

ACE PILLAR CO., LTD. AND SUBSIDIARIES**Consolidated Financial Statements****With Independent Auditors' Review Report****For the Three Months Ended March 31, 2025 and 2024**

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

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

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安侯建業聯合會計師事務所
KPMG

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

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

Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Ace Pillar Co., Ltd. and its subsidiaries as of March 31, 2025 and 2024, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three 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 three months ended March 31, 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 Three Months Ended March 31, 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 \$220,999 thousand, constituting 4.22% of the consolidated total assets, and the total liabilities amounting to \$94,535 thousand, constituting 4.11% of the consolidated total liabilities as of March 31, 2025, as well as the total comprehensive income amounting to \$12,054 thousand, constituting 13.74% of the consolidated total comprehensive income for the three months ended March 31, 2025.

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 three months ended March 31, 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 March 31, 2025 and 2024, and their consolidated financial performance and their consolidated cash flows for the three months then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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)

May 5, 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.

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

ACE PILLAR CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2025, December 31, and March 31, 2024

(Expressed in Thousands of New Taiwan Dollar)

		March 31, 2025		December 31, 2024		March 31, 2024				March 31, 2025		December 31, 2024		March 31, 2024	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 1,071,322	21	1,237,604	23	438,710	15	2100	Short-term borrowings (notes 6(m) and 8)	\$ 325,085	6	267,912	5	198,494	7
1110	Financial assets at fair value through profit or loss — current (note 6(b))	942	-	2,779	-	4	-	2123	Financial liabilities at fair value through profit or loss — current (note 6(b))	6	-	165	-	583	-
1136	Financial assets measured at amortized cost — current (notes 6(d) and 8)	4,353	-	1,016	-	1,000	-	2130	Contract liabilities — current (note 6(v))	85,539	2	76,431	1	49,849	2
1140	Contract assets — current (note 6(v))	10,569	-	11,383	-	1,285	-	2150-2170	Notes and accounts payable (note 7)	591,825	11	637,816	12	339,646	11
1150-1170	Notes and accounts receivable (notes 6(e), (v), 7 and 8)	940,441	18	977,534	18	914,716	31	2200	Other payables (notes 6(w) and 7)	142,736	3	196,193	4	107,878	3
1200	Other receivables (notes 6(f) and 7)	7,080	-	6,994	-	9,858	-	2216	Cash dividends payable (note 7)	50,513	1	-	-	33,675	1
130X	Inventories (note 6(g))	949,811	18	939,936	17	615,841	21	2230	Current income tax liabilities	110,633	2	97,608	2	40,337	1
1410-1470	Prepayments and other current assets	60,256	1	41,336	1	49,773	2	2280	Lease liabilities — current (notes 6(q) and 7)	38,463	1	38,835	1	17,794	1
	Total current assets	<u>3,044,774</u>	<u>58</u>	<u>3,218,582</u>	<u>59</u>	<u>2,031,187</u>	<u>69</u>	2325	Preference share liabilities — current (note 6(p))	165,754	3	165,559	3	-	-
	Non-current assets:							2399	Other current liabilities	5,133	-	6,652	-	8,254	-
1517	Financial assets at fair value through other comprehensive income — non-current (note 6(c))	60,696	1	59,232	1	7,409	-		Total current liabilities	<u>1,515,687</u>	<u>29</u>	<u>1,487,171</u>	<u>28</u>	<u>796,510</u>	<u>26</u>
1535	Financial assets measured at amortized cost — non-current (note 6(d))	3,489	-	3,420	-	3,365	-	2530	Non-current liabilities:						
1600	Property, plant and equipment (notes 6(i) and 8)	557,028	11	553,391	10	561,155	19	2530	Bonds payable (note 6(o))	469,796	9	467,017	9	-	-
1755	Right-of-use assets (note 6(j))	116,712	2	126,382	2	63,051	2	2540	Long-term debt (note 6(n))	-	-	250,000	5	20,000	1
1760	Investment property, net (note 6(k))	80,048	2	80,399	2	81,453	3	2570	Deferred income tax liabilities	251,546	5	247,772	4	82,250	3
1780	Intangible assets (note 6(l))	1,319,314	25	1,338,238	25	184,244	6	2580	Lease liabilities — non-current (notes 6(q) and 7)	63,662	1	72,940	1	29,700	1
1840	Deferred income tax assets	18,026	-	18,021	-	13,445	-	2670	Other non-current liabilities — others	441	-	903	-	-	-
1920	Refundable deposits	29,788	1	20,496	1	20,048	1		Total non-current liabilities	<u>785,445</u>	<u>15</u>	<u>1,038,632</u>	<u>19</u>	<u>131,950</u>	<u>5</u>
1990	Other non-current assets	6,941	-	8,442	-	7,369	-		Total liabilities	<u>2,301,132</u>	<u>44</u>	<u>2,525,803</u>	<u>47</u>	<u>928,460</u>	<u>31</u>
	Total non-current assets	<u>2,192,042</u>	<u>42</u>	<u>2,208,021</u>	<u>41</u>	<u>941,539</u>	<u>31</u>		Equity attributable to shareholders of the Company (notes 6(h), (o) and (t)):						
								3110	Common stock	1,122,505	22	1,122,505	20	1,122,505	38
								3200	Capital surplus	378,931	7	378,840	7	312,377	11
								3300	Retained earnings	582,043	11	606,004	11	538,796	18
								3400	Other equity	4,165	-	(18,384)	-	(26,610)	(1)
									Total equity attributable to shareholders of the Company	<u>2,087,644</u>	<u>40</u>	<u>2,088,965</u>	<u>38</u>	<u>1,947,068</u>	<u>66</u>
								36XX	Non-controlling interests (notes 6(h) and (t))	<u>848,040</u>	<u>16</u>	<u>811,835</u>	<u>15</u>	<u>97,198</u>	<u>3</u>
									Total equity	<u>2,935,684</u>	<u>56</u>	<u>2,900,800</u>	<u>53</u>	<u>2,044,266</u>	<u>69</u>
Total assets		<u>\$ 5,236,816</u>	<u>100</u>	<u>5,426,603</u>	<u>100</u>	<u>2,972,726</u>	<u>100</u>		Total liabilities and equity	<u>\$ 5,236,816</u>	<u>100</u>	<u>5,426,603</u>	<u>100</u>	<u>2,972,726</u>	<u>100</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 Comprehensive Income****For the three months ended March 31, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollar, Except for Earnings Per Share)**

