

ACE PILLAR CO., LTD. AND SUBSIDIARIES**Consolidated Financial Statements****With Independent Auditors' Review Report****For the Six Months Ended June 30, 2025 and 2024**

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

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income (Loss)	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Organization and business	8
(2) Authorization of the consolidated financial statements	8
(3) Application of new and revised accounting standards and interpretations	8~10
(4) Summary of material accounting policies	10~11
(5) Critical accounting judgments, and key sources of estimation uncertainty	11
(6) Significant account disclosures	12~41
(7) Related-party transactions	42~44
(8) Pledged assets	44~45
(9) Significant commitments and contingencies	45
(10) Significant losses due to major disasters	45
(11) Significant subsequent events	45
(12) Others	45
(13) Additional disclosures	
(a) Information on significant transactions	46, 48~49
(b) Information on investees	46, 50
(c) Information on investment in Mainland China	46, 51
(14) Segment information	46~47



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Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Ace Pillar Co., Ltd. and its subsidiaries as of June 30, 2025 and 2024, and the related consolidated statements of comprehensive income (loss) for the three months and six months then ended, as well as the consolidated statements of changes in equity and cash flows for the six months then ended, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the section of the Basis for Qualified Conclusion of the Consolidated Financial Statements for the six months ended June 30, 2025, we conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion of the Consolidated Financial Statements for the Six Months Ended June 30, 2025

As stated in Note 4(b) to the accompanying consolidated financial statements, the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$200,101 thousand, constituting 4.04% of the consolidated total assets, and the total liabilities amounting to \$90,156 thousand, constituting 4.35% of the consolidated total liabilities as of June 30, 2025, as well as the total comprehensive income (loss) amounting to \$(4,230) thousand and \$7,824 thousand, constituting 15.74% and 12.85% of the consolidated total comprehensive income (loss) for the three months and six months ended June 30, 2025, respectively.

Qualified Conclusion and Unqualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain non-significant consolidated subsidiaries described in the section of the Basis for Qualified Conclusion of the Consolidated Financial Statements for the six months ended June 30, 2025, been reviewed by independent auditors, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Ace Pillar Co., Ltd. and its subsidiaries as of June 30, 2025 and 2024, and their consolidated financial performance for the three months and six months then ended, as well as their consolidated cash flows for the six months then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)
August 1, 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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

Consolidated Balance Sheets

(Expressed in Thousands of New Taiwan Dollar)

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 three months and six months ended June 30, 2025 and 2024

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

		For the three months ended June 30				For the six months ended June 30			
		2025		2024		2025		2024	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (notes 6(v), 7 and 14)	\$ 1,195,423	100	766,564	100	2,308,526	100	1,468,972	100
5000	Operating costs (notes 6(g), (i), (j), (r), 7 and 12)	(894,127)	(75)	(590,335)	(77)	(1,711,457)	(74)	(1,132,791)	(77)
	Gross profit	301,296	25	176,229	23	597,069	26	336,181	23
	Operating expenses (notes 6(e), (i), (j), (k), (l), (q), (r), (w), 7 and 12):								
6100	Selling expenses	(138,103)	(11)	(106,722)	(14)	(270,588)	(11)	(211,375)	(14)
6200	Administrative expenses	(70,850)	(6)	(54,888)	(7)	(138,293)	(6)	(109,519)	(8)
6300	Research and development expenses	(8,587)	(1)	(1,524)	-	(17,199)	(1)	(2,887)	-
6450	Gains on reversal of expected credit loss	5,915	-	784	-	3,931	-	168	-
	Total operating expenses	(211,625)	(18)	(162,350)	(21)	(422,149)	(18)	(323,613)	(22)
	Operating income	89,671	7	13,879	2	174,920	8	12,568	1
	Non-operating income and loss (notes 6(o), (q), (x) and 7):								
7100	Interest income	2,747	-	1,007	-	4,686	-	1,318	-
7010	Other income	2,149	-	1,899	-	4,496	-	5,355	-
7020	Other gains and losses, net	(13,599)	(1)	(1,781)	-	(14,220)	(1)	2,188	-
7050	Finance costs	(5,535)	-	(1,734)	-	(11,445)	-	(3,234)	-
	Total non-operating income and loss	(14,238)	(1)	(609)	-	(16,483)	(1)	5,627	-
	Income before income tax	75,433	6	13,270	2	158,437	7	18,195	1
7950	Less: income tax expense (note 6(s))	(15,753)	(1)	(5,760)	(1)	(34,583)	(2)	(9,117)	(1)
	Net income	59,680	5	7,510	1	123,854	5	9,078	-
	Other comprehensive income (note 6(s)):								
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	(2,413)	-	527	-	(949)	-	(719)	-
8349	Less: income tax related to items that will not be reclassified subsequently to profit or loss	155	-	1,301	-	15	-	(1,301)	-
		(2,258)	-	(774)	-	(934)	-	(2,020)	-
8360	Items that may be reclassified subsequently to profit or loss:								
8361	Exchange differences on translation of foreign operations	(84,297)	(7)	7,010	1	(62,056)	(2)	20,308	2
8399	Less: income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-	-	-	-	-
		(84,297)	(7)	7,010	1	(62,056)	(2)	20,308	2
	Other comprehensive income (loss) for the period, net of income tax	(86,555)	(7)	6,236	1	(62,990)	(2)	18,288	2
	Total comprehensive income (loss) for the period	\$ (26,875)	(2)	13,746	2	60,864	3	27,366	2
	Net income attributable to:								
8610	Shareholders of the Company	\$ 26,980	2	5,502	1	53,532	2	5,684	-
8620	Non-controlling interests	32,700	3	2,008	-	70,322	3	3,394	-
		\$ 59,680	5	7,510	1	123,854	5	9,078	-
	Total comprehensive income (loss) attributable to:								
8710	Shareholders of the Company	\$ (54,816)	(4)	11,708	2	(5,715)	-	23,514	2
8720	Non-controlling interests	27,941	2	2,038	-	66,579	3	3,852	-
		\$ (26,875)	(2)	13,746	2	60,864	3	27,366	2
	Earnings per share (in New Taiwan Dollar) (note 6(u)):								
9750	Basic earnings per share	\$ 0.24		0.05		0.48		0.05	
9850	Diluted earnings per share	\$ 0.24		0.05		0.48		0.05	

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 six months ended June 30, 2025 and 2024****(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, 2024	<u>\$ 1,122,505</u>	<u>312,314</u>	<u>280,894</u>	<u>78,028</u>	<u>213,367</u>	<u>572,289</u>	<u>(42,567)</u>	<u>4,333</u>	<u>(38,234)</u>	<u>1,968,874</u>	<u>95,384</u>	<u>2,064,258</u>
Net income for the period	-	-	-	-	5,684	5,684	-	-	-	5,684	3,394	9,078
Other comprehensive income (loss) for the period	-	-	-	-	-	-	19,042	(1,212)	17,830	17,830	458	18,288
Total comprehensive income (loss) for the period	-	-	-	-	5,684	5,684	19,042	(1,212)	17,830	23,514	3,852	27,366
Appropriation of earnings:												
Cash dividends to shareholders	-	-	-	-	(33,675)	(33,675)	-	-	-	(33,675)	-	(33,675)
Distribution of cash dividends by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(4,056)	(4,056)
Proceeds from disposal of forfeited employee stock managed by an employee ownership trust	-	90	-	-	-	-	-	-	-	90	7	97
Balance at June 30, 2024	<u>\$ 1,122,505</u>	<u>312,404</u>	<u>280,894</u>	<u>78,028</u>	<u>185,376</u>	<u>544,298</u>	<u>(23,525)</u>	<u>3,121</u>	<u>(20,404)</u>	<u>1,958,803</u>	<u>95,187</u>	<u>2,053,990</u>
Balance at January 1, 2025	<u>\$ 1,122,505</u>	<u>378,840</u>	<u>280,894</u>	<u>78,028</u>	<u>247,082</u>	<u>606,004</u>	<u>(22,136)</u>	<u>3,752</u>	<u>(18,384)</u>	<u>2,088,965</u>	<u>811,835</u>	<u>2,900,800</u>
Net income for the period	-	-	-	-	53,532	53,532	-	-	-	53,532	70,322	123,854
Other comprehensive income (loss) for the period	-	-	-	-	-	-	(58,337)	(910)	(59,247)	(59,247)	(3,743)	(62,990)
Total comprehensive income (loss) for the period	-	-	-	-	53,532	53,532	(58,337)	(910)	(59,247)	(5,715)	66,579	60,864
Appropriation of earnings:												
Legal reserve	-	-	6,739	-	(6,739)	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(50,513)	(50,513)	-	-	-	(50,513)	-	(50,513)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(2,433)	(2,433)
Distribution of cash dividends by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(24,882)	(24,882)
Proceeds from disposal of forfeited employee stock managed by an employee ownership trust	-	134	-	-	-	-	-	-	-	134	-	134
Balance at June 30, 2025	<u>\$ 1,122,505</u>	<u>378,974</u>	<u>287,633</u>	<u>78,028</u>	<u>243,362</u>	<u>609,023</u>	<u>(80,473)</u>	<u>2,842</u>	<u>(77,631)</u>	<u>2,032,871</u>	<u>851,099</u>	<u>2,883,970</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****For the six months ended June 30, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollar)**

