

**ACES ELECTRONICS CO., LTD.
AND SUBSIDIARIES
Consolidated Financial Statements
With Independent Auditors' Review
Report
For the Six Months Ended June 30, 2026 and 2025**

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

Independent Auditors' Review Report

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

Introduction

We have reviewed the consolidated financial statements of ACES Electronics Co., Ltd. and its subsidiaries, which comprise the consolidated balance sheets as of June 30, 2026 and 2025, the consolidated statements of comprehensive income for the three months ended June 30, 2026 and 2025 and the six months ended June 30, 2026 and 2025, consolidated statements of changes in equity, and consolidated statements of cash flows for the six months ended June 30, 2026 and 2025, and notes to the consolidated financial statements including a summary of significant accounting policies. The preparation of consolidated financial statements that present fairly in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China is the responsibility of the management. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope

Except as described in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Review Standard No. 2410, "Review of Financial Statements." A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As described in Note 4(2) to the consolidated financial statements, certain non-significant subsidiaries included in the consolidated financial statements were accounted for based on their unreviewed financial statements for the same periods. As of June 30, 2026 and 2025, the total assets of these subsidiaries amounted to NT\$1,168,874 thousand and NT\$1,286,605 thousand, representing 7% and 10% of consolidated total assets, respectively; total liabilities amounted to NT\$503,078 thousand and NT\$415,582 thousand, representing 7% and 6% of consolidated total liabilities, respectively; and comprehensive income (loss) for the three months ended June 30, 2026 and 2025 and the six months ended June 30, 2026 and 2025, respectively, was amounted to NT\$(7,941) thousand, NT\$(83,864) thousand, NT\$ (9,858) thousand and NT\$ (75,990) representing (3)% , 14%, (2)%and 31% of consolidated comprehensive income, respectively.

In addition to the above, as described in Note 6(5) to the consolidated financial statements, the investments accounted for using the equity method of ACES Electronics Co., Ltd. and its subsidiaries as of June 30, 2026 and 2025 amounted to NT\$349,014 thousand and NT\$333,403 thousand, respectively, and the share of profit or loss of associates and joint ventures accounted for using the equity method for the three months ended June 30, 2026 and 2025 and the six months ended June 30, 2026 and 2025, respectively, was amounted to NT\$3,871 thousand NT\$(5,738) thousand, NT\$6,946 thousand and NT\$(35,126) thousand, respectively, which were also based on the unreviewed financial statements of the investees for the same periods.

Qualified Conclusion

Based on our reviews, except for the possible effects of the adjustments, if any, that might have been found necessary had the financial statements of the investees described in the Basis for Qualified Conclusion paragraph been reviewed by auditors, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements fail to present fairly, in all material respects, the consolidated financial position of ACES Electronics Co., Ltd. and its subsidiaries as of June 30, 2026 and 2025 and the six months ended June 30, 2026 and 2025, and their consolidated financial performance and consolidated cash flows for the six months ended June 30 2026 and 2025 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Chi, Meng-Chun and Yang, Shu-Chih.

KPMG

Financial Supervisory Commission

Approved-certified No.: Jin-Guan-Certificate -6 No.1140131922

Approved-certified No.: Jin-Guan-Certificate No.1040003949

Taipei, Taiwan (Republic of China)

August 7, 2026

ACES Electronics Co., Ltd. and Subsidiaries

Consolidated Financial Statements

June 30, 2026 and 2025

(Expressed in thousands of New Taiwan dollars)

