

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

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

Representation Letter

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

Hereby declare

Company Name: ACES Electronics Co., Ltd.

Chairman: Yuan Wan-ting

Date: March 14, 2025

Independent Auditors' Report

To the Board of Directors of ACES Electronics Co., Ltd.:

Opinion

We have audited the consolidated financial statements of ACES Electronics Co., Ltd. And its subsidiaries (the ACES Group), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, the consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the years ended December 31, 2024 and 2023, and notes to the parent company consolidated financial statements including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the ACES Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for each of the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Description of key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue Recognition

Please refer to Notes 4(16) to the consolidated financial statements for the accounting policy on operating revenue; and refer to Notes 6(20) for disclosures relating to revenue.

Description of key audit matter:

ACES Groups engage mainly in processing, manufacturing and sales of connectors, connector sets and other electronic components. Sales revenue is one of the key matters to the financial statements. Therefore, the assessment for recognition of sales revenue is one of the key evaluation matter when we audit the Groups' financial statements.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included:

- We inspected whether the Company's revenue recognition policies are in accordance with relevant guidelines.
- We tested the design of internal control process and its efficiency of execution for sales revenue.
- We selected sales transaction samples from a certain period before and after the end of current year, and examined revenue transaction records with vouchers arising from appropriate time

period.

2. Valuation of inventory

Please refer to Notes 4(8) to the consolidated financial statements for the accounting policy on inventory valuation, Notes 5(1) for accounting estimates and assumptions of inventory, and Notes 6(4) for disclosure disclosures relating to inventory.

Description of key audit matter:

Inventory is valued at the lower of cost or net realizable value ACES Groups mainly produces electronic products such as high precision connectors and connector sets which are affected by the fast change of technology and updates of manufacturing technique; its product sales might have tremendous fluctuation which may cause the cost of inventory to be higher than its net realizable value. Therefore, the assessment for inventory valuation is one of the key evaluation matter when we audit the Groups' financial statements.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included:

- We assessed the inventory aging report, and analyzed changes in the inventory aging report from the previous to current year.
- We tested samples provided by the ACES Group on inventory valued at the lower of cost and net realizable value.
- We assessed if the inventory valuation is recorded according to the accounting policies of the Group.

Other matter

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing ACES Electronics Co., Ltd. and its subsidiaries' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate ACES Electronics Co., Ltd. and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (inclusive of the Audit Committee) from ACES Electronics Co., Ltd and its subsidiaries are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and

are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Lin, Heng-Shen and Chen, Zheng-Xue.

KPMG

Taipei, Taiwan (Republic of China)

March 14, 2025

ACES Electronics Co., Ltd. and Subsidiaries

Consolidated Financial Statements

December 31, 2024 and 2023

(Expressed in thousands of New Taiwan dollars)

Assets	December 31, 2024		December 31, 2023			Liabilities and Equity	December 31, 2024		December 31, 2023	
	Amount	%	Amount	%			Amount	%	Amount	%
Current assets :						Current liabilities :				
1100 Cash and cash equivalents (Note 6(1))	\$ 2,000,889	15	2,058,206	17	2100	Short-term borrowings (Note 6(11) and 8)	\$ 195,000	1	1,467,000	12
1110 Financial assets at fair value through profit or loss - current (Note 6(2))	1,818	-	-	-	2321	Current portion of corporate bonds (Note 6(13))	-	-	578,202	5
1150 Notes receivable, net (Note 6(3)(20))	73,196	1	46,942	-	2150	Notes payable	167	-	1,868	-
1160 Notes receivable – related parties, net (Note 6(3), (20), and 7)	4,821	-	-	-	2170	Accounts payable	1,959,781	14	1,406,861	11
1170 Accounts receivable, net (Note 6(3), (20))	2,973,105	22	2,221,528	18	2180	Accounts payable to related parties (Note 7)	724	-	65	-
1180 Net trade receivable from related parties (Note 6(3), (20), and 7)	28,935	-	25,422	-	2200	Other payables (Note 6(6))	955,676	7	830,356	7
1200 Other receivables (Note 6(3))	271,573	2	448,619	4	2220	Other payables to related parties (Note 7)	808	-	813	-
1212 Other receivables- related parties – others (Note 6(3) and 7)	29	-	528	-	2280	Lease liabilities - current (Note 6(14) and 7)	45,861	-	51,258	-
1310 Inventories (Note 6(4))	1,394,311	10	1,189,410	10	2230	Current tax liabilities	50,227	-	11,769	-
1410 Prepayments	79,341	1	87,022	1	2322	Current installments of long-term borrowings (Note 6(12) and 8)	233,131	2	195,740	2
1470 Other current assets (Note 6(1))	140,577	1	97,739	1	2399	Other current liabilities - others	129,053	1	119,803	1
	<u>6,968,595</u>	<u>52</u>	<u>6,175,416</u>	<u>51</u>			<u>3,570,428</u>	<u>25</u>	<u>4,663,735</u>	<u>38</u>
Non-current assets :						Non-current liabilities :				
1510 Financial assets at fair value through profit or loss - non-current (Note 6(2))	177,683	1	167,452	1	2530	Bonds payable (Note 6(13))	952,248	7	-	-
1517 Financial assets at fair value through other comprehensive income-non-current (Note 6(2))	24,097	-	-	-	2540	Long-term borrowings (Note 6(12) and 8)	2,038,451	15	1,737,355	14
1550 Investments in equity-accounted investees (Note 6(5))	439,446	3	428,470	3	2570	Deferred tax liabilities	356,015	3	307,893	3
1600 Property, plant and equipment (Note 6(7), 7 and 8)	4,414,845	33	3,740,842	31	2580	Lease liabilities - non-current (Note 6(14) and 7)	91,169	1	110,084	1
1755 Right-of-use assets (Note 6(8) and 7)	569,686	4	598,340	5	2600	Other non-current liabilities	126,086	1	175,318	1
1760 Investment properties, net (Note 6(9) and 8)	312,386	2	304,881	2			<u>3,563,969</u>	<u>27</u>	<u>2,330,650</u>	<u>19</u>
1780 Intangible assets (Note 6(10))	154,315	1	142,030	1		Total liabilities	<u>7,134,397</u>	<u>52</u>	<u>6,994,385</u>	<u>57</u>
1915 Prepayment for equipment	334,271	2	227,093	2		Equity attributable to shareholders of the parent (Note 6(17)):				
1840 Deferred tax assets	69,265	1	80,566	1	3110	Common stock	1,418,757	10	1,344,177	11
1990 Other non-current assets - others (Note 6(7) and (10))	131,778	1	385,799	3	3140	Capital collected in advance	68,570	1	-	-
	<u>6,627,772</u>	<u>48</u>	<u>6,075,473</u>	<u>49</u>	3170	Share capital awaiting retirement	(210)	-	-	-
						Total share capital	<u>1,487,117</u>	<u>11</u>	<u>1,344,177</u>	<u>11</u>
					3200	Capital surplus (Note 6(6))	1,586,415	12	993,270	8
						Retained earnings :				
					3310	Legal Reserve	726,030	5	726,030	6
					3320	Special Reserve	116,887	1	62,371	1
					3350	Unappropriated earnings	2,529,233	19	2,236,482	18
							<u>3,372,150</u>	<u>25</u>	<u>3,024,883</u>	<u>25</u>
						Other equity:				
					3410	Exchange differences on translation of the Financial Statements foreign operations	26,323	-	(140,790)	(1)
					3460	Gain on property revaluation	33,219	-	33,219	-
					3491	Unearned employees' remunerations	(44,064)	-	-	-
							<u>15,478</u>	<u>-</u>	<u>(107,571)</u>	<u>(1)</u>
						Total equity attributable to shareholders of the parent	<u>6,461,160</u>	<u>48</u>	<u>5,254,759</u>	<u>43</u>
					36XX	Non-controlling interests	810	-	1,745	-
						Non-controlling interests	6,461,970	48	5,256,504	43
						Total liabilities and equity	<u>\$ 13,596,367</u>	<u>100</u>	<u>12,250,889</u>	<u>100</u>
Total assets	<u>\$ 13,596,367</u>	<u>100</u>	<u>12,250,889</u>	<u>100</u>						

ACES ELECTRONICS CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2024 and 2023
(Expressed in thousands of New Taiwan dollars, except for Earnings per share)

		2024		2023	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Operating Revenue (Note 6(20) and 7):					
4100	Net sales revenue	\$ 9,372,538	96	8,188,173	96
4800	Other operating revenue	<u>398,359</u>	4	<u>298,055</u>	4
	Net revenue from operations	9,770,897	100	8,486,228	100
5000	Operating costs (Note 6(4), (14), (15), and 7)	<u>7,449,095</u>	76	<u>6,734,424</u>	79
	Gross profit	<u>2,321,802</u>	24	<u>1,751,804</u>	21
Operating expenses (Note 6(6), (14), (15), (18), (21), and 7):					
6100	Selling expenses	592,672	6	585,051	7
6200	General and administrative expenses	860,976	9	876,700	10
6300	Research and development expenses	592,518	6	621,268	7
6450	Expected credit loss (gain) (Note 6(3))	<u>(2,844)</u>	-	<u>(486)</u>	-
	Total operating expenses	<u>2,043,322</u>	21	<u>2,082,533</u>	24
	Profit from operations	<u>278,480</u>	3	<u>(330,729)</u>	(3)
Non-operating income and expenses (Note 6(22)):					
7100	Interest income	41,901	-	49,730	-
7010	Other income	153,980	2	124,934	1
7020	Other gains and losses (Note 6(6))	24,022	-	5,746	-
7050	Finance costs (Note 6(14))	(103,543)	(1)	(108,725)	(1)
7060	Share of profit of equity-accounted investees (Note 6(5))	<u>(7,627)</u>	-	<u>(10,648)</u>	-
	Total non-operating income and expenses	<u>108,733</u>	1	<u>61,037</u>	-
7900	Profit before income tax	387,213	4	(269,692)	(3)
7950	Less: income tax expenses (gains) (Note 6(16))	<u>42,858</u>	1	<u>(1,504)</u>	-
	Profit for the year	<u>344,355</u>	3	<u>(268,188)</u>	(3)
8300	Other comprehensive income:				
8310	Items that will never be reclassified to profit or loss				
8311	Remeasurement of defined benefit plans	3,207	-	1,911	-
8349	Less: Income tax related to non-reclassified items	<u>-</u>	-	<u>-</u>	-
	Total items that will never be reclassified to profit or loss	<u>3,207</u>	-	<u>1,911</u>	-
8360	Items that are or may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation to the presentation currency	209,009	2	(60,484)	(1)
8399	Less: Income tax related to items that may be reclassified (Note 6(16))	<u>41,802</u>	-	<u>(12,097)</u>	-
	Total items that are or may be reclassified subsequently to profit or loss	<u>167,207</u>	2	<u>(48,387)</u>	(1)
8300	Total other comprehensive income (net of tax) for the year	<u>170,414</u>	2	<u>(46,476)</u>	(1)
	Total comprehensive income for the year	<u>\$ 514,769</u>	<u>5</u>	<u>(314,664)</u>	<u>(4)</u>
Net profit attributable to:					
8610	Shareholders of the parent	\$ 344,060	3	(266,543)	(3)
8620	Non-controlling interests	<u>295</u>	-	<u>(1,645)</u>	-
		<u>\$ 344,355</u>	<u>3</u>	<u>(268,188)</u>	<u>(3)</u>
Total comprehensive income attributable to:					
8710	Shareholders of the parent	\$ 514,380	5	(313,086)	(4)
8720	Non-controlling interests	<u>389</u>	-	<u>(1,578)</u>	-
		<u>\$ 514,769</u>	<u>5</u>	<u>(314,664)</u>	<u>(4)</u>
Earnings per share (NT\$, Note 6(19))					
9750	Basic earnings per share	<u>\$ 2.51</u>		<u>(1.98)</u>	
9850	Diluted earnings per share	<u>\$ 2.34</u>		<u>(1.98)</u>	

ACES ELECTRONICS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2024 and 2023
(Expressed in thousands of New Taiwan dollars)

	Equity Attributable to Shareholders of the parent												
	Share Capital			Retained earnings				Other equity interests					Total equity
	Common stock	Capital collected in advance	Share capital awaiting retirement	Capital surplus	Legal reserve	Special reserve	Undistributed surplus earnings	Difference on translation of financial statements of foreign operations	Gains on property revaluation	Unearned employees' remuneration	Equity Attributable to Shareholders of the parent	Non-controlling interests	
Balance at January 1, 2023	\$ 1,344,177	-	-	988,615	702,410	168,631	2,492,404	(92,336)	33,219	-	5,637,120	18,234	
Appropriation of earnings :													
Legal Reserve	-	-	-	-	23,620	-	(23,620)	-	-	-	-	-	-
Special Reserve	-	-	-	-	-	(106,260)	106,260	-	-	-	-	-	-
Cash dividend distributed to shareholders	-	-	-	-	-	-	(73,930)	-	-	-	(73,930)	-	(73,930)
Profit (loss) for the year	-	-	-	-	-	-	(266,543)	-	-	-	(266,543)	(1,645)	(268,188)
Other comprehensive income	-	-	-	-	-	-	1,911	(48,454)	-	-	(46,543)	67	(46,476)
Total comprehensive income for the year	-	-	-	-	-	-	(264,632)	(48,454)	-	-	(313,086)	(1,578)	(314,664)
Changes in ownership of subsidiary equity	-	-	-	4,655	-	-	-	-	-	-	4,655	(14,911)	(10,256)
Balance at December 31, 2023	1,344,177	-	-	993,270	726,030	62,371	2,236,482	(140,790)	33,219	-	5,254,759	1,745	5,256,504
Appropriation of earnings :													
Special Reserve	-	-	-	-	-	54,516	(54,516)	-	-	-	-	-	-
Profit (loss) for the year	-	-	-	-	-	-	344,060	-	-	-	344,060	295	344,355
Other comprehensive income	-	-	-	-	-	-	3,207	167,113	-	-	170,320	94	170,414
Total comprehensive income for the year	-	-	-	-	-	-	347,267	167,113	-	-	514,380	389	514,769
Equity components – stock options recognized arising from issue of convertible bonds	-	-	-	54,866	-	-	-	-	-	-	54,866	-	54,866
Conversion of convertible bonds	57,100	68,570	-	470,318	-	-	-	-	-	-	595,988	-	595,988
Issue of restricted stock awards	17,480	-	-	66,074	-	-	-	-	-	(66,074)	17,480	-	17,480
Expiration of restricted stock awards	-	-	(210)	(794)	-	-	-	-	-	794	(210)	-	(210)
Changes in ownership of subsidiary equity	-	-	-	2,681	-	-	-	-	-	-	2,681	(1,324)	1,357
Share-based payments transactions	-	-	-	-	-	-	-	-	-	21,216	21,216	-	21,216
Balance at December 31, 2024	\$ 1,418,757	68,570	(210)	1,586,415	726,030	116,887	2,529,233	26,323	33,219	(44,064)	6,461,160	810	6,461,970

ACES ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2024 and 2023
(Expressed in thousands of New Taiwan dollars)

	2024	2023
Cash flows from operating activities:		
Profit before income tax	\$ 387,213	(269,692)
Adjustments :		
Adjustments to reconcile profit (loss)		
Depreciation expense	661,212	651,330
Amortization expense	78,333	55,102
Expected credit gain recognized	(2,844)	(486)
Net gain on financial assets at fair value through profit or loss	(3,546)	(27,635)
Interest expense	103,543	108,725
Interest income	(41,901)	(49,730)
Impairment loss	21,216	-
Share of loss of equity-account investees	7,627	10,648
Loss (gain) on disposals of property, plant and equipment	(792)	9,007
Loss (gain) on disposals of equity-account investees	(17,566)	24,140
Gain on lease modification	-	(48)
Gain on investment property revaluation	(7,505)	(6,067)
Total adjustments to reconcile profit	797,777	774,986
Changes in operating assets and liabilities :		
Net changes in operating assets :		
Decrease (increase) in notes receivable	(26,254)	35,551
Increase in notes receivable from related parties	(4,821)	-
Decrease (increase) in accounts receivable	(752,628)	253,783
Increase in accounts receivable from related parties	(3,513)	(1,869)
Decrease (increase) in other receivables	177,046	(251,719)
Decrease (increase) in other receivables from related parties	499	(528)
Decrease (increase) in inventories	(189,454)	268,824
Decrease in prepaid expenses	7,681	54,304
Decrease (increase) in other current assets	(42,838)	37,074
Decrease in other financial assets	-	220,400
Total net changes in operating assets	(834,282)	615,820
Net changes in operating liabilities :		
Increase (decrease) in notes payable	(1,701)	1,350
Increase (decrease) in accounts payable	552,920	(216,712)
Increase (decrease) in accounts payable to related parties	659	(262)
Increase (decrease) in other payables	125,320	(182,738)
Decrease in other payables to related parties	(5)	(2,010)
Increase in other current liabilities	4,936	14,536
Increase in net defined benefit liabilities	5,318	1,316
Total net changes in operating liabilities	687,447	(384,520)
Total adjustments	650,942	1,006,286
Cash generated from operations	1,038,155	736,594
Interest received	41,901	49,730
Interest paid	(77,849)	(86,429)
Income tax paid	17,459	(36,576)
Net cash provided by operating activities	1,019,666	663,319
Cash flows from investing activities :		
Acquisitions of financial assets at fair value through other comprehensive income	(24,097)	-
Acquisitions of financial assets at fair value through profit or loss	(21,400)	-
Disposals of financial assets at fair value through profit or loss	9,375	22,257
Acquisitions of subsidiaries (less cash acquired)	-	(7,691)
Disposals of subsidiaries	-	21,157
Acquisitions of property, plant, and equipment	(800,037)	(865,435)
Disposals of property, plant, and equipment	33,912	97,868
Acquisitions of intangible assets	(35,177)	(39,357)
Disposal of intangible assets	419	-
Acquisition of right-of-use assets	-	(71,611)
Increase in other non-current assets	173,503	(185,007)
Increase in prepaid equipment payments	(453,425)	(21,827)
Net cash used in investing activities	(1,116,927)	(1,049,646)
Cash flows from financing activities :		
Increase (decrease) in short-term borrowings	(1,272,000)	51,602
Issue of corporate bonds	998,906	-
Repayment of corporate bonds	(700)	-
Proceeds from long-term borrowings	3,823,480	3,775,000
Repayment of long-term borrowings	(3,487,220)	(3,624,549)
Repayment of principal of lease liabilities	(58,614)	(70,245)
Decrease in other non-current liabilities	(49,116)	(4,521)
Cash dividends	-	(73,930)
Acquisitions of subsidiary's equity	(2,096)	(10,256)
Issue of restricted stock awards	17,480	-
Repurchase of restricted stock awards	(210)	-
Net cash (used in) provided by financing activities	(30,090)	43,101
Effect of exchange rate change on cash and cash equivalents	70,034	(57,185)
Decrease in cash and cash equivalents	(57,317)	(400,411)
Cash and cash equivalents at January 1	2,058,206	2,458,617
Cash and cash equivalents at December 31	<u>\$ 2,000,889</u>	<u>2,058,206</u>

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements For the Years Ended December 31, 2024 and 2023 (Expressed in thousands of New Taiwan dollars, unless otherwise indicated)

1. Organization

ACES Electronics Co., Ltd. (“The Company”) was established on November 7, 1996 with the approval of the Ministry of Economic Affairs. Its registered office is located at 13 Dong-Yuan Road, Chung-Li District, Taoyuan City, the Republic of China (“ROC”). The Group and its subsidiaries (hereinafter refer to as “the Group”) is mainly engaging in processing, manufacturing and selling of connectors, connector cable sets, metal stamping parts and other electronic components.