	For the six months ended June 30	
	2025	2024
Cash flows from operating activities:		
Income before income taxes	\$ 158,437	18,195
Adjustments for:		
Adjustments to reconcile profit or loss:		
Depreciation	34,133	23,301
Amortization	41,839	6,787
Gain on reversal of expected credit loss	(3,931)	(168)
Loss on financial instruments at fair value through profit or loss	2,195	-
Interest expense	11,445	3,234
Interest income	(4,686)	(1,318)
Dividend income	(339)	(1,034)
Gain on disposal of property, plant and equipment	(10)	(901)
Loss on lease modifications	-	13
Gain on liquidation of subsidiaries	-	(4,360)
Total adjustments for profit or loss	80,646	25,554
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	(1,231)	1,705
Contract assets	(4,406)	(24,448)
Notes and accounts receivable	37,072	31,648
Other receivables	7,510	(4,264)
Inventories	50,487	91,231
Other assets	(21,429)	(11,359)
Net changes in operating assets	68,003	84,513
Changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	(83)	455
Notes and accounts payable	(50,756)	36,679
Other payables	(37,066)	(6,431)
Contract liabilities	14,311	(4,672)
Other current liabilities	1,737	(4,569)
Other non-current liabilities	(460)	-
Net changes in operating liabilities	(72,317)	21,462
Total changes in operating assets and liabilities	(4,314)	105,975
Total adjustments	76,332	131,529
Cash provided by operations	234,769	149,724
Interest received	4,832	1,250
Dividends received	339	1,034
Income taxes paid	(66,116)	(7,610)
Net cash flows provided by operating activities	173,824	144,398

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 six months ended June 30, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollar)

	For the six months ended June 30	
	2025	2024
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(4,482)	(1,453)
Proceeds from disposal of property, plant and equipment	13	1,181
Acquisition of intangible assets	(1,059)	(53)
Increase in other financial assets — current	(2,947)	(16)
Decrease (increase) in refundable deposits	(8,935)	1,123
Net cash flows provided by (used in) investing activities	<u>(17,410)</u>	<u>782</u>
Cash flows from financing activities:		
Increase in short-term borrowings	456,233	128,219
Decrease in short-term borrowings	(426,242)	(95,674)
Repayments of long-term debt	(250,000)	(50,000)
Payment of lease liabilities	(21,112)	(11,374)
Distribution of preference share dividends by subsidiaries	(165,754)	-
Distribution of cash dividend by subsidiaries to non-controlling interests	(17,987)	-
Proceeds from disposal of forfeited employee stock managed by an employee ownership trust	134	97
Interest paid	(5,985)	(3,257)
Net cash flows used in financing activities	<u>(430,713)</u>	<u>(31,989)</u>
Effect of foreign exchange rate changes	<u>(56,812)</u>	<u>22,866</u>
Net increase (decrease) in cash and cash equivalents	(331,111)	136,057
Cash and cash equivalents at beginning of period	<u>1,237,604</u>	<u>391,843</u>
Cash and cash equivalents at end of period	<u>\$ 906,493</u>	<u>527,900</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 six months ended June 30, 2025 and 2024

(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 August 1, 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, 2025:

- Amendments to IAS 21 “Lack of Exchangeability”

- (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, 2026, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7

(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” regarding the application guidance requirements for Sections 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7
- Annual Improvements to IFRS Accounting Standards— Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

4. Summary of material accounting policies

Except for the accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those disclosed in the consolidated financial statements for the year ended December 31, 2024. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2024.

(a) Statement of compliance

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

(b) Basis of consolidation

(i) 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
			June 30, 2025	December 31, 2024	June 30, 2024	
The Company	Cyber South Management Ltd. (“Cyber South”, Samoa)	Investment and holding activity	100.00 %	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 %	100.00 %	-
Cyber South	Proton Inc. (“Proton”, Samoa)	Investment and holding activity	100.00 %	100.00 %	100.00 %	-
Cyber South	Ace Tek (HK) Holding Co., Ltd. (“Ace Tek”, Hong Kong)	Investment and holding activity	100.00 %	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 %	100.00 %	-

(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
			June 30, 2025	December 31, 2024	June 30, 2024	
Ace Tek	Advancedtek Ace (TJ) Inc. ("Advancedtek Ace", China)	Electronic system integration	100.00 %	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 %	60.00 %	-
STC	Standard Technology Corp. ("STCBVI", BVI)	Investment and holding activity	60.00 %	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 %	60.00 %	Note 2
The Company	ACE Energy Co., Ltd. ("AEG", Taiwan)	Energy technology service	99.86 %	99.86 %	99.86 %	Note 2
AEG	BlueWalker GmbH ("BWA", Germany)	Sales and service of energy management products	99.86 %	99.86 %	99.86 %	-
The Company	Transpak Equipment Corporation ("Transpak", Taiwan)	Manufacture and sales of strapping equipment	39.00 %	39.00 %	-	Note 1

Note 1: 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.

Note 2: This is a non-significant subsidiary for which financial statements as of and for the six months ended June 30, 2025 were not reviewed.

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

(c) Income taxes

The income tax expenses in the interim financial statements have been measured and disclosed in accordance with paragraph B12 of IAS 34 "Interim Financial Reporting".

Income tax expenses for an interim period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. It is recognized fully as current tax expense for the current period.

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

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

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34 "Interim financial reporting" endorsed by FSC requires management to make judgments and estimates about the future, including climate-related risks and opportunities, which affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The critical accounting judgments and key sources of estimation uncertainties made by the management when preparing the interim consolidated financial statements were the same as those mentioned in the note 5 of the consolidated financial statements for the year ended December 31, 2024.

(Continued)

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

6. Significant account disclosures

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2024. Please refer to note 6 of the consolidated financial statements for the year ended December 31, 2024.

(a) Cash and cash equivalents

	June 30, 2025	December 31, 2024	June 30, 2024
Cash on hand	\$ 426	388	301
Demand deposits and checking accounts	546,398	733,283	511,374
Time deposits with original maturities less than three months	359,669	503,933	16,225
	\$ 906,493	1,237,604	527,900

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

	June 30, 2025	December 31, 2024	June 30, 2024
Financial assets at fair value through profit or loss:			
Foreign currency forward contracts	\$ 47	79	-
Foreign exchange swaps	1,263	-	25
Redemption options of convertible bonds (note 6(o))	700	2,700	-
	\$ 2,010	2,779	25

	June 30, 2025	December 31, 2024	June 30, 2024
Financial liabilities at fair value through profit or loss:			
Foreign currency forward contracts	\$ (82)	(165)	(440)
Foreign exchange swaps	-	-	(55)
	\$ (82)	(165)	(495)

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

	June 30, 2025	
	Contract amount (in thousands)	Maturity period
USD Buy / CNY Sell	USD 1,500	2025/07
CNY Buy / USD Sell	USD 1,000	2025/07
USD Buy / EUR Sell	USD 610	2025/07
NTD Buy / USD Sell	USD 96	2022/07

(Continued)

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

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

June 30, 2024		
	Contract amount (in thousands)	Maturity period
USD Buy / CNY Sell	USD 1,040	2024/07
CNY Buy / USD Sell	USD 2,450	2024/07
USD Buy / EUR Sell	USD 1,200	2024/07

(ii) Foreign exchange swaps

June 30, 2025		
	Contract amount (in thousands)	Maturity period
NTD Swap in / USD Swap out	USD 2,600	2025/07

June 30, 2024		
	Contract amount (in thousands)	Maturity period
NTD Swap in / CNY Swap out	CNY 20,000	2024/07

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

	June 30, 2025	December 31, 2024	June 30, 2024
Equity investments at fair value through other comprehensive income:			
Domestic and foreign unlisted stocks	<u>\$ 58,283</u>	<u>59,232</u>	<u>7,936</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 six months ended June 30, 2025 and 2024.

