40)
Financial assets at fair value through other comprehensive income:					
Foreign unlisted stocks	<u>\$ 8,655</u>	<u>-</u>	<u>-</u>	<u>8,655</u>	<u>8,655</u>

3) Valuation techniques and assumptions used in fair value measurement

a) Non-derivative financial instruments

The fair value of unlisted stock held by the Group 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. The fair value of financial liabilities at fair value through profit or loss (preference share liabilities) is determined based on the discounted cash flow model.

b) 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.

4) 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.

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ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

5) 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	<u><u>\$ 2,700</u></u>	<u><u>-</u></u>

Financial assets at fair value through other comprehensive income:

	2024	2023
Balance at January 1	\$ 8,655	1,434
Additions	50,000	-
Recognized in other comprehensive income	577	7,221
Balance at December 31	<u><u>59,232</u></u>	<u><u>8,655</u></u>

Financial liabilities at fair value through profit or loss:

	2024
Balance at January 1	\$ -
Acquisition through business combination	196,797
Recognized in profit or loss	(31,238)
Balance at December 31	<u><u>165,559</u></u>

(z) Financial risk management

The Group is exposed to credit risk, liquidity risk, and market risk (including currency risk, interest rate risk, and other market price risk). The Group has disclosed the information on exposure to the aforementioned risks and the Group'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 Group's risk management policies. The Group's risk management policies are established to identify and analyze the risks faced by the Group, 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 Group's operations.

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

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ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

The Group believes that there is no significant concentration of credit risk due to the Group's relation to a wide range of customers.

Please refer to note 6(e) 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(f) for ECL assessment.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in settling its financial liabilities by delivering cash or other financial assets. The Group 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 Group had unused credit facilities of \$2,872,678 and \$2,704,216, respectively.

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

	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
December 31, 2024					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 269,645	269,645	-	-	-
Bonds payable	500,000	-	-	500,000	-
Long-term debt (including current portion)	257,188	4,902	252,286	-	-
Notes and accounts payable	637,816	637,816	-	-	-
Other payables	196,193	196,193	-	-	-
Lease liabilities (including current and non-current)	117,178	41,495	35,977	39,706	-
Preference share liabilities	165,559	165,559	-	-	-
	<u>\$ 2,143,579</u>	<u>1,315,610</u>	<u>288,263</u>	<u>539,706</u>	<u>-</u>
Derivative financial instruments:					
Foreign currency forward contracts:					
Outflow	\$ 113,893	113,893	-	-	-
Inflow	(113,807)	(113,807)	-	-	-
	<u>\$ 86</u>	<u>86</u>	<u>-</u>	<u>-</u>	<u>-</u>

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ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
December 31, 2023					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 135,353	135,353	-	-	-
Long-term debt (including current portion)	52,126	1,004	975	50,147	-
Notes and accounts payable	364,024	364,024	-	-	-
Other payables	127,005	127,005	-	-	-
Lease liabilities (including current and non-current)	39,304	14,287	10,914	14,103	-
	<u>\$ 717,812</u>	<u>641,673</u>	<u>11,889</u>	<u>64,250</u>	<u>-</u>
Derivative financial instruments:					
Foreign currency forward contracts:					
Outflow	\$ 128,328	128,328	-	-	-
Inflow	(128,747)	(128,747)	-	-	-
Foreign exchange swaps:					
Outflow	181,772	181,772	-	-	-
Inflow	(183,043)	(183,043)	-	-	-
	<u>\$ (1,690)</u>	<u>(1,690)</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Group 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 Group'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.

1) Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and bank loans that are denominated in a currency other than the respective functional currency of the Group's entities. The functional currency of the Group's entities consists mainly of New Taiwan Dollar (NTD) and Chinese Yuan Renminbi (CNY) 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 Group's significant monetary assets and liabilities denominated in a currency, other than the respective functional currencies of the Group entities, were as follows (including the monetary items that have been eliminated in the accompanying consolidated financial statements):

December 31, 2024					
	<u>Foreign currency (in thousands)</u>	<u>Exchange rate</u>	<u>NTD (in thousands)</u>	<u>Change in magnitude</u>	<u>Pre-tax effect on profit or loss (in thousands)</u>
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$ 7,045	32.785	230,970	1 %	2,310
JPY	305	0.2099	64	1 %	1
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD	3,521	32.785	115,436	1 %	1,154
JPY	15,387	0.2099	3,230	1 %	32