2. The Authorization of Financial Statements

These consolidated financial statements were approved and authorized for issue by the Board of Directors on March 14, 2025.

3. Application of New and Revised Standards, Amendments and Interpretations

(1) Impact of adoption of new, revised or amended standards and interpretations endorsed by the Financial Supervisory Commission, ROC.

The Group has adopted the amendments to the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations with effective date from January 1, 2024. The adoption does not have a material impact on the Company’s parent company only financial statements.

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

(2) Impact of the IFRSs that have been endorsed by the FSC but not yet in effect

The Group assessed that the adoption of the following amendments, effective for annual period beginning on January 1, 2025, would not have a material impact on its parent company only financial statements.

- Amendments to IAS 21 “Lack of Exchangeability”

(3) The IFRSs issued by International Accounting Standards Board (“IASB”) but not yet endorsed by the FSC

The Group assesses that the adoption of the following new or amended standards, not yet endorsed by the FSC, would not have a significant impact on its financial statements.

New or amended standards	Major amendments	Effective date by IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.	January 1, 2027
	<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 	

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

New or amended standards	Major amendments	Effective date by IASB
	<p>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.</p> <ul style="list-style-type: none"> • Management performance measures (MPM): 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 continues to evaluate the impact of the aforementioned standards and interpretations on the financial position and financial performance; the relevant impact will be disclosed upon completion of the assessment.

The Group assesses that the adoption of the following other new or amended standards, not yet endorsed by the FSC, would not have a significant impact on its 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: ”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Standards
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

4. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out as below. Unless otherwise stated, the significant accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

(1) Statement of compliance

The consolidated financial statements is in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRS, IAS, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China (hereinafter refer to as IFRSs approved by FSC).

(2) Basis of preparation

a. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the balance sheets:

- (i) Financial assets at fair value through profit or loss;
- (ii) Financial assets at fair value through other comprehensive income;
- (iii) Investment property at fair value ; and
- (iv) Defined benefit liability is recognized as the fair value of the plan assets less the present value of the defined benefit obligation.

b. Functional and presentation currency

The functional currency of each entity of the Group is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (“NTD”), which is also the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(3) Basis of consolidation

a. Principle of preparation of the consolidated financial statements

All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries. Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. The consolidated profit and loss amount belongs to the Company’s equity owner and the controlling right. The same applies to balance of loss from non-controlling equity rights.

Changes in the consolidated ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity. Any difference between such adjustment and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the Company.

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

1. Subsidiaries included in the consolidated financial statements

Subsidiaries included in the consolidated financial statements:

Name of investee	Subsidiary	Business Nature	Shareholding Percentage		Note
			December 31, 2024	December 31, 2023	
The Company	ACECONN ELECTRONIC CO., LTD.	Investment holding	100%	100%	
"	ACES PRECISION INDUSTRY PTE LTD.	Connectors sales business	100%	100%	
	ACES ELECTRICS (HONG KONG) CO. LIMITED	Sales of electronic components business	100%	-	(Note 4)
"	ACESCONN HOLDINGS CO., LTD.	Investment holding	100%	100%	
"	WEI HONG INTERNATIONAL INVESTMENT CO., LTD.	Investment business	100%	100%	
"	MEC IMEX INC.	Connector cable set sales business	99.86%	99.86%	
"	ACES JAPAN CO., LTD.	Connector development business	100%	100%	
"	ACES INTERCONNECT (USA), INC.	Connectors sales business	100%	100%	
"	COMPUPACK TECHNOLOGY CO., LTD.	Electronic component sales business	100%	100%	
"	ACES Precision Machinery Co., Ltd.	Mold part manufacturing and sales business	100%	100%	
"	KUANG YING COMPUTER EQUIPMENT CO., LTD.	Electronic component manufacturing and sales business	100%	99.66%	(Note 2)
"	GENESIS HOLDING COMPANY	Investment holding	100%	100%	
"	GENESIS TECHNOLOGY USA, INC.	Electronic component sales business	100%	100%	
The Company	JASON TECHNOLOGY LIMITED.	Electronic component sales business	100%	100%	
ACES Precision Machinery Co., Ltd.	ACES Surface Treatment Co., Ltd.	Surface treatment of metals	100%	100%	
ACECONN ELECTRONIC CO., LTD.	KUNSHAN ACES TRADING CO., LTD.	Connectors sales business	100%	100%	

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

Name of investee	Subsidiary	Business Nature	Shareholding Percentage		Note
			December 31, 2024	December 31, 2023	
"	DONGGUAN ACES ELECTRONIC CO., LTD.	Connector manufacturing and sales business	100%	100%	
"	KUNSHAN ACES ELECTRONIC CO., LTD.	Connector manufacturing and sales business	100%	100%	
"	KUNSHAN CHENGGANG ELECTRONIC TECHNOLOGY CO., LTD.	Connector manufacturing and sales business	100%	100%	
	ACES ZHUHAI TECHNOLOGY LTD	Connector manufacturing and sales business	100%	100%	
	HONGTAI ZHUHAI TRADING LTD	Electronic component sales business	100%	- %	(Note 3)
ACES PRECISION INDUSTRY PTE LTD.	CHONGQING HONG GAO ELECTRONIC CO., LTD.	Connectors sales business	100%	100%	
ACESCONN HOLDINGS CO., LTD.	ASIA CENTURY INVESTMENT LTD.	Investment holding	100%	100%	
ASIA CENTURY INVESTMENT LTD.	GALIS ACCURATE SMITHCRAFT PRODUCTS CO., LTD. OF SUZHOU	Surface treatment and sales business	100%	100%	
MEC IMEX INC.	MEC INTERNATIONAL COMPANY LTD.	Investment holding	100 %	100%	
MEC IMEX INC. "	MEC ELECTRIC SOLUTIONS GMBH	Connector cable set sales business	100%	100%	
MEC INTERNATIONAL COMPANY LTD.	MEC ULTRAMAX (H.K.) COMPANY LIMITED	Investment holding	- %	100%	(Note 1)
"	MEC BEST KNOWN COMPANY LIMITED	Investment holding	100%	100%	
"	MEC ELECTRONICS (HK) COMPANY LIMITED	Connector cable set sales business	100%	100%	
"	MEC ELECTRONICS PHILIPPINES CORPORATION	Connector cable set manufacturing and sales business	100%	100%	
"	MEC SUZHOU ELECTRONICS CO., LTD.	Connector cable set manufacturing and sales business	100%	100%	

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

Name of investee	Subsidiary	Business Nature	Shareholding Percentage		Note
			December 31, 2024	December 31, 2023	
MEC ULTRAMAX (H.K.) COMPANY LIMITED	MEC ELECTRONICS (SUZHOU) CO., LTD.	Connector cable set manufacturing and sales business	-	100%	(Note 5)
MEC BEST KNOWN COMPANY LIMITED	SUZHOU HANTENG ELECTRONICS TECHNOLOGY CO., LTD.	Connector cable set manufacturing and sales business	100%	100%	
MEC ELECTRONICS (HK) COMPANY LTD.	HOMEPRIDE TECHNOLOGY LIMITED	Investment holding	100 %	100%	
HOMEPRIDE TECHNOLOGY LIMITED	HOMEPRIDE ELECTRONICS (DONGGUAN) COMPANY LIMITED.	Connector cable set manufacturing and sales business	100%	100%	
MEC ELECTRONICS PHILIPPINES CORPORATION	MEC IMEX (USA), INC.	Connector cable set sales business	100%	100%	
COMPUPACK TECHNOLOGY CO., LTD.	MICON PRECISE CORP.	Electronic component sales business	-	99.61%	(Note 6)
"	DONGGUAN COMPUPACK TECHNOLOGY CO., LTD.	Electronic component sales business	100%	100%	
"	Aces Precision Corporation	Electronic component sales business	100%	-	(Note 6)
MICON PRECISE CORP.	Aces Precision Corporation	Electronic component manufacturing and sales	-	100%	(Note 6)
KUANG YING COMPUTER EQUIPMENT CO., LTD.	INFOMIGHT INVESTMENTS LIMITED	Investment holding	100%	100%	
INFOMIGHT INVESTMENTS LIMITED	BELTA INTERNATIONAL LIMITED	Investment holding	100%	100%	
"	CERTILINK INTERNATIONAL LIMITED	Electronic component sales	100%	100%	
"	ACCURATE GROUP LIMITED	Investment holding	100%	100%	
BELTA INTERNATIONAL LIMITED	DONGGUAN KUANGYING HARDWARE PLASTIC PRODUCT CO., LTD.	Electronic component manufacturing and sales	100%	100%	
ACCURATE GROUP	SUZHOU KUANG YING	Electronic	100%	100%	

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

Name of investee	Subsidiary	Business Nature	Shareholding Percentage		Note
			December 31, 2024	December 31, 2023	
LIMITED	ELECTRIC CO., LTD.	component manufacturing and sales			
GENESIS HOLDING COMPANY	GENESIS ELECTRO-MECHANICAL LIMITED	Investment holding	100%	100%	
"	GENESIS INNOVATION GROUP LIMITED	Investment holding	100%	100%	
GENESIS ELECTRO-MECHANICAL LIMITED	GENESIS TECHNOLOGY(NINGBO) INC.	Electronic component manufacturing and sales business	100%	100%	
GENESIS INNOVATION GROUP LIMITED	DONGGUAN POLIXIN ELECTRIC CO., LTD.	Electronic component manufacturing and sales business	100%	100%	

Note 1: In June 2024, the subsidiary of the Company, MEC ULTRAMAX (H.K.) COMPANY LIMITED, conducted the dissolution and liquidation procedures, and remitted the residual payments for share to the investment company in the third region, MEC INTERNATIONAL COMPANY LTD. As of December 31, 2024, the liquidation procedures haven't been completed.

Note 2: The Company acquired shares of KUANG YING COMPUTER EQUIPMENT CO., LTD. from minority shareholders in December 2024, which increase its shareholding percentage to 100%.

Note 3: Subsidiary of the Company injected capital to HONGTAI ZHUHAI TRADING LTD in January 2024, and included it into the Group since that day.

Note 4: The Company established ACES ELECTRICS (HONG KONG) CO. LIMITED in February 2024, and included it into the Group since that date. MEC ELECTRONICS (SUZHOU) CO., LTD.

Note 5: Dissolution and liquidation procedures of the subsidiary of the Company, MEC ELECTRONICS (SUZHOU) CO., LTD. have been completed in June 2024.

Note 6: Subsidiary of the Company, MICON PRECISE CORP. and COMPUPACK TECHNOLOGY CO., LTD. conducted a short-form merge. COMPUPACK TECHNOLOGY CO., LTD. is the surviving company. After the merge, COMPUPACK TECHNOLOGY CO., LTD. directly holds MICON PRECISE CORP.

2. Subsidiaries not included in the consolidated financial statements: None.

(4) Foreign currency

a. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent end of reporting date (hereinafter refer to as 'end of reporting period'), monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at the date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are recognized in profit or loss.

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

b. Foreign operations

The assets and liabilities of foreign operations, including good will and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expense of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the settlement of a monetary receivable from, or payable to, a foreign operation is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

An asset is classified as current when:

- a. The asset expected to realize, or intends to sell or consume, in its normal operating cycle;
- b. The asset primarily held for the purpose of trading;
- c. The asset expected to realize within twelve months after the reporting date; or
- d. The asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- a. The liability is expected to be settled within the consolidated company's normal operating cycle;
- b. The liability is held primarily for the purpose of trading ;
- c. The liability is due to be settled within twelve months after the reporting date; or
- d. The Group does not have the right at the end of the reporting period to defer the settlement of the liability for at least twelve months after the reporting period.

(6) Cash and cash equivalents

Cash comprise cash balances and demand deposits. Cash equivalents comprise short-term highly liquid investments that are readily convertible into known amount of cash and are subject to an insignificant risk of changes in their fair value. Time deposits with short-term maturity but not for investments and other purposes and are qualified with the aforementioned criteria are classified as cash equivalent.

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

(7) Financial instruments

Account receivables initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the consolidated company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value, plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

a. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade basis.

(i) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.

(ii) Financial assets measured at fair value through other comprehensive income

On initial recognition of an equity investment that is not held for trading the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Investments in equity instruments are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income from equity investments is recognized in profit or loss on the date on which the Group's right to receive payment is established (which is usually the ex-dividend date).

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

All financial assets not classified as at amortized cost or at fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes all derivative financial assets. The consolidated company has the intention to sell account receivable at fair price through profit and loss immediately or recently; these amounts are recorded under account receivables currently.

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

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

(iv) Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level, because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed;
- how managers of the business are compensated, for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sale activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Group's continuing recognition of the assets.

(8) Inventories

Inventory is valued at the lower of cost or net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(9) Investing in the affiliated Companies

Affiliates are all entities over which the Company has significant influence but not control.

The Company has adopted equity method to account for interests in the affiliated companies. Under the equity method, investment is initially recognized at cost. Investment cost includes transaction cost. The carrying amount of investment in the affiliates includes goodwill recognized at initial investment, net of any accumulated impairment losses.

After adjusting the accounting policies of the affiliated parent company to be in line with that of the Company, the consolidated reports included the income and loss as well as other comprehensive income of the affiliate companies the Company recognized in proportion to its shares owned in the affiliated companies from the date the Company has significant influence over the affiliated parent company until the date it ceases to have such significant influence. When the affiliates have changes in equities not in relations to income or loss or other comprehensive income and not affecting the shares held by the Company, the changes of equity of the Company's shares in the affiliated companies should be recognized in proportion to its shares in the equity as capital reserve.

Unrealized gains on transactions between the Company and affiliates are eliminated to the extent of the Company's interest in the affiliates. The elimination of unrealized loss is the same as the written-off unrealized gain but is limited to the circumstances when the impairment evidence is not available.

When the Company's share of losses in the affiliates equals or exceeds its interests in the affiliates, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

the affiliates, then additional loss or relevant liability would be recognized.

When the Company subscribes to additional shares in the affiliated companies or jointly controlled entity at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the net assets of the affiliated companies or jointly controlled entity. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. However if the balance of capital surplus is insufficient from investment accounted using equity method, the difference should debit to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of affiliated companies or joint controlled entity by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that affiliated companies or jointly controlled entity shall be reclassified to profit or loss on the same basis as would be required if the associate or jointly controlled entity had directly disposed of the related assets or liabilities.

(10) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition. Subsequent to initial recognition, investment properties are measured using the cost model.

Any gain or loss (calculated by the difference between net disposal price and its carrying amount) on disposal of an investment property is recognized in profit or loss. If the sale of investment property was recorded under property, plant and equipment then the relevant 'other equities - property revaluation increments' shall be transferred to capital surplus.

Lease income from investment property is recognized as non-operating revenue on a straight-line basis during leased period.

(11) Property, plant and equipment

a. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

b. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

c. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- (i) Property and plants: 3 ~ 50 years
- (ii) Machinery and equipment: 2 ~ 10 years
- (iii) Mold equipment: 2 ~ 5 years
- (iv) Other equipment: 2 ~ 10 years

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate

(12) Lease

a. Identifying a lease

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

b. As a lessee

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, Discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- (i) fixed payments, including in-substance fixed payments;
- (ii) payments for purchase or termination options that are reasonably certain to be exercised.
- (iii) amounts expected to be payable under a residual value guarantee; and
- (iv) payments for purchase or termination options that are reasonably certain to be exercised.

Interests of lease liabilities are provided using the effective interest method. It is remeasured when:

- (i) there is a change in future lease payments arising from the change in an index or rate;
- (ii) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee;
- (iii) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset;
- (iv) there is a change of its assessment on whether it will exercise a purchase, extension or termination option;

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

(v) there is any lease modification regarding underlying assets, scope, or other terms.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

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

c. As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If the Company acts as a lessor from another lessor, the main lease contract and the transfer lease contract shall be attended to separately. The purpose of use from main lease contract shall determine the category of the transfer lease transaction. If the main lease contract is short-term lease contract and is recognized exemption, the transfer lease contract transaction shall be categorized as operating lease.

If the agreement includes components from lease and non-lease parts, the Company adopts to Amendments to IFRS 15 to allocate considerations from the contract.

Property ownership under finance lease, the financing lease receivables shall be expressed in net amount of lease investment. The initial direct cost from negotiation and arranging operating lease was included in the net amount of lease investment. Net amount of lease investment shall reflect nature of fixed return of investment in each period; such amount shall be recognized as interest revenue and allocated in each period respectively. The Company recognizes lease income received during from operating lease as lease revenue based on straight-line basis.

(13) Intangible assets

a. Recognition and measurement

The goodwill acquired by the Company are measured at cost less accumulated impairment losses.

Expenditure related to research expenses is recognized in profit or loss as incurred.

Development expenses are capitalized only when the technical or commercial feasibility of the product or process is achieved, there is a high probability of future economic benefits flowing to the consolidated entity, and the consolidated entity has the intention and sufficient resources to complete the development and use or sell the asset. All other development expenditure is recognized in profit or loss as incurred. After initial recognition, capitalized development expenditures are measured at cost less accumulated amortization and any accumulated impairment losses.

For other intangible assets acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

b. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred, including goodwill from internal development and brand name.

c. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the useful lives of intangible assets, other than goodwill, from the date that they are available for use.

(i) Software: 1~ 5 years

(ii) Customer relationship: 3 years

(iii) Other intangible assets 1~ 3 years

Amortization methods, useful lives and residual values for intangible assets are reviewed at each annual reporting date and adjusted if appropriate.

(14) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units(CGUs).

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

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

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

The impairment loss recognized on goodwill is not reversed in a subsequent period. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(15) Provisions

A provision shall be recognized when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are discounted by the pre-tax discount rate, which reflects current market assessments of the time value of money and the risks specific to the liability. The discounted amortization is recognized as interest expense.

(16) Revenue Recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The following is a description of the Company's major revenues:

Revenue is recognized when the control over a product has been transferred to the customer. being when the products are delivered to the customer, the customer has full discretion over

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company often offers volume discounts to its customers. Revenue from these sales is recognized based on the price specified in the contract, net of estimated volume discount. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales of goods are made, with a credit term of 90~150 days, which is consistent with the market practice.

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

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the consolidated company does not adjust any of the transaction prices for the time value of money.

(17) Government grants

The Company has obtained low interest rate loans from banks facilitated by the government, through the "Welcome Businesses Returning to Taiwan to Invest Solutions" launched by the Executive Yuan. The difference between such loan calculated by market borrowing interest rate valued at fair price and the amount received is recorded as deferred income. Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the deferred income is recognized as deduction of expenses.

(18) Share-based payments

For equity-settled share-based payment agreements, during the vesting period, the Group recognizes expenses and the corresponding increase in equity at the fair value at the grant date. The expenses recognized are adjusted by the number of the awards expected to meet the service condition and non-market vesting conditions. The amount ultimately recognized is measured on the basis of the number of the awards that meet the service condition and non-market vesting conditions at the vesting date.

Non-vesting conditions of share-based payment awards have been measured in the fair value of at the grant date of the share-based payments. Differences between the expectations and actual results shall not be verified and adjusted.