(Continued)

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

(d) Financial assets measured at amortized cost

	June 30, 2025	December 31, 2024	June 30, 2024
Pledged time deposits	\$ 1,033	1,016	1,016
Time deposits	2,930	-	-
Corporate bonds	<u>3,055</u>	<u>3,420</u>	<u>3,387</u>
	<u>\$ 7,018</u>	<u>4,436</u>	<u>4,403</u>
Current	\$ 3,963	1,016	1,016
Non-current	<u>3,055</u>	<u>3,420</u>	<u>3,387</u>
	<u>\$ 7,018</u>	<u>4,436</u>	<u>4,403</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.

(e) Notes and accounts receivable

	June 30, 2025	December 31, 2024	June 30, 2024
Notes receivable from operating activities	\$ 65,836	151,600	237,186
Accounts receivable measured at amortized cost	894,846	847,301	674,659
Less: loss allowance	<u>(16,289)</u>	<u>(21,367)</u>	<u>(22,614)</u>
	<u>\$ 944,393</u>	<u>977,534</u>	<u>889,231</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:

	June 30, 2025		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	\$ 473,537	0%	-
Past due 1-90 days	26,887	0~100%	3
Past due 91-180 days	1,481	0~100%	659
Past due 181-270 days	103	0~100%	103
Past due 271-365 days	-	0~100%	-
Past due over 366 days	<u>794</u>	100%	<u>794</u>
	<u>\$ 502,802</u>		<u>1,559</u>

(Continued)

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

	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>

	June 30, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	\$ 375,044	0%	-
Past due 1-90 days	15,834	0%	-
Past due 91-180 days	73	0~100%	-
Past due 181-270 days	-	0~100%	-
Past due 271-365 days	-	0~100%	-
Past due over 366 days	<u>1,380</u>	100%	<u>1,380</u>
	<u>\$ 392,331</u>		<u>1,380</u>

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

	June 30, 2025		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	\$ 349,051	0~0.08%	-
Past due 1-90 days	80,819	0~3.95%	-
Past due 91-180 days	10,924	0~13.23%	319
Past due 181-270 days	3,515	0~45.97%	840
Past due 271-365 days	122	0~100%	122
Past due over 366 days	<u>13,449</u>	100%	<u>13,449</u>
	<u>\$ 457,880</u>		<u>14,730</u>

(Continued)

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

	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
	\$ 483,409		20,227

	June 30, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	\$ 439,226	0~0.91%	1,998
Past due 1-90 days	63,167	0~13.81%	3,434
Past due 91-180 days	1,255	0~39.72%	440
Past due 181-270 days	1,251	0~73.21%	747
Past due 271-365 days	530	0~100%	530
Past due over 366 days	14,085	100%	14,085
	\$ 519,514		21,234

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

	For the six months ended June 30,	
	2025	2024
Balance at January 1	\$ 21,367	22,310
Gain on reversal of impairment loss	(3,931)	(168)
Write-off	(290)	-
(Reversal of) insurance claims for accounts receivable	489	(153)
Effect of exchange rate changes	(1,346)	625
Balance at June 30	\$ 16,289	22,614

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

(Continued)

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

(f) Other receivables

	June 30, 2025	December 31, 2024	June 30, 2024
Other receivables	\$ 3,395	6,994	9,505
Less: loss allowance	-	-	-
	<u>\$ 3,395</u>	<u>6,994</u>	<u>9,505</u>

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

(g) Inventories

	June 30, 2025	December 31, 2024	June 30, 2024
Raw materials	\$ 182,299	196,439	-
Work in process	74,806	46,280	-
Merchandise inventory	632,344	697,217	577,666
	<u>\$ 889,449</u>	<u>939,936</u>	<u>577,666</u>

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

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Cost of inventories sold	\$ 869,403	586,935	1,684,730	1,126,912
Reversal of write-downs of inventories	(6,814)	(17,634)	(18,785)	(24,358)
	<u>\$ 862,589</u>	<u>569,301</u>	<u>1,665,945</u>	<u>1,102,554</u>

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. Consequently, Transpak has been included in the Group's consolidated entities since then. 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.

(Continued)

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 were 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>

(Continued)

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 other receivables, deferred income tax liabilities and non-controlling interests in the first quarter of 2025 as follows:

Increase in other receivables	\$ 3,911
Increase in deferred income tax liabilities	(7,900)
Decrease in non-controlling interests	<u>2,433</u>
Increase in goodwill	<u><u>\$ (1,556)</u></u>

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.

(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		
		June 30, 2025	December 31, 2024	June 30, 2024
Transpak	Taiwan	61.00 %	61.00 %	-

(Continued)

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

The summarized financial information of the 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:

	June 30, 2025	December 31, 2024
Current assets	\$ 822,991	891,160
Non-current assets	1,198,033	1,234,495
Current liabilities	(274,683)	(453,032)
Non-current liabilities	(216,828)	(222,316)
Net assets	<u><u>\$ 1,529,513</u></u>	<u><u>1,450,307</u></u>
The carrying amount of non-controlling interests	<u><u>\$ 760,954</u></u>	<u><u>713,588</u></u>
	For the three months ended June 30, 2025	For the six months ended June 30, 2025
Net sales	<u><u>\$ 377,352</u></u>	<u><u>732,604</u></u>
Net income	<u><u>\$ 51,023</u></u>	<u><u>111,127</u></u>
Total comprehensive income	<u><u>\$ 51,023</u></u>	<u><u>111,127</u></u>
Net income attributable to non-controlling interests	<u><u>\$ 31,123</u></u>	<u><u>67,787</u></u>
Total comprehensive income attributable to non-controlling interests	<u><u>\$ 31,123</u></u>	<u><u>67,787</u></u>
		For the six months ended June 30, 2025
Cash flow from operating activities		\$ 140,589
Cash flow from investing activities		(2,101)
Cash flow from financing activities		(200,441)
Net increase in cash and cash equivalents		<u><u>\$ (61,953)</u></u>
Cash dividends paid to non-controlling interests		<u><u>\$ 17,987</u></u>

(Continued)

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>Total</u>
Cost:				
Balance at January 1, 2025	\$ 193,588	498,643	127,043	819,274
Additions	-	-	4,482	4,482
Disposals	-	-	(1,109)	(1,109)
Reclassification	-	-	1,345	1,345
Effect of exchange rate changes	-	(35,393)	(4,256)	(39,649)
Balance at June 30, 2025	<u>\$ 193,588</u>	<u>463,250</u>	<u>127,505</u>	<u>784,343</u>
Balance at January 1, 2024	\$ 193,588	484,938	79,074	757,600
Additions	-	-	1,453	1,453
Disposals	-	(535)	(3,913)	(4,448)
Effect of exchange rate changes	-	11,883	1,474	13,357
Balance at June 30, 2024	<u>\$ 193,588</u>	<u>496,286</u>	<u>78,088</u>	<u>767,962</u>
Accumulated depreciation and impairment loss:				
Balance at January 1, 2025	\$ -	156,657	109,226	265,883
Depreciation	-	8,273	3,326	11,599
Disposals	-	-	(1,106)	(1,106)
Effect of exchange rate changes	-	(13,456)	(3,460)	(16,916)
Balance at June 30, 2025	<u>\$ -</u>	<u>151,474</u>	<u>107,986</u>	<u>259,460</u>
Balance at January 1, 2024	\$ -	135,208	61,517	196,725
Depreciation	-	8,299	2,811	11,110
Disposals	-	(407)	(3,761)	(4,168)
Effect of exchange rate changes	-	4,274	1,195	5,469
Balance at June 30, 2024	<u>\$ -</u>	<u>147,374</u>	<u>61,762</u>	<u>209,136</u>
Carrying amounts:				
Balance at January 1, 2025	<u>\$ 193,588</u>	<u>341,986</u>	<u>17,817</u>	<u>553,391</u>
Balance at June 30, 2025	<u>\$ 193,588</u>	<u>311,776</u>	<u>19,519</u>	<u>524,883</u>
Balance at June 30, 2024	<u>\$ 193,588</u>	<u>348,912</u>	<u>16,326</u>	<u>558,826</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.