Assets		2026.06.30		2025.12.31		2025.06.30		Liabilities and Equity		2026.06.30		2025.12.31		2025.06.30			
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%		
Current assets :																	
1100	Cash and cash equivalents (Note 6(1))	\$	2,664,104	17	2,483,422	17	1,889,620	15	2100	Short-term borrowings (Note 6(10) and 8)	\$	665,400	4	794,000	5	485,000	4
1110	Financial assets at fair value through profit or loss - current (Note 6(2))		209	-	70,206	-	64,565	-	2120	Financial liabilities at fair value through profit or loss - current (Note 6(2))		195	-	42	-	2,950	-
1150	Notes receivable, net (Note 6(3))		66,916	-	37,919	-	59,274	-	2150	Notes payable		2,708	-	3,001	-	5,133	-
1160	Notes receivable – related parties, net (Note 6(3), and 7)		8,586	-	4,337	-	6,708	-	2170	Accounts payable		2,509,660	16	2,012,544	14	1,797,501	14
1170	Accounts receivable, net (Note 6(3))		3,555,062	23	2,917,513	20	2,657,611	20	2180	Accounts payable to related parties (Note 7)		153	-	220	-	358	-
1180	Net trade receivable from related parties (Note 6(3), and 7)		24,007	-	35,255	-	20,234	-	2200	Other payables (Note 6(6))		947,659	6	875,679	6	909,604	7
1200	Other receivables (Note 6(3))		251,280	2	335,513	2	359,064	3	2220	Other payables to related parties (Note 7)		708	-	1,166	-	625	-
1310	Inventories (Note 6(4))		1,713,215	10	1,435,800	10	1,417,092	11	2216	Dividends payable (Note 6(16))		276,000	2	-	-	111,534	1
1410	Prepayments		105,339	1	94,949	1	117,178	1	2280	Lease liabilities - current (Note 6(13) and 7)		56,649	-	76,359	1	41,657	-
1470	Other current assets		85,896	1	90,792	1	93,166	1	2230	Current tax liabilities		101,482	1	46,541	-	51,028	-
	Total current assets		8,474,614	54	7,505,706	51	6,684,512	51	2322	Current installments of long-term borrowings (Note 6(11) and 8)		42,320	-	119,377	1	158,240	1
Non-current assets :																	
1510	Financial assets at fair value through profit or loss - non-current (Note 6(2))		174,577	1	167,308	1	144,593	1	2399	Other current liabilities - others		153,564	1	86,617	1	98,253	1
1517	Financial assets at fair value through other comprehensive income-non-current (Note 6(2))		42,606	-	33,284	-	31,029	-		Total current liabilities		4,756,498	30	4,015,546	28	3,661,883	28
1550	Investments in equity-accounted investees (Note 6(5))		349,014	2	328,254	2	333,403	3	2530	Non-current liabilities :							
1600	Property, plant and equipment (Note 6(7), and 8)		5,007,730	30	4,870,772	33	4,417,739	33	2540	Bonds payable (Note 6(12))		103,146	1	131,678	1	735,750	6