Grant date of the share-based payments is the date that the board of directors have approved the subscription prices and the number of shares allowed employees to subscribe.

(19) Employee benefits

a. Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized in the periods during which services are rendered by employees.

b. Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

c. Short-term employee benefits

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

(20) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainly related to income tax, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

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

- a. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- b. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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

- a. the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- b. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or
 - (ii) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

The unapplied tax losses and unapplied tax credits carried forward and deductible temporary differences are recognized as deferred income tax assets within the range of probable future taxable income available for use. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

(21) Earning per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and estimated employee compensation.

(22) Operating segments

Operating segment is a component of the Company engaging in activities that may earn revenues and incur expenses, including relevant revenues and expenses from other components of the Company. Operating results of all segments are routinely provided to the chief operating decision-maker for review for set up policy to allocate resources and assess performance of the operating segments. Each operating segment shall have its separate financial information.

5. Critical Accounting Judgments and Key Sources of Estimations and Assumptions Uncertainty

The preparation of the consolidated financial report requires management to make judgments, estimates, and assumptions to future (including climate-related risks and opportunities) that 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 management continues to monitor the accounting estimates and assumptions to be consistent with the Group's risk management and climate-related commitments. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period on a prospective basis.

There is no information involving critical judgments in applying the accounting policies in the consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(1) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumption as to future demand within a specific time horizon. Due to the obsolescence of aircraft models, there may be significant changes in the net realizable value of inventories. Please refer to note 6(4) for further description on the valuation of inventories.

(2) Impairment of goodwill

The assessment of impairment of goodwill requires the Company to make subjective judgment to determine the identified CGUs, allocate the goodwill to relevant CGUs and estimate the recoverable amount of relevant CGUs.

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

(3) Valuation process

The Company's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss. The Company's financial instrument valuation group conducts independent verification on all significant fair values (including level 3 fair value), and reports directly to the chief financial officer. The Company also periodically reviews significant unobservable inputs and adjustments. If third-party information (i.e. through securities brokers or price setting service institutes) for evaluating fair value inputs were used, evidence for supporting inputs from third-party will be assessed in order to make sure the valuation and its fair value categorization is compliant with regulations from IFRSs. Investment property was appraised by external appraiser.

The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

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

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date.

For assumptions used in measuring fair value, please refer to below notes:

- (i) Note 6(2) and 6(23), financial instruments.
- (ii) Note 6(9), investment property at fair value.

6. Description of Significant Accounts

(1) Cash and Cash Equivalents

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash on hand	\$ 1,877	2,397
Cash in banks	1,999,012	2,055,809
	<u>\$ 2,000,889</u>	<u>2,058,206</u>

Please refer to Note 6(23) for interest rate risk and sensitivity analysis of the financial assets and liabilities.

(2) Financial assets

- a. Financial Assets and Liabilities at Fair Value through Profit or Loss ("FVTPL") – current and non-current

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Financial assets mandatorily measured at FVTPL:		
Funds	\$ 177,683	167,452
Convertible bonds of embedded derivatives	1,818	-
Total	<u>\$ 179,501</u>	<u>167,452</u>

Please refer to Note 6(22) for amounts remeasured at fair value through profit and loss, and Note 6(23) for fair value information.

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

b. Financial Assets at Fair Value through Other Comprehensive Income (“FVOCI”) – non-current

	December 31, 2024	December 31, 2023
Equity investment instruments designated to be measured at FVOCI		
Stocks of foreign non-listed companies	\$ 24,097	-

As the Group hold the equity instruments for long-term strategic investment purposes instead of for trading purpose, they are designated to be measured at fair value through other comprehensive income. Please refer to Note 6(23) for fair value information.

c. The financial assets referred to above had not been provided as collateral.

(3) Notes, trade and other receivables

a. Details as follows:

	December 31, 2024	December 31, 2023
Notes receivable	\$ 73,196	46,942
Notes receivable – related parties	4,821	-
Accounts receivable	2,993,622	2,240,994
Account receivable – related parties	28,935	25,422
Other receivables	271,573	448,619
Other receivable – related parties	29	528
Less: Loss allowance	(20,517)	(19,466)
	\$ 3,351,659	2,743,039

b. The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes, accounts and other receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provision for notes receivable, accounts receivable and other receivables for the years ended December 31 2024 and 2023 was analyzed as follows:

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

	December 31, 2024		
	Carrying amount of notes, accounts and other receivables	Weighted- average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 3,228,472	0%	-
Past due less than 60 days	116,533	0%	-
Past due 61~120 days	12,051	50%	6,025
Past due 121~180 days	2,093	70%	1,465
Past due over 181 days	13,027	100%	13,027
	\$ 3,372,176		20,517

	December 31, 2023		
	Carrying amount of notes, accounts and other receivables	Weighted- average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 2,619,353	0%	-
Past due less than 60 days	116,086	0%	-
Past due 61~120 days	13,102	50%	6,551
Past due 121~180 days	3,496	70%	2,447
Past due over 181 days	10,468	100%	10,468
	\$ 2,762,505		19,466

c. The movement of the loss allowance for notes, accounts and other receivables was as follows:

	For the year ended December 31, 2024	For the year ended December 31, 2023
Balance at beginning of the year	\$ 19,466	42,390
Impairment losses recognized (reversal)	(2,844)	(486)
Irrecoverable amount write-off, current	-	(23,910)
Effects from foreign currency exchange changes	3,895	1,472
Balance at end of the year	\$ 20,517	19,466

c. The Company has signed accounts receivable factoring contracts without recourse with financial institutions. As stated in the contract, the Company does not have to bear the risks of uncollectable accounts receivables but the loss incurred due to commercial arguments. Due to the fact that the Company has already transferred almost all the risk and revenues of the above mentioned account receivables without further participation, hence meets the criteria of derecognition of financial assets. After derecognition of accounts receivable, the claim to financial institutes were recorded under other

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

receivables. Factored accounts receivables which were not due as of the report date were as follows:

December 31, 2024						
Underwriting bank	Factoring amount	Acceptable advances	Amount collected in advance	Transfer to other receivable amount	Interest rate	Amount pledged (in thousands of USD)
Financial institutes	\$ 124,170	601,108	107,048	17,122	5.478%~5.6977%	-
Financial institutes	38,117	121,600	11,180	26,937	5.9800%	Promissory Note 4,500
Financial institutes	41,791	105,240	12,786	29,005	5.7385%	Promissory Note 4,000
	\$ 204,078	827,948	131,014	73,064		

December 31, 2023						
Underwriting bank	Factoring amount	Acceptable advances	Amount collected in advance	Transfer to other receivable amount	Interest rate	Amount pledged (in thousands of USD)
Financial institutes	\$ 189,616	663,228	-	189,616	0%	-
Financial institutes	45,936	124,355	-	45,936	0%	Promissory Note 4,500
Financial institutes	51,103	110,538	-	51,103	0%	Promissory Note 4,000
	\$ 286,655	898,121	-	286,655		

(4) Inventories

a. Details as follows:

	December 31, 2024	December 31, 2023
Raw materials	\$ 333,781	387,620
Work-in-progress	67,850	50,281
Semi-finished goods	226,339	161,177
Finished goods	470,519	332,074
Merchandise	295,822	258,258
	\$ 1,394,311	1,189,410

b. Details of cost of goods sold as follows:

	For the year ended December 31, 2024	For the year ended December 31, 2023
Cost of goods sold	\$ 7,193,161	6,410,059
Loss on obsolescence write-off	136,051	147,386
Loss on inventory write-down (reversal gain)	(32,975)	5,762
Unamortized manufacturing expenses	105,153	141,659
Others	47,705	29,558
	\$ 7,449,095	6,734,424

c. As of December 31, 2024 and 2023, none of the Company's inventories was pledged as collateral.

(5) Investments accounted for using equity method

a. Investments accounted for using equity method on the date or reporting as follows:

	December 31, 2024	December 31, 2023
Affiliated company	\$ 439,446	428,470

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

b. Details of the affiliated companies that are significant to the company as follows:

Affiliated company Name	Main business venue with the Company by relationship	Main business venue/ Countries which parent company registered	Percentage of equity ownership interests and voting rights	
			December 31, 2024	December 31, 2023
Nantong Dadi Electric Co., Ltd.	It's main business is manufacturing and sales of automobile cable bundles. It's part of the strategic alliance for the Company to expand market.	China	19.31%	19.31%
Kung Shan Ching Zhi Electric Co., Ltd.	Main business is sales and development of electronic connectors	China	30.00%	30.00%

c. The summarized financial information on significant affiliated company of the Group is as follows. The financial information has adjusted the amounts included in the consolidated financial statements in accordance with IFRS of each affiliated company, to reflect the adjustments for fair value and accounting policies when the Group acquired the equity of the affiliated companies:

(a) Summarized financial information of Nantong Dadi Electric Co., Ltd.

	December 31, 2024	December 31, 2023
Current assets	\$ 3,176,238	2,883,421
Non-current assets	1,683,581	1,054,798
Current liabilities	2,710,001	1,752,272
Non-current liabilities	243,512	311,080
Net assets	<u>\$ 1,906,306</u>	<u>1,874,867</u>
Net assets attributable to the Group	<u>\$ 368,108</u>	<u>362,037</u>
	For the year ended December 31, 2024	For the year ended December 31, 2023
Operating revenue	<u>\$ 2,405,784</u>	<u>2,381,980</u>
Net profit (loss) from continuous operations	\$ (52,859)	(65,743)
Profit (loss) from discontinued operations, net of tax	-	-
Other comprehensive income	-	-
Total comprehensive income	<u>\$ (52,859)</u>	<u>(65,743)</u>
Total comprehensive income attributable to the Group	<u>\$ (10,207)</u>	<u>(12,695)</u>

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

(b) Summarized financial information of Kung Shan Ching Zhi Electric Co.

	December 31, 2024	December 31, 2023
Current assets	\$ 67,794	54,506
Non-current assets	-	-
Current liabilities	44,583	40,409
Non-current liabilities	-	-
Net assets	<u>\$ 23,211</u>	<u>14,097</u>
Net assets attributable to the Group	<u>\$ 6,963</u>	<u>4,229</u>
	For the year ended December 31, 2024	For the year ended December 31, 2023
Operating revenue	<u>\$ 139,000</u>	<u>96,393</u>
Net profit (loss) from continuous operations	\$ 8,600	6,823
Profit (loss) from discontinued operations, net of tax	-	-
Other comprehensive income	-	-
Total comprehensive income	<u>\$ 8,600</u>	<u>6,823</u>
Total comprehensive income attributable to the Group	<u>\$ 2,580</u>	<u>2,047</u>

d. As the Group is regulated by the agreement for the listing of affiliated companies for the years ended December 31, 2023, the ordinary shares held cannot be transferred within 1 year after go listing. The ordinary shares held shall not be transferred within one year after the affiliated companies go listing. Within two years after the lock-up period ends, the shares transferred shall not exceed 25% of the total shares held. The limitations have been removed since December 6, 2024.

g. The investments accounted for using equity method were not pledged as collaterals as of December 31, 2024 and 2023.

(6) Acquisition of Subsidiaries and Non-controlling interests

(a). Acquisition of Genesis Group

The board of directors had resulted in acquisition of Genesis Technology USA, Inc. and Genesis Holding Company (together referred to as the “Genesis Group”), an American group consist of companies in electromagnetic shielding, high-frequency connectors and high-speed connecting cables, in order to enhance business strategies in Internet communications, cloud services and industrial controls on December 17, 2020. The transfer of shares was completed on April 14, 2021.

According to the transaction considerations and contingent payments agreed in the acquisition contract, the amounts not paid by the Group were \$25,365 thousand and \$61,857 thousand as of December 31, 2024 and 2023, which were recognized under “other payables” and “other non-current liabilities.”

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

(b) HONGTAI ZHUHAI TRADING LTD

In order to diversify the customers, the Group injected capital to HONGTAI ZHUHAI TRADING LTD on January 31, 2024, acquired 100% of the shares, with the total investment amount of \$6,268 thousand (USD200 thousand), and included it into the Group since that date.

(c) ACES ELECTRICS (HONG KONG) CO. LIMITED

In order to continuously expand the business development in automotive market, the Group invested in ACES ELECTRICS (HONG KONG) CO. LIMITED in February 2024, and included it into the Group since that date.

(d). Loss of control over subsidiaries

Dissolution and liquidation of the subsidiaries of the Group, MEC ELECTRONICS (SUZHOU) CO., LTD. and MEC ULTREMAX(H.K.) COMPANY LIMITED, have been approved by the board of directors in June 2024. As of December 31, 2024, the Group has collected the payment for liquidation of remaining properties amounting to \$162,346 thousand, and recognized gains on disposal of \$17,566 thousand, presented under “other gains and losses.”

c. Changes in ownership of subsidiary equity

(i) KUANG YING COMPUTER EQUIPMENT CO., LTD.

The Company acquired 89 thousand of shares of KUANG YING COMPUTER EQUIPMENT CO., LTD. from minority shareholders by cash of \$1,778 thousand in December 2024, which increase its shareholding percentage from 99.66% to 100%. The resulting changes in ownership decrease the capital surplus by \$454 thousand.

(ii) COMPUPACK TECHNOLOGY CO., LTD

The Group bought back 50 thousand of shares of MICON PRECISE CORP. (MICON PRECISE) from minority shareholders by cash of \$318 thousand in November 2024, and conducted a short-form merge with COMPUPACK TECHNOLOGY CO., LTD. (COMPUPACK TECHNOLOGY). After the merge, COMPUPACK TECHNOLOGY is the surviving company, and MICON PRECISE is the dissolved company. The resulting changes in ownership decrease the capital surplus by \$318 thousand.

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

(7) Property, plant and equipment

a. Changes in the cost, depreciation and impairment loss of the Company's real estate property, plant and equipment for the years ended December 31, 2024 and 2023 are as follows:

	Land	Property and plants	Machinery and equipment	Mold equipment	Other equipment	Constructi ons in process	Total
Cost or deemed cost:							
Balance at January 1, 2024	\$ 338,579	1,546,309	1,752,008	1,483,867	1,386,689	1,229,078	7,736,530
Additions	368,532	17,453	32,690	77,231	41,688	262,443	800,037
Reclassification	156,819	419,038	126,711	241,439	37,131	(418,873)	562,265
Disposals	-	(104)	(110,862)	(142,630)	(52,713)	-	(306,309)
Foreign Exchange Rates	105	45,592	65,118	38,804	46,992	69,390	266,001
Balance at December 31, 2024	\$ 864,035	2,028,288	1,865,665	1,698,711	1,459,787	1,142,038	9,058,524
Balance at January 1, 2023	\$ 338,579	1,560,763	1,726,391	1,380,841	1,386,682	705,715	7,098,971
Additions	-	-	3,284	-	-	-	3,284
Reclassification	-	8,986	86,041	153,966	102,146	514,296	865,435
Disposals	-	544	16,684	55,822	44,085	16,065	133,200
Foreign Exchange Rates	-	(6,827)	(44,614)	(88,481)	(134,174)	-	(274,096)
Balance at December 31, 2023	-	(17,157)	(35,778)	(18,281)	(12,050)	(6,998)	(90,264)
Accumulated depreciation and impairment:	\$ 338,579	1,546,309	1,752,008	1,483,867	1,386,689	1,229,078	7,736,530
Balance at January 1, 2024							
Depreciation of the year	\$ -	674,165	1,146,576	1,305,641	869,306	-	3,995,688
Disposals	-	80,247	163,978	175,003	165,433	-	584,661
Foreign Exchange Rates	-	-	7,626	179,723	9,259	-	196,608
Balance at December 31, 2024	-	(80)	(91,130)	(134,165)	(47,814)	-	(273,189)
Balance at January 1, 2023	-	23,583	49,511	35,641	31,176	-	139,911
Depreciation of the year	\$ -	777,915	1,276,561	1,561,843	1,027,360	-	4,643,679
Impairment losses of the year	\$ -	616,597	1,060,245	1,189,254	804,546	-	3,670,642
Disposals	-	71,349	152,458	168,158	173,608	-	565,573
Foreign Exchange Rates	-	(3,089)	(37,111)	(37,055)	(89,966)	-	(167,221)
Balance at December 31, 2023	-	(10,692)	(29,016)	(14,716)	(18,882)	-	(73,306)
	\$ -	674,165	1,146,576	1,305,641	869,306	-	3,995,688
Carrying value:							
December 31, 2024	\$ 864,035	1,250,373	589,104	136,868	432,427	1,142,038	4,414,845
January 1, 2023	\$ 338,579	944,166	666,146	191,587	582,136	705,715	3,428,329
December 31, 2023	\$ 338,579	872,144	605,432	178,226	517,383	1,229,078	3,740,842

b. The Group acquired the land in MIRDC in Taoyuan from related parties with total transaction amount of \$522,729 thousand. As of December 31, 2023, the prepayment for land of \$156,819 thousand is recognized under "other non-current assets – others." The Group has paid the remaining amount of \$365,910 thousand in full and completed the transfer of ownership procedures. Therefore, \$156,819 thousand of "other non-current assets – others" was reclassified to "property, plant and equipment."

c. As of December 31, 2024 and 2023, some part of properties and plants were pledged as guaranteed for long-term borrowings and credit limit amount. For details, please refer to Note 8.

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

(8) Right-of-use asset

Changes in equity assets recognized for property, plant and equipment leased by the Company are as follows:

	<u>Land</u>	<u>Buildings and structures</u>	<u>Other equipment</u>	<u>Total</u>
Cost:				
Balance at January 1, 2024	\$ 551,584	215,504	24,286	791,374
Additions	17,083	6,613	5,006	28,702
Reductions	-	(39,309)	(6,223)	(45,532)
Foreign Exchange Rates	18,263	7,013	530	25,806
Balance at December 31, 2024	<u>\$ 586,930</u>	<u>189,821</u>	<u>23,599</u>	<u>800,350</u>
Balance at January 1, 2023	\$ 516,050	181,087	31,681	728,818
Acquisition by business combination	-	1,664	-	1,664
Additions	93,854	96,810	1,540	192,204
Reductions	(45,465)	(58,723)	(8,628)	(112,816)
Foreign Exchange Rates	(12,855)	(5,334)	(307)	(18,496)
Balance at December 31, 2023	<u>\$ 551,584</u>	<u>215,504</u>	<u>24,286</u>	<u>791,374</u>
Accumulated depreciation:				
Balance at January 1, 2024	\$ 72,054	103,701	17,279	193,034
Provision for depreciation	27,116	43,201	6,234	76,551
Reductions	-	(39,309)	(6,223)	(45,532)
Foreign Exchange Rates	2,784	3,410	417	6,611
Balance at December 31, 2024	<u>\$ 101,954</u>	<u>111,003</u>	<u>17,707</u>	<u>230,664</u>
Balance at January 1, 2023	\$ 80,845	113,300	17,045	211,190
Provision for depreciation	27,207	49,470	9,080	85,757
Reductions	(34,684)	(58,723)	(8,628)	(102,035)
Foreign Exchange Rates	(1,314)	(346)	(218)	(1,878)
Balance at December 31, 2023	<u>\$ 72,054</u>	<u>103,701</u>	<u>17,279</u>	<u>193,034</u>
Carrying value:				
December 31, 2024	<u>\$ 484,976</u>	<u>78,818</u>	<u>5,892</u>	<u>569,686</u>
January 1, 2023	<u>\$ 435,205</u>	<u>67,787</u>	<u>14,636</u>	<u>517,628</u>
December 31, 2023	<u>\$ 479,530</u>	<u>111,803</u>	<u>7,007</u>	<u>598,340</u>

As the lease contracts of land and plants are successively due in 2023, the Group re-signed the lease contracts with the lessors. Besides, please refer to Note 7 for the details of transactions of leasing land and plants from related parties.