(Continued)

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, 2025	\$ 19,878	143,832	5,104	168,814
Additions	-	7,584	1,335	8,919
Disposals	-	(4,081)	(1,414)	(5,495)
Effect of exchange rates changes	<u>(1,888)</u>	<u>(2,686)</u>	<u>(66)</u>	<u>(4,640)</u>
Balance at June 30, 2025	<u>\$ 17,990</u>	<u>144,649</u>	<u>4,959</u>	<u>167,598</u>
Balance at January 1, 2024	\$ 18,169	50,381	2,594	71,144
Additions	-	32,977	737	33,714
Disposals	-	(3,827)	(1,186)	(5,013)
Effect of exchange rate changes	<u>1,566</u>	<u>503</u>	<u>2</u>	<u>2,071</u>
Balance at June 30, 2024	<u>\$ 19,735</u>	<u>80,034</u>	<u>2,147</u>	<u>101,916</u>
Accumulated depreciation:				
Balance at January 1, 2025	\$ 3,387	37,367	1,678	42,432
Depreciation	227	20,694	911	21,832
Disposals	-	(4,081)	(1,414)	(5,495)
Effect of exchange rates changes	<u>(348)</u>	<u>(1,218)</u>	<u>(23)</u>	<u>(1,589)</u>
Balance at June 30, 2025	<u>\$ 3,266</u>	<u>52,762</u>	<u>1,152</u>	<u>57,180</u>
Balance at January 1, 2024	\$ 1,932	14,517	1,252	17,701
Depreciation	227	10,722	539	11,488
Disposals	-	(3,605)	(985)	(4,590)
Effect of exchange rates changes	<u>969</u>	<u>148</u>	<u>7</u>	<u>1,124</u>
Balance at June 30, 2024	<u>\$ 3,128</u>	<u>21,782</u>	<u>813</u>	<u>25,723</u>
Carrying amounts:				
Balance at January 1, 2025	<u>\$ 16,491</u>	<u>106,465</u>	<u>3,426</u>	<u>126,382</u>
Balance at June 30, 2025	<u>\$ 14,724</u>	<u>91,887</u>	<u>3,807</u>	<u>110,418</u>
Balance at June 30, 2024	<u>\$ 16,607</u>	<u>58,252</u>	<u>1,334</u>	<u>76,193</u>

(Continued)

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, 2025			
(Balance at June 30, 2025)	\$ <u>63,339</u>	<u>35,882</u>	<u>99,221</u>
Balance at January 1, 2024			
(Balance at June 30, 2024)	\$ <u>63,339</u>	<u>35,882</u>	<u>99,221</u>
Accumulated depreciation:			
Balance at January 1, 2025	\$ -	18,822	18,822
Depreciation	<u>-</u>	<u>702</u>	<u>702</u>
Balance at June 30, 2025	\$ <u>-</u>	<u>19,524</u>	<u>19,524</u>
Balance at January 1, 2024	\$ -	17,416	17,416
Depreciation	<u>-</u>	<u>703</u>	<u>703</u>
Balance at June 30, 2024	\$ <u>-</u>	<u>18,119</u>	<u>18,119</u>
Carrying amounts:			
Balance at January 1, 2025	\$ <u>63,339</u>	<u>17,060</u>	<u>80,399</u>
Balance at June 30, 2025	\$ <u>63,339</u>	<u>16,358</u>	<u>79,697</u>
Balance at June 30, 2024	\$ <u>63,339</u>	<u>17,763</u>	<u>81,102</u>

The fair value of the investment property is not significantly different from that disclosed in the note 6(k) of the consolidated financial statements for the year ended December 31, 2024.

(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, 2025	\$ 378,764	61,014	15,641	177,477	768,660	1,401,556
Additions	-	-	1,059	-	-	1,059
Adjustment of business combination during the measurement period	1,556	-	-	-	-	1,556
Disposals	-	-	(952)	-	-	(952)
Effect of exchange rates changes	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>(1)</u>
Balance at June 30, 2025	\$ <u>380,320</u>	<u>61,014</u>	<u>15,747</u>	<u>177,477</u>	<u>768,660</u>	<u>1,403,218</u>
Balance at January 1, 2024	\$ 98,273	-	21,029	12,822	81,942	214,066
Additions	-	-	53	-	-	53
Disposals	-	-	(5,246)	-	-	(5,246)
Effect of exchange rates changes	<u>-</u>	<u>-</u>	<u>12</u>	<u>-</u>	<u>-</u>	<u>12</u>
Balance at June 30, 2024	\$ <u>98,273</u>	<u>-</u>	<u>15,848</u>	<u>12,822</u>	<u>81,942</u>	<u>208,885</u>

(Continued)

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>
Accumulated amortization:						
Balance at January 1, 2025	\$ -	4,268	8,479	10,435	40,136	63,318
Amortization	-	5,054	1,779	8,825	26,181	41,839
Disposals	-	-	(952)	-	-	(952)
Effect of exchange rates changes	-	-	(1)	-	-	(1)
Balance at June 30, 2025	<u>\$ -</u>	<u>9,322</u>	<u>9,305</u>	<u>19,260</u>	<u>66,317</u>	<u>104,204</u>
Balance at January 1, 2024	\$ -	-	10,160	2,244	13,941	26,345
Amortization	-	-	2,326	641	3,820	6,787
Disposals	-	-	(5,246)	-	-	(5,246)
Effect of exchange rates changes	-	-	12	-	-	12
Balance at June 30, 2024	<u>\$ -</u>	<u>-</u>	<u>7,252</u>	<u>2,885</u>	<u>17,761</u>	<u>27,898</u>
Carrying amounts:						
Balance at January 1, 2025	<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 June 30, 2025	<u>\$ 380,320</u>	<u>51,692</u>	<u>6,442</u>	<u>158,217</u>	<u>702,343</u>	<u>1,299,014</u>
Balance at June 30, 2024	<u>\$ 98,273</u>	<u>-</u>	<u>8,596</u>	<u>9,937</u>	<u>64,181</u>	<u>180,987</u>

According to IAS 36, goodwill arising from a business combination is tested at least annually. Based on the results of impairment tests conducted by the Group as of December 31, 2024, there were no impairment losses. Please refer to note 6(l) of the consolidated financial statements for the year ended December 31, 2024. At June 30, 2025, the Group assessed the achievement of expected revenue and operating income of the respective cash generating unit for the six months ended June 30, 2025, and concluded that there were no indications of impairment.

(m) Short-term borrowings

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Unsecured bank loans	\$ 282,477	207,994	70,809
Secured bank loans	-	59,918	101,224
	<u>\$ 282,477</u>	<u>267,912</u>	<u>172,033</u>
Unused credit facilities	<u>\$ 2,271,011</u>	<u>2,172,678</u>	<u>2,250,046</u>
Interest rate	0.5%~3.65%	0.5%~3.75%	1.63%~4%

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

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Unsecured bank loans	\$ -	250,000	-
Unused credit facilities	<u>\$ 1,000,000</u>	<u>700,000</u>	<u>250,000</u>
Interest rate	-	1.94%	-
Maturity year	-	2026	-

(Continued)

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

(o) Bonds payable

	June 30, 2025	December 31, 2024	June 30, 2024
Total bonds payable issued	\$ 500,000	500,000	-
Unamortized bond discount	(27,408)	(32,983)	-
Bonds payable	<u>\$ 472,592</u>	<u>467,017</u>	<u>-</u>
Derivative instrument—redemption options (recognized in financial assets at fair value through profit or loss) (note 6(b))	<u>\$ 700</u>	<u>2,700</u>	<u>-</u>
Equity component—conversion options (recognized in capital surplus— conversion options) (note 6(t))	<u>\$ 66,144</u>	<u>66,144</u>	<u>-</u>

	For the six months ended June 30,	
	2025	2024
Derivative instrument—loss recognized related to redemption options measured at fair value (recognized in valuation loss on financial assets at fair value through profit or loss)	<u>\$ (2,000)</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.

(Continued)

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

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. Starting July 21, 2025, the conversion price had been adjusted to NTD 132.5.

(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 and the formula specified in the agreement between Transpak and the holders of Series A preference shares.
- (v) The aforementioned Series A preference share dividends should be paid by April 30, 2025. Thereafter, the Series A preference shares will be recalled without consideration.

The estimated fair value of preference share liabilities at December 31, 2024 was \$165,559, which was determined based on future cash flows. On April 29, 2025, preference share dividends amounting to \$165,754 were paid and preference shares were recalled on July 23, 2025.