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ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2023					
	Foreign currency (in thousands)	Exchange rate	NTD (in thousands)	Change in magnitude	Pre-tax effect on profit or loss (in thousands)
<u>Financial assets</u>					
<u>Monetary items</u>					
CNY	\$ 42,002	4.3364	182,137	1 %	1,821
USD	5,020	30.75	154,365	1 %	1,544
JPY	10,083	0.2175	2,193	1 %	22
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD	3,310	30.75	101,783	1 %	1,018
JPY	33,129	0.2175	7,206	1 %	72

As the Group deals in diverse foreign currencies, gains and losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2024 and 2023, the aggregate of realized and unrealized foreign exchange gains were \$7,231 and \$(2,406), respectively.

2) Interest rate risk

The Group's bank loans carried floating interest rates. To manage the interest rate risk, the Group periodically assesses the interest rates of bank loans and maintains good relationships with financial institutions to obtain lower financing costs. The Group 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.

Please refer to the note on liquidity risk management for details on interest rate exposure of the Group'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 Group 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 years ended December 31, 2024 and 2023 would have been \$5,179 and \$1,846, respectively, lower/higher, which mainly resulted from the borrowings with floating interest rates.

(aa) Capital management

In consideration of the industry dynamics and future developments, as well as external environment factors, the Group 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.

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ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ab) 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	Acquisition through business combination	Effect of foreign exchange rate and others	Additions to lease liabilities	Disposals of lease liabilities	December 31, 2024
Short-term borrowings	\$ 134,599	127,445	-	5,868	-	-	267,912
Bonds payable	-	530,026	-	(63,009)	-	-	467,017
Long-term debt (including current portion)	50,000	200,000	-	-	-	-	250,000
Preference share liabilities	-	-	196,797	(31,238)	-	-	165,559
Lease liabilities	37,842	(30,217)	66,327	470	37,763	(410)	111,775
Total liabilities from financing activities	<u>\$ 222,441</u>	<u>827,254</u>	<u>263,124</u>	<u>(87,909)</u>	<u>37,763</u>	<u>(410)</u>	<u>1,262,263</u>

				Non-cash changes			
	January 1, 2023	Cash flows	Effect of foreign exchange rate	Additions to lease liabilities	Disposals of lease liabilities		December 31, 2023
Short-term borrowings	\$ 229,235	(92,068)	(2,568)	-	-		134,599
Long-term debt (including current portion)	100,653	(50,677)	24	-	-		50,000
Lease liabilities	36,453	(14,872)	(109)	17,546	(1,176)		37,842
Total liabilities from financing activities	<u>\$ 366,341</u>	<u>(157,617)</u>	<u>(2,653)</u>	<u>17,546</u>	<u>(1,176)</u>		<u>222,441</u>

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 Group. DFI and Qisda have issued the consolidated financial statements for public use.

(b) Name and relationship with related parties

The following are entities that have had transactions with the Group during the periods covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Group</u>
Qisda Corporation (“Qisda”)	The Group’s ultimate controlling party
DFI Inc. (“DFI”)	The Group’s parent company
Yan Ying Hao Trading (ShenZhen) Co., Ltd. (“DYTH”)	Qisda’s subsidiary
Qisda Optronics (Suzhou) Co., Ltd. (“QCOS”)	Qisda’s subsidiary
Qisda (Suzhou) Co., Ltd. (“QCSZ”)	Qisda’s subsidiary
Suzhou BenQ Hospital Co., Ltd. (“SMH”)	Qisda’s subsidiary
BenQ Material Corp. (“BMC”)	Qisda’s subsidiary
BenQ Corp. (“BenQ”)	Qisda’s subsidiary

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ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Name of related party</u>	<u>Relationship with the Group</u>
BenQ Technology (Shanghai) Co., Ltd. (“BQls”)	Qisda’s subsidiary
BenQ Asia Pacific Corp. (“BQP”)	Qisda’s subsidiary
Metaguru Corporation (“MRU”)	Qisda’s subsidiary
Guru Systems (Suzhou) Co., Ltd.	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
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
AU Optronics (Xiamen) Corp. (“AUXM”)	AU’s subsidiary
Darwin Precisions Corporation (“Darwin”)	AU’s subsidiary
TD HiTech Energy Inc (“TDI”)	Qisda’s associate
Darfon Energy Technology Corp. (“DET”)	Qisda’s associate
Visco Vision Inc. (“Visco Vision”)	Qisda’s associate
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.