		For the three months ended March 31			
		2025		2024	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(v), 7 and 14)	\$ 1,113,103	100	702,408	100
5000	Operating costs (notes 6(g), (i), (j), (r), 7 and 12)	(817,330)	(73)	(542,456)	(77)
	Gross profit	295,773	27	159,952	23
	Operating expenses (notes 6(e), (i), (j), (k), (l), (q), (r), (w), 7 and 12):				
6100	Selling expenses	(132,485)	(12)	(104,653)	(15)
6200	Administrative expenses	(67,443)	(6)	(54,631)	(8)
6300	Research and development expenses	(8,612)	(1)	(1,363)	-
6450	Expected credit loss	(1,984)	-	(616)	-
	Total operating expenses	(210,524)	(19)	(161,263)	(23)
	Operating income (loss)	85,249	8	(1,311)	-
	Non-operating income and loss (notes 6(o), (q), (x) and 7):				
7100	Interest income	1,939	-	311	-
7010	Other income	2,347	1	3,456	-
7020	Other gains and losses, net	(621)	-	3,969	1
7050	Finance costs	(5,910)	(1)	(1,500)	-
	Total non-operating income and loss	(2,245)	-	6,236	1
	Income before income tax	83,004	8	4,925	1
7950	Less: income tax expense (note 6(s))	(18,830)	(2)	(3,357)	(1)
	Net income	64,174	6	1,568	-
	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	1,464	-	(1,246)	-
8349	Less: income tax related to items that will not be reclassified subsequently to profit or loss	(140)	-	-	-
		1,324	-	(1,246)	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign operations	22,241	2	13,298	2
8399	Less: income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
		22,241	2	13,298	2
	Other comprehensive income for the period, net of income tax	23,565	2	12,052	2
	Total comprehensive income for the period	<u>\$ 87,739</u>	<u>8</u>	<u>13,620</u>	<u>2</u>
	Net income attributable to:				
8610	Shareholders of the Company	\$ 26,552	3	182	-
8620	Non-controlling interests	37,622	3	1,386	-
		<u>\$ 64,174</u>	<u>6</u>	<u>1,568</u>	<u>-</u>
	Total comprehensive income attributable to:				
8710	Shareholders of the Company	\$ 49,101	5	11,806	2
8720	Non-controlling interests	38,638	3	1,814	-
		<u>\$ 87,739</u>	<u>8</u>	<u>13,620</u>	<u>2</u>
	Earnings per share (in New Taiwan Dollar) (note 6(u)):				
9750	Basic earnings per share	<u>\$ 0.24</u>		<u>0.002</u>	
9850	Diluted earnings per share	<u>\$ 0.24</u>		<u>0.002</u>	

See accompanying notes to the consolidated financial statements.

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

ACE PILLAR CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the three months ended March 31, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollar)**

	Attributable to shareholders of the Company											
	Retained earnings						Other equity					
								Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income		Total equity of the Company	Non-controlling interests	Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Foreign currency translation differences		Total			
Balance at January 1, 2024	\$ 1,122,505	312,314	280,894	78,028	213,367	572,289	(42,567)	4,333	(38,234)	1,968,874	95,384	2,064,258
Net income for the period	-	-	-	-	182	182	-	-	-	182	1,386	1,568
Other comprehensive income (loss) for the period	-	-	-	-	-	-	12,372	(748)	11,624	11,624	428	12,052
Total comprehensive income (loss) for the period	-	-	-	-	182	182	12,372	(748)	11,624	11,806	1,814	13,620
Appropriation of earnings:												
Cash dividends to shareholders	-	-	-	-	(33,675)	(33,675)	-	-	-	(33,675)	-	(33,675)
Proceeds from disposal of forfeited employee stock managed by an employee ownership trust	-	63	-	-	-	-	-	-	-	63	-	63
Balance at March 31, 2024	\$ 1,122,505	312,377	280,894	78,028	179,874	538,796	(30,195)	3,585	(26,610)	1,947,068	97,198	2,044,266
Balance at January 1, 2025	\$ 1,122,505	378,840	280,894	78,028	247,082	606,004	(22,136)	3,752	(18,384)	2,088,965	811,835	2,900,800
Net income for the period	-	-	-	-	26,552	26,552	-	-	-	26,552	37,622	64,174
Other comprehensive income for the period	-	-	-	-	-	-	21,448	1,101	22,549	22,549	1,016	23,565
Total comprehensive income for the period	-	-	-	-	26,552	26,552	21,448	1,101	22,549	49,101	38,638	87,739
Appropriation of earnings:												
Cash dividends to shareholders	-	-	-	-	(50,513)	(50,513)	-	-	-	(50,513)	-	(50,513)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(2,433)	(2,433)
Proceeds from disposal of forfeited employee stock managed by an employee ownership trust	-	91	-	-	-	-	-	-	-	91	-	91
Balance at March 31, 2025	\$ 1,122,505	378,931	280,894	78,028	223,121	582,043	(688)	4,853	4,165	2,087,644	848,040	2,935,684

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 three months ended March 31, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollar)**

	For the three months ended March 31	
	2025	2024
Cash flows from operating activities:		
Income before income taxes	\$ 83,004	4,925
Adjustments for:		
Adjustments to reconcile profit or loss:		
Depreciation	17,121	11,185
Amortization	20,915	3,477
Expected credit loss	1,984	616
Loss on financial instruments at fair value through profit or loss	1,995	-
Interest expense	5,910	1,500
Interest income	(1,939)	(311)
Gain on disposal of property, plant and equipment	(10)	(918)
Loss on lease modifications	-	13
Gain on liquidation of subsidiaries	-	(4,360)
Total adjustments for profit or loss	45,976	11,202
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	37	1,726
Contract assets	814	(473)
Notes and accounts receivable	35,109	5,379
Other receivables	3,825	(4,617)
Inventories	(9,875)	53,056
Other assets	(18,603)	(21,304)
Net changes in operating assets	11,307	33,767
Changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	(159)	543
Notes and accounts payable	(45,991)	(24,378)
Other payables	(53,392)	(19,135)
Contract liabilities	9,108	5,597
Other current liabilities	(1,519)	(3,731)
Other non-current liabilities	(462)	-
Net changes in operating liabilities	(92,415)	(41,104)
Total changes in operating assets and liabilities	(81,108)	(7,337)
Total adjustments	(35,132)	3,865
Cash provided by operations	47,872	8,790
Interest received	1,883	283
Income taxes paid	(10,826)	(4,510)
Net cash flows provided by operating activities	38,929	4,563

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 three months ended March 31, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollar)**

	For the three months ended March 31	
	2025	2024
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(3,179)	(214)
Proceeds from disposal of property, plant and equipment	12	1,050
Acquisition of intangible assets	(433)	-
Decrease (increase) in refundable deposits	(9,292)	846
Increase in other financial assets — current	(3,337)	-
Increase in other non-current assets	-	232
Net cash flows provided by (used in) investing activities	(16,229)	1,914
Cash flows from financing activities:		
Increase in short-term borrowings	180,000	111,381
Decrease in short-term borrowings	(126,457)	(50,733)
Repayments of long-term debt	(250,000)	(30,000)
Payment of lease liabilities	(10,615)	(4,855)
Proceeds from disposal of forfeited employee stock managed by an employee ownership trust	91	63
Interest paid	(3,196)	(1,492)
Net cash flows provided by (used in) financing activities	(210,177)	24,364
Effect of foreign exchange rate changes	21,195	16,026
Net increase (decrease) in cash and cash equivalents	(166,282)	46,867
Cash and cash equivalents at beginning of period	1,237,604	391,843
Cash and cash equivalents at end of period	\$ 1,071,322	438,710

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 three months ended March 31, 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 May 5, 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

- (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”	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.	January 1, 2027

(Continued)

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

Standards or Interpretations	Content of amendment	Effective date per IASB
	<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. 	