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

(9) Investment property

a. Details of investment property as follows:

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
Cost:			
Balance at January 1, 2024	\$ 264,748	40,133	304,881
Gains on fair value adjustment	7,073	432	7,505
Balance at December 31, 2024	<u>\$ 271,821</u>	<u>40,565</u>	<u>312,386</u>
Balance at January 1, 2023	\$ 259,599	39,215	298,814
Losses on fair value adjustment	5,149	918	6,067
Balance at December 31, 2023	<u>\$ 264,748</u>	<u>40,133</u>	<u>304,881</u>
Fair value:			
January 1, 2024	<u>\$ 264,748</u>	<u>40,133</u>	<u>304,881</u>
December 31, 2024	<u>\$ 271,821</u>	<u>40,565</u>	<u>312,386</u>
January 1, 2023	<u>\$ 259,599</u>	<u>39,215</u>	<u>298,814</u>
December 31, 2023	<u>\$ 264,748</u>	<u>40,133</u>	<u>304,881</u>

b Investment property fair value basis

The investment properties held by the consolidated company are located in the Nangang and Neihu districts of Taipei City. Their fair values are determined based on the results of an independent appraisal by valuation experts, using the discounted cash flow analysis method under the income approach. The main assumptions and relevant explanations are as follows:

- (i) The expected future cash inflows from investment properties of the consolidated company include rental income, interest income from deposits, vacancy losses, and disposal value at the end of the period. The rental income is estimated based on local and comparable market rental rates, taking into consideration the estimated annual rental growth rate for the next ten years. The interest income from deposits is estimated based on the average deposit interest rate published by the central bank for the top five banks, ranging from 1.700% for a one-year term. The vacancy losses are calculated based on the vacancy situation of similar properties in the neighboring area. The disposal value at the end of the period is determined by capitalizing the projected operating income for the next year, after deducting normal operating expenses, using a direct capitalization approach. The future cash outflows include related taxes, insurance premiums, management fees, and repair costs that are directly related to the leases. The changing rates used to estimate future variations in these expenses are based on the current expenditure levels, taking into consideration adjustments to announced land prices and tax rates stipulated by housing tax regulations.
- (ii) The estimation of the discount rate is based on the regulations of the Financial Supervisory Commission, which stipulate that it shall not be lower than the interest rate for a two-year postal time deposit announced by Chunghwa Post Co., Ltd., plus three digits. However, considering the recent real estate market conditions, it is estimated to be 2.470% to 2.595%.
- (iii) The decision on capitalizing end-of-period earnings is based on the reasonable capitalization rate of the subject and the future benefits of building improvements, estimated at 1.495% to 2.105%.
- (iv) The monthly rent for investment properties in the local area and similar targets ranges from NT\$1,330 to NT\$1,410 per ping.
- (v) The fair value of the Nangang and Neihu properties, as assessed by discounted cash flow analysis, is NT\$54,837 thousand and NT\$257,951 thousand, respectively.

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

(vi) The real estate appraisal reports used by the consolidated company are signed and issued by Mr. Tsai Jia-ho, a certified appraiser from Cushman & Wakefield, with appraisal dates of July 15, 2024 and June 30, 2024, respectively.

c. For details on investment property pledged as collateral, please refer to Note 8.

(10) Intangible assets

The costs and amortization of the Company's intangible assets for 2024 and 2023 are detailed as follows:

	<u>Goodwill</u>	<u>Computer software</u>	<u>Customer relationship</u>	<u>Others</u>	<u>Total</u>
Cost:					
Balance at January 1, 2024	\$ 31,196	139,521	76,749	99,190	346,656
Additions	-	25,193	-	9,984	35,177
Reclassifications	-	49,818	-	-	49,818
Disposals	-	(4,733)	-	-	(4,733)
Foreign Exchange Rates	2,114	2,213	(1,346)	1,583	4,564
Balance at December 31, 2024	<u>\$ 33,310</u>	<u>212,012</u>	<u>75,403</u>	<u>110,757</u>	<u>431,482</u>
Balance at January 1, 2023	\$ 31,201	134,993	76,776	73,103	316,073
Additions	-	16,842	-	22,515	39,357
Acquisition in business combination	-	-	-	3,934	3,934
Disposals	-	(11,043)	-	(360)	(11,403)
Foreign Exchange Rates	(5)	(1,271)	(27)	(2)	(1,305)
Balance at December 31, 2023	<u>\$ 31,196</u>	<u>139,521</u>	<u>76,749</u>	<u>99,190</u>	<u>346,656</u>
Accumulated amortization and impairment:					
Balance at January 1, 2024	\$ -	116,730	32,852	55,044	204,626
Current amortization	-	27,636	11,621	39,076	78,333
Disposals	-	(4,314)	-	-	(4,314)
Foreign Exchange Rates	-	1,791	(4,077)	808	(1,478)
Balance at December 31, 2024	<u>\$ -</u>	<u>141,843</u>	<u>40,396</u>	<u>94,928</u>	<u>277,167</u>
Balance at January 1, 2023	\$ -	110,868	20,730	30,179	161,777
Current amortization	-	17,514	12,306	25,282	55,102
Disposals	-	(11,043)	-	(360)	(11,403)
Foreign Exchange Rates	-	(609)	(184)	(57)	(850)
Balance at December 31, 2023	<u>\$ -</u>	<u>116,730</u>	<u>32,852</u>	<u>55,044</u>	<u>204,626</u>
Carrying value:					
December 31, 2024	<u>\$ 33,310</u>	<u>70,169</u>	<u>35,007</u>	<u>15,829</u>	<u>154,315</u>
January 1, 2023	<u>\$ 31,201</u>	<u>24,125</u>	<u>56,046</u>	<u>42,924</u>	<u>154,296</u>
December 31, 2023	<u>\$ 31,196</u>	<u>22,791</u>	<u>43,897</u>	<u>44,146</u>	<u>142,030</u>

(i) The Group acquired and paid the expenses for SAP software for the years ended December 31, 2024 and 2023. As of December 31, 2023, \$49,818 thousand has been paid, recognized under "other non-current assets – others." As the Group has completed the inspection and started to use, \$49,818 thousand of "other non-current assets – others" has been reclassified to "intangible assets."

(ii) As of December 31, 2024 and 2023, none of the Company's intangible assets was pledged as collateral.

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

(11) Short-term borrowings

a. The Company's short-term borrowing details as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Unsecured bank loans	\$ 20,000	1,225,000
Secured bank loans	175,000	242,000
	<u>\$ 195,000</u>	<u>1,467,000</u>
Unused credit lines	<u>\$ 5,108,563</u>	<u>3,518,777</u>
Interest rate	<u>0.5%~2.61%</u>	<u>1.225%~7.18%</u>

b For details on property pledged as collateral for bank loans, please refer to Note 8.

(12) Long-term borrowings

	<u>December 31, 2024</u>			
	<u>Currency</u>	<u>Interest rate interval</u>	<u>Expiry year</u>	<u>Amount</u>
Secured bank loans	NTD	2.1142%~2.560%	2024~2039	\$ 1,935,380
Unsecured bank loans	NTD	1.350%~1.775%	2025~2026	336,202
Subtotal				2,271,582
Less: current portion				(233,131)
Total				<u>\$ 2,038,451</u>
Unused credit lines				<u>\$ 1,950,000</u>
	<u>December 31, 2023</u>			
	<u>Currency</u>	<u>Interest rate interval</u>	<u>Expiry year</u>	<u>Amount</u>
Secured bank loans	NTD	1.922%~2.440%	2023~2030	\$ 1,411,620
Unsecured bank loans	NTD	1.225%~1.650%	2025~2026	521,475
Subtotal				1,933,095
Less: current portion				(195,740)
Total				<u>\$ 1,737,355</u>
Unused credit lines				<u>\$ 2,606,000</u>

a. Please refer to Note 8 for the assets pledged as collateral for bank borrowings.

b. The Company entered into a syndicated loan agreement with group of banks. During the loan term, the Company is required to calculate and maintain certain financial ratios at an agreed level based on the consolidated financial statements audit. For the years ended December 31, 2024 and 2023, there is no incident of the Company violating such financial ratios.

c. The Company has obtained special low-interest rate loans of \$600,000 thousand from banks according to "Welcome Businesses Returning to Taiwan to Invest Solution" on June 2020. The actual special loan interest rate was 0.85%, and the difference calculated by the fair loan value on market interest rate of 1.35% was regarded as government grants and recorded as deferred income. As of December 31, 2024, deferred revenue amounted to \$3,526 thousand and \$6,500 thousand respectively. These amounts were recorded under "other non-current liabilities."

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

(13) Bonds payable

a. The details of unsecured convertible bonds were as follows:

	December 31, 2024	December 31, 2023
Total unsecured convertible corporate bonds issued	\$ 1,600,000	600,000
Unamortized discounted corporate bonds payable	(47,752)	(20,698)
Cumulative converted amount of unsecured convertible corporate bonds	(599,300)	(1,100)
Redeemed amount of unsecured convertible corporate bonds	(700)	-
Corporate bonds issued balance at year-end	<u>\$ 952,248</u>	<u>578,202</u>
Embedded derivatives – redemption right (recognized in financial assets at fair value through profit or loss)	<u>\$ 1,818</u>	<u>-</u>
Equity component – conversion options (recognized in capital surplus – stock options)	<u>\$ 54,866</u>	<u>71,065</u>
	For the year ended December 31, 2024	For the year ended December 31, 2023
Embedded derivative – redeem options (recognized in other gains and losses)	<u>\$ 818</u>	<u>(62)</u>
Interest expenses	<u>\$ 25,694</u>	<u>22,296</u>

b. Major terms and conditions of the third issuance of convertible company bonds in 2024:

- (i) Par value issued: NT\$1,000,000 thousand, to be issued at 100.5% of the par value. Total issued amount is \$1,005,000 thousand. The amount after deducting issue costs of \$6,094 thousand is \$998,906 thousand, which has been collected in full.
- (ii) Issued period: Three years (from August 6, 2024 to August 6, 2027)
- (iii) Interest rate: 0%
- (iv) Redemption at the option of the Company: The Company may redeem the bonds under the following conditions:
 - A. The Company may redeem the bonds, in whole or in part, 3 months after the issuance and forty days prior to the maturity date, at the principal amount of the bonds if the closing price of the Company's ordinary shares on the Taiwan Stock Exchange for a period of 30 consecutive trading days, is at least 30% of the conversion price.
 - B. The Company may redeem the bonds, in whole or in part, 3 months after the issuance and forty days prior to the maturity date, at the early redemption conversion price if at least 10% in principal amount of the bonds has already been exchanged, redeemed, purchased or cancelled.
- (v) Terms of conversion:
 - A. From the next day after the issuance of convertible bonds three months later to maturity of the issue period, bondholders may convert bonds into common shares of the Company according to terms of conversion.
 - B. Conversion price: The conversion price at the time of issuance was NT\$51 per share. The conversion price will be subject to adjustments upon the occurrence of certain events set out in the indenture. This bond does not have reset clause.

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

- (vi) If the bondholder does not convert the bonds at maturity, the Company has to pay in full in cash for redemption of bonds held at the principal amount of bonds with additional interest for compensation (interest compensation at maturity is 1.5075% of the principal amount).
- c. The bondholders of the Company's domestic second unsecured convertible bonds redeemed the bonds during the year of 2024 and 12,576 thousand new shares were issued at par value. The residual convertible bonds amounting to \$700 thousand not yet converted will be mature in November 2024 and redeemed by the Group. Please refer to Note 6(13) of the consolidated financial statements for the year ended December 31, 2023 for other relevant information.

(14) Lease liabilities

	December 31, 2024	December 31, 2023
Current	<u>\$ 45,861</u>	<u>51,258</u>
Non-current	<u>\$ 91,169</u>	<u>110,084</u>

- a. For the maturity analysis, please refer to note 6(23) Financial Instruments.
- b. The amounts recognized in profit and loss were as follows:

	For the year ended December 31, 2024	For the year ended December 31, 2023
Interests on lease liabilities	<u>\$ 4,421</u>	<u>4,991</u>
Expenses relating to short-term leases	<u>\$ 17,757</u>	<u>11,436</u>
Expenses relating to low-value leases (excluding low-value lease of short-term leases)	<u>\$ 5,079</u>	<u>5,729</u>

- c. The amounts recognized in the statement of cash flows for the Company were as follows:

	For the year ended December 31, 2024	For the year ended December 31, 2023
Total cash outflow for leases	<u>\$ 85,871</u>	<u>92,401</u>

d. Lease of land, property and plants

The Company leases land, property and plants for its office and factory with lease terms of usually 2 to 50 years. Some lease contract can be renewed before contract expires and have the option to extend to the same term.

e. Other lease

The Company leases machinery and transport equipment with lease terms of usually 3 to 5 years.

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

(15) Employee benefits

a. Defined benefit plans

Adjustment of the Company's present value of defined obligation and fair value of plan assets was as follows:

	December 31, 2024	December 31, 2023
Present value of defined obligation	\$ 76,135	70,761
Fair value of plan assets	<u>(28,483)</u>	<u>(24,957)</u>
Net defined benefit liabilities	<u>\$ 47,652</u>	<u>45,804</u>

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

(i) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

As of reporting date, the Company's Bank of Taiwan labor pension reserve account balance amounted to \$28,483 thousand. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(ii) Changes on current value of defined obligation

The changes on current value of defined obligation for the years ended December 31, 2024 and 2023 were as follows:

	For the year ended December 31, 2024	For the year ended December 31, 2023
Defined benefit obligation on January 1	\$ 70,761	71,058
Current service cost and interest	5,493	4,517
Remeasurements of net defined benefit liabilities	(995)	(1,840)
Benefits paid by the plan	-	(3,156)
Exchange differences	876	182
Defined benefit obligation on December 31	<u>\$ 76,135</u>	<u>70,761</u>

(iii) Changes on fair value of plan assets

The changes on current value of defined benefit asset plan for the years ended December 31, 2024 and 2023 were as follows:

	For the year ended December 31, 2024	For the year ended December 31, 2023
Fair value of plan assets on January 1	\$ 24,957	25,692
Interest revenue	412	456
Amount appropriated to plan	915	1,883
Remeasurements of net defined benefit liabilities	2,199	82
Benefits paid by the plan	-	(3,156)
Fair value of plan assets on December 31	<u>\$ 28,483</u>	<u>24,957</u>

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

(iv) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company for the years ended December 31, 2024 and 2023 were as follows:

	For the year ended December 31, 2024	For the year ended December 31, 2023
Current service cost	\$ 2,716	1,780
Net interest of net defined benefit liabilities	2,365	2,281
	\$ 5,081	4,061
	For the year ended December 31, 2024	For the year ended December 31, 2023
Operating costs and expenses	\$ 5,081	4,061

(v) Recognized as remeasurements of net defined benefit liabilities under other comprehensive profit and loss.

Recognized accumulatively as remeasurements of net defined benefit liabilities under other comprehensive profit and loss.

	For the year ended December 31, 2024	For the year ended December 31, 2023
Accumulated balance on January 1	\$ (14,948)	(16,859)
Current recognition	3,207	1,911
Accumulated balance on December 31	\$ (11,741)	(14,948)

(6) Actuarial assumptions

Details of actuarial assumptions used at the end of reporting date as follows:

	December 31, 2024	December 31, 2023
Discount rate	1.750%-2.000%	1.625%
Increase on future payroll	1%~3%	1%~3%

The Company has planned to appropriate in the amount of \$857 thousand for defined benefit plan within 1 year after the reporting date of the year ended December 31, 2024.

The weighted average duration for defined benefit plan is 10 to 12 years.

(vii) Sensitivity analysis

Details of the impact to current value of defined benefit obligation by using main actuarial assumption change for the years ended December 31, 2024 and 2023 was as follows:

	Impact to defined benefit obligation	
	Increase by 0.25%	Decrease by 0.25%
Balance at December 31, 2024		
Discount rate	(742)	766
Increase on future payroll	740	(721)
December 31, 2023		
Discount rate	(802)	828
Increase on future payroll	799	(777)

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

Reasonably possible changes to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. In practical, the relevant actuarial assumptions are correlated to each other. The approach used in recognizing the net defined liability in the balance sheets is the same as the one used in developing the sensitivity analysis.

And the relevant actuarial assumptions in the current and previous years.

b. Defined contribution plans

The Company and its domestic subsidiaries allocate 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance, Ministry of Labor (hereinafter referred to as the Bureau of Labor Insurance) in accordance with the provisions of the Labor Pension Act.

The Company's pension costs under the defined contribution method were \$108,282 thousand and \$104,397 thousand for the years ended December 31, 2024 and 2023, respectively. Payment was made to the Bureau of Labor Insurance.

(16) Income taxes

a. Income tax expenses

(i) The components of income tax expenses in the years 2024 and 2023 were as follows:

	<u>For the year ended December 31, 2024</u>	<u>For the year ended December 31, 2023</u>
Current tax expense (gain)	\$ 25,313	(3,864)
Deferred income tax expense	17,545	2,360
Income tax expenses	<u>\$ 42,858</u>	<u>(1,504)</u>

(ii) Details of the amount of income tax benefits recognized in other comprehensive income for the years ended December 31, 2024 and 2023 was as follows:

	<u>For the year ended December 31, 2024</u>	<u>For the year ended December 31, 2023</u>
Components of other comprehensive income that will be reclassified to profit or loss:		
Exchange differences on translation of foreign financial statements	<u>\$ (41,802)</u>	<u>12,097</u>

(iii) Reconciliation of income tax expenses and profit before tax for 2024 and 2023 were as follows:

	<u>For the year ended December 31, 2024</u>	<u>For the year ended December 31, 2023</u>
Profit before income tax	<u>\$ 387,213</u>	<u>(269,692)</u>
Income tax using the Company's domestic tax rate	\$ 77,442	(53,938)
The effect of difference in tax rates in foreign territories	4,183	(31,270)
Not deductible expenses	7,038	(9,377)
Unrecognized temporary difference – related to investments in subsidiaries	(32,662)	90,154
Unrecognized temporary difference – related to tax losses	19,512	13,041
Tax-exempt income	3,426	-
Additional tax on unappropriated earnings	6,105	-
Over or underestimation in prior periods	(35,343)	(13,415)
Others	(6,843)	3,301
	<u>\$ 42,858</u>	<u>(1,504)</u>

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

b. Deferred tax assets and liabilities

(i) Unrecognized deferred tax liabilities

As of the years ended December 31, 2024 and 2023, the temporary differences related to investments in subsidiaries and associates was not recognized under deferred tax liabilities because the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not be reversed in the foreseeable future. Relevant amount as follows:

	December 31, 2024	December 31, 2023
Aggregate amount of temporary differences related to investments in subsidiaries	<u>\$ 791,660</u>	<u>655,510</u>
Unrecognized amount of deferred tax liabilities	<u>\$ 98,440</u>	<u>131,102</u>

(ii) Unrecognized deferred tax assets

Items not recognized as deferred income tax assets by the parent company are as follows:

	December 31, 2024	December 31, 2023
Tax loss	<u>\$ 1,134,140</u>	<u>997,990</u>
Unrecognized amount of deferred tax assets	<u>\$ 226,828</u>	<u>199,598</u>

Some of the subsidiaries have yet to have steady growth and profit earning capabilities in 2024 and 2023; therefore, the deferred income tax assets were not recognized because it is speculated if the tax losses were recoverable. If the operating revenue is continuing to grow for the next year, the aforementioned tax loss would be recognized.