1755	Right-of-use assets (Note 6(8) and 7)		525,300	4	542,765	5	503,364	4	2570	Long-term borrowings (Note 6(11) and 8)		1,603,424	10	2,062,140	14	2,035,986	15
1760	Investment properties, net (Note 8)		672,283	4	667,384	4	320,188	2	2580	Deferred tax liabilities		429,803	3	418,698	3	357,848	3
1780	Intangible assets (Note 6(9))		125,875	-	140,026	-	148,122	1	2600	Lease liabilities - non-current (Note 6(13) and 7)		42,896	-	48,969	-	70,188	-
1915	Prepayment for equipment		514,349	3	387,324	3	426,426	3		Other non-current liabilities (Note 6(14))		248,421	2	238,160	1	209,117	2
1840	Deferred tax assets		70,217	1	70,314	-	71,886	1		Total non-current liabilities		2,427,690	16	2,899,645	19	3,408,889	26
1990	Other non-current assets - others(Note 6(7))		159,428	1	136,280	1	123,027	1		Total liabilities		7,184,188	46	6,915,191	47	7,070,772	54
	Total non-current assets		7,641,379	46	7,343,711	49	6,519,777	49		Equity attributable to shareholders of the parent (Note 6(16)):							
								3110	Common stock		1,746,974	11	1,623,531	11	1,532,797	12	
								3140	Capital collected in advance		5,729	-	14,317	-	-	-	
									Total share capital		1,752,703	11	1,637,848	11	1,532,797	12	
								3200	Capital surplus		2,755,267	16	2,200,744	15	1,764,357	13	
									Retained earnings :								
								3310	Legal Reserve		826,523	5	760,756	5	760,756	6	
								3320	Special Reserve		24,602	-	16,810	-	16,810	-	
								3350	Unappropriated earnings		3,099,587	19	3,140,721	21	2,786,263	21	
											3,950,712	24	3,918,287	26	3,563,829	27	
									Other equity:								
								3410	Exchange differences on translation of the Financial Statements foreign operations		273,330	2	35,894	-	(525,740)	(4)	
								3420	Unrealized gains and losses on financial assets at fair value through other comprehensive income (FVOCI)		8,877	-	-	-	-	-	
								3460	Gain on property revaluation		243,632	2	243,632	2	33,219	-	
								3491	Unearned employees’ remunerations		(53,575)	(1)	(103,012)	(1)	(22,425)	-	
								3500	Treasury shares		472,264	3	176,514	1	(514,946)	(4)	
											-	-	-	-	(213,286)	(2)	
									Total equity attributable to shareholders of the parent		8,930,946	54	7,933,393	53	6,132,751	46	
								36XX	Non-controlling interests		859	-	833	-	766	-	
									Total equity		8,931,805	54	7,934,226	53	6,133,517	46	
									Total liabilities and equity		\$ 16,115,993	100	14,849,417	100	13,204,289	100	
Total assets		\$	16,115,993	100	14,849,417	100	13,204,289	100									