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- IFRS 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”

(Continued)

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

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
			March 31, 2025	December 31, 2024	March 31, 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 %	-
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

(Continued)

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

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 three months ended March 31, 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.

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**

	March 31, 2025	December 31, 2024	March 31, 2024
Cash on hand	\$ 401	388	305
Demand deposits and checking accounts	670,002	733,283	394,405
Time deposits with original maturities less than three months	400,919	503,933	44,000
	<u><u>\$ 1,071,322</u></u>	<u><u>1,237,604</u></u>	<u><u>438,710</u></u>

(Continued)

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

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

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Financial assets at fair value through profit or loss:			
Foreign currency forward contracts	\$ 42	79	4
Redemption options of convertible bonds (note 6(o))	900	2,700	-
	<u>\$ 942</u>	<u>2,779</u>	<u>4</u>
	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Financial liabilities at fair value through profit or loss:			
Foreign currency forward contracts	\$ (6)	(165)	(393)
Foreign exchange swaps	-	-	(190)
	<u>\$ (6)</u>	<u>(165)</u>	<u>(583)</u>

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

(i) Foreign currency forward contracts

	<u>March 31, 2025</u>	
	<u>Contract amount (in thousands)</u>	<u>Maturity period</u>
USD Buy / CNY Sell	USD 1,200	2025/04
CNY Buy / USD Sell	USD 860	2025/04
USD Buy / EUR Sell	USD 710	2025/04
	<u>December 31, 2024</u>	
	<u>Contract amount (in thousands)</u>	<u>Maturity period</u>
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
	<u>March 31, 2024</u>	
	<u>Contract amount (in thousands)</u>	<u>Maturity period</u>
USD Buy / CNY Sell	USD 1,050	2024/04
CNY Buy / USD Sell	USD 1,560	2024/04
USD Buy / EUR Sell	USD 1,000	2024/04

(Continued)

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

(ii) Foreign exchange swaps

	March 31, 2024	
	Contract amount	Maturity period
	(in thousands)	
NTD Swap in / CNY Swap out	CNY 35,000	2024/04

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

	March 31, 2025	December 31, 2024	March 31, 2024
Equity investments at fair value through other comprehensive income:			
Domestic and foreign unlisted stocks	\$ <u>60,696</u>	<u>59,232</u>	<u>7,409</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 three months ended March 31, 2025 and 2024.

(d) Financial assets measured at amortized cost

	March 31, 2025	December 31, 2024	March 31, 2024
Pledged time deposits	\$ 1,033	1,016	1,000
Time deposits	3,320	-	-
Corporate bonds	<u>3,489</u>	<u>3,420</u>	<u>3,365</u>
	<u>\$ 7,842</u>	<u>4,436</u>	<u>4,365</u>
Current	\$ 4,353	1,016	1,000
Non-current	<u>3,489</u>	<u>3,420</u>	<u>3,365</u>
	<u>\$ 7,842</u>	<u>4,436</u>	<u>4,365</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.

(Continued)

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

(e) Notes and accounts receivable

	March 31, 2025	December 31, 2024	March 31, 2024
Notes receivable from operating activities	\$ 97,850	151,600	287,866
Accounts receivable measured at amortized cost	865,904	847,301	650,076
Less: loss allowance	(23,313)	(21,367)	(23,226)
	<u>\$ 940,441</u>	<u>977,534</u>	<u>914,716</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:

	March 31, 2025	
	Gross carrying amount	Weighted-average loss rate
Current	\$ 483,622	0%
Past due 1-90 days	12,441	0%
Past due 91-180 days	103	0~100%
Past due 181-270 days	-	0~100%
Past due 271-365 days	-	0~100%
Past due over 366 days	824	100%
	<u>\$ 496,990</u>	<u>824</u>

	December 31, 2024	
	Gross carrying amount	Weighted-average loss rate
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%
Past due over 366 days	1,091	100%
	<u>\$ 515,492</u>	<u>1,140</u>

	March 31, 2024	
	Gross carrying amount	Weighted-average loss rate
Current	\$ 367,450	0%
Past due 1-90 days	11,882	0%
Past due 91-180 days	13	0~100%
Past due 181-270 days	-	0~100%
Past due 271-365 days	5	0~100%
Past due over 366 days	1,479	100%
	<u>\$ 380,829</u>	<u>1,484</u>

(Continued)

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

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

	March 31, 2025		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	\$ 377,682	0~0.49%	1,840
Past due 1-90 days	63,419	0~4.24%	2,686
Past due 91-180 days	9,961	0~18.79%	2,574
Past due 181-270 days	505	0~49.40%	192
Past due 271-365 days	310	0~100%	310
Past due over 366 days	14,887	100%	14,887
	\$ 466,764		22,489

	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

	March 31, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	\$ 477,482	0~0.95%	1,980
Past due 1-90 days	60,448	0~14.68%	3,372
Past due 91-180 days	4,078	0~50.30%	1,462
Past due 181-270 days	1,039	0~75.78%	874
Past due 271-365 days	1,939	0~100%	1,927
Past due over 366 days	12,127	100%	12,127
	\$ 557,113		21,742

(Continued)

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

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

	For the three months ended March 31,	
	2025	2024
Balance at January 1	\$ 21,367	22,310
Impairment loss	1,984	616
Write-off	(290)	-
Reversal of insurance claims for accounts receivable	(161)	(153)
Effect of exchange rate changes	413	453
Balance at March 31	<u><u>\$ 23,313</u></u>	<u><u>23,226</u></u>

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

(f) Other receivables

	March 31, 2025	December 31, 2024	March 31, 2024
Other receivables	\$ 7,080	6,994	9,858
Less: loss allowance	-	-	-
	<u><u>\$ 7,080</u></u>	<u><u>6,994</u></u>	<u><u>9,858</u></u>

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

(g) Inventories

	March 31, 2025	December 31, 2024	March 31, 2024
Raw materials	\$ 185,579	196,439	-
Work in process	76,359	46,280	-
Merchandise inventory	687,873	697,217	615,841
	<u><u>\$ 949,811</u></u>	<u><u>939,936</u></u>	<u><u>615,841</u></u>

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

	For the three months ended March 31,	
	2025	2024
Cost of inventories sold	\$ 815,327	539,977
Reversal of write-downs of inventories	(11,971)	(6,724)
	<u><u>\$ 803,356</u></u>	<u><u>533,253</u></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.