(iii) Recognized deferred tax assets and liabilities

The changes on deferred income tax assets and liabilities for the years ended December 31, 2024 and 2023 were as follows:

	Share of profit or loss of subsidiaries accounted for using equity method	Unrealized gains or losses from financial assets	Inventory valuation loss	Others	Total
Deferred income tax assets:					
January 1, 2024	\$ 28,797	181	13,059	38,529	80,566
(Debit) credit in profit or loss	555	(181)	879	(12,884)	(11,631)
Exchange differences on translation of foreign financial statements	-	-	-	330	330
December 31, 2024	<u>\$ 29,352</u>	<u>13,938</u>	<u>112</u>	<u>69,265</u>	
January 1, 2023	\$ 33,169	319	13,266	33,822	80,576
(Debit) credit in profit or loss	(4,372)	(138)	(207)	4,707	(10)
December 31, 2023	<u>\$ 28,797</u>	<u>181</u>	<u>13,059</u>	<u>38,529</u>	<u>80,566</u>

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

	<u>Share of profit or loss of subsidiaries accounted for using equity method</u>	<u>Unrealized gains or losses from financial assets</u>	<u>Others</u>	<u>Total</u>
Deferred tax liabilities:				
January 1, 2024	\$ 272,455	5,578	29,860	307,893
Credit (debit) in profit or loss	13,351	(3,644)	(3,793)	5,914
Credit (debt) in other comprehensive income	41,802	-	-	41,802
Exchange differences on translation of foreign financial statements	998	-	(592)	406
December 31, 2024	<u>\$ 328,606</u>	<u>1,934</u>	<u>25,475</u>	<u>356,015</u>
January 1, 2023	\$ 286,608	4,088	26,313	317,009
Credit (debit) in profit or loss	(2,688)	1,490	3,548	2,350
Credit (debit) in other comprehensive income	(12,097)	-	-	(12,097)
Exchange differences on translation of foreign financial statements	632	-	(1)	631
December 31, 2023	<u>\$ 272,455</u>	<u>5,578</u>	<u>29,860</u>	<u>307,893</u>

c. Assessment of tax

The Company's tax returns for the years through 2022 were assessed by the tax authority.

(17) Capital and other equity

a. Share capital

As of December 31, 2024 and 2023, the authorized common stock of the Company was \$2,000,000 thousand in both years, comprising 200,000 thousand shares with a par value of \$10 per share. The issued ordinary shares were 141,876 thousand and 134,418 thousand, respectively.

(a) Common stock issuance

The Company has issued 12,567 thousand of new shares for the execution of conversion right by the convertible bondholders for the year ended December 31, 2024. The new shares were issued at par, with the total amount of \$125,670 thousand. Among the new shares, as the legal registration procedures of 6,857 thousand of shares haven't been completed, they are recognized under "capital collected in advance."

The Company repurchased and canceled 21 thousand of restricted stock awards in October and December 2024, with total amount of \$210 thousand. As the legal registration procedures of the cancellation s haven't been completed, they are recognized under "share capital awaiting retirement."

The Company has resolved by the board of directors on July 23, 2024 to issue 1,850 thousand of restricted stock awards (Please refer to Note 6(18) for details.), and determined the base date to be August 30, 2024. The number of shares actually subscribed by employees is 1,748 thousand, with the subscription price of \$10 per share. The total amount is \$17,480 thousand. The legal registration procedures of the issue of the aforementioned capital have been completed.

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

(ii) Capital reserve

The balances of capital surplus were as follows:

	December 31, 2024	December 31, 2023
Additional paid-in capital	\$ 1,297,455	756,155
Consolidation excess	3,831	3,831
Changes in net value of equity investment in affiliated companies accounted for using equity method	107,878	105,197
Employee stock options	13,978	13,978
Restricted stock awards	65,280	-
Expired employee stock options	30,461	30,378
Stock option for conversion of convertible bonds	54,866	71,065
Others	12,666	12,666
	<u>\$ 1,586,415</u>	<u>993,270</u>

According to the ROC Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

Please refer to notes 6(6) and 6(13) for details on other changes on capital surplus.

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

c. Retained earnings

In accordance with the Articles of Incorporation, the current year's after-tax earnings should be used initially to cover any accumulated deficit (including adjustments for undistributed earnings) and set aside 10% of the remaining earnings as legal reserve; however this is not required if total legal reserve equals total paid-in capital. Special legal reserve was set aside according to the Company's operational requirements and rules and regulations of relevant laws. The distribution of the remaining amount, plus unappropriated earnings from prior years, shall be proposed by the Board of Directors and resolved by shareholders in their general meeting.

If dividend is distributed in issued new shares, shall be made in accordance with the provisions of Article 241 of the Company Law. If dividend is distributed in cash, the board of directors shall be attended by two-thirds of the total directors, and resolved by a majority votes at the board of directors, to distribute dividends and bonuses in whole or in part to be paid in cash, and report to the shareholders' meeting.

(i) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(ii) Special reserve

In accordance with the guidelines of FSC, a portion of current-period earnings and undistributed prior-period earnings shall be retained as a special reserve. The amount to be retained should be equal to the current-period total reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special reserve to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

According to the regulations of FSC, the Company reserved special earning surplus from current profit and loss and undistributed earnings from previous period as net debit item of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. °

d. Earnings distribution

The Company has resolved by the board of directors on March 12, 2024 not to distribute the dividends for the year ended December 31, 2023. The amount of cash dividends in the earnings distribution proposal for the year ended December 31, 2022 has been resolved by the board of directors on March 24, 2023. The amounts of dividends distributed to shareholders are as follows:

	For the year ended December 31, 2022	
	Dividend (dollar)	Amount
Dividends distributed to ordinary shareholders:		
Cash	\$ 0.55	<u>73,930</u>

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

e. Other equity

	Exchange differences on translation of foreign financial statements	Property revaluation increments	Unearned employees' remuneration	Total
Balance at January 1, 2024	\$ (140,790)	33,219	-	(107,571)
Exchange differences on foreign operations	167,113	-	-	167,113
Restricted stock awards	-	-	(44,064)	(44,064)
Balance at December 31, 2024	<u>\$ 26,323</u>	<u>33,219</u>	<u>(44,064)</u>	<u>15,478</u>

	Exchange differences on translation of foreign financial statements	Property revaluation increments	Unearned employees' remuneration	Total
Balance at January 1, 2023	\$ (92,336)	33,219	-	(59,117)
Exchange differences on foreign operations	(75,615)	-	-	(75,615)
Gains or losses on disposals of foreign operations recognized to profit or loss	27,161	-	-	27,161
Balance at December 31, 2023	<u>\$ (140,790)</u>	<u>33,219</u>	<u>-</u>	<u>(107,571)</u>

(18) Share-based payments

The Company has resolved by the shareholders meeting on June 25, 2024 to issue 4000 thousand of restricted stock awards, granted to full-time employees of the Company meeting specific criteria. The effective registration in Securities and Futures Bureau, FSC has been completed. The Company has resolved by the board of directors on July 23, 2024 to issue 1,850 thousand of restricted stock awards, and determined the base date to be August 30, 2024. The number of shares actually subscribed by employees is 1,748 thousand, with the subscription price of \$10 per share. The total amount is \$17,480 thousand. The fair value at the grant date is \$37.8.

Employees who were granted the aforementioned restricted stock awards may subscribe the granted shares at \$10 per share. Since the subscription date, serving for one year, and the consolidated operating revenue or consolidated net profit after tax growing by over 6% compared with the prior year; serving for two years, and the consolidated operating revenue or consolidated net profit after tax growing by over 10% compared with the prior year; serving for three years, and the consolidated operating revenue or consolidated net profit after tax growing by over 10% compared with the prior year, 40%, 30%, and 30% of granted shares will be vested, respectively. The new shares subscribed by employees shall be under the trust

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

custody by the institution designated by the Company, and may not be sold, pledged, transferred, given or disposed by other ways. During the period under the trust custody, the voting rights of the shares are executed by the trust custody institution in accordance with relevant regulations. If employees granted the restricted stock awards fail to meet the vesting condition after subscription of new shares, the shares will be repurchased in full by the Company at the issue price with interest and canceled.

a. Relevant information on restricted stock awards (expressed in thousands of shares):

	<u>For the year ended December 31, 2024</u>	<u>For the year ended December 31, 2023</u>
Expenses arising from restricted employee awards	1,748	-
Number of shares repurchased to be canceled	(21)	-
Number of shares outstanding as of December 31	<u>\$ (1,727)</u>	<u>-</u>

b. Employees expenses

The expenses arising from share-based payments for the years ended December 31, 2024 and 2023 are as follows:

	<u>For the year ended December 31, 2024</u>	<u>For the year ended December 31, 2023</u>
Expenses arising from restricted stock awards	<u>\$ 21,216</u>	<u>-</u>

(19) Earnings per share

The calculation of basic earnings per share and diluted earnings per share were as follows:

	<u>For the year ended December 31, 2024</u>	<u>For the year ended December 31, 2023</u>
Basic earnings per share		
Current net profit (loss) attributable to the Company	<u>\$ 344,060</u>	<u>(266,543)</u>
Weighted average number of ordinary shares outstanding (shares in thousands)	136,924	134,418
Basic earnings (losses) per share (dollar)	<u>\$ 2.51</u>	<u>(1.98)</u>
Diluted earnings per share		
Profit (loss) attributable to ordinary shareholders of the Company (basic)	344,060	(266,543)
After tax effects of interest expenses of convertible bonds	20,555	-
Profit (loss) attributable to ordinary shareholders of the Company (diluted)	<u>\$ 364,615</u>	<u>(266,543)</u>
Weighted average number of ordinary shares outstanding (basic)	136,924	134,418
Effect of dilutive ordinary shares	18,589	-
Weighted average number of ordinary shares outstanding (diluted)(shares in thousands)	<u>155,513</u>	<u>134,418</u>
Diluted earnings (losses) per share(dollar) (Note)	<u>\$ 2.34</u>	<u>(1.98)</u>

Note: As the result calculated by adding dilutive potential common stocks is anti-dilutive for the year ended December 31, 2023, diluted earnings (losses) per share were not calculated

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

(19) Revenue from contracts with customers
a. Disaggregation of revenue

		For the year ended December 31, 2024				
		Connectors segment	Cable segment	Metal stamping segment	Other segment	Total
Primary geographical markets:						
Taiwan	\$	933,891	205,775	300,505	141,547	1,581,718
China		4,021,674	444,522	377,804	37,669	4,881,669
Philippines		837	674,162	81,003	-	756,002
USA		38,140	209,147	192,745	1,603	441,635
Other countries		738,762	268,249	639,478	463,384	2,109,873
		\$ 5,733,304	1,801,855	1,591,535	644,203	9,770,897
Major products/services lines:						
Connectors	\$	5,733,304	-	-	-	5,733,304
Connector cable set		-	1,801,855	-	-	1,801,855
Metal stamping parts		-	-	1,591,535	-	1,591,535
Others		-	-	-	644,203	644,203
		\$ 5,733,304	1,801,855	1,591,535	644,203	9,770,897
		For the year ended December 31, 2023				
		Connectors segment	Connectors cable segment	Metal stamping segment	Other segment	Total
Primary geographical markets:						
Taiwan	\$	697,001	145,082	383,068	113,577	1,338,728
China		3,264,505	436,230	346,103	64,586	4,111,424
Philippines		1,162	591,107	157,163	-	749,432
USA		70,251	160,147	177,590	12,421	420,409
Other countries		601,572	246,677	558,863	459,123	1,866,235
		\$ 4,634,491	1,579,243	1,622,787	649,707	8,486,228
Major products/services lines:						
Connectors	\$	4,634,491	-	-	-	4,634,491
Connector cable set		-	1,579,243	-	-	1,579,243
Metal stamping parts		-	-	1,622,787	-	1,622,787
Others		-	-	-	649,707	649,707
		\$ 4,634,491	1,579,243	1,622,787	649,707	8,486,228

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

b. Contract balances

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Notes and account receivable (including related parties)	\$ 3,100,574	2,313,358
Less: Loss allowance	(20,517)	(19,466)
Total	<u>\$ 3,080,057</u>	<u>2,293,892</u>

For details on notes and accounts receivable and allowance for impairment, please refer to note 6(3).

(21) Remunerations to employees and directors

In accordance with the Articles of Incorporation, if there's any profit of the year, no less than 1% shall be appropriated to employees remuneration and no more than 3% to directors remuneration. However, if the Company has accumulated deficits, this profit shall be reserved for covering losses. The aforementioned employees remuneration must be controlled with conditions set forth by the Board of Directors or its proxy, or employees of subsidiaries.

The aforementioned employees compensation shall be distributed in the form of shares or cash. Those who received shares by the resolution of the board of directors can resolve in new share or purchase own shares. Compensation for the board of directors can only be distributed in the form of cash.

The employee compensation and directors' remuneration were estimated as the income before tax, excluding the amount of employee compensation and directors' remuneration, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses. If there is a difference between estimation and actual appropriated amounts, changes in accounting estimates shall be applied. Such effect on changes shall be recognized in profit and loss in the next year. As the Group incurred loss in the year ended December 31, 2023, the amounts were not estimated.

	<u>For the year ended December 31, 2024</u>	<u>For the year ended December 31, 2023</u>
Employees remuneration	\$ 12,092	-
Directors remuneration	8,992	-
	<u>\$ 21,084</u>	<u>-</u>

The amount, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2024 and 2023. Relevant information can be referred to on the "Market Observation Post System".

(22) Non-operating income and expenses

a. Other gains and losses

	<u>For the year ended December 31, 2024</u>	<u>For the year ended December 31, 2023</u>
Foreign exchange gains (losses)	\$ 108,491	31,627
Losses on disposals of property, plant and equipment	(792)	(9,007)
Gains on fair value adjustment – investment properties	7,505	6,067
Gains on financial assets at fair value through profit or loss	3,546	27,635
Gains on disposals of investments	17,566	(24,140)
Others	(112,294)	(26,436)
	<u>\$ 24,022</u>	<u>5,746</u>

In order to integrate the subsidiaries in southern China, the expenditure of the core employee project in the cooperating with factory relocation plan is estimated to be \$75,519 thousand.

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

b. Finance costs

	For the year ended December 31, 2024	For the year ended December 31, 2023
Bank loan interest	\$ 73,428	81,438
Lease liabilities interest	4,421	4,991
Convertible company bond interest	25,694	22,296
	\$ 103,543	108,725

(23) Financial instruments

a. Credit risk

(i) Maximum credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(ii) Concentration to credit risk

The Company has a vast group of customer without obvious concentration on single customer and the sales locations are spread out all over. Therefore there is no concentration of credit risk on account receivable. In order to reduce credit risk, the Company continues to assess financial status of its customers.

(iii) For details on credit risks of notes and accounts receivables, please refer to Note 6(3).

b. Liquidity Risk

Below table specifies maturity dates of financial liabilities contracts, including estimated interest, but not including effects on net amount agreements.

	Carrying amount	contractual cash flows	Within 1 years	2-5 years	Over 5 years
December 31, 2024					
Non-derivative financial liabilities					
Short-term borrowings	\$ 195,000	200,090	200,090	-	-
Notes payable	167	167	167	-	-
Accounts payable	1,959,781	1,959,781	1,959,781	-	-
Account payable - related parties	724	724	724	-	-
Other payables	955,676	955,676	955,676	-	-
Other payable - including related parties	808	808	808	-	-
Lease liabilities	137,030	160,209	49,422	73,420	37,367
Bonds payable (including current portion)	952,248	1,000,000	-	1,000,000	-
Long-term borrowings (including current portion)	2,271,582	2,531,471	281,858	1,812,823	436,790
	\$ 6,473,016	6,808,926	3,448,526	2,886,243	474,157
December 31, 2023					
Non-derivative financial liabilities					
Short-term borrowings	\$ 1,467,000	1,505,729	1,505,729	-	-
Notes payable	1,868	1,868	1,868	-	-
Accounts payable	1,406,861	1,406,861	1,406,861	-	-
Account payable - related parties	65	65	65	-	-
Other payables	830,356	830,356	830,356	-	-
Other payable - including related parties	813	813	813	-	-
Lease liabilities	161,342	186,736	55,168	93,108	38,460
Bonds payable (including current portion)	578,202	578,202	578,202	-	-
Long-term borrowings (including current portion)	1,933,095	1,943,097	190,947	1,742,549	9,601
	\$ 6,379,602	6,453,727	4,570,009	1,835,657	48,061

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

c. Currency risk

(i) Currency risk

The Company's significant exposure to foreign currency risk was as follows:

	December 31, 2024			Expressed in thousands of dollars December 31, 2023		
	Foreign currency	Exchange	NTD	Foreign currency	Exchange	NTD
		rate (dollar)			rate (dollar)	
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 115,639	32.785	3,791,234	113,335	30.705	3,479,948
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	68,380	32.785	2,241,852	64,039	30.705	1,966,316

(ii) Sensitivity analysis

The foreign currency risk mainly arose from the translation of cash and cash equivalents, accounts receivable, other receivables, accounts payable, and other payables.

In 2024, if the exchange rate had changed, given no changes in other factors, when NTD is depreciated or appreciated against USD by 5%, profit after tax would have increased or decreased by \$77,469 thousand and \$75,682 thousand for the years ended December 31, 2024 and 2023, respectively. The method of analysis remains the same for both periods.

(iii) Foreign exchange gains and losses on monetary items

The Company's information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years ended December 31, 2024 and 2023, foreign exchange gains (loss) (including realized and unrealized portions) amounted to \$108,491 thousands and \$31,627 thousands, respectively.

d Interest rate analysis

The Company's exposure to interest rate risk arising from financial assets and liabilities is described in the liquidity risk part of this note.

The following sensitivity analysis is determined through the exposure to interest rate risk of derivative and non-derivative instruments on the reporting date. For floating rate liabilities, the analysis assumes that the balances of outstanding liabilities on the reporting date have been outstanding for the whole period, and their rational change intervals are being estimated. If the interest rate increases/decreases by 1%, representing the reasonable interest rates changes made by management.

If the interest rate increased or decreased by 1%, given no changes in other factors, the profit before tax will decrease or increase by \$24,666 thousand and \$34,001 thousand for the years ended December 31, 2024 and 2023 respectively. This is mainly because of the Company's floating rate loans.

v. Fair value

(i) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss are measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy are stated below:

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

	December 31, 2024				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatory measured at FVTPL	\$ 177,683	-	-	177,683	177,683
Embedded derivative instruments of convertible bonds	1,818	-	1,818	-	1,818
Subtotal	\$ 179,501	-	1,818	177,683	179,501
Financial assets at fair value through other comprehensive income					
Stocks of foreign non-listed companies	\$ 24,097	-	-	24,097	24,097

	December 31, 2023				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatory measured at FVTPL	\$ 167,452	-	-	167,452	167,452

(ii) Valuation techniques of financial instruments not measured at fair value

A. Non-derivative financial instruments

Financial instruments traded in active market are based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a basis to determine the fair value of the listed companies equity instrument and debt instrument of the quoted price in an active market. If a quoted price of a financial instrument can be obtained readily and regularly from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities, and such price can reflect those actual trading and regularly occurring in the market. Then the financial instrument is considered to have a quoted price in an active market. If a financial instrument is not in accord with the definition mentioned above, then it is considered to be without a quoted price in an active market. In general, market with low trading volume or high bid-ask spreads is an indication of a nonactive market.