(c) Significant related-party transactions

(i) Revenue

	<u>2024</u>	<u>2023</u>
Ultimate controlling party	\$ 12,389	10,174
Parent company	-	5,770
Other related parties	<u>78,492</u>	<u>78,168</u>
	<u><u>\$ 90,881</u></u>	<u><u>94,112</u></u>

The selling prices 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.

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ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Purchases

	2024	2023
Parent company	\$ 4,127	8,693
Other related parties	<u>2,422</u>	<u>2,273</u>
	<u>\$ 6,549</u>	<u>10,966</u>

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

(iii) Receivables from related parties

Account	Related-party categories	December 31, 2024	December 31, 2023
Accounts receivable	Ultimate controlling party	\$ 1,160	840
	Parent company	-	606
	Other related parties	13,783	21,253
Other receivables	Parent company	1,902	-
	Other related parties	<u>-</u>	<u>112</u>
		<u>\$ 16,845</u>	<u>22,811</u>

(iv) Payables to related parties

The payables to related parties were as follows:

Account	Related-party categories	December 31, 2024	December 31, 2023
Notes and accounts payable	Parent company	\$ 569	131
	Other related parties	322	442
Other payables	Ultimate controlling party	91	199
	Parent company	800	700
	Other related parties	<u>663</u>	<u>902</u>
		<u>\$ 2,445</u>	<u>2,374</u>

(v) Lease

The Group leased office premise from Qisda and the rental rate is determined by reference to the nearby office rental rates and the rent is paid monthly. For the year ended December 31, 2024, additions to right-of-use assets amounted to \$1,268. For the years ended December 31, 2024 and 2023, the related interest expenses on lease liabilities amounted to \$38 and \$10, respectively. As of December 31, 2024 and 2023, the balances of the lease liabilities amounted to \$1,277 and \$482, respectively.

The Group leased its office premise to related parties. For the years ended December 31, 2024 and 2023, the rental income amounted to \$3,408 and \$2,700, respectively, and was classified as other income.

(Continued)

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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

The carrying amounts of the assets pledged as collateral are detailed below:

Pledged assets	Pledged to secure	December 31, 2024	December 31, 2023
Pledged time deposits (classified as financial assets measured at amortized cost — current)	Customs guarantee	\$ 1,016	1,000
Notes receivable	Short-term borrowings	59,918	80,904
Property, plant and equipment	Guarantee for procurement	19,456	24,146
		\$ 80,390	106,050

9. Significant commitments and contingencies

As of December 31, 2024 and 2023, the Group had issued promissory notes amounting to \$2,842,000 and \$2,305,750, 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:

(a) Employee benefits, depreciation, and amortization categorized by function were as follows:

	2024			2023		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits:						
Salaries	20,550	376,917	397,467	-	337,206	337,206
Insurance	2,400	38,985	41,385	-	39,670	39,670
Pension	860	23,239	24,099	-	23,106	23,106
Others	1,049	13,821	14,870	-	11,026	11,026
Depreciation	4,415	51,599	56,014	2,819	38,574	41,393
Amortization	-	42,779	42,779	-	14,371	14,371

(Continued)

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to Consolidated 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)
 - (x) Business relationships and significant intercompany transactions: Table 4 (attached)
- (b) Information on investees: Table 5 (attached)
- (c) Information on investment in Mainland China: Table 6 (attached)
- (d) Major shareholders:

Major Shareholder's Name	Shareholding	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 %

(Continued)

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

14. Segment information

The Group has five reportable segments: the Taiwan operating segment, the China operating segment, the sales and service of semiconductor equipment material segment, the energy saving and storage segment and the equipment and consumables segment. The Taiwan operating segment is a distributor for the sale of inverters and automation control and mechanical transmission systems in Taiwan, while the China operating segment is a distributor for the sale of mechanical transmission and automation control systems and the wholesale and retail of industrial robotics related products in China. The sales and service of semiconductor equipment material segment mainly engages in the sales of semiconductor, optoelectronics and machinery equipment in Taiwan and China. The energy saving and storage segment mainly engages in the sales and service of energy management products. The equipment and consumables segment mainly engages in the manufacture and sales of strapping equipment. The Group has other operating segments that have not yet reached the quantitative threshold, mainly engaged in the sales of mechanical transmission and automation control systems in other regions.