(Continued)

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

(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.

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>\$ 288,982</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:

<u>Subsidiary</u>	<u>Principal place of business/ Registration country</u>	<u>The percentage of ownership and voting rights held by non-controlling interests</u>		
		<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Transpak	Taiwan	61.00 %	61.00 %	-

(Continued)

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

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

- 1) The summarized financial information of Transpak:

	March 31, 2025	December 31, 2024
Current assets	\$ 950,769	891,160
Non-current assets	1,214,685	1,234,495
Current liabilities	(435,192)	(453,032)
Non-current liabilities	(222,284)	(222,316)
Net assets	<u><u>\$ 1,507,978</u></u>	<u><u>1,450,307</u></u>
The carrying amount of non-controlling interests	<u><u>\$ 747,818</u></u>	<u><u>713,588</u></u>
		For the three months ended March 31, 2025
Net sales		\$ <u><u>355,252</u></u>
Net income		\$ 60,104
Total comprehensive income		\$ <u><u>60,104</u></u>
Net income attributable to non-controlling interests		\$ <u><u>36,664</u></u>
Total comprehensive income attributable to non-controlling interests		\$ <u><u>36,664</u></u>
		For the three months ended March 31, 2025
Cash flow from operating activities		\$ 68,897
Cash flow from investing activities		(956)
Cash flow from financing activities		(4,541)
Net increase in cash and cash equivalents		\$ <u><u>63,400</u></u>
Cash dividends paid to non-controlling interests		\$ <u><u>-</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	-	-	3,179	3,179
Disposals	-	-	(308)	(308)
Reclassification	-	-	1,345	1,345
Effect of exchange rate changes	-	7,383	1,261	8,644
Balance at March 31, 2025	<u>\$ 193,588</u>	<u>506,026</u>	<u>132,520</u>	<u>832,134</u>
Balance at January 1, 2024	\$ 193,588	484,938	79,074	757,600
Additions	-	-	214	214
Disposals	-	(535)	(2,276)	(2,811)
Effect of exchange rate changes	-	8,582	1,062	9,644
Balance at March 31, 2024	<u>\$ 193,588</u>	<u>492,985</u>	<u>78,074</u>	<u>764,647</u>
Accumulated depreciation and impairment loss:				
Balance at January 1, 2025	\$ -	156,657	109,226	265,883
Depreciation	-	4,210	1,633	5,843
Disposals	-	-	(306)	(306)
Effect of exchange rate changes	-	2,623	1,063	3,686
Balance at March 31, 2025	<u>\$ -</u>	<u>163,490</u>	<u>111,616</u>	<u>275,106</u>
Balance at January 1, 2024	\$ -	135,208	61,517	196,725
Depreciation	-	4,122	1,384	5,506
Disposals	-	(407)	(2,272)	(2,679)
Effect of exchange rate changes	-	3,081	859	3,940
Balance at March 31, 2024	<u>\$ -</u>	<u>142,004</u>	<u>61,488</u>	<u>203,492</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 March 31, 2025	<u>\$ 193,588</u>	<u>342,536</u>	<u>20,904</u>	<u>557,028</u>
Balance at March 31, 2024	<u>\$ 193,588</u>	<u>350,981</u>	<u>16,586</u>	<u>561,155</u>

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

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

(j) Right-of-use assets

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:				
Balance at January 1, 2025	\$ 19,878	143,832	5,104	168,814
Additions	-	557	-	557
Disposals	-	(2,649)	(826)	(3,475)
Effect of exchange rates changes	<u>343</u>	<u>706</u>	<u>12</u>	<u>1,061</u>
Balance at March 31, 2025	<u><u>\$ 20,221</u></u>	<u><u>142,446</u></u>	<u><u>4,290</u></u>	<u><u>166,957</u></u>
Balance at January 1, 2024	\$ 18,169	50,381	2,594	71,144
Additions	-	14,679	-	14,679
Disposals	-	(1,072)	(1,186)	(2,258)
Effect of exchange rate changes	<u>1,370</u>	<u>349</u>	<u>7</u>	<u>1,726</u>
Balance at March 31, 2024	<u><u>\$ 19,539</u></u>	<u><u>64,337</u></u>	<u><u>1,415</u></u>	<u><u>85,291</u></u>
Accumulated depreciation:				
Balance at January 1, 2025	\$ 3,387	37,367	1,678	42,432
Depreciation	116	10,294	517	10,927
Disposals	-	(2,649)	(826)	(3,475)
Effect of exchange rates changes	<u>55</u>	<u>301</u>	<u>5</u>	<u>361</u>
Balance at March 31, 2025	<u><u>\$ 3,558</u></u>	<u><u>45,313</u></u>	<u><u>1,374</u></u>	<u><u>50,245</u></u>
Balance at January 1, 2024	\$ 1,932	14,517	1,252	17,701
Depreciation	113	4,916	298	5,327
Disposals	-	(850)	(985)	(1,835)
Effect of exchange rates changes	<u>936</u>	<u>104</u>	<u>7</u>	<u>1,047</u>
Balance at March 31, 2024	<u><u>\$ 2,981</u></u>	<u><u>18,687</u></u>	<u><u>572</u></u>	<u><u>22,240</u></u>
Carrying amounts:				
Balance at January 1, 2025	<u><u>\$ 16,491</u></u>	<u><u>106,465</u></u>	<u><u>3,426</u></u>	<u><u>126,382</u></u>
Balance at March 31, 2025	<u><u>\$ 16,663</u></u>	<u><u>97,133</u></u>	<u><u>2,916</u></u>	<u><u>116,712</u></u>
Balance at March 31, 2024	<u><u>\$ 16,558</u></u>	<u><u>45,650</u></u>	<u><u>843</u></u>	<u><u>63,051</u></u>