ACES ELECTRONICS CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the Three Months Ended June 30, 2026 and 2025 and the Six Months Ended June 30, 2026 and 2025

(Expressed in thousands of New Taiwan dollars, except for Earnings per share)

		Three Months Ended June 30				Six Months Ended June 30			
		2026		2025		2026		2025	
		Amount	%	Amount	%	Amount	%	Amount	%
Operating Revenue (Note 6(19) and 7):									
4100	Net sales revenue	\$ 3,196,468	95	2,652,605	95	5,895,497	96	5,131,273	96
4800	Other operating revenue	153,880	5	134,412	5	276,393	4	233,024	4
	Net revenue from operations	3,350,348	100	2,787,017	100	6,171,890	100	5,364,297	100
5000	Operating costs (Note 6(4), (13), (14), and 7)	2,491,357	74	2,050,772	74	4,619,022	75	3,991,599	75
	Gross profit	858,991	26	736,245	26	1,552,868	25	1,372,698	25
Operating expenses (Note 6(13), (14), (17), (20), and 7):									
6100	Selling expenses	172,319	5	157,365	6	319,355	5	298,904	6
6200	General and administrative expenses	273,138	8	227,440	8	516,279	8	461,490	9
6300	Research and development expenses	167,622	5	148,647	5	324,920	5	293,679	5
6450	Expected credit loss (reversal gain) (Note 6(3))	(88)	-	7,722	-	(1,149)	-	5,944	-
	Total operating expenses	612,991	18	541,174	19	1,159,405	18	1,060,017	20
	Profit from operations	246,000	8	195,071	7	393,463	7	312,681	5
Non-operating income and expenses:									
7100	Interest income	10,849	-	9,145	-	17,377	-	14,835	-
7010	Other income	40,067	1	29,894	1	75,683	1	59,255	1
7020	Other gains and losses (Note 6(5) and (21))	(24,330)	(1)	(89,239)	(3)	(56,375)	(1)	71,844	1
7050	Finance costs (Note 6(13) and (21))	(17,798)	(1)	(19,845)	(1)	(35,414)	(1)	(39,466)	(1)
7060	Share of profit of equity-accounted investees(Note 6(5))	3,871	-	(5,738)	-	6,946	-	(35,126)	-
	Total non-operating income and expenses	12,659	(1)	(75,783)	(3)	8,217	(1)	71,342	1
7900	Profit before income tax	258,659	7	119,288	4	401,680	6	384,023	6
7950	Less: income tax expenses (gains) (Note 6(15))	57,884	2	17,939	1	93,240	2	80,799	1
	Profit	200,775	5	101,349	3	308,440	4	303,224	5
8300	Other comprehensive income:								
8310	Items that will not be reclassified to profit or loss								
8316	Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	8,877	-	-	-	8,877	-	-	-
8349	Less: Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Total items that will not be reclassified to profit or loss	8,877	-	-	-	8,877	-	-	-
8360	Total other comprehensive income(net of tax)								
8361	Total comprehensive income	62,806	2	(680,265)	(24)	237,447	4	(552,118)	(10)
8399	Net profit attributable to:	-	-	-	-	-	-	-	-
	Shareholders of the parent	62,806	2	(680,265)	(24)	237,447	4	(552,118)	(10)
8300	Non-controlling interests	71,683	2	(680,265)	(24)	246,324	4	(552,118)	(10)
		<u>\$ 272,458</u>	<u>7</u>	<u>(578,916)</u>	<u>(21)</u>	<u>554,764</u>	<u>8</u>	<u>(248,894)</u>	<u>(5)</u>
Total comprehensive income attributable to:									
8610	Shareholders of the parent	\$ 200,766	5	101,352	3	308,425	4	303,213	5
8620	Non-controlling interests	9	-	(3)	-	15	-	11	-
		<u>\$ 200,775</u>	<u>5</u>	<u>101,349</u>	<u>3</u>	<u>308,440</u>	<u>4</u>	<u>303,224</u>	<u>5</u>
Earnings per share (NT\$, Note 6(18))									
8710	Basic earnings per share	\$ 272,450	7	(578,851)	(21)	554,738	8	(248,850)	(5)
8720	Diluted earnings per share	8	-	(65)	-	26	-	(44)	-
	Operating Revenue (Note 6(19) and 7):	<u>\$ 272,458</u>	<u>7</u>	<u>(578,916)</u>	<u>(21)</u>	<u>554,764</u>	<u>8</u>	<u>(248,894)</u>	<u>(5)</u>
	Net sales revenue								
9750	Other operating revenue	<u>\$ 1.22</u>		<u>0.67</u>		<u>1.89</u>		<u>2.04</u>	
9850	Net revenue from operations	<u>\$ 1.20</u>		<u>0.62</u>		<u>1.86</u>		<u>1.85</u>	

ACES ELECTRONICS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the six months ended June, 2026 and 2025

(Expressed in thousands of New Taiwan dollars)