If the financial instrument held by the Company is of an active market, the fair value of it is determined in accordance with market price. If its of a nonactive market, the fair value is measured by net assets.

B. Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models (Black-Scholes Model).

(iii) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value include financial assets and liabilities measured at fair value through profit and loss.

Most of the Company's fair value were classified as Level 3 with only one significant unobservable input. Only liabilities instruments of nonactive market has more than one

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

significant unobservable inputs. The significant unobservable inputs of financial instrument investments without an active market are individually independent, and there is no correlation between them.

Quantified information of significant unobservable inputs was as follow:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Interrelationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through profit and loss - non-current	Net asset valuation method	Net asset valuation	Not applicable
Financial assets at fair value through profit and loss - current	Net asset valuation method	Illiquidity and market discount and credit risk adjustment (including risk of breach of contract) were 100%.	<ul style="list-style-type: none"> • The higher the market illiquidity discount is, the lower the fair value. • The higher the credit risk is, the lower the fair value.
Financial assets at fair value through other comprehensive income – investments in equity instruments without an active market	Comparable company method	Discount on lack of market liquidity (18.23% as of December 31, 2024)	<ul style="list-style-type: none"> • The higher the discount on lack of market liquidity is, the lower the fair value is.

(24) Financial risk information

a. Overview

The Company have exposures to the following risks from its financial instruments:

- i. Credit risk
- ii. Liquidity Risk
- iii. Market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying parent company only financial statements.

b. Structure of risk management

Detailed financial information on the Company's significant financial instruments were disclosed under notes of each listing. However, the Company is still exposed to financial risks posed by aforementioned financial instruments. Such risks include market risks (including exchange rate risks, interest rate risks and other pricing risks) credit risk and liquidity risk.

The Company has stipulated risk management policies or risk management procedure in writing which were in resolution with the board of directors in order to identify, measure, monitor and control credit risks, market risks and liquidity risks. Risk management of the Company is executed by the finance department in accordance with risk management polices approved by the board of directors. Risk management department works closely with other departments to identify, evaluate and avoid any kind of financial risks. The board of directors has stipulated written policies for risk management. Such policies included certain risk exposures such as exchange rate risks, interest rate risks, credit risks, derivatives and non-derivatives financial instrument risks and etc. Moreover, the internal audit department is also responsible for risk management and control of environment for independent audit.

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

c. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment of marketable securities.

(i) Accounts receivable and other receivables

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered, thus set up individual credit limit in order to control credit risk.

(ii) Financial investments

The credit risk exposure in the bank deposits, fix income investments and other financial instruments are measured and monitored by the Company's finance department. As the Company deals with the banks and other external parties with good credit standing and financial institutions, corporate organization and government agencies which are graded above investment level, the management believes that the Company does not have any compliance issues, and therefore, there is no significant credit risk.

(iii) Guarantee

The Company only provide guarantee to parties listed under procedures for guarantee and endorsement. The Company did not provide guarantee to any third party not listed by the Company's policy as of December 31, 2024 and 2023.

d. Liquidity Risk

The Company is supporting the operation and reducing effects caused by cash flow fluctuations by manage and maintain sufficient cash and cash equivalents. The management of the Company monitors financing credit limits from banks and makes sure contracts were adhered to.

Bank borrowing is an important source of liquidity for the Company. As of December 31, 2024 and 2023, the Company's unused credit lines were amounted to \$7,058,563 and \$6,124,777, respectively.

e. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(i) Currency risk

The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Company. The Group's functional currency is NTD, as well as USD and RMB. These transactions were in NTD, USD and RMB.

(ii) Interest rate risk

The Company borrows with both floating interest rate and fixed interest rate, thus change risk and cash flow risk were incurred for fair value. The Company can manage its interest risk through maintaining an appropriate portfolio of floating interest rate and fixed interest rate.

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

(iv) Other market price risk

The Company is exposed to equity price risk due to the investment in equity securities. This is a strategic investment and is not held for trading. The Company does not actively trade in these investments as the management of the Company minimizes the risk by holding different investment portfolios.

(25) Capital management

The objectives of capital management is to guarantee the ability of continuous operation, to keep providing returns to shareholders and benefits to other stakeholders, and maintain the optimal capital structure to decrease cost of capital.

The Company use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital is the total components of equity (i.e. share capital, capital surplus, retained earnings and other equities).

Debt-to-equity ratio for the years ended December 31, 2024 and 2023 as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Total liabilities	\$ 7,134,397	6,994,385
Less: cash and cash equivalents	<u>(2,000,889)</u>	<u>(2,058,206)</u>
Net liabilities	5,133,508	4,936,179
Total equity	<u>\$ 6,461,970</u>	<u>5,256,504</u>
Debt-to-equity ratio	<u>79.44%</u>	<u>93.91%</u>

(26) Investing and financing activities not affecting the current cash flow

Details of investing and financing activities not affecting the current cash flow of the Company for the years ended December 31, 2024 and 2023 were as follows:

a. Reconciliation of liabilities arising from financing activities was as follows:

	<u>January 1, 2024</u>	<u>Cash flow</u>	<u>Non-Cash changes</u>		<u>December 31, 2024</u>
			<u>Conversion of corporate bonds</u>	<u>Others</u>	
Long-term borrowings (including current portion)	\$ 1,933,095	336,260	-	2,227	2,271,582
Short-term borrowings	1,467,000	(1,272,000)	-	-	195,000
Lease liabilities	161,342	(58,614)	-	34,302	137,030
Corporate bonds payable (including current portion)	578,202	944,340	(595,989)	25,695	952,248
Total liabilities from financing activities	<u>\$ 4,139,639</u>	<u>(50,014)</u>	<u>(595,989)</u>	<u>62,224</u>	<u>3,555,860</u>

	<u>January 1, 2023</u>	<u>Cash flow</u>	<u>Non-cash changes</u>		<u>December 31, 2023</u>
			<u>Others</u>		
Long-term borrowings (including current portion)	\$ 1,779,228	150,451	3,356		1,933,035
Short-term borrowings	1,428,562	51,602	(13,164)		1,467,000
Lease liabilities	122,704	(70,245)	108,883		161,342
Corporate bonds payable (amortization of discounts)	555,906	-	22,296		578,202
Total liabilities from financing activities	<u>\$ 3,886,400</u>	<u>131,808</u>	<u>121,371</u>		<u>4,139,579</u>

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

7. Related-party transactions

(1) Names and relationship with related parties

Related parties which had transactions with the Company during the time period of the consolidated financial statements:

<u>Name of related parties</u>	<u>Relationship with the Company</u>
Yuan Wan-ting	Chairman of the Company
Hsu, Chang-Fei	Director of the Company
Wei Chi Investment Co., Ltd.	Legal persons as the corporate director of the Company
Nantong Dadi Electric Co., Ltd.	Affiliated company
Kung Shan Ching Zhi Electric Co., Ltd.	Affiliated company of the Company
Fan, Ji-Yuan	The person in charge of the subsidiary, COMPUPACK TECHNOLOGY CO., LTD. (Note)

Note: The subsidiary of the Group, COMPUPACK TECHNOLOGY CO., LTD. (COMPUPACK TECHNOLOGY) conducted a short-form merge with MICON PRECISE CORP. (MICON PRECISE).COMPUPACK TECHNOLOGY is the surviving company, and MICON PRECISE is the dissolved company. Therefore, since that day, Fan, Ji-Yuan is not the related party any more, and the transaction amounts afterwards are not disclosed.

(2) Significant related party transactions

a. Operating revenue

Significant sales to related parties were as follows;

	<u>For the year ended December 31, 2024</u>	<u>For the year ended December 31, 2023</u>
Affiliated company	<u>\$ 65,690</u>	<u>56,810</u>

Selling price and sales term to subsidiaries is not significantly different from general sales. . No collaterals were pledged from the receivables of the related parties and it was deemed not necessary to be recorded as impairment loss after assessment.

b. Purchase

	<u>For the year ended December 31, 2024</u>	<u>For the year ended December 31, 2023</u>
Affiliated company	<u>\$ 1,387</u>	<u>62</u>

The Company did not purchase the above mentioned items from other companies; therefore these is no comparison for purchase price. Payment terms is 1 to 2 month which is the same as other suppliers.

c. Receivables from related parties

<u>Item</u>	<u>Type of related parties</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Notes receivable	Affiliated company	\$ 4,821	-
Accounts receivable	Affiliated company	\$ 28,935	25,422
Other receivables	Affiliated company	29	528
		<u>\$ 33,785</u>	<u>25,950</u>

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

d. Payables to Related Parties

Item	Type of related parties	December 31, 2024	December 31, 2023
Accounts payable	Affiliated company	\$ 724	65
Other payables	Affiliated company	-	2
Other payables	Other related parties	808	811
		\$ 1,532	878

e. Property transactions

The proceeds from acquisition of property, plant and equipment from related parties are as follows:

The Group acquired the land in MIRDC in Taoyuan, with area of 2,686 ping, from related parties with total transaction amount of \$522,729 thousand in September, 2023. The acquisition price of the land referred to the appraisal report from CPAC and Cushman & Wakefield Real Estate Appraiser Firm. As of December 31, 2024, the amount has been paid in full and the transfer procedures have been completed.

f. Lease

The Group has rented buildings and land from related parties, and signed 1 to 3 years lease contracts with reference of neighboring rental market price and land market price in the total contract amount of \$19,538 thousand and \$31,258 thousand for the year of 2024 and 2023 respectively. The Company paid leases in the amount of \$10,589 thousand and \$12,938 thousand for the years ended December 31, 2024 and 2023, respectively. As of December 31, 2024 and 2023, the balance of lease liabilities amounted to \$16,732 thousand and \$7,762 thousand, respectively.

g. Others

The Group acquired 91 thousand of shares of subsidiaries from related parties, with total transaction amount of \$256 thousand. The shares have been delivered and the payment has been made in full.

(3) Key management personnel transactions

Key management personnel compensation comprised:

	For the year ended December 31, 2024	For the year ended December 31, 2023
Short-term employee benefits	\$ 53,811	52,095
Post-employment benefits	1,112	1,568
Share-based payments	2,088	-
	\$ 57,011	53,663

8 Assets pledged as security:

Details of the carrying value of assets pledged by the Company's as guarantee as follows:

Asset name	Pledge or Mortgage underlying subject	December 31, 2024	December 31, 2023
Property, plant and equipment			
Land	Bank loan and credit limit guarantee	\$ 723,609	198,258
Buildings and structures	"	155,060	163,837
		\$ 878,669	362,095
Investment property			
Land	Bank loan and credit limit guarantee	\$ 271,821	264,748
Buildings and structures	"	40,565	40,133
		\$ 312,386	304,881

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

9. Significant Commitments and contingencies:

(1) Significant and unrecognized commitments of the Company:

	December 31, 2024	December 31, 2023
Acquisition of property, plant and equipment	\$ 952,499	748,441
Acquisition of intangible assets	2,988	16,147
	\$ 955,487	764,588

For the purpose of sales development and future operational needs, the board of directors approved to use own land to build buildings on August 12, 2021. A building contract was signed with not-related parties in the first quarter of 2021 in the amount of \$1,098,800 thousand. As of December 31, 2024, \$1,056,985 thousand of the contracted price had been paid.

For the purpose of sales development and future operational needs, the board of directors approved to use own land to build buildings on November 7, 2023. A building contract was signed with not-related parties in the third quarter of 2024 in the amount of \$845,258 thousand (CNY186,880 thousand). As of December 31, 2024, \$84,526 thousand (CNY18,688 thousand) of the contracted price had been paid.

(2) Promissory note issued by the Company for credit limit:

	December 31, 2024	December 31, 2023
	\$ 7,455,118	7,803,375

(3) Amounts paid in as customs duties guarantee for imported goods:

	December 31, 2024	December 31, 2023
	\$ 6,000	6,000

10. Due to Major Disasters: none.

11. Materiality after the period: None

12. Other

a. A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By item	By function For the year ended December 31, 2024			For the year ended December 31, 2023		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	1,167,438	870,993	2,038,431	1,235,401	915,207	2,150,608
Labor and health insurance	76,428	65,825	142,253	70,228	69,445	139,673
Pension	66,230	47,133	113,363	60,275	48,183	108,458
Other employee benefits	274,918	66,128	341,046	135,836	54,706	190,542
Depreciation	481,485	179,727	661,212	490,984	160,346	651,330
Amortization	982	77,351	78,333	1,116	53,986	55,102

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

13. Other disclosures

(1) Information of significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company for the years ended December 31, 2024.

a. Lending to other parties:

No.	Loan amount Name of Holder	Name of borrower Underwriting bank	Account name Financial Statement Account	Related party Name of related parties	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Interest rate	Maximum limit of fund financing Name of borrower	Business Amount	Reason for short-term financing Unusual transaction details	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing	Note
					Amount	Balance at end of the year	Amount	Interest rate	Nature (Note 11)			Amount	Item	Value			
1	KUNSHAN ACES ELECTRONIC CO., LTD.	GALIS ACCURATE SMITHCRAFT PRODUCTS CO., LTD. OF SUZHOU	Other receivables	Yes	134,610	67,170	26,868	0.90%	2	-	Operation requirements	-	None	-	2,759,721	2,759,721	Note 1, 2, 9
2	ASIA CENTURY INVESTMENT LTD	MEC INTERNATIONAL COMPANY LTD	Other receivables	Yes	21,343	21,310	21,310	2.95%	2	-	Operation requirements	-	None	-	166,611	166,611	"
3	ACES PRECISION INDUSTRY PTE LTD	MEC INTERNATIONAL COMPANY LTD	Other receivables	Yes	32,4835	-	-	-	2	-	Operation requirements	-	None	-	57,666	57,666	"
4	WEI HONG INTERNATIONAL INVESTMENT CO., LTD.	ACES Surface Treatment Co., Ltd.	Other receivables	Yes	2,500	2,500	2,500	1.69%	2	-	Operation requirements	-	None	-	11,118	11,118	Note 2, 3, 9
5	MEC IMEX INC.	MEC ELECTRONICS (SUZHOU) CO., LTD.	Other receivables	Yes	195,270	98,355	98,355	3.05%	2	-	Operation requirements	-	None	-	243,111	243,111	"
6	MEC ELECTRONICS (HK) COMPANY LTD.	HOMEPRIDE ELECTRONICS (DONGGUAN) COMPANY LIMITED.	Other receivables	Yes	18,180	17,912	17,912	1.30%	2	-	Operation requirements	-	None	-	131,140	131,140	Note 5, 9
6	MEC ELECTRONICS (HK) COMPANY LTD.	HOMEPRIDE TECHNOLOGY LIMITED	Other receivables	Yes	45,893	18,032	18,032	1.15%	2	-	Operation requirements	-	None	-	131,140	131,140	"
6	MEC ELECTRONICS (H.K.) CO., LTD.	MEC INTERNATIONAL COMPANY LTD	Other receivables	Yes	6,567	6,557	6,557	3.05%	2	-	Operation requirements	-	None	-	131,140	131,140	"
7	MEC ELECTRONICS (SUZHOU) CO., LTD.	SUZHOU HANTENG ELECTRONICS TECHNOLOGY CO., LTD.	Other receivables	Yes	26,280	-	-	-	2	-	Operation requirements	-	None	-	134,340	134,340	Note 4, 9
8	ACCURATE GROUP LIMITED	MEC INTERNATIONAL COMPANY LTD	Other receivables	Yes	37,760	6,557	6,557	2.95%	2	-	Operation requirements	-	None	-	179,932	179,932	Note 7, 9
9	KUANG YING COMPUTER EQUIPMENT CO., LTD.	MEC IMEX INC.	Other receivables	Yes	100,000	100,000	100,000	1.23%	2	-	Operation requirements	-	None	-	162,726	162,726	Note 2, 3, 9
10	COMPUPACK TECHNOLOGY CO., LTD.	Aces Precision Industry Pte Ltd.	Other receivables	Yes	45,969	36,064	36,064	2.42%	2	-	Operation requirements	-	None	-	43,455	43,455	"
11	GENESIS ELECTRO-MECHANICAL LIMITED	GENESIS TECHNOLOGY USA, INC.	Other receivables	Yes	49,253	49,178	49,178	1.20%	2	-	Operation requirements	-	None	-	668,917	668,917	Note 6, 9
11	GENESIS ELECTRO-MECHANICAL LIMITED	MEC ELECTRONICS PHILIPPINES CORP.	Other receivables	Yes	32,835	32,785	32,785	3.85%	2	-	Operation requirements	-	None	-	668,917	668,917	Note 6, 9
11	GENESIS ELECTRO-MECHANICAL LIMITED	MEC INTERNATIONAL COMPANY LTD	Other receivables	Yes	16,418	-	-	3.85%	2	-	Operation requirements	-	None	-	668,917	668,917	"
11	GENESIS ELECTRO-MECHANICAL LIMITED	Aces Precision Industry Pte Ltd.	Other receivables	Yes	32,835	32,785	32,785	3.85%	2	-	Operation requirements	-	None	-	668,917	668,917	"

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

11	GENESIS ELECTRO-MECH ANICAL LIMITED	MEC IMEX INC.	Other receivables	Yes	97,410	32,785	32,785	2.80%	2	-	Operation requirements	-	None	-	133,783	133,783	"
12	GENESIS INNOVATION GROUP LIMITED	DONGGUAN POLIXIN ELECTRIC CO., LTD.	Other receivables	Yes	65,090	42,621	42,621	3.85%	2	-	Operation requirements	-	None	-	812,594	812,594	"
12	GENESIS INNOVATION GROUP LIMITED	Aces Precision Industry Pte Ltd.	Other receivables	Yes	98,505	98,355	98,355	3.85%	2	-	Operation requirements	-	None	-	812,594	812,594	"
12	GENESIS INNOVATION GROUP LIMITED	MEC IMEX INC.	Other receivables	Yes	150,000	130,000	130,000	1.705%	2	-	Operation requirements	-	None	-	162,519	162,519	"

Note 1: According to 'Procedures for Lending Funds to Others' of subsidiaries, KUNSHAN ACES ELECTRONIC CO., LTD., ASIA CENTURY INVESTMENT LTD, and ACES PRECISION INDUSTRY PTE LTD, when lending funds to companies or firms that are in need of short-term working capital, the individual loan amount shall not exceed 10% of the company's net worth. However, if the borrowing company and its parent company directly or indirectly hold 100% of the voting shares of the foreign company, the individual loan amount shall not exceed 100% of the net worth of that subsidiary.

Note 2: According to 'Procedures for Lending Funds to Others' of subsidiaries, KUNSHAN ACES ELECTRONIC CO., LTD., MEC IMEX INC., COMPUPACK TECHNOLOGY CO., LTD., ASIA CENTURY INVESTMENT LTD, and ACES PRECISION INDUSTRY PTE LTD, when lending funds to companies or firms that are in need of short-term working capital, the individual loan amount shall not exceed 40% of company's net worth. However, if the borrowing company and its parent company directly or indirectly hold 100% of the voting shares of the foreign company, the total loan amount shall not exceed 100% of the net worth of that subsidiary.