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

(k) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
Balance at January 1, 2025			
(Balance at March 31, 2025)	\$ <u>63,339</u>	<u>35,882</u>	<u>99,221</u>
Balance at January 1, 2024			
(Balance at March 31, 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>351</u>	<u>351</u>
Balance at March 31, 2025	\$ <u>-</u>	<u>19,173</u>	<u>19,173</u>
Balance at January 1, 2024	\$ -	17,416	17,416
Depreciation	<u>-</u>	<u>352</u>	<u>352</u>
Balance at March 31, 2024	\$ <u>-</u>	<u>17,768</u>	<u>17,768</u>
Carrying amounts:			
Balance at January 1, 2025	\$ <u>63,339</u>	<u>17,060</u>	<u>80,399</u>
Balance at March 31, 2025	\$ <u>63,339</u>	<u>16,709</u>	<u>80,048</u>
Balance at March 31, 2024	\$ <u>63,339</u>	<u>18,114</u>	<u>81,453</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	-	-	433	-	-	433
Adjustment of business combination during the measurement period	1,556	-	-	-	-	1,556
Disposals	-	-	(616)	-	-	(616)
Effect of exchange rates changes	<u>-</u>	<u>-</u>	<u>34</u>	<u>-</u>	<u>-</u>	<u>34</u>
Balance at March 31, 2025	\$ <u>380,320</u>	<u>61,014</u>	<u>15,492</u>	<u>177,477</u>	<u>768,660</u>	<u>1,402,963</u>
Balance at January 1, 2024	\$ 98,273	-	21,029	12,822	81,942	214,066
Disposals	-	-	(3,261)	-	-	(3,261)
Effect of exchange rates changes	<u>-</u>	<u>-</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>8</u>
Balance at March 31, 2024	\$ <u>98,273</u>	<u>-</u>	<u>17,776</u>	<u>12,822</u>	<u>81,942</u>	<u>210,813</u>

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

	<u>Goodwill</u>	<u>Patents</u>	<u>Computer software</u>	<u>Trademarks</u>	<u>Customer relationships</u>	<u>Total</u>
Accumulated amortization:						
Balance at January 1, 2025	\$ -	4,268	8,479	10,435	40,136	63,318
Amortization	-	2,512	903	4,388	13,112	20,915
Disposals	-	-	(616)	-	-	(616)
Effect of exchange rates changes	-	-	32	-	-	32
Balance at March 31, 2025	<u>\$ -</u>	<u>6,780</u>	<u>8,798</u>	<u>14,823</u>	<u>53,248</u>	<u>83,649</u>
Balance at January 1, 2024	\$ -	-	10,160	2,244	13,941	26,345
Amortization	-	-	1,247	320	1,910	3,477
Disposals	-	-	(3,261)	-	-	(3,261)
Effect of exchange rates changes	-	-	8	-	-	8
Balance at March 31, 2024	<u>\$ -</u>	<u>-</u>	<u>8,154</u>	<u>2,564</u>	<u>15,851</u>	<u>26,569</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 March 31, 2025	<u>\$ 380,320</u>	<u>54,234</u>	<u>6,694</u>	<u>162,654</u>	<u>715,412</u>	<u>1,319,314</u>
Balance at March 31, 2024	<u>\$ 98,273</u>	<u>-</u>	<u>9,622</u>	<u>10,258</u>	<u>66,091</u>	<u>184,244</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 March 31, 2025, the Group assessed the achievement of expected revenue and operating income of the respective cash generating unit for the three months ended March 31, 2025, and concluded that there were no indications of impairment.

(m) Short-term borrowings

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Unsecured bank loans	\$ 292,294	207,994	100,056
Secured bank loans	32,791	59,918	98,438
	<u>\$ 325,085</u>	<u>267,912</u>	<u>198,494</u>
Unused credit facilities	<u>\$ 2,216,486</u>	<u>2,172,678</u>	<u>2,176,110</u>
Interest rate	0.5%~3.70%	0.5%~3.75%	0.95%~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>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Unsecured bank loans	\$ -	250,000	20,000
Unused credit facilities	<u>\$ 650,000</u>	<u>700,000</u>	<u>400,000</u>
Interest rate	-	1.94%	1.95%
Maturity year	-	2026	2025~2026

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

(o) Bonds payable

	March 31, 2025	December 31, 2024	March 31, 2024
Total bonds payable issued	\$ 500,000	500,000	-
Unamortized bond discount	(30,204)	(32,983)	-
Bonds payable	<u>\$ 469,796</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>\$ 900</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 three months ended March 31,	
		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>\$ (1,800)</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 and conversion options exercised

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

(p) Preference share liabilities

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

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

The estimated fair value of preference share liabilities at March 31, 2025 and 2024 was \$165,754 and \$165,559, respectively, which was determined based on future cash flows.

(q) Lease liabilities

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

	March 31, 2025	December 31, 2024	March 31, 2024
Current	\$ <u>38,463</u>	<u>38,835</u>	<u>17,794</u>
Non-current	\$ <u>63,662</u>	<u>72,940</u>	<u>29,700</u>

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

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

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31,	
	2025	2024
Interest expense on lease liabilities	\$ <u>778</u>	<u>309</u>
Expenses relating to short-term leases	\$ <u>428</u>	<u>2,298</u>
Expenses relating to leases of low-value assets	\$ <u>15</u>	<u>-</u>

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

	For the three months ended March 31,	
	2025	2024
Total cash outflows for leases	\$ <u>11,836</u>	<u>7,462</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 ended March 31, 2025 and 2024, the Group recognized the pension expenses of \$6,850 and \$5,781, 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 March 31,	
	2025	2024
Current income tax expense	\$ <u>18,830</u>	<u>3,357</u>

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

- (ii) For the three months ended March 31, 2025 and 2024, there was no income tax expense recognized directly in equity.
- (iii) The components of income tax expense recognized in other comprehensive income were as follows:

	For the three months ended March 31,	
	2025	2024
Items that will not be reclassified subsequently to profit or loss:		
Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	\$ <u>140</u>	<u>-</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 three months ended March 31, 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 March 31, 2025, December 31 and March 31, 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

	March 31, 2025	December 31, 2024	March 31, 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	29
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	580	489	208
	<u>\$ 378,931</u>	<u>378,840</u>	<u>312,377</u>

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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. The resolved appropriations of cash dividends were as follows:

	2024		2023	
	Dividends per share (in NTD)	Amount	Dividends per share (in NTD)	Amount
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	21,448	-	21,448
Unrealized gains on financial assets measured at fair value through other comprehensive income	-	1,101	1,101
Balance at March 31, 2025	<u>\$ (688)</u>	<u>4,853</u>	<u>4,165</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	12,372	-	12,372
Unrealized losses on financial assets measured at fair value through other comprehensive loss	-	(748)	(748)
Balance at March 31, 2024	<u>\$ (30,195)</u>	<u>3,585</u>	<u>(26,610)</u>

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

	For the three months ended March 31,	
	2025	2024
Balance at January 1	\$ 811,835	95,384
Equity attributable to non-controlling interests		
Net income	37,622	1,386
Foreign exchange differences arising from translation of foreign operations	793	926
Changes in non-controlling interests	(2,433)	-
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	223	(498)
Balance at March 31	<u>\$ 848,040</u>	<u>97,198</u>

(u) Earnings per share ("EPS")

(i) Basic earnings per share

	For the three months ended March 31,	
	2025	2024
Net income attributable to shareholders of the Company	\$ <u>26,552</u>	<u>182</u>
Weighted-average number of common shares outstanding (in thousands)	<u>112,250</u>	<u>112,250</u>
Basic earnings per share (in New Taiwan Dollar)	<u>\$ 0.24</u>	<u>0.002</u>