	Equity Attributable to Shareholders of the parent														
								Other equity interests							
	<u>Share Capital</u>			<u>Retained earnings</u>				Difference on translation of financial statements of foreign operations	Gains (losses) on investments in equity instruments at fair value through other comprehensive income	Unearned employees' remuneration	Equity Attributable to Shareholders of the parent	Treasury shares	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
	Common stock	Capital collected in advance	Share capital awaiting retirement	Capital surplus	Legal reserve	Special reserve	Undistribut d surplus earnings								
Balance at January 1, 2025	\$ 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
Appropriation of earnings :															
Appropriation of legal reserve	-	-	-	-	34,726	-	(34,726)	-	-	-	-	-	-	-	-
Appropriation of special reserve	-	-	-	-	-	(100,077)	100,077	-	-	-	-	-	-	-	-
Cash dividend distributed to shareholders	-	-	-	-	-	-	(111,534)	-	-	-	-	-	(111,534)	-	(111,534)
Profit	-	-	-	-	-	-	303,213	-	-	-	-	-	303,213	11	303,224
Other comprehensive income	-	-	-	-	-	-	-	(552,063)	-	-	-	-	(552,063)	(55)	(552,118)
Total comprehensive income	-	-	-	-	-	-	303,213	(552,063)	-	-	-	-	(248,850)	(44)	(248,894)
Conversion of convertible bonds	114,570	(68,570)	-	178,300	-	-	-	-	-	-	-	-	224,300	-	224,300
Repurchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	(213,286)	(213,286)	-	(213,286)
Lapse of restricted stock awards	(530)	-	210	(1,210)	-	-	-	-	-	-	1,210	-	(320)	-	(320)
Changes in ownership interests in subsidiaries	-	-	-	852	-	-	-	-	-	-	-	-	852	-	852
Share-based payment transactions	-	-	-	-	-	-	-	-	-	-	20,429	-	20,429	-	20,429
Balance at June 30, 2025	\$ 1,532,797	-	-	1,764,357	760,756	16,810	2,786,263	(525,740)	-	33,219	(22,425)	(213,286)	6,132,751	766	6,133,517
Balance at January 1, 2026	\$ 1,623,531	14,317	-	2,200,744	760,756	16,810	3,140,721	35,894	-	243,632	(103,012)	-	7,933,393	833	7,934,226
Appropriation of earnings :															
Appropriation of legal reserve	-	-	-	-	65,767	-	(65,767)	-	-	-	-	-	-	-	-
Appropriation of special reserve	-	-	-	-	-	7,792	(7,792)	-	-	-	-	-	-	-	-
Cash dividend distributed to shareholders	-	-	-	-	-	-	(276,000)	-	-	-	-	-	(276,000)	-	(276,000)
Other comprehensive income	-	-	-	-	-	-	308,425	-	-	-	-	-	308,425	15	308,440
Total comprehensive income	-	-	-	-	-	-	-	237,436	8,877	-	-	-	246,313	11	246,324
Total comprehensive income for the period	-	-	-	-	-	-	308,425	237,436	8,877	-	-	-	554,738	26	554,764
Share of changes in associates and joint ventures accounted for using the equity method	-	-	-	(416)	-	-	-	-	-	-	-	-	(416)	-	(416)
Cash capital increase	110,000	-	-	525,500	-	-	-	-	-	-	-	-	635,500	-	635,500
Conversion of convertible bonds	14,633	(8,588)	-	25,350	-	-	-	-	-	-	-	-	31,395	-	31,395
Capital surplus – stock options from issuance of convertible bonds	-	-	-	(1,667)	-	-	-	-	-	-	-	-	(1,667)	-	(1,667)
Lapse of restricted stock awards	(1,190)	-	-	(5,299)	-	-	-	-	-	-	5,299	-	(1,190)	-	(1,190)
Compensation cost of share-based payments	-	-	-	11,055	-	-	-	-	-	-	44,138	-	55,193	-	55,193
Balance at June 30, 2026	\$ 1,746,974	5,729	-	2,755,267	826,523	24,602	3,099,587	273,330	8,877	243,632	(53,575)	-	8,930,946	859	8,931,805

ACES ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the six months ended June 30, 2026 and 2025
(Expressed in thousands of New Taiwan dollars)