(q) Lease liabilities

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

	June 30, 2025	December 31, 2024	June 30, 2024
Current	\$ <u>40,769</u>	\$ <u>38,835</u>	\$ <u>23,308</u>
Non-current	\$ <u>57,287</u>	\$ <u>72,940</u>	\$ <u>36,808</u>

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

(Continued)

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

The amounts recognized in profit or loss were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Interest expense on lease liabilities	\$ <u>751</u>	<u>397</u>	<u>1,529</u>	<u>706</u>
Expenses relating to short-term leases	\$ <u>661</u>	<u>1,414</u>	<u>1,089</u>	<u>3,712</u>
Expenses relating to leases of low-value assets	\$ <u>6</u>	<u>-</u>	<u>21</u>	<u>-</u>

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

	For the six months ended June 30,	
	2025	2024
Total cash outflows for leases	\$ <u>23,751</u>	<u>15,792</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, office equipment 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 three months and six months ended June 30, 2025 and 2024, the Group recognized the pension expenses of \$5,992, \$5,303, \$12,842, and \$11,084, respectively, in relation to the defined contribution plans.

(s) Income taxes

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

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Current income tax expense	\$ <u>15,753</u>	<u>5,760</u>	<u>34,583</u>	<u>9,117</u>

(Continued)

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

- (ii) For the six months ended June 30, 2025 and 2024, there was no income tax expense recognized directly in equity.
- (iii) The components of income tax expense (benefit) recognized in other comprehensive income were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	\$ <u>(155)</u>	<u>1,301</u>	<u>(15)</u>	<u>1,301</u>

- (iv) The Company's income tax returns for the years through 2023 have been examined and approved by the R.O.C. income tax authorities.

(t) Capital and other equity

Except for the contents mentioned below, there were no significant changes in capital and other equity for the six months ended June 30, 2025 and 2024. For the related information, please refer to note 6(t) of the consolidated financial statements for the year ended December 31, 2024.

(i) Common stock

As of June 30, 2025, December 31 and June 30, 2024, the Company's authorized shares of common stock amounted to \$2,000,000, 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

	June 30, 2025	December 31, 2024	June 30, 2024
Paid-in capital in excess of par value	\$ 275,225	275,225	275,225
Conversion options of convertible bonds (note 6(o))	66,144	66,144	-
Changes in ownership interests in subsidiaries	67	67	40
Employee stock options	7,354	7,354	7,354
Unclaimed dividends reclassified to capital surplus	107	107	107
Treasury share transactions	29,454	29,454	29,454
Others	<u>623</u>	<u>489</u>	<u>224</u>
	<u>\$ 378,974</u>	<u>378,840</u>	<u>312,404</u>

(Continued)

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

(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.

The appropriations of cash dividends of 2024 and 2023 earnings were approved by the Company's Board of Directors on February 24, 2025 and February 27, 2024, respectively. Other appropriations of 2024 and 2023 earnings was approved by the shareholders during their meeting on May 23, 2025 and May 28, 2024, respectively. The resolved appropriations were as follows:

	2024		2023	
	Dividends per share (in NTD)	Amount	Dividends per share (in NTD)	Amount
Legal reserve		\$ <u>6,739</u>		<u>-</u>
Dividends per share:				
Cash dividends	\$ 0.45	<u>50,513</u>	0.3	<u>33,675</u>

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

(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, 2025	\$ (22,136)	3,752	(18,384)
Foreign exchange differences arising from translation of foreign operations	(58,337)	-	(58,337)
Unrealized losses on financial assets measured at fair value through other comprehensive income	-	(910)	(910)
Balance at June 30, 2025	<u>\$ (80,473)</u>	<u>2,842</u>	<u>(77,631)</u>

(Continued)

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

	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	19,042	-	19,042
Unrealized losses on financial assets measured at fair value through other comprehensive income	-	(1,212)	(1,212)
Balance at June 30, 2024	<u>\$ (23,525)</u>	<u>3,121</u>	<u>(20,404)</u>

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

	For the six months ended June 30,	
	2025	2024
Balance at January 1	\$ 811,835	95,384
Equity attributable to non-controlling interests		
Net income	70,322	3,394
Foreign exchange differences arising from translation of foreign operations	(3,719)	1,266
Changes in non-controlling interests	(2,433)	-
Unrealized losses on financial assets measured at fair value through other comprehensive income	(24)	(808)
Distribution of cash dividends by subsidiaries to non-controlling interests	(24,882)	(4,056)
Changes in ownership interests in subsidiaries	-	7
Balance at June 30	<u>\$ 851,099</u>	<u>95,187</u>

(u) Earnings per share ("EPS")

(i) Basic earnings per share

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Net income attributable to shareholders of the Company	<u>\$ 26,980</u>	<u>5,502</u>	<u>53,532</u>	<u>5,684</u>
Weighted-average number of common shares outstanding (in thousands)	<u>112,250</u>	<u>112,250</u>	<u>112,250</u>	<u>112,250</u>
Basic earnings per share (in New Taiwan Dollar)	<u>\$ 0.24</u>	<u>0.05</u>	<u>0.48</u>	<u>0.05</u>

(Continued)

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

(ii) Diluted earnings per share

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Net income attributable to shareholders of the Company	\$ <u>26,980</u>	<u>5,502</u>	<u>53,532</u>	<u>5,684</u>
Weighted-average number of common shares outstanding (in thousands)	112,250	112,250	112,250	112,250
Effect of dilutive potential common shares:				
Effect of employee remuneration in stock	<u>29</u>	<u>3</u>	<u>36</u>	<u>3</u>
Weighted-average number of common shares outstanding (in thousands) (including effect of dilutive potential common shares)	<u>112,279</u>	<u>112,253</u>	<u>112,286</u>	<u>112,253</u>
Diluted earnings per share (in New Taiwan Dollar)	\$ <u>0.24</u>	<u>0.05</u>	<u>0.48</u>	<u>0.05</u>

As the convertible bonds had anti-dilutive effect for the three months and six months ended June 30, 2025, the Company did not calculate the effect of dilutive potential common stock on earnings per share.

(v) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Major products / services lines:				
Automation control	\$ 389,474	279,164	682,145	539,184
Mechanical transmission	164,853	220,191	370,804	426,378
Sales of semiconductor equipment consumables and equipment repair services	132,563	145,552	272,874	272,459
Energy management products	130,230	120,770	248,528	228,786
Equipment and consumables	377,352	-	732,363	-
Others	<u>951</u>	<u>887</u>	<u>1,812</u>	<u>2,165</u>
	<u>\$ 1,195,423</u>	<u>766,564</u>	<u>2,308,526</u>	<u>1,468,972</u>

(Continued)

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

(ii) Contract balances

	June 30, 2025	December 31, 2024	June 30, 2024
Notes and accounts receivable	\$ 960,682	998,901	911,845
Less: loss allowance	(16,289)	(21,367)	(22,614)
	<u>\$ 944,393</u>	<u>977,534</u>	<u>889,231</u>
Contract assets	<u>\$ 15,789</u>	<u>11,383</u>	<u>25,260</u>
Contract liabilities — advance receipts	<u>\$ 90,742</u>	<u>76,431</u>	<u>39,580</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 six months ended June 30, 2025 and 2024, which were included in the contract liabilities balance at the beginning of the period, were \$69,850 and \$25,398, respectively.

(w) Remuneration to employees and directors

The Company's amended Articles of Incorporation, which was resolved during the stockholders' meeting held on May 23, 2025, require that earnings 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, of which no less than 10% should be distributed to non-executive employees, and no more than 1% to its directors. Employees who are entitled to receive the abovementioned employee remuneration, in shares or cash, include the employees of the subsidiaries of the Company who meet certain specific requirement. The abovementioned remuneration to directors shall be paid in cash. The Company's Articles of Incorporation before amendment require 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. Employees who are entitled to receive the abovementioned employee remuneration, in shares or cash, include the employees of the subsidiaries of the Company who meet certain specific requirement. The abovementioned remuneration to directors shall be paid in cash.

For the three months and six months ended June 30, 2025 and 2024, the Company estimated its remuneration to employees amounting to \$1,434, \$247, \$2,769 and \$258, respectively, and the remuneration to directors amounting to \$287, \$50, \$554 and \$52, respectively. 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.