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

(ii) Diluted earnings per share

	For the three months ended March 31,	
	2025	2024
Net income attributable to shareholders of the Company	<u>\$ 26,552</u>	<u>182</u>
Weighted-average number of common shares outstanding (in thousands)	112,250	112,250
Effect of dilutive potential common shares:		
Effect of employee remuneration in stock	<u>31</u>	<u>-</u>
Weighted-average number of common shares outstanding (in thousands) (including effect of dilutive potential common shares)	<u>112,281</u>	<u>112,250</u>
Diluted earnings per share (in New Taiwan Dollar)	<u>\$ 0.24</u>	<u>0.002</u>

As the convertible bonds had anti-dilutive effect for the three months ended March 31, 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 March 31,	
	2025	2024
Major products / services lines:		
Automation control	\$ 292,671	260,020
Mechanical transmission	205,951	206,187
Sales of semiconductor equipment consumables and equipment repair services	140,311	126,907
Energy management products	118,298	108,016
Equipment and consumables	355,011	-
Others	<u>861</u>	<u>1,278</u>
	<u>\$ 1,113,103</u>	<u>702,408</u>

(ii) Contract balances

	March 31, 2025	December 31, 2024	March 31, 2024
Notes and accounts receivable	\$ 963,754	998,901	937,942
Less: loss allowance	<u>(23,313)</u>	<u>(21,367)</u>	<u>(23,226)</u>
	<u>\$ 940,441</u>	<u>977,534</u>	<u>914,716</u>
Contract assets	<u>\$ 10,569</u>	<u>11,383</u>	<u>1,285</u>
Contract liabilities — advance receipts	<u>\$ 85,539</u>	<u>76,431</u>	<u>49,849</u>

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

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 three months ended March 31, 2025 and 2024, which were included in the contract liabilities balance at the beginning of the period, were \$54,247 and \$14,758, respectively.

(w) Remuneration to employees and directors

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

For the three months ended March 31, 2025 and 2024, the Company estimated its remuneration to employees amounting to \$1,335 and \$11, respectively, and the remuneration to directors amounting to \$267 and \$2, 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

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 March 31,	
	2025	2024
Interest income from bank deposits	\$ 1,879	270
Interest income from financial assets measured at amortized cost	56	28
Others	4	13
	\$ 1,939	311

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

(ii) Other income

	For the three months ended March 31,	
	2025	2024
Payables and advance receipts reclassified to income	\$ 30	885
Miscellaneous income	2,317	2,571
	<u>\$ 2,347</u>	<u>3,456</u>

(iii) Other gains and losses

	For the three months ended March 31,	
	2025	2024
Losses on lease modifications	\$ -	(13)
Foreign currency exchange gains, net	1,949	3,929
Losses on financial instruments at fair value through profit or loss	(2,580)	(5,186)
Gains on disposal of property, plant and equipment	10	918
Gains on liquidation of subsidiaries	-	4,360
Others	-	(39)
	<u>\$ (621)</u>	<u>3,969</u>

(iv) Finance costs

	For the three months ended March 31,	
	2025	2024
Interest expense on bank loans	\$ (2,353)	(1,191)
Interest expense on lease liabilities	(778)	(309)
Interest expense on bonds payable	(2,779)	-
	<u>\$ (5,910)</u>	<u>(1,500)</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.

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

(i) Categories of financial instruments

1) Financial assets

	March 31, 2025	December 31, 2024	March 31, 2024
Financial assets at fair value through profit or loss — current	\$ 942	2,779	4
Financial assets at fair value through other comprehensive income — non-current	60,696	59,232	7,409
Financial assets measured at amortized cost:			
Cash and cash equivalents	1,071,322	1,237,604	438,710
Financial assets measured at amortized cost (including current and non-current)	7,842	4,436	4,365
Notes and accounts receivable	940,441	977,534	914,716
Other receivables	7,080	6,994	9,858
Refundable deposits	29,788	20,496	20,048
	<u>\$ 2,118,111</u>	<u>2,309,075</u>	<u>1,395,110</u>

2) Financial liabilities

	March 31, 2025	December 31, 2024	March 31, 2024
Financial liabilities at fair value through profit or loss:			
Derivatives	\$ 6	165	583
Preference share liabilities	165,754	165,559	-
Financial liabilities measured at amortized cost:			
Short-term borrowings	325,085	267,912	198,494
Notes and accounts payable	591,825	637,816	339,646
Other payables	142,736	196,193	107,878
Bonds payable	469,796	467,017	-
Cash dividends payable	50,513	-	33,675
Lease liabilities (including current and non-current)	102,125	111,775	47,494
Long-term debt	-	250,000	20,000
	<u>\$ 1,847,840</u>	<u>2,096,437</u>	<u>747,770</u>

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

(ii) Fair value information

1) Financial instruments not measured at fair value

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

2) Financial instruments measured at fair value

The financial instruments at fair value through profit or loss and the financial assets at fair value through other comprehensive income are measured on a recurring basis. The table below analyzes financial instruments that are measured at fair value subsequent to initial recognition, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The different levels have been defined as follows:

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

		March 31, 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	\$	42	-	42	-	42
Redemption options of convertible bonds		900	-	-	900	900
	\$	<u>942</u>	<u>-</u>	<u>42</u>	<u>900</u>	<u>942</u>
Financial assets at fair value through other comprehensive income:						
Domestic and foreign unlisted stocks	\$	<u>60,696</u>	<u>-</u>	<u>-</u>	<u>60,696</u>	<u>60,696</u>
Financial liabilities at fair value through profit or loss:						
Derivatives — foreign currency forward contracts	\$	(6)	-	(6)	-	(6)
Preference share liabilities		(165,754)	-	-	(165,754)	(165,754)
	\$	<u>(165,760)</u>	<u>-</u>	<u>(6)</u>	<u>(165,754)</u>	<u>(165,760)</u>

(Continued)

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

		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>
		March 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	\$	<u>4</u>	<u>-</u>	<u>4</u>	<u>-</u>	<u>4</u>
Financial assets at fair value through other comprehensive income:						
Domestic and foreign unlisted stocks	\$	<u>7,409</u>	<u>-</u>	<u>-</u>	<u>7,409</u>	<u>7,409</u>
Financial liabilities at fair value through profit or loss:						
Derivatives—foreign currency forward contracts	\$	(393)	-	(393)	-	(393)
Derivatives—foreign exchange swaps		(190)	-	(190)	-	(190)
	\$	<u>(583)</u>	<u>-</u>	<u>(583)</u>	<u>-</u>	<u>(583)</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 three months ended March 31, 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 three months ended March 31,	
	2025	2024
Balance at January 1	\$ 2,700	-
Recognized in profit or loss	(1,800)	-
Balance at March 31	<u><u>\$ 900</u></u>	<u><u>-</u></u>