The classification of the segments is based on the geographical location or products and services. Each segment manages and caters to the different needs of their customers, as well as the needs of different marketing strategies, and thus, should be managed separately.

The operating segment's accounting policies are similar to those described in note 4. The Group uses income (loss) before income tax as the measurement for each segment's profit and the basis of resource allocation and performance assessment. The reporting amount is consistent with the report used by chief operating decision maker. Sales and transfer among reportable segments are recorded in line with sales to third-party customers.

The Group's operating segment information and reconciliation are as follows:

2024								
	Taiwan	Mainland China	Sales of semiconductor equipment consumables and equipment repair services	Energy saving and storage	Equipment and consumables	Others	Adjustments and eliminations	Total
External revenue	\$ 1,024,256	1,038,101	535,760	475,809	604,257	-	-	3,678,183
Intra-group revenue	175	49,236	11,944	-	116	-	(61,471)	-
Total segment revenue	<u>\$ 1,024,431</u>	<u>1,087,337</u>	<u>547,704</u>	<u>475,809</u>	<u>604,373</u>	<u>-</u>	<u>(61,471)</u>	<u>3,678,183</u>
Segment profit (loss)	<u>\$ 19,219</u>	<u>(43,999)</u>	<u>29,348</u>	<u>38,497</u>	<u>181,248</u>	<u>5,220</u>	<u>(37,230)</u>	<u>192,303</u>

2023								
	Taiwan	Mainland China	Sales of semiconductor equipment consumables and equipment repair services	Energy saving and storage	Equipment and consumables	Others	Adjustments and eliminations	Total
External revenue	\$ 868,543	1,206,046	516,026	460,206	-	982	-	3,051,803
Intra-group revenue	482	71,337	4,638	-	-	-	(76,457)	-
Total segment revenue	<u>\$ 869,025</u>	<u>1,277,383</u>	<u>520,664</u>	<u>460,206</u>	<u>-</u>	<u>982</u>	<u>(76,457)</u>	<u>3,051,803</u>
Segment profit (loss)	<u>\$ (18,141)</u>	<u>(41,281)</u>	<u>25,376</u>	<u>36,652</u>	<u>-</u>	<u>(1,352)</u>	<u>(7,377)</u>	<u>(6,123)</u>

(Continued)

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(a) Product information

Revenues from external customers are detailed below:

Products and services	2024	2023
Automation control	\$ 1,173,474	1,287,813
Mechanical transmission	884,009	783,648
Sales of semiconductor equipment consumables and equipment repair services	535,760	516,026
Energy management products	475,809	460,206
Equipment and consumables	604,257	-
Others	4,874	4,110
	<u><u>\$ 3,678,183</u></u>	<u><u>3,051,803</u></u>

(b) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of business, and segment assets are based on the geographical location of the assets.

Products and services	2024	2023
Revenues from external customers are detailed below:		
Taiwan	\$ 1,467,679	1,265,420
Mainland China	1,255,816	1,409,540
Europe	583,460	354,238
Americas	235,546	-
Others	135,682	22,605
	<u><u>\$ 3,678,183</u></u>	<u><u>3,051,803</u></u>

Non-current assets:

Products and services	December 31, 2024	December 31, 2023
Taiwan	\$ 1,801,993	592,129
Mainland China	294,197	288,823
Europe	2,205	681
Others	8,457	9,812
	<u><u>\$ 2,106,852</u></u>	<u><u>891,445</u></u>

Non-current assets include property, plant and equipment, right-of-use assets, investment property and other assets, but do not include financial instruments and deferred income tax assets.

(c) Major customer information

There was no single customer representing at least 10% of revenue in the consolidated statements of comprehensive income.

ACE PILLAR CO., LTD. AND SUBSIDIARIES
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

Note 5: The above transactions are eliminated when preparing the consolidated financial statements.