(Continued)

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

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

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Interest income from bank deposits	\$ 2,657	956	4,536	1,226
Interest income from financial assets measured at amortized cost	90	40	146	68
Others	-	11	4	24
	<u>\$ 2,747</u>	<u>1,007</u>	<u>4,686</u>	<u>1,318</u>

(ii) Other income

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Dividend income	\$ 339	1,034	339	1,034
Miscellaneous income	1,810	865	4,157	4,321
	<u>\$ 2,149</u>	<u>1,899</u>	<u>4,496</u>	<u>5,355</u>

(iii) Other gains and losses

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Losses on lease modifications	\$ -	-	-	(13)
Foreign currency exchange gains (losses), net	(12,139)	1,642	(10,190)	5,571
Losses on financial instruments at fair value through profit or loss	(1,415)	(3,269)	(3,995)	(8,455)
Gains (losses) on disposal of property, plant and equipment		(17)	10	901
Gains on liquidation of subsidiaries	-	-	-	4,360
Others	(45)	(137)	(45)	(176)
	<u>\$ (13,599)</u>	<u>(1,781)</u>	<u>(14,220)</u>	<u>2,188</u>

(Continued)

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

(iv) Finance costs

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Interest expense on bank loans	\$ (1,988)	(1,337)	(4,341)	(2,528)
Interest expense on lease liabilities	(751)	(397)	(1,529)	(706)
Interest expense on bonds payable	(2,796)	-	(5,575)	-
	<u>\$ (5,535)</u>	<u>(1,734)</u>	<u>(11,445)</u>	<u>(3,234)</u>

(y) Financial instruments

Except for the content mentioned below, there were no significant changes in the fair value of the Group's financial instruments and the degree of exposure to credit risk and market risk arising from financial instruments. For the related information, please refer to notes 6(y) and 6(z) of the consolidated financial statements for the year ended December 31, 2024.

(i) Categories of financial instruments

1) Financial assets

	June 30, 2025	December 31, 2024	June 30, 2024
Financial assets at fair value through profit or loss—current	\$ 2,010	2,779	25
Financial assets at fair value through other comprehensive income—non-current	58,283	59,232	7,936
Financial assets measured at amortized cost:			
Cash and cash equivalents	906,493	1,237,604	527,900
Financial assets measured at amortized cost (including current and non-current)	7,018	4,436	4,403
Notes and accounts receivable	944,393	977,534	889,231
Other receivables	3,395	6,994	9,505
Refundable deposits	<u>29,431</u>	<u>20,496</u>	<u>19,771</u>
	<u>\$ 1,951,023</u>	<u>2,309,075</u>	<u>1,458,771</u>

(Continued)

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

2) Financial liabilities

	June 30, 2025	December 31, 2024	June 30, 2024
Financial liabilities at fair value through profit or loss:			
Derivatives	\$ 82	165	495
Preference share liabilities	-	165,559	-
Financial liabilities measured at amortized cost:			
Short-term borrowings	282,477	267,912	172,033
Notes and accounts payable	587,060	637,816	400,703
Other payables	159,012	196,193	120,551
Bonds payable	472,592	467,017	-
Cash dividends payable	57,408	-	37,731
Lease liabilities (including current and non-current)	98,056	111,775	60,116
Long-term debt	-	250,000	-
	\$ 1,656,687	2,096,437	791,629

(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).

(Continued)

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

June 30, 2025					
	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	\$ 47	-	47	-	47
Derivatives — foreign exchange swaps	1,263	-	1,263	-	1,263
Redemption options of convertible bonds	700	-	-	700	700
	<u>\$ 2,010</u>	<u>-</u>	<u>1,310</u>	<u>700</u>	<u>2,010</u>
Financial assets at fair value through other comprehensive income:					
Domestic and foreign unlisted stocks	<u>\$ 58,283</u>	<u>-</u>	<u>-</u>	<u>58,283</u>	<u>58,283</u>
Financial liabilities at fair value through profit or loss:					
Derivatives — foreign currency forward contracts	<u>\$ (82)</u>	<u>-</u>	<u>(82)</u>	<u>-</u>	<u>(82)</u>
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 assets at fair value through other comprehensive income:					
Domestic and foreign unlisted stocks	<u>\$ 59,232</u>	<u>-</u>	<u>-</u>	<u>59,232</u>	<u>59,232</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>
June 30, 2024					
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Derivatives — foreign exchange swaps	<u>\$ 25</u>	<u>-</u>	<u>25</u>	<u>-</u>	<u>25</u>
Financial assets at fair value through other comprehensive income:					
Domestic and foreign unlisted stocks	<u>\$ 7,936</u>	<u>-</u>	<u>-</u>	<u>7,936</u>	<u>7,936</u>
Financial liabilities at fair value through profit or loss:					
Derivatives — foreign currency forward contracts	\$ (440)	-	(440)	-	(440)
Derivatives — foreign exchange swaps	(55)	-	(55)	-	(55)
	<u>\$ (495)</u>	<u>-</u>	<u>(495)</u>	<u>-</u>	<u>(495)</u>

(Continued)

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

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 six months ended June 30, 2025 and 2024.

5) Movement in financial assets included in Level 3 fair value hierarchy

Financial assets at fair value through profit or loss:

	For the six months ended June 30,	
	2025	2024
Balance at January 1	\$ 2,700	-
Recognized in profit or loss	(2,000)	-
Balance at June 30	<u>\$ 700</u>	<u>-</u>

Financial assets at fair value through other comprehensive income:

	For the six months ended June 30,	
	2025	2024
Balance at January 1	\$ 59,232	8,655
Recognized in other comprehensive loss	(949)	(719)
Balance at June 30	<u>\$ 58,283</u>	<u>7,936</u>

(Continued)

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

Financial liabilities at fair value through profit or loss:

	For the six months ended June 30,	
	2025	2024
Balance at January 1	\$ 165,559	-
Amounts paid	(165,754)	-
Recognized in profit or loss	195	-
Balance at June 30	<u>\$ -</u>	<u>-</u>

(iii) Credit risk

Please refer to note 6(e) for credit risk exposure of notes and accounts receivable. Other financial assets amortized at cost includes other receivables, which are considered as low-credit-risk financial assets; therefore, the loss allowance are measured using 12-month ECL. Please refer to note 6(f) for ECL assessment.

(iv) 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 June 30, 2025, December 31 and June 30, 2024, the Group had unused credit facilities of \$3,271,011, \$2,872,678 and \$2,500,046, respectively.

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

	Contractual cash flows	Within 1 year	1-2 years	2-5 years	More than 5 years
June 30, 2025					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 284,708	284,708	-	-	-
Bonds payable	500,000	-	-	500,000	-
Notes and accounts payable	587,060	587,060	-	-	-
Other payables	159,012	159,012	-	-	-
Cash dividends payable	57,408	57,408	-	-	-
Lease liabilities (including current and non-current)	102,169	42,994	30,858	28,317	-
	<u>\$ 1,690,357</u>	<u>1,131,182</u>	<u>30,858</u>	<u>528,317</u>	<u>-</u>
Derivative financial instruments:					
Foreign currency forward contracts:					
Outflow	\$ 96,173	96,173	-	-	-
Inflow	(96,138)	(96,138)	-	-	-
Foreign exchange swaps:					
Outflow	75,702	75,702	-	-	-
Inflow	(76,965)	(76,965)	-	-	-
	<u>\$ (1,228)</u>	<u>(1,228)</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

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, 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>
June 30, 2024					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 172,778	172,778	-	-	-
Notes and accounts payable	400,703	400,703	-	-	-
Other payables	120,551	120,551	-	-	-
Cash dividends payable	37,731	37,731	-	-	-
Lease liabilities (including current and non-current)	62,387	24,697	22,598	15,092	-
	<u>\$ 794,150</u>	<u>756,460</u>	<u>22,598</u>	<u>15,092</u>	<u>-</u>
Derivative financial instruments:					
Foreign currency forward contracts:					
Outflow	\$ 151,838	151,838	-	-	-
Inflow	(151,398)	(151,398)	-	-	-
Foreign exchange swaps:					
Outflow	88,871	88,871	-	-	-
Inflow	(88,841)	(88,841)	-	-	-
	<u>\$ 470</u>	<u>470</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.

(Continued)

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

(v) Foreign currency risk

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 currency of the Group entities were as follows (including the monetary items that have been eliminated in the accompanying consolidated financial statements):

June 30, 2025					
	Foreign currency (in thousands)	Exchange rate	NTD (in thousands)	Change in magnitude	Effect on profit or loss (in thousands)
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$ 8,428	29.300	246,940	1 %	2,469
JPY	15,619	0.2033	3,175	1 %	32
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD	\$ 5,856	29.300	171,581	1 %	1,716
JPY	17,902	0.2033	3,639	1 %	36

December 31, 2024					
	Foreign currency (in thousands)	Exchange rate	NTD (in thousands)	Change in magnitude	Effect on profit or loss (in thousands)
<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

June 30, 2024					
	Foreign currency (in thousands)	Exchange rate	NTD (in thousands)	Change in magnitude	Effect on profit or loss (in thousands)
<u>Financial assets</u>					
<u>Monetary items</u>					
CNY	\$ 20,013	4.4658	89,374	1 %	894
USD	4,522	32.45	146,739	1 %	1,467
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD	\$ 4,093	32.45	132,818	1 %	1,328
JPY	13,250	0.2017	2,673	1 %	27

(Continued)

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

As the Group deals in diverse foreign currencies, gains and losses on foreign exchange were disclosed in an aggregate amount. Please refer to note 6(x) for the aggregate amount of realized and unrealized foreign exchange gain (loss) for the six months ended June 30, 2025 and 2024.