Financial assets at fair value through other comprehensive income:

	For the three months ended March 31,	
	2025	2024
Balance at January 1	\$ 59,232	8,655
Recognized in other comprehensive income (loss)	1,464	(1,246)
Balance at March 31	<u><u>\$ 60,696</u></u>	<u><u>7,409</u></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 three months ended March 31,	
	2025	2024
Balance at January 1	\$ 165,559	-
Recognized in profit or loss	195	-
Balance at March 31	<u><u>\$ 165,754</u></u>	<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 March 31, 2025, December 31 and March 31, 2024, the Group had unused credit facilities of \$2,866,486, \$2,872,678 and \$2,576,110, 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
March 31, 2025					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 327,428	327,428	-	-	-
Bonds payable	500,000	-	-	500,000	-
Notes and accounts payable	591,825	591,825	-	-	-
Other payables	142,736	142,736	-	-	-
Cash dividends payable	50,513	50,513	-	-	-
Lease liabilities (including current and non-current)	106,771	40,850	33,005	32,916	-
Preference share liabilities	165,754	165,754	-	-	-
	<u><u>\$ 1,885,027</u></u>	<u><u>1,319,106</u></u>	<u><u>33,005</u></u>	<u><u>532,916</u></u>	<u><u>-</u></u>
Derivative financial instruments:					
Foreign currency forward contracts:					
Outflow	\$ 90,706	90,706	-	-	-
Inflow	(90,742)	(90,742)	-	-	-
	<u><u>\$ (36)</u></u>	<u><u>(36)</u></u>	<u><u>-</u></u>	<u><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>
March 31, 2024					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 199,365	199,365	-	-	-
Notes and accounts payable	339,646	339,646	-	-	-
Other payables	107,878	107,878	-	-	-
Cash dividends payable	33,675	33,675	-	-	-
Lease liabilities (including current and non-current)	49,101	18,725	16,184	14,192	-
Long-term debt (including current portion)	20,655	402	20,253	-	-
	<u>\$ 750,320</u>	<u>699,691</u>	<u>36,437</u>	<u>14,192</u>	<u>-</u>
Derivative financial instruments:					
Foreign currency forward contracts:					
Outflow	\$ 113,971	113,971	-	-	-
Inflow	(113,582)	(113,582)	-	-	-
Foreign exchange swaps:					
Outflow	154,025	154,025	-	-	-
Inflow	(153,835)	(153,835)	-	-	-
	<u>\$ 579</u>	<u>579</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):

March 31, 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	\$ 7,019	33.205	233,066	1 %	2,331
JPY	321	0.2226	71	1 %	1
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD	\$ 3,539	33.205	117,512	1 %	1,175
JPY	11,626	0.2226	2,588	1 %	26
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
March 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>					
CNY	\$ 35,001	4.4296	155,040	1 %	1,550
USD	4,367	32.00	139,744	1 %	1,397
JPY	3,374	0.2115	714	1 %	7
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD	\$ 4,398	32.00	140,736	1 %	1,407
JPY	23,642	0.2115	5,000	1 %	50

(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 three months ended March 31, 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 three months ended March 31, 2025 and 2024, please refer to note 6(j).

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

			Non-cash changes			
	January 1, 2025	Cash flows	Effect of foreign exchange rate and others	Additions to lease liabilities	Disposals of lease liabilities	March 31, 2025
Short-term borrowings	\$ 267,912	53,543	3,630	-	-	325,085
Bonds payable	467,017	-	2,779	-	-	469,796
Long-term debt (including current portion)	250,000	(250,000)	-	-	-	-
Preference share liabilities	165,559	-	195	-	-	165,754
Lease liabilities	111,775	(10,615)	408	557	-	102,125
Total liabilities from financing activities	<u>\$ 1,262,263</u>	<u>(207,072)</u>	<u>7,012</u>	<u>557</u>	<u>-</u>	<u>1,062,760</u>

			Non-cash changes			
	January 1, 2024	Cash flows	Effect of foreign exchange rate	Additions to lease liabilities	Disposals of lease liabilities	March 31, 2024
Short-term borrowings	\$ 134,599	60,648	3,247	-	-	198,494
Long-term debt (including current portion)	50,000	(30,000)	-	-	-	20,000
Lease liabilities	37,842	(4,855)	238	14,679	(410)	47,494
Total liabilities from financing activities	<u>\$ 222,441</u>	<u>25,793</u>	<u>3,485</u>	<u>14,679</u>	<u>(410)</u>	<u>265,988</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 March 31, 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
Suzhou BenQ Hospital Co., Ltd. (“SMH”)	Qisda’s subsidiary
BenQ Healthcare Corporation (“BHS”)	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
Partner Tech Corp. (“PTT”)	Qisda’s subsidiary
Action Star Technology Co., Ltd. (“AST”)	Qisda’s subsidiary
Golden Spirit Co., Ltd. (“GSC”)	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
TD HiTech Energy Inc (“TDI”)	Qisda’s associate
Darfon Energy Technology Corp. (“DET”)	Qisda’s associate
Symbio Inc. (“Symbio”)	One of the Company’s directors is Symbio’s key management.
Pro Accutech Co., Ltd. (“Pro Accutech”)	One of the Company’s directors is Pro Accutech’s key management.

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
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

	For the three months ended March 31,	
	2025	2024
Ultimate controlling party	\$ 8,233	2,316
Other related parties	18,416	17,150
	\$ 26,649	19,466

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

	For the three months ended March 31,	
	2025	2024
Parent company	\$ 698	387
Other related parties	389	939
	\$ 1,087	1,326

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>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Accounts receivable	Ultimate controlling party	\$ 6,905	1,160	1,796
	Other related parties	22,556	13,783	18,596
Other receivables	Parent company	-	1,902	-
	Other related parties	-	-	70
		\$ 29,461	16,845	20,462

(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:

Account	Related-party categories	March 31, 2025	December 31, 2024	March 31, 2024
Notes and accounts payable	Parent company	\$ 516	569	338
	Other related parties	296	322	623
Other payables	Ultimate controlling party	87	91	93
	Parent company	1,257	800	700
	Other related parties	479	663	634
Dividends payable	Parent company	23,596	-	16,187
		<u>\$ 26,231</u>	<u>2,445</u>	<u>18,575</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 three months ended March 31, 2024, additions to right-of-use assets amounted to \$1,268. For the three months ended March 31, 2025 and 2024, the related interest expenses on lease liabilities amounted to \$8 and \$11, respectively. As of March 31, 2025, December 31 and March 31, 2024, the balances of the lease liabilities amounted to \$1,157, \$1,277 and \$1,633, respectively.

The Group leased its office premise to related parties. For the three months ended March 31, 2025 and 2024, the rental income amounted to \$852, and was classified as other income.