Note 3: According to 'Procedures for Lending Funds to Others' of subsidiary MEC IMEX INC. and COMPUPACK TECHNOLOGY CO., LTD., when lending funds to companies or firms that are in need of short-term working capital, the individual loan amount shall not exceed 40% of each lending company. However, if the borrowing company and its parent company directly or indirectly hold 100% of the voting shares of the foreign company, the individual loan amount shall not exceed 100% of the net value of that subsidiary.

Note 4: The total amount of funds lent to others and the limit for individual loans for an individual enterprise by MEC ELECTRONICS (SUZHOU) CO., LTD., a subsidiary of the Company, was fixed at CNY30,000 thousand.

Note 5: The total amount of funds lent to others and the limit for individual loans for an individual enterprise by MEC ELECTRONICS (HK) COMPANY LTD., a subsidiary of the Company, was fixed at USD4,000 thousand.

Note 6: According to 'Procedures for Lending Funds to Others' of subsidiaries GENESIS ELECTRO-MECHANICAL LIMITED and GENESIS INNOVATION GROUP LIMITED., when lending funds to companies or firms that are in need of short-term working capital, the individual loan amount shall not exceed 40% of each lending company. However, if the borrowing company and its parent company directly or indirectly hold 100% of the voting shares of the foreign company, the individual loan amount shall not exceed 200% of the net value of that subsidiary.

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

Note 7: According to ‘Procedures for Lending Funds to Others’ of subsidiary, ACCURATE GROUP LIMITED, when lending funds to companies or firms that are in need of short-term working capital, the individual loan amount shall not exceed 40% of company’s net worth. However, if the borrowing company and its parent company directly or indirectly hold 100% of the voting shares of the company, the total loan amount and the individual loan amount shall not exceed 400% of the net worth of that subsidiary.

Note 8: Nature of the loan as filled out below:

- (i) Fill in ‘1’ for companies with business relationship.
- (ii) Fill in ‘2’ for companies with short-term financing demands.

Note 9: The above transactions have been written-off in preparation of consolidated financial statements.

b. Guarantees and endorsements for others:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for an enterprise individual (Note 1, 3, 4,)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net equity of the latest financial statements	Maximum amount allowed for endorsement	Endorsements/guarantees by parent company	Subsidiary endorsements/guarantees by a subsidiary	Endorsements/guarantees to a subsidiary in Mainland China
		Name	Relationship (Note 5)										
0	The Company	Aces Precision Industry Pte Ltd.	2	6,461,160	328,350	163,925	-	-	2.54%	6,461,160	Y	N	Y
0	The Company	ACES Precision Machinery Co., Ltd.	2	6,461,160	100,000	50,000	20,000	-	0.77%	6,461,160	Y	N	N
1	MEC IMEX INC.	MEC INTERNATIONAL COMPANY LTD.	2	607,778	194,820	196,710	-	-	32.37%	607,778	N	N	N
2	DONGGUAN KUANGYING HARDWARE PLASTIC PRODUCT CO., LTD.	KUANGYING COMPUTER EQUIPMENT CO., LTD.	3	137,369	4,925	4,918	2,275	-	2.62%	137,369	N	N	N
2	DONGGUAN KUANGYING HARDWARE PLASTIC PRODUCT CO., LTD.	KUNSHAN ACES ELECTRONIC CO., LTD.	2	137,369	4,925	4,918	2,275	-	2.62%	137,369	N	N	Y
3	SUZHOU KUANGYING ELECTRIC CO., LTD.	KUANGYING COMPUTER EQUIPMENT CO., LTD.	3	106,551	4,925	4,918	190	-	133.29%	106,551	N	N	N
3	SUZHOU KUANGYING ELECTRIC CO., LTD.	DONGGUAN KUANGYING HARDWARE PLASTIC PRODUCT CO., LTD.	2	106,551	4,925	4,918	190	-	133.29%	106,551	N	N	Y
4	KUANGYING COMPUTER EQUIPMENT CO., LTD.	DONGGUAN KUANGYING HARDWARE PLASTIC PRODUCT CO., LTD.	2	259,946	2,298	2,295	164	-	0.56%	259,946	N	N	Y

Note1: According to ‘Endorsement Guarantee Procedure’ of the Company, the guarantees and endorsements for an individual enterprise shall not exceed 20% of the Company's net value. However, if it holds more than 50% of the Company's direct or indirect voting rights, then guarantees and endorsements shall not exceed 100% of the Company's net value.

Note2: According to ‘Endorsement Guarantee Procedure’ of the Company, the guarantees and endorsements shall not exceed 100% of the Company's net value.

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

Note 3: According to ‘Endorsement Guarantee Procedure’ of subsidiary MEC IMEX INC., the guarantees and endorsements for an individual enterprise shall not exceed 20% of the Company's net value. However, if it holds more than 20% of the Company's direct or indirect voting rights, then guarantees and endorsements shall not exceed 100% of the Company's net value. The guarantees and endorsements shall not exceed 100% of the Company's net value.

Note 4: According to the regulations of the “Operational Procedures of Endorsements and Guarantees” of the subsidiaries, KUANG YING COMPUTER EQUIPMENT CO., LTD., DONGGUAN KUANGYING HARDWARE PLASTIC PRODUCT CO., LTD., and SUZHOU KUANG YING ELECTRIC CO., LTD., the amount of endorsements and guarantees provided to a single entity shall not exceed the paid-in capital of the company. However, if directly or indirectly holding 100% of the shares with voting rights of the company and the parent company of the company, the amount of endorsements and guarantees shall not exceed the paid-in capital of the company.

Note 5: Relationship between the Company and counter-party of guarantee and endorsement as follows:

(i) Companies with business relationship.

(ii) The Company holds over 50% voting rights over the counter-party directly or indirectly.

(iii) The counter-party holds over 50% voting rights of the Company directly or indirectly.

(iv) Companies that hold over 90% voting rights directly or indirectly.

(v) Companies for which the endorsement guarantee was provided by all shareholders based on shareholding ratio due to joint investment venture.

(vi) Companies mutually providing guarantee according to contract requirements for engineering contracts or joint ventures.

(vii) Joint and several guarantees for performance guarantees under pre-sale housing sales contracts among peers in accordance with the Consumer Protection Act.

c. Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

(Shares in thousands)

Name of Holder	Type and Name of Marketable Securities	Relationship with the Securities Issuer	Financial Statement Account	December 31				Highest balance for guarantees and endorsements during the period	Note
				Shares	Carrying amount	Percentage of ownership	Fair value		
The Company	Fund- CDIB-Innolux II Limited Partnership	-	Financial assets at FVTPL – non-current	-	21,636	1.41 %	21,636	1.41 %	
The Company	Fund: China Development Advantage Venture Capital Limited Partnership.	-	Financial assets at FVTPL – non-current	-	61,084	1.54 %	61,084	1.54 %	
The Company	Fund - SPECTRA SPC POWERFUND	-	Financial assets at FVTPL – current	380	-	- %	-	- %	Note 1
The Company	Convertible bonds – redemption right	-	Financial assets at FVTPL – current	-	1,818	- %	1,818	- %	
KUNSHAN ACES ELECTRONIC CO., LTD.	Fund - Kung Shan Hua Cheng Yi Da Equity Investment Company (limited partnership company)	-	Financial assets at FVTPL – non-current	-	94,963	2.49 %	94,963	2.49 %	
Genesis Holding Company	Investments in non-listed company – PRIME RICH	-	Financial assets at FVOCI – non-current	210	24,097	2.10 %	24,097	2.10 %	

Note 1: The Group has evaluated the fair value by net value of assets method, and the result of the fair value is 0.

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

d. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None

e. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

in thousands of NTD)

Company acquired the real estate	Property name	Date of occurrence	Transaction amount	Payment condition	Counterparty	Relationship	For transactions with related parties, the information on prior transfers and the relationship				Reference of price determination	Acquisition purpose and usage	Other agreement
							Owner	Relationship with the issuer	Date of transfer	Amount			
							ACES ELECTRONICS CO., LTD.	Unfinished constructions	2022/3/18	1,098,800			
ACES ELECTRONICS CO., LTD.	Land with No. 0638 0000 on Shangling section, Zhongli District	2023/9/8	522,729	156,819 has been paid	Hsu, Chang-Fei	Director of the Company	N/A	N/A	N/A	-	The result of appraisal report	For future business development	-
ACES ZHUHAI TECHNOLOGY LTD	Unfinished constructions	2024/7/11	845,258	84,256 has been paid	Nantong Sijian Construction Group Co., Ltd.	None.	N/A	N/A	N/A	-	N/A (Note 1)	For future business development	Note 2

Note 1: As this is the engaging others to build on the company's own land project, appraisal report is not necessary.

Note 2: Please refer to Note 9 for the explanations about the contract amount.

f. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None

g. Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

Counter-party of sales/purchase	Name of counter-party	Relationship	Transaction details				Unusual transaction details		Notes and accounts receivables (payables)		Note
			Sales/purchase	Amount	% in total purchase (sales)	Credit terms	Unit price	Credit terms	Balance amount	Percentage in total notes and accounts receivable (payable)	
KUNSHAN ACES ELECTRONIC CO.,LTD.	The Company	Sub-subsidiary	Sales	551,879	22.99 %	OA 120 days	-		432,859	29.52%	
KUNSHAN ACES ELECTRONIC CO.,LTD.	DONGGUAN ACES ELECTRONIC CO.,LTD.	Affiliates	Sales	227,944	9.50 %	OA 90 days	-		144,037	9.82%	
DONGGUAN ACES ELECTRONIC CO.,LTD.	KUNSHAN CHENGGANG ELECTRONIC TECHNOLOGY CO., LTD.	Affiliates	Sales	408,338	24.61 %	OA 120 days	-		226,025	30.52%	
DONGGUAN ACES ELECTRONIC CO.,LTD.	The Company	Sub-subsidiary	Sales	191,286	11.53 %	OA 120 days	-		133,813	18.07%	
KUNSHAN CHENGGANG ELECTRONIC TECHNOLOGY CO., LTD.	The Company	Sub-subsidiary	Sales	836,115	60.89 %	OA 120 days	-		423,448	57.83%	
KUNSHAN CHENGGANG ELECTRONIC TECHNOLOGY CO., LTD.	KUNSHAN ACES ELECTRONIC CO.,LTD.	Affiliates	Sales	365,297	26.60 %	OA 30 days	-		203,269	27.76%	
KUNSHAN ACES ELECTRONIC CO.,LTD.	KUNSHAN CHENGGANG ELECTRONIC TECHNOLOGY CO., LTD.	Affiliates	Sales	480,855	20.03 %	OA 120 days	-		337,848	23.04%	
GALIS ACCURATE SMITHCRAFT PRODUCTS CO., LTD. OF SUZHOU	KUNSHAN ACES ELECTRONIC CO.,LTD.	Affiliates	Sales	378,145	97.46 %	OA 120 days	-		49,264	96.06%	
Genesis Innovation Group Limited,Taiwan Branch	GENESIS TECHNOLOGY USA,INC.	Affiliates	Sales	113,200	22.06 %	OA 120 days	-		40,536	23.84%	
DONGGUAN KUANGYING HARDWARE PLASTIC PRODUCT CO., LTD.	KUANG YING COMPUTER EQUIPMENT CO., LTD.	Affiliates	Sales	436,954	77.41 %	OA 120 days	-		219,504	79.01%	
MEC IMEX INC.	MEC SUZHOU ELECTRONICS CO., LTD.	Affiliates	Sales	377,576	51.32 %	OA 90 days	-		4,528	3.55%	
MEC INTERNATIONAL COMPANY LTD	DONGGUAN ACES ELECTRONIC CO.,LTD.	Affiliates	Sales	149,799	27.81 %	OA 120 days	-		19,454	12.70%	

Note 1: The above transactions have been written-off in preparation of consolidated financial statements.

Note 2: Only information pertaining to purchase was disclosed, relevant sales information will not be reiterated.

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

h. Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Recorded as other receivables Name of Holder	Name of counter-party Name of investee	Relationship	Receivables from related parties (Note 1)	Turnover rate	Overdue receivables from related parties		Receivables from related parties Ending Balance	Allowance for bad debt Amount
					Amount	Action taken		
KUNSHAN ACES ELECTRONIC CO., LTD.	The Company	Sub-subsidiary	432,859	1.20	-		92,847	-
KUNSHAN ACES ELECTRONIC CO., LTD.	DONGGUAN ACES ELECTRONIC CO., LTD.	Affiliate	144,037	2.12			51,138	-
DONGGUAN ACES ELECTRONIC CO., LTD.	KUNSHAN CHENGGANG ELECTRONIC TECHNOLOGY CO., LTD.	Affiliate	226,025	3.61			42,275	-
DONGGUAN ACES ELECTRONIC CO., LTD.	The Company	Sub-subsidiary	133,813	0.87	-		51,960	-
KUNSHAN CHENGGANG ELECTRONIC TECHNOLOGY CO., LTD.	The Company	Sub-subsidiary	423,448	3.95			165,984	-
KUNSHAN CHENGGANG ELECTRONIC TECHNOLOGY CO., LTD.	KUNSHAN ACES ELECTRONIC CO., LTD.	Affiliate	203,269	3.59			35,013	-
KUNSHAN ACES ELECTRONIC CO., LTD.	KUNSHAN CHENGGANG ELECTRONIC TECHNOLOGY CO., LTD.	Affiliate	337,848	2.85			56,716	-
DONGGUAN KUANGYING HARDWARE PLASTIC PRODUCT CO., LTD.	KUANG YING COMPUTER EQUIPMENT CO., LTD.	Affiliate	219,504	2.11	-		69,724	-
GENESIS INNOVATION GROUP LIMITED	MEC IMEX INC.	Affiliates	130,310 (Note 2)	-	-		-	-

Note 1: The above transactions have been written-off in preparation of consolidated financial statements.

Note 2: Loan and interest receivables.

i. Trading in derivative instruments: None.

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

j. Significant transactions between parent company and subsidiaries:

No.	Companies to make purchase (sale)	Counter-party	Relation ship	Transaction details			% of combined total revenues or assets
				Accounts	Amount	Trading terms	
1	KUNSHAN ACES ELECTRONIC CO., LTD.	The Company	2	Sales	551,879	OA 120 days	5.65%
1	KUNSHAN ACES ELECTRONIC CO., LTD.	DONGGUAN ACES ELECTRONIC CO., LTD.	3	Sales	227,944	OA 90 days	2.33%
1	KUNSHAN ACES ELECTRONIC CO., LTD.	KUNSHAN CHENGGANG ELECTRONIC TECHNOLOGY CO., LTD.	3	Sales	480,855	OA 120 days	4.92%
1	KUNSHAN ACES ELECTRONIC CO., LTD.	The Company	2	Accounts receivables	432,859	OA 120 days	3.18%
1	KUNSHAN ACES ELECTRONIC CO., LTD.	DONGGUAN ACES ELECTRONIC CO., LTD.	3	Accounts receivables	144,037	OA 90 days	1.06%
1	KUNSHAN ACES ELECTRONIC CO., LTD.	KUNSHAN CHENGGANG ELECTRONIC TECHNOLOGY CO., LTD.	3	Accounts receivables	337,848	OA 120 days	2.48%
2	DONGGUAN ACES ELECTRONIC CO., LTD.	KUNSHAN CHENGGANG ELECTRONIC TECHNOLOGY CO., LTD.	3	Sales	408,338	OA 120 days	4.18%
2	DONGGUAN ACES ELECTRONIC CO., LTD.	The Company	2	Sales	191,286	OA 120 days	1.96%
2	DONGGUAN ACES ELECTRONIC CO., LTD.	KUNSHAN CHENGGANG ELECTRONIC TECHNOLOGY CO., LTD.	3	Accounts receivables	226,025	OA 120 days	1.66%
2	DONGGUAN ACES ELECTRONIC CO., LTD.	The Company	2	Accounts receivables	133,813	OA 120 days	0.98%
3	KUNSHAN CHENGGANG ELECTRONIC TECHNOLOGY CO., LTD.	The Company	2	Sales	836,115	OA 120 days	8.56%
3	KUNSHAN CHENGGANG ELECTRONIC TECHNOLOGY CO., LTD.	KUNSHAN ACES ELECTRONIC CO., LTD.	3	Sales	365,297	OA 30 days	3.74%
3	KUNSHAN CHENGGANG ELECTRONIC TECHNOLOGY CO., LTD.	The Company	2	Accounts receivables	423,448	OA 120 days	3.11%
3	KUNSHAN CHENGGANG ELECTRONIC TECHNOLOGY CO., LTD.	KUNSHAN ACES ELECTRONIC CO., LTD.	3	Accounts receivables	203,269	OA 30 days	1.50%
4	MEC INTERNATIONAL COMPANY LTD	DONGGUAN ACES ELECTRONIC CO., LTD.	3	Sales	149,799	OA 120 days	1.53%
5	DONGGUAN KUANGYING HARDWARE PLASTIC PRODUCT CO., LTD.	KUANG YING COMPUTER EQUIPMENT CO., LTD.	3	Sales	436,954	OA 120 days	4.47%
5	DONGGUAN KUANGYING HARDWARE PLASTIC PRODUCT CO., LTD.	KUANG YING COMPUTER EQUIPMENT CO., LTD.	3	Accounts receivables	219,504	OA 120 days	1.61%
6	香港商創世紀有限公司台灣分公司	GENESIS TECHNOLOGY USA, INC.	3	Sales	113,200	OA 120 days	1.16%
7	GALIS ACCURATE SMITHCRAFT PRODUCTS CO., LTD. OF SUZHOU	KUNSHAN ACES ELECTRONIC CO., LTD.	3	Sales	378,145	OA 120 days	3.87%
8	MEC SUZHOU ELECTRONICS CO., LTD.	MEC IMEX INC.	3	Sales	377,576	OA 90 days	3.86%

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

Note 1: Fill out the numbers as follows:

- a. '0' for parent company.
- b. '1' and sequential numbering for the subsidiaries.

Note 2: Categories of relationships of transacting parties as below:

1. Parent company to subsidiary
2. Subsidiary to parent company
3. Subsidiary to subsidiary

Note 3: Only information pertaining to sales, revenue and accounts receivable were disclosed, relevant information on purchase, expenses and accounts payable will not be reiterated.