(z) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(z) of the consolidated financial statements for the year ended December 31, 2024.

(aa) Capital management

The objectives, policies and processes of capital management of the Group are in conformity with those disclosed in the consolidated financial statements for the year ended December 31, 2024. Please refer to note 6(aa) of the consolidated financial statements for the year ended December 31, 2024 for related details.

(ab) Financing activities not affecting current cash flow

(i) For acquisition of right-of-use assets under operating lease for the six months ended June 30, 2025 and 2024, please refer to note 6(j).

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

	January 1, 2025	Cash flows	Non-cash changes			June 30, 2025
			Effect of foreign exchange rate and others	Additions to lease liabilities	Disposals of lease liabilities	
Short-term borrowings	\$ 267,912	29,991	(15,426)	-	-	282,477
Bonds payable	467,017	-	5,575	-	-	472,592
Long-term debt (including current portion)	250,000	(250,000)	-	-	-	-
Preference share liabilities	165,559	(165,754)	195	-	-	-
Lease liabilities	111,775	(21,112)	(1,526)	8,919	-	98,056
Total liabilities from financing activities	<u>\$ 1,262,263</u>	<u>(406,875)</u>	<u>(11,182)</u>	<u>8,919</u>	<u>-</u>	<u>853,125</u>

	January 1, 2024	Cash flows	Non-cash changes			June 30, 2024
			Effect of foreign exchange rate	Additions to lease liabilities	Disposals of lease liabilities	
Short-term borrowings	\$ 134,599	32,545	4,889	-	-	172,033
Long-term debt (including current portion)	50,000	(50,000)	-	-	-	-
Lease liabilities	37,842	(11,374)	344	33,714	(410)	60,116
Total liabilities from financing activities	<u>\$ 222,441</u>	<u>(28,829)</u>	<u>5,233</u>	<u>33,714</u>	<u>(410)</u>	<u>232,149</u>

(Continued)

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

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 June 30, 2025 and 2024, 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
Qisda Electronics (Suzhou) Co., Ltd. (“QCES”)	Qisda’s subsidiary
Suzhou BenQ Hospital Co., Ltd. (“SMH”)	Qisda’s subsidiary
LILY Medical Corporation (“LILY”)	Qisda’s subsidiary
BenQ Material Corp. (“BMC”)	Qisda’s subsidiary
Alpha Networks Inc. (“Alpha”)	Qisda’s subsidiary
BenQ Technology (Shanghai) Co., Ltd. (“BQIs”)	Qisda’s subsidiary
BenQ Asia Pacific Corp. (“BQP”)	Qisda’s subsidiary
MetaAge Corporation (“MetaAge”)	Qisda’s subsidiary
Global Intelligence Network Co., Ltd. (“Ginnet”)	Qisda’s subsidiary
Aewin Technologies Co., Ltd. (“AEWIN”)	Qisda’s subsidiary
Action Star Technology Co., Ltd. (“AST”)	Qisda’s subsidiary
Golden Spirit Co., Ltd. (“GSC”)	Qisda’s subsidiary
Partner Tech Corp. (“PTT”)	Qisda’s subsidiary
Cenefom Corp. (“CENEFOM”)	Qisda’s subsidiary
Corex (Pty) Ltd. (“Corex”)	Qisda’s subsidiary
Expert Alliance Systems & Consultancy (HK) Company Limited (“EASCHK”)	Qisda’s subsidiary
AU Optronics Corp. (“AU”)	Qisda’s corporate director
AUO Crystal Corp. (“ACTW”)	AU’s subsidiary
AU Optronics (Xiamen) Corp. (“AUXM”)	AU’s subsidiary
Darwin Precisions Corporation (“Darwin”)	AU’s subsidiary
Visco Vision Inc. (“Visco Vision”)	Qisda’s associate
TD HiTech Energy Inc (“TDI”)	Qisda’s associate
Darfon Energy Technology Corp. (“DET”)	Qisda’s associate

(Continued)

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
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>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Ultimate controlling party	\$ 3,370	1,844	11,603	4,160
Other related parties	15,153	24,259	33,569	41,409
	<u>\$ 18,523</u>	<u>26,103</u>	<u>45,172</u>	<u>45,569</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.

(ii) Purchases

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Parent company	\$ 1,377	1,416	2,075	1,803
Other related parties	709	881	1,098	1,820
	<u>\$ 2,086</u>	<u>2,297</u>	<u>3,173</u>	<u>3,623</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

<u>Account</u>	<u>Related-party categories</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Accounts receivable	Ultimate controlling party	\$ 8,550	1,160	1,308
	Other related parties	26,561	13,783	21,384
Other receivables	Parent company	-	1,902	-
		<u>\$ 35,111</u>	<u>16,845</u>	<u>22,692</u>

(Continued)

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

(iv) Payables to related parties

The payables to related parties were as follows:

<u>Account</u>	<u>Related-party categories</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Notes and accounts payable	Parent company	\$ 926	569	968
	Other related parties	2,438	322	997
Other payables	Ultimate controlling party	87	91	247
	Parent company	1,225	800	700
	Other related parties	553	663	560
Dividends payable	Parent company	23,596	-	16,187
		<u>\$ 28,825</u>	<u>2,445</u>	<u>19,659</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 six months ended June 30, 2024, additions to right-of-use assets amounted to \$1,268. For the three months and six months ended June 30, 2025 and 2024, the related interest expenses on lease liabilities amounted to \$7, \$10, \$15 and \$21, respectively. As of June 30, 2025, December 31 and June 30, 2024, the balances of the lease liabilities amounted to \$1,036, \$1,277 and \$1,515, respectively.

The Group leased its office premise to related parties. For the three months and six months ended June 30, 2025 and 2024, the rental income amounted to \$852, \$852, \$1,704 and \$1,704, respectively, and was classified as other income.

(d) Compensation for key management personnel

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 3,548	2,376	6,497	4,756
Post-employment benefits	-	-	-	43
	<u>\$ 3,548</u>	<u>2,376</u>	<u>6,497</u>	<u>4,799</u>

8. Pledged assets

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

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Pledged time deposits (classified as financial assets measured at amortized cost — current)	Customs guarantee	\$ 1,033	1,016	1,016
Notes receivable	Short-term borrowings	-	59,918	101,224
Property, plant and equipment	Guarantee for procurement	15,185	19,456	22,106
		<u>\$ 16,218</u>	<u>80,390</u>	<u>124,346</u>

(Continued)

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

9. Significant commitments and contingencies

As of June 30, 2025, December 31 and June 30, 2024, the Group had issued promissory notes amounting to \$3,467,000, \$2,842,000 and \$2,152,000, 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:

	For the three months ended June 30, 2025			For the three months ended June 30, 2024		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits:						
Salaries	13,874	107,383	121,257	-	90,077	90,077
Insurance	1,509	9,330	10,839	-	9,186	9,186
Pension	439	5,553	5,992	-	5,303	5,303
Others	645	3,060	3,705	-	3,240	3,240
Depreciation	2,265	14,747	17,012	50	12,066	12,116
Amortization	-	20,924	20,924	-	3,310	3,310

	For the six months ended June 30, 2025			For the six months ended June 30, 2024		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits:						
Salaries	26,791	206,808	233,599	-	177,599	177,599
Insurance	3,310	20,148	23,458	-	18,994	18,994
Pension	862	11,980	12,842	-	11,084	11,084
Others	1,219	6,413	7,632	-	6,279	6,279
Depreciation	4,542	29,591	34,133	99	23,202	23,301
Amortization	-	41,839	41,839	-	6,787	6,787

(b) Seasonality operations

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

(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) Total purchases from and sales to related parties which exceed \$100 million or 20% of the paid-in capital: None
 - (v) Receivables from related parties which exceed \$100 million or 20% of the paid-in capital: None
 - (vi) Business relationships and significant intercompany transactions: None
- (b) Information on investees: Table 3 (attached)
- (c) Information on investment in Mainland China: Table 4 (attached)

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.