	Six Months Ended June 30	
	2026	2025
Cash flows from operating activities:		
Profit before income tax	\$ 401,680	384,023
Adjustments :		
Adjustments to reconcile profit		
Depreciation expense	350,774	323,280
Amortization expense	26,992	25,302
Expected credit loss (reversal gain)	(1,149)	5,944
Net gain on financial assets at fair value through (profit) or loss	(31,483)	8,889
Interest expense	35,414	39,466
Interest income	(17,377)	(14,835)
Compensation costs of share-based payments	55,193	20,429
Share of (gain) loss of equity-account investees	(6,946)	35,126
Loss on disposals of property, plant and equipment	3,626	4,761
Gain on disposals of equity-account investees	-	(194,514)
Fair value adjustment of investment properties	(4,899)	(7,802)
Other adjustments	8,434	36,080
Total adjustments to reconcile profit	418,579	282,126
Changes in operating assets and liabilities :		
Net changes in operating assets :		
Notes receivable	(28,997)	13,922
Notes receivable from related parties	(4,249)	(1,887)
Accounts receivable	(636,652)	309,647
Accounts receivable from related parties	11,248	8,701
Other receivables	84,233	(87,491)
Other receivables from related parties	-	29
Inventories	(277,415)	(19,949)
Prepaid expenses	(10,390)	(37,837)
Other current assets	4,896	47,411
Total net changes in operating assets	(857,326)	232,546
Net changes in operating liabilities :		
Notes payable	(293)	4,966
Accounts payable	497,116	(162,280)
Accounts payable to related parties	(67)	(366)
Other payables	71,980	8,819
Other payables to related parties	(458)	(183)
Other current liabilities	66,947	(30,800)
Net defined benefit liabilities	2,181	(2,615)
Other non-current liabilities	-	(4,646)
Total net changes in operating liabilities	637,406	(187,105)
Total adjustments	198,659	327,567
Cash generated from operations	600,339	711,590
Interest received	17,377	14,835
Interest paid	(34,217)	(31,664)
Income tax paid	(27,876)	(72,272)
Net cash provided by operating activities	555,623	622,489
Cash flows from investing activities :		
Acquisitions of financial assets at fair value through other comprehensive income	(9,322)	(6,932)
Acquisitions of financial assets at fair value through profit or loss	-	(67,265)
Disposals of financial assets at fair value through profit or loss	89,532	18,560
Disposals of equity-account investees	-	211,249
Disposals of subsidiaries	-	42
Acquisitions of property, plant, and equipment	(306,892)	(371,197)
Disposals of property, plant, and equipment	16,114	39,865
Acquisitions of intangible assets	(12,010)	(19,092)
Decrease (increase) in other non-current assets	(23,148)	5,336
Increase in prepaid equipment payments	(203,775)	(279,164)
Net cash used in investing activities	(449,501)	(468,598)
Cash flows from financing activities :		
Increase in short-term borrowings	2,661,400	1,878,000
Decrease in short-term borrowings	(2,790,000)	(1,588,000)
Proceeds from long-term borrowings	1,250,541	2,101,085
Repayment of long-term borrowings	(1,799,120)	(2,179,120)
Repayment of principal of lease liabilities	(33,424)	(29,887)
Decrease in other non-current liabilities	(152)	-
Cash capital increase	635,500	-
Cost of repurchase of treasury shares	-	(213,286)
Repurchase of restricted stock awards	(1,190)	(320)
Net cash used in financing activities	(76,445)	(31,528)
Effect of exchange rate change on cash and cash equivalents	151,005	(233,632)
Increase (decrease) in cash and cash equivalents	180,682	(111,269)
Cash and cash equivalents at January 1	2,483,422	2,000,889
Cash and cash equivalents at June 30	\$ 2,664,104	1,889,620

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

ACES Electronics Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements For the Six Months Ended June 30, 2026 and 2025 (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 No. 530-6, Section 2, Guoling 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 August 7, 2026.

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, 2026. The adoption does not have a material impact on the Company’s parent company only financial statements.

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- 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”

(2) Standards Not Yet Endorsed by the FSC

The consolidated company has assessed the impact of the following new and amended IFRS Accounting Standards, which will be effective from January 1, 2027, and expects that their adoption will not have a material impact on the consolidated financial statements:

- IFRS 19, “Subsidiaries without Public Accountability: Disclosures,” and amendments to IFRS 19
- Amendments to IAS 21, “Translation to a Hyperinflationary Presentation Currency”

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

The consolidated company expects to adopt the following newly issued and amended IFRS Accounting Standards beginning January 1, 2028:

1. IFRS 18, “Presentation and Disclosure in Financial Statements”

- The new standard