(d) Compensation for key management personnel

	For the three months ended March 31,	
	2025	2024
Short-term employee benefits	\$ 2,949	2,380
Post-employment benefits	-	43
	<u>\$ 2,949</u>	<u>2,423</u>

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

8. Pledged assets

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

Pledged assets	Pledged to secure	March 31, 2025	December 31, 2024	March 31, 2024
Pledged time deposits (classified as financial assets measured at amortized cost — current)	Customs guarantee	\$ 1,033	1,016	1,000
Notes receivable	Short-term borrowings	32,791	59,918	98,438
Property, plant and equipment	Guarantee for procurement	18,418	19,456	23,296
		<u>\$ 52,242</u>	<u>80,390</u>	<u>122,734</u>

9. Significant commitments and contingencies

As of March 31, 2025, December 31 and March 31, 2024, the Group had issued promissory notes amounting to \$2,842,000, \$2,842,000 and \$2,212,000, 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 March 31, 2025			For the three months ended March 31, 2024		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits:						
Salaries	12,917	99,425	112,342	-	87,522	87,522
Insurance	1,801	10,818	12,619	-	9,808	9,808
Pension	423	6,427	6,850	-	5,781	5,781
Others	574	3,353	3,927	-	3,039	3,039
Depreciation	2,277	14,844	17,121	49	11,136	11,185
Amortization	-	20,915	20,915	-	3,477	3,477

(b) Seasonality operations

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

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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.

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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 March 31, 2025								
	Taiwan	Mainland China	Sales of semiconductor equipment consumables and equipment repair services	Energy saving and storage	Equipment and consumables	Others	Adjustments and eliminations	Total
External revenue	\$ 249,059	250,423	140,311	118,299	355,011	-	-	1,113,103
Intra-group revenue	102	1,268	2,981	-	241	-	(4,592)	-
Total segment revenue	<u>\$ 249,161</u>	<u>251,691</u>	<u>143,292</u>	<u>118,299</u>	<u>355,252</u>	<u>-</u>	<u>(4,592)</u>	<u>1,113,103</u>
Segment profit (loss)	<u>\$ (4,091)</u>	<u>(2,994)</u>	<u>5,327</u>	<u>11,775</u>	<u>92,582</u>	<u>50</u>	<u>(19,645)</u>	<u>83,004</u>

For the three months ended March 31, 2024								
	Taiwan	Mainland China	Sales of semiconductor equipment consumables and equipment repair services	Energy saving and storage	Others	Adjustments and eliminations	Total	
External revenue	\$ 227,848	239,637	126,907	108,016	-	-	702,408	
Intra-group revenue	-	15,684	1,134	-	-	(16,818)	-	
Total segment revenue	<u>\$ 227,848</u>	<u>255,321</u>	<u>128,041</u>	<u>108,016</u>	<u>-</u>	<u>(16,818)</u>	<u>702,408</u>	
Segment profit (loss)	<u>\$ (3,707)</u>	<u>(8,949)</u>	<u>6,576</u>	<u>8,470</u>	<u>5,089</u>	<u>(2,554)</u>	<u>4,925</u>	

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Financing provided to other parties
For the three months ended March 31, 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	91,574	-	2%	2	-	Operating requirement	-	-	-	417,529	835,058
1	Cyber South	Tianjin Ace Pillar	Other receivables from related parties	Yes	23,244	23,244	23,244	0%	2	-	Operating requirement	-	-	-	526,808	526,808
2	Proton	Tianjin Ace Pillar	Other receivables from related parties	Yes	13,282	13,282	13,282	0%	2	-	Operating requirement	-	-	-	392,344	392,344
3	Suzhou Super Pillar	Tianjin Ace Pillar	Other receivables from related parties	Yes	45,787	45,787	45,787	3%	2	-	Operating requirement	-	-	-	122,310	122,310

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)

March 31, 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	March 31, 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	50,784	9.31%	50,784	-
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	9,912	6.28%	9,912	-
STCBVI	Corporate bond: Biogen Inc.	-	Financial assets at amortized cost—non-current	USD 100	3,489	-	3,489	-

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 three months ended March 31, 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 March 31, 2025			Net Income (Loss) of the Investee	Share of Profit/ (Loss) of the Investee	Note
				March 31, 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%	526,808	(2,758)	(2,412)	Note 1
Cyber South	Proton	SAMOA	Investment and holding activity	527,665	527,665	17,744	100.00%	392,344	(4,016)	Note 2	Note 1
Cyber South	Ace Tek	Hong Kong	Investment and holding activity	4,938	4,938	150	100.00%	3,160	(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%	225,978	3,736	1,422	Note 1
STC	STCBVI	B.V.I.	Investment and holding activity	21,727	21,727	600	100.00%	107,968	1,997	Note 2	Note 1
The Company	AEG	Taiwan	Energy technology service	166,760	166,760	4,993	99.86%	240,051	7,504	7,493	Note 1
AEG	BWA	Germany	Sales and service of energy management products	138,804	138,804	Note 3	100.00%	207,085	6,391	Note 2	Note 1
The Company	Transpak	Taiwan	Manufacture and sales of strapping equipment	690,000	690,000	460	39.00%	760,160	74,065	23,441	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 three months ended March 31, 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 March 31, 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 March 31, 2025	Accumulated Inward Remittance of Earnings as of March 31, 2025
					Outflow	Inflow						
Tianjin Ace Pillar	Sales of automation mechanical transmission system and component	1,172,037 (USD 35,297)	Direct and indirect investment	64,750 (USD 1,950)	-	-	64,750 (USD 1,950)	(4,415)	100%	(4,415)	463,687	125,533
Advancedtek Ace	Electronic system integration	9,962 (USD 300)	Indirect investment	4,981 (USD 150)	-	-	4,981 (USD 150)	(15)	100%	(15) (USD (0.45))	3,131 (USD 94)	-
Suzhou Super Pillar	Manufacture and technology service of automation mechanical transmission system and control products	48,147 (USD 1,450)	Indirect investment	Note 2	-	-	Note 2	1,371	100%	1,371 (USD 41)	122,310 (USD 3,684)	-
Shanghai STC	Sales of semiconductor, optoelectronics and machinery equipment and equipment repair	15,938 (USD 480)	Indirect investment	15,938 (USD 480)	-	-	15,938 (USD 480)	1,972	100%	1,972	93,429	160,279

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

Note 2: Established by Cyber South's reinvestment.

Note 3: Investment income or loss 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 33.205 and CNY 1=NTD 4.5787.

2. Limits on investments in Mainland China:

Company Name	Accumulated Investment in Mainland China as of March 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA (Note 3)
ACE	169,976 (USD 5,119)	169,976 (USD 5,119)	1,761,410
STC	15,938 (USD 480)	15,938 (USD 480)	124,386

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 33.205.

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.