(Continued)

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

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

	For the three months ended June 30, 2025							
			Sales of semiconductor equipment consumables and equipment repair services	Energy saving and storage	Equipment and consumables	Others	Adjustments and eliminations	Total
	Taiwan	Mainland China						
External revenue	\$ 233,499	321,779	132,563	130,230	377,352	-	-	1,195,423
Intra-group revenue	972	2,594	1,622	-	-	-	(5,188)	-
Total segment revenue	<u>\$ 234,471</u>	<u>324,373</u>	<u>134,185</u>	<u>130,230</u>	<u>377,352</u>	<u>-</u>	<u>(5,188)</u>	<u>1,195,423</u>
Segment profit (loss)	<u>\$ (3,629)</u>	<u>2,818</u>	<u>6,830</u>	<u>8,320</u>	<u>81,078</u>	<u>18</u>	<u>(20,002)</u>	<u>75,433</u>

For the three months ended June 30, 2024							
	<u>Taiwan</u>	<u>Mainland China</u>	<u>Sales of semiconductor equipment consumables and equipment repair services</u>	<u>Energy saving and storage</u>	<u>Others</u>	<u>Adjustments and eliminations</u>	<u>Total</u>
External revenue	\$ 240,296	259,946	145,552	120,770	-	-	766,564
Intra-group revenue	93	25,342	4,814	-	-	(30,249)	-
Total segment revenue	<u>\$ 240,389</u>	<u>285,288</u>	<u>150,366</u>	<u>120,770</u>	<u>-</u>	<u>(30,249)</u>	<u>766,564</u>
Segment profit (loss)	<u>\$ 7,896</u>	<u>(14,041)</u>	<u>10,266</u>	<u>11,163</u>	<u>2</u>	<u>(2,016)</u>	<u>13,270</u>

	For the six months ended June 30, 2025							
			Sales of semiconductor equipment consumables and equipment repair services	Energy saving and storage	Equipment and consumables	Others	Adjustments and eliminations	Total
	Taiwan	Mainland China						
External revenue	\$ 482,559	572,202	272,874	248,528	732,363	-	-	2,308,526
Intra-group revenue	1,073	3,862	4,603	-	241	-	(9,779)	-
Total segment revenue	<u>\$ 483,632</u>	<u>576,064</u>	<u>277,477</u>	<u>248,528</u>	<u>732,604</u>	<u>-</u>	<u>(9,779)</u>	<u>2,308,526</u>
Segment profit (loss)	<u>\$ (7,720)</u>	<u>(176)</u>	<u>12,157</u>	<u>20,095</u>	<u>173,660</u>	<u>68</u>	<u>(39,647)</u>	<u>158,437</u>

For the six months ended June 30, 2024							
	<u>Taiwan</u>	<u>Mainland China</u>	<u>Sales of semiconductor equipment consumables and equipment repair services</u>	<u>Energy saving and storage</u>	<u>Others</u>	<u>Adjustments and eliminations</u>	<u>Total</u>
External revenue	\$ 468,144	499,583	272,459	228,786	-	-	1,468,972
Intra-group revenue	93	41,026	5,948	-	-	(47,067)	-
Total segment revenue	<u>\$ 468,237</u>	<u>540,609</u>	<u>278,407</u>	<u>228,786</u>	<u>-</u>	<u>(47,067)</u>	<u>1,468,972</u>
Segment profit (loss)	<u>\$ 4,189</u>	<u>(22,990)</u>	<u>16,842</u>	<u>19,633</u>	<u>5,091</u>	<u>(4,570)</u>	<u>18,195</u>

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Financing provided to other parties
For the six months ended June 30, 2025
(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	91,574	81,782	-	2%	2	-	Operating requirement	-	-	-	406,574	813,148
1	Cyber South	Tianjin Ace Pillar	Other receivables from related parties	Yes	23,244	20,510	20,510	0%	2	-	Operating requirement	-	-	-	472,166	472,166
2	Proton	Tianjin Ace Pillar	Other receivables from related parties	Yes	13,282	11,720	11,720	0%	2	-	Operating requirement	-	-	-	350,258	350,258
3	Suzhou Super Pillar	Tianjin Ace Pillar	Other receivables from related parties	Yes	74,878	40,891	40,891	3%	2	-	Operating requirement	-	-	-	110,962	110,962

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)

June 30, 2025

(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	June 30, 2025				Note
				Shares/ Units	Carrying Value	Percentage of Ownership	Fair value	
The Company	Stock: Blade Hydrogen Green Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income — non-current	10,000	49,143	9.31%	49,143	-
STC	Stock: Intelligent fluids GmbH	-	Financial assets at fair value through other comprehensive income — non-current	27	Note 1	1.36%	-	-
STC	Stock: COMPITEK CORP PTE LTD. (CPL)	-	Financial assets at fair value through other comprehensive income — non-current	36	9,140	6.28%	9,140	-
STCBVI	Corporate bond: Biogen Inc.	-	Financial assets at amortized cost — non-current	USD 100	3,055	-	3,055	-

Note 1: The impairment loss was fully recognized.

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Information on investees (excluding information on investments in Mainland China)
For the six months ended June 30, 2025
(Amounts in thousands of New Taiwan Dollar / shares, unless specified otherwise)

Table 3

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount (Note)		Balances as of June 30, 2025			Net Income (Loss) of the Investee	Share of Profit/ (Loss) of the Investee	Note
				June 30, 2025	December 31, 2024	Shares	Percentage of Ownership	Carrying Value			
The Company	Cyber South	SAMOA	Investment and holding activity	107,041	107,041	4,669	100.00%	472,166	(660)	(314)	Note 1
Cyber South	Proton	SAMOA	Investment and holding activity	527,665	527,665	17,744	100.00%	350,258	(3,789)	Note 2	Note 1
Cyber South	Ace Tek	Hong Kong	Investment and holding activity	4,938	4,938	150	100.00%	2,822	(15)	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%	210,865	9,021	3,722	Note 1
STC	STCBVI	B.V.I.	Investment and holding activity	21,727	21,727	600	100.00%	76,178	2,638	Note 2	Note 1
The Company	AEG	Taiwan	Energy technology service	166,760	166,760	4,993	99.86%	238,321	13,592	13,573	Note 1
AEG	BWA	Germany	Sales and service of energy management products	138,804	138,804	Note 3	100.00%	203,970	11,513	Note 2	Note 1
The Company	Transpak	Taiwan	Manufacture and sales of strapping equipment	690,000	690,000	460	39.00%	768,559	139,342	43,340	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.

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Information on investment in Mainland China
For the six months ended June 30, 2025
(Amounts in thousands of New Taiwan Dollar and other currencies)

Table 4

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, 2025	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2025	Net Income (Loss) of the Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss) (Note 3) (Note 4)	Carrying Value as of June 30, 2025	Accumulated Inward Remittance of Earnings as of June 30, 2025
					Outflow	Inflow						
Tianjin Ace Pillar	Sales of automation mechanical transmission system and component	1,034,202 (USD 35,297)	Direct and indirect investment	57,135 (USD 1,950)	-	-	57,135 (USD 1,950)	(3,544)	100%	(3,544)	414,790	125,533
Advancedtek Ace	Electronic system integration	8,790 (USD 300)	Indirect investment	4,395 (USD 150)	-	-	4,395 (USD 150)	(15)	100%	(15) (USD 0.45))	2,796 (USD 95)	-
Suzhou Super Pillar	Manufacture and technology service of automation mechanical transmission system and control products	42,485 (USD 1,450)	Indirect investment	Note 2	-	-	Note 2	3,204	100%	3,204 (USD 100)	110,962 (USD 3,787)	-
Shanghai STC	Sales of semiconductor, optoelectronics and machinery equipment and equipment repair	14,064 (USD 480)	Indirect investment	14,064 (USD 480)	-	-	14,064 (USD 480)	2,558	100%	2,558	72,727	181,459

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 was recognized based on the financial statements reviewed by the auditors of the Company.

Note 4: Investment income or loss was recognized based on the unreviewed financial statements of the investee.

Note 5: The amounts were translated into New Taiwan Dollar at the exchange rates of US\$1=NTD 29.30 and CNY 1=NTD 4.0891.

2. Limits on investments in Mainland China:

Company Name	Accumulated Investment in Mainland China as of June 30, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA (Note 3)
ACE	149,987 (USD 5,119)	149,987 (USD 5,119)	1,730,382
STC	14,064 (USD 480)	14,064 (USD 480)	110,093

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 deregistered.

Note 2: The Group's investment in Grace Transmission for USD 160 thousand was authorized by Investment Commission, MOEA.

In January 2024, Grace Transmission was liquidated, which was reported to Investment Commission, MOEA on January 6, 2025 but the investment was not yet deregistered.

Note 3: The amounts were translated into New Taiwan Dollar at the exchange rates of US\$1=NTD 29.30.

Note 4: 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.