(2) Information on investments:

The following is the information on investees for the years ended December 31, 2024 (excluding information on investees in Mainland China):

Investor Company	Investee Company	Location	Main Activities	Original investment amount		Balance as of December 31, 2024			Maximum Shareholding in the Interim	Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee	
				December 31, 2024	December 31, 2023	Shares	Percentage of ownership	Carrying amount				
The Company	ACECONN ELECTRONIC CO., LTD.	SAMOA	Investment holding	777,909	771,665	25,000	100.00 %	4,212,246	100.00 %	57,008	38,736	Note 1
The Company	ACES (HONG KONG) ELECTRONIC CO., LTD.	SAMOA	Connectors sales	-	-	10	100.00 %	-	100.00 %	10	10	Note 1, 2
The Company	ACES PRECISION INDUSTRY PTE LTD.	Singapore	Connectors sales business	208,410	208,410	8,162	100.00 %	57,666	100.00 %	788	788	Note 1
The Company	ACESCONN HOLDINGS CO., LTD.	SAMOA	Investment holding	351,112	351,112	12,000	100.00 %	166,611	100.00 %	(543)	(543)	"
The Company	WEI HONG INTERNATIONAL INVESTMENT CO., LTD.	Taiwan	Investment business	25,000	25,000	2,500	100.00 %	27,794	100.00 %	9	9	"
The Company	MEC IMEX INC.	Taiwan	Connector cable set sales business	928,939	928,939	47,582	99.86 %	577,699	99.86 %	44,592	44,790	"
The Company	ACES JAPAN CO., LTD.	Japan	Connector development business	15,137	15,137	51	100.00 %	14,533	100.00 %	845	845	"
The Company	ACES INTERCONNECT (USA), INC.	USA	Connectors sales industry	9,711	9,711	300	100.00 %	10,186	100.00 %	23	23	"
The Company	COMPUPACK TECHNOLOGY CO., LTD.	Taiwan	Electronic component sales business	287,237	287,237	21,500	100.00 %	191,878	100.00 %	(33,051)	(31,403)	"
The Company	KUANG YING COMPUTER EQUIPMENT CO., LTD.	Taiwan	Electronic component manufacturing and sales business	198,697	198,697	25,995	100.00 %	387,085	100.00 %	83,602	83,317	"
The Company	ACES Precision Machinery Co., Ltd.	Taiwan	Mold part manufacturing and sales business	130,000	130,000	13,000	100.00 %	64,371	100.00 %	(11,006)	(11,006)	"
The Company	GENESIS	Cayman	Investment	649,215	589,118	27,778	100.00 %	854,344	100.00 %	78,521	54,652	"

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

Investor Company	Investee Company	Location	Main Activities	Original investment amount		Balance as of December 31, 2024			Maximum Shareholding in the Interim	Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee	
				December 31, 2024	December 31, 2023	Shares	Percentage of ownership	Carrying amount				
	HOLDING COMPANY		holding									
The Company	GENESIS TECHNOLOGY USA, INC.	USA	Electronic component sales business	20,104	20,104	2100.00 %		185,615	100.00 %	7,886	7,886	"
The Company	JASON TECHNOLOGY LIMITED.	Hong Kong	Electronic component sales business	1,857	1,857	5,000100.00 %		8,263	100.00 %	(24)	(1,090)	"
ACESCONN HOLDINGS CO., LTD.	ASIA CENTURY INVESTMENT LTD.	SAMOA	Investment holding	351,112	351,112	9,150100.00 %		166,611	100.00 %	(542)	(542)	"
ACES Precision Machinery Co., Ltd.	ACES Surface Treatment Co., Ltd.	Taiwan	Manufacture and sales of mold	8,000	8,000	700100.00 %		1,605	100.00 %	(2,724)	(4,692)	"
MEC IMEX INC.	MEC INTERNATIONAL COMPANY LTD.	British Virgin Islands	Investment holding	1,295,195	1,295,195	33100.00 %		355,721	100.00 %	18,685	18,685	"
MEC IMEX INC.	MEC ELECTRIC SOLUTIONS GMBH	Germany	Connector cable set sales business	3,179	3,179	1100.00 %		2,967	100.00 %	107	107	"
MEC INTERNATIONAL COMPANY LTD.	MEC BEST KNOWN COMPANY LIMITED	Hong Kong	Investment holding	473,201	473,201	118,250100.00 %		8,803	100.00 %	(722)	(722)	"
MEC INTERNATIONAL COMPANY LTD.	MEC ULTRAMAX (HK) COMPANY LIMITED	Hong Kong	Investment holding	-	122,400	- 100.00 %		-	100.00 %	17,066	17,066	Note 1, 3
MEC INTERNATIONAL COMPANY LTD.	MEC ELECTRONICS (HK) COMPANY LIMITED	Hong Kong	Connector cable set sales business	205,445	205,445	510100.00 %		149,926	100.00 %	34,442	34,442	Note 1
MEC INTERNATIONAL COMPANY LTD.	MEC ELECTRONICS PHILIPPINES CORPORATION	Philippines	Connector cable set manufacturing and sales business	54,085	54,085	8,000100.00 %		310,987	100.00 %	26,571	26,571	"
MEC ELECTRONICS PHILIPPINE CORPORATION	MEC IMEX (USA), INC.	USA	Connector cable set sales business	12,544	12,544	4100.00 %		17,924	100.00 %	(817)	(817)	"
MEC ELECTRONICS (HK) COMPANY LIMITED	HOMEPRIDE TECHNOLOGY LIMITED	Hong Kong	Investment holding	230,261	230,261	56,750100.00 %		84,842	100.00 %	34,652	34,652	Note 1
COMPUPACK TECHNOLOGY	MICON PRECISE CORP.	Taiwan	Electronic component	-	130,000	- - %		-	100.00 %	(13,823)	(13,769)	Note 4

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

Investor Company	Investee Company	Location	Main Activities	Original investment amount		Balance as of December 31, 2024			Maximum Shareholding in the Interim	Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee	
				December 31, 2024	December 31, 2023	Shares	Percentage of ownership	Carrying amount				
CO., LTD.			Sales business									
MICON PRECISE CORP.	Aces Precision Industry Pte Ltd.	Vietnam	Electronic component manufacturing and sales business	-	336,292	-	-	-	100.00 %	(29,577)	(29,577)	Note 4
COMPUPACK TECHNOLOGY CO., LTD.	Aces Precision Industry Pte Ltd.	Vietnam	Electronic component manufacturing and sales business	336,292	-	-	100.00 %	(36,164)	100.00 %	-	-	Note 4
KUANG YING COMPUTER EQUIPMENT CO., LTD.	INFOMIGHT INVESTMENTS LIMITED	SAMOA	Investment holding	285,904	285,904	7,980	100.00 %	237,403	100.00 %	37,316	36,030	Note 1
INFOMIGHT INVESTMENTS LIMITED	BELTA INTERNATIONAL LIMITED	British Virgin Islands	Investment holding	52,349	52,349	4	100.00 %	189,492	100.00 %	31,421	31,421	"
INFOMIGHT INVESTMENTS LIMITED	CERTILINK INTERNATIONAL LIMITED	British Virgin Islands	Sales business	1,605	1,605	50	100.00 %	140	100.00 %	4,715	4,715	"
INFOMIGHT INVESTMENTS LIMITED	ACCURATE GROUP LIMITED	SAMOA	Investment holding	131,588	131,588	4,100	100.00 %	44,983	100.00 %	955	955	"
GENESIS HOLDING COMPANY	GENESIS INNOVATION GROUP LIMITED	Hong Kong	Investment holding	228,280	228,280	8,000	100.00 %	406,297	100.00 %	86,304	86,304	"
GENESIS HOLDING COMPANY	GENESIS ELECTRO-MECHANICAL LIMITED	Hong Kong	Investment holding	268,229	268,229	9,400	100.00 %	334,458	100.00 %	(15,088)	(15,088)	"

Note 1: The above transactions have been written-off in preparation of consolidated financial statements.

Note 2: The Company established ACES (HONG KONG) ELECTRONIC CO., LTD. in 2024, and included it into the Group since that day.

Note 3: The subsidiary of the Company, MEC ULTRAMAX (H.K.) COMPANY LIMITED, conducted the dissolution and liquidation procedures in 2024, and remitted the residual payments for share to the investment company in the third region, MEC INTERNATIONAL COMPANY LTD. As of December 31, 2024, the liquidation procedures haven't been completed.

Note 4: COMPUPACK TECHNOLOGY CO., LTD. and MICON PRECISE CORP. conducted a short-form merge in December 2024. After the merge, COMPUPACK TECHNOLOGY CO., LTD. directly holds MICON PRECISE CORP.

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

(3) Information on investment in mainland China:

a. The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main Activities	Total amount of paid-in capital	Method of investment	Accumulated remittance from Taiwan as of January 1, 2024	Investment flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2024	Net Income (Loss) of Investee	% Ownership through Direct or Indirect Investment	Maximum Shareholding in the Interim	Investor's Share of Profit (Loss) of Investee	Carrying amount of Investment as of December 31, 2024	Accumulated Inward Remittance of Earnings as of December 31, 2024	Note
					Outflow	Inflow								
DONGGUAN ACES ELECTRONIC CO., LTD.	Connector manufacturing and sales business	115,301	(2)	115,301	-	-	115,301	18,416	100.00%	100.00%	18,416	486,156	451,444	Note 13
KUNSHAN ACES ELECTRONIC CO., LTD.	Connector manufacturing and sales business	629,475	(2)	163,447	-	-	163,447	(5,339)	100.00%	100.00%	3,175	2,759,721	452,925	"
KUNSHAN ACES TRADING CO., LTD.	Connectors sales business	9,087	(2)	9,087	-	-	9,087	12,059	100.00%	100.00%	12,059	60,839	-	"
CHONGQING HONG GAO ELECTRONIC CO., LTD.	Connectors sales business	173,985	(2)	188,086	-	-	188,086	1,468	100.00%	100.00%	1,468	2,889	-	"
GALIS ACCURATE SMITHCRAFT PRODUCTS CO., LTD. OF SUZHOU	Surface treatment and sales business	256,682	(2)	351,112	-	-	351,112	(1,154)	100.00%	100.00%	(1,154)	143,344	-	"
KUNSHAN CHENGGANG ELECTRONIC TECHNOLOGY CO., LTD.	Connector manufacturing and sales business	593,671	(2)	-	-	-	-	27,129	100.00%	100.00%	27,129	619,271	-	Note 6, 13
ACES ZHUHAI TECHNOLOGY LTD	Connector manufacturing and sales business	313,140	(2)	150,350	-	-	150,350	(2,966)	100.00%	100.00%	(2,966)	311,639	-	Note 10, 13
HONGTAI ZHUHAI TRADING LTD	Connector manufacturing and sales business	6,268	(2)	-	6,268	-	6,268	(773)	100.00%	100.00%	(773)	5,544	-	Note 11, 13
Nantong Dadi Electric Co., Ltd.	Automobile cable bundle manufacturing and sales business	410,404	(3)	-	-	-	-	(52,859)	19.31 %	19.31 %	(10,207)	415,690	-	Note 2, 13
Kung Shan Ching Zhi Electric Co., Ltd.	Electronic component sales business	-	(3)	-	-	-	-	8,600	30.00 %	30.00 %	2,580	23,756	-	Note 9, 13
MEC ELECTRONICS (SUZHOU) CO., LTD.	Connector cable set manufacturing and sales business	-	(2)	301,403	-	-	301,403	93	100.00%	100.00%	93	-	-	Note 12, 13
SUZHOU HANTENG ELECTRONICS TECHNOLOGY CO., LTD.	Connector cable set manufacturing and sales business	519,336	(2)	369,705	-	-	369,705	(545)	100.00%	100.00%	(545)	8,667	-	Note 3, 13
HOMEPRIDE ELECTRONICS (DONGGUAN) COMPANY LIMITED.	Connector cable set manufacturing and sales business	214,991	(2)	121,258	-	-	121,258	34,846	100.00%	100.00%	34,846	101,352	-	"
MEC SUZHOU ELECTRONICS CO., LTD.	Connector cable set manufacturing and sales	272,030	(2)	272,030	-	-	272,030	(40,478)	100.00%	100.00%	(40,478)	(37,303)	-	"

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

Name of investee	Main Activities	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated remittance from Taiwan as of January 1, 2024	Investment flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2024	Net Income (Loss) of Investee	% Ownership through Direct or Indirect Investment	Maximum Shareholding in the Interim	Investor's Share of Profit (Loss) of Investee	Carrying amount of Investment as of December 31, 2024	Accumulated Inward Remittance of Earnings as of December 31, 2024	Note
					Outflow	Inflow								
DONGGUAN COMPUPACK TECHNOLOGY CO., LTD.	business Electronic component sales business	10,477	(1)	10,477	-	-	10,477	(3,359)	100.00%	100.00%	(3,359)	10,116	-	Note 4, 13
DONGGUAN KUANGYING HARDWARE PLASTIC PRODUCT CO., LTD.	Electronic component manufacturing and sales	128,110	(2)	129,711	-	-	129,711	31,459	100.00%	100.00%	31,459	187,594	-	Note 5, 13
SUZHOU KUANG YING ELECTRIC CO., LTD.	Electronic component manufacturing and sales	104,307	(2)	153,819	-	-	153,819	(114)	100.00%	100.00%	(114)	3,690	-	#
DONGGUAN POLIXIN ELECTRIC CO., LTD.	Electronic component sales business	65,150	(3)	-	-	-	-	19,127	100.00%	100.00%	19,127	26,381	-	Note 7, 13
GENESIS TECHNOLOGY(NINGBO) INC.	Electronic component sales business	21,720	(2)	228,805	-	-	-	6,557	100.00%	- %	6,557	52,804	-	Note 8, 13

Note 1: There are 3 types of investment:

- (1) Direct investment from Mainland China.
- (2) Investment through a company located at a third party area.
- (3) Other methods.

Note 2: Direct investment of KUNSHAN ACES ELECTRONIC CO., LTD. in the amount of RMB43,397 thousand.

Note 3: Indirect investment of MEC IMEX INC.

Note 4: Direct investment of COMPUPACK TECHNOLOGY CO., LTD. in the amount of USD350 thousand.

Note 5: Indirect investment of KUANG YING COMPUTER EQUIPMENT CO., LTD.

Note 6: Direct investment of ACECONN ELECTRONIC CO., LTD. In the amount of RMB120,322 thousand.

Note 7: Indirect investment of GENESIS INNOVATION GROUP LIMITED.

Note 8: Indirect investment of GEUESIS INNOVATION GROUP LIMITED.

Note 9: Direct investment of KUNSHAN ACES ELECTRONIC CO., LTD. in the amount of RMB3,750 thousand.

Note 10: The subsidiary of the Company injected capital to set up HONGTAI ZHUHAI TRADING LTD in 2024, which is included into the Group since that day.

Note 11: The Company set up ACES ZHUHAI TECHNOLOGY LTD on February 1, 2023, which is included into the Group since that day.

Note 12: Dissolution and liquidation procedures of the subsidiary of the Company, MEC ELECTRONICS (SUZHOU) CO., LTD. have been completed in 2024, and the residual payments for share have been remitted to the investment company in the third region, MEC INTERNATIONAL COMPANY LTD.

Note 13: The above transactions have been written-off in preparation of consolidated financial statements.

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

b. Limitation on investment in Mainland China:

Name of investee	Accumulated remittance from Taiwan to China as of December 31, 2024 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on investment in Mainland China set by Investment Commission, Ministry of Economic Affairs
ACES Electronics Co.,Ltd.	1,212,456 (USD 28,892 thousand)	3,382,887 (USD 103,184 thousand) (Note 2)	3,876,696
MEC IMEX INC.	1,064,396 (USD 37,396 thousand)	1,457,130 (USD 44,445 thousand)	(Note 3)
COMPUPACK TECHNOLOGY CO.,LTD.	10,477 (USD 350 thousand)	11,475 (USD 350 thousand)	65,182

Note 1: Accumulated remittance amount from Taiwan to China as of December 31, 2023 was estimated by historical exchange rates.

Note 2: Inclusive on the amount of USD40,245 thousand authorized by Investment Commission as capital reserve to increase.

Note 3: As the Company obtained the operation headquarters recognition document issued by the Industrial Bureau of the Ministry of Economic Affairs in June, 2023, it is not subject to the quota restrictions of the "Principles for Reviewing Investment or Technical Cooperation in Mainland China" by the Ministry of Economic Affairs.

c. Significant transactions:

The significant inter-company transactions with the subsidiaries in Mainland China (which are eliminated when preparing the consolidated financial statements) for the year ended December 31, 2024 are disclosed in "Information on significant transactions".

(4) Major shareholders:

Shareholder's Name	Shareholding		Unit: Shares
	Shares	Percentage	
Yuan Wan-Ting	8,863,487	5.95%	

Note: (1)The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of the total nonphysical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered nonphysical stocks may be different from the capital stocks disclosed in the financial statement due to different calculations basis.

(2) If the aforementioned data contained shares which were kept in trust by the shareholders, the data disclosed will be deemed as the settlor's separate account for the fund set by the trustee. As for the shareholder who reports its share equity as an insider and whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act and include its self-owned shares and trusted shares, as well as the shares of the individuals who have power to decide how to allocate the trust assets. For the information on reported share equity of the insider, please refer to the Market Observation Post System.

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

14. Segment information:

(1) General Information

The Company has 4 reporting segments: connector, connector sets, metal stamping segment and other segment. The connector segment is mainly engaging in processing, manufacturing and selling of connectors. The connector sets segment is mainly engaging in manufacturing and sales of consumer electronics, communication peripherals and industrial connectors sets. The metal stamping segment is mainly engaging in processing, manufacturing and selling of connectors. Other segment is mainly engaging in investment, sales, handling and packaging business of communication cable sets.

Each segment is responsible for its own strategic business unit in order to provide different products and services. Separate management is required because each strategic business required different techniques and marketing strategies.

(2) Information on Profit and Loss, Departmental Assets, Departmental Liabilities, and the Basis of Measurement and Adjustment for Reporting Segments

The consolidated company allocates unrecognized income tax expenses or non-recurring gains and losses to the reporting segments. In addition, not all gains and losses of reporting segments include significant non-cash items other than depreciation and amortization. The reported amounts are consistent with the reports used by operating decision-makers.

The accounting policies of the operating segments of the consolidated company are the same as those summarized in the significant accounting policies. The operating segment profit and loss of the consolidated company is measured based on operating profit before tax and serves as the basis for performance evaluation.

The information and adjustments for the operating segments of the consolidated company are as follows:

	For the year ended December 31, 2024					Total
	Connector segment	Connector cable segment	Metal stamping segment	Other segment	Adjustment and elimination	
Revenue:						
Revenue from external customer	\$ 5,733,304	1,801,855	1,591,535	644,203	-	9,770,897
Revenue from between segments	96,397	489,217	169,667	675	(755,956)	-
Total revenue	\$ 5,829,701	2,291,072	1,761,202	644,878	(755,956)	9,770,897
Profit and loss from reportable segments	\$ 279,807	(53,061)	188,623	(30,325)	2,169	387,213

	For the year ended December 31, 2023					Total
	Connector segment	Connector cable segment	Metal stamping segment	Other segment	Adjustment and elimination	
Revenue:						
Revenue from external customer	\$ 4,634,491	1,579,243	1,622,787	649,707	-	8,486,228
Revenue from between segments	175,438	278,582	15,529	40,676	(510,225)	-
Total revenue	\$ 4,809,929	1,857,825	1,638,316	690,383	(510,225)	8,486,228
Profit and loss from reportable segments	\$ (303,764)	(118,380)	43,457	(29,659)	138,654	(269,692)

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

(3) Information on products

Please refer to note 6(20) for revenue from products of external customers.

(4) Geographic information

Information of geographical area of the Company is as follows. The revenues are classified in term of where the customers are located, while the noncurrent assets are classified in term of where the assets are located.

Please refer to Note 6(20) for revenue of external customers from different geographical areas.

Non-current assets:

<u>Region</u>	<u>For the year ended December 31, 2024</u>	<u>For the year ended December 31, 2023</u>
China	\$ 2,315,277	2,272,096
Taiwan	3,394,434	2,832,388
Philippines	84,354	68,234
Others	89,050	88,242
Total	<u>\$ 5,883,115</u>	<u>5,260,960</u>

Non-current assets include real estate, buildings and equipment, right-of-use assets, investment properties, intangible assets, prepaid equipment payments, and other assets, but do not include financial instruments and deferred income tax assets.

(5) Information on key customers:

Key customers for the years ended December 31, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
U Customer	<u>\$ 890,580</u>	<u>629,065</u>