ACE PILLAR CO., LTD. AND SUBSIDIARIES
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				Maximum percentage of ownership during 2024		Note
				Shares/ Units	Carrying Value	Percentage of Ownership	Fair value	Shares	Percentage of Ownership	
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	10,000	9.31%	-
STC	Stock: Intelligent fluids GmbH	-	Financial assets at fair value through other comprehensive income — non-current	27	Note 1	1.36%	-	27	1.71%	-
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	36	6.28%	-
STCBVI	Corporate bond: Biogen Inc.	-	Financial assets at amortized cost — non-current	USD 100	3,420	-	3,420	USD 100	-	-

Note 1: The impairment loss was fully recognized.

ACE PILLAR CO., LTD. AND SUBSIDIARIES

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. AND SUBSIDIARIES
Business relationships and significant intercompany transactions
For the year ended December 31, 2024
(Amounts in thousands of New Taiwan Dollar, unless specified otherwise)

Table 4

No. (Note 1)	Company Name	Related Party	Nature of Relationship (Note 2)	Transaction Details			
				Financial Statements Account	Amount (Note 3)	Payment Terms	Percentage of Consolidated Operating Revenue or Total Assets (Note 4)
1	Advancedtek Ace	Tianjin Ace Pillar	3	Revenue	40,460	T/T 30 days	1.10%

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

1. “0” represents the Company.
2. Subsidiaries are numbered from “1”.

Note 2: The relationships with counterparties are as follows:

- No. “1” represents the transactions from the Company to subsidiary.
No. “2” represents the transactions from subsidiary to the Company.
No. “3” represents the transactions between subsidiaries.

Note 3: Intercompany relationships and significant intercompany transactions are disclosed only for the amounts that exceed 1% of consolidated operating revenue or total assets.

The corresponding purchases and accounts payables are not disclosed.

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

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

ACE PILLAR CO., LTD. AND SUBSIDIARIES
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 5

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount (Note)		Balances as of December 31, 2024			Maximum percentage of ownership during 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	Shares	Percentage of Ownership			
The Company	Cyber South	SAMOA	Investment and holding activity	107,041	107,041	4,669	100.00%	519,280	4,669	100.00%	(32,134)	(32,162)	Note 1
The Company	Hong Kong Ace Pillar	Hong Kong	Sales of automation mechanical transmission system and component	-	5,120	-	-	-	1,200	100.00%	-	-	Note 4
Cyber South	Proton	SAMOA	Investment and holding activity	527,665	527,665	17,744	100.00%	389,016	17,744	100.00%	(43,250)	Note 2	Note 1
Cyber South	Ace Tek	Hong Kong	Investment and holding activity	4,938	4,938	150	100.00%	3,115	150	100.00%	420	Note 2	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	6,084	60.00%	19,672	8,523	Note 1
STC	STCBVI	B.V.I.	Investment and holding activity	21,727	21,727	600	100.00%	104,019	600	100.00%	13,991	Note 2	Note 1
The Company	AEG	Taiwan	Energy technology service	166,760	166,760	4,993	99.86%	223,730	4,993	99.86%	29,268	29,227	Note 1
AEG	BWA	Germany	Sales and service of energy management products	138,804	138,804	Note 3	100.00%	192,273	Note 3	100.00%	23,018	Note 2	Note 1
The Company	Transpak	Taiwan	Manufacture and sales of strapping equipment	690,000	-	460	39.00%	736,719	460	39.00%	207,087	46,719	Note 1

Note: Original investment amounts include capitalization of retained earnings.

Note 1: The above intercompany transactions have been eliminated when preparing the consolidated financial statements.

Note 2: 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 3: There were no shares as the company is a limited liability company.

Note 4: Hong Kong Ace Pillar approved its dissolution in July 2023 and was liquidated in February 2024.

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

Table 6

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	Maximum percentage of ownership during 2024		Investment Income (Loss) (Note 3)	Carrying Value as of December 31, 2024	Accumulated Inward Remittance of Earnings as of December 31, 2024
					Outflow	Inflow				Shares	Percentage of Ownership			
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%	Note 6	100%	(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	Note 6	100%	-	-	-
Advancedtek Ace	Electronic system integration	9,836 (USD 300)	Indirect investment	4,918 (USD 150)	-	-	4,918 (USD 150)	419	100.00%	Note 6	100%	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%	Note 6	100%	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%	Note 6	100%	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.

Note 6: There were no shares as the company is a limited liability company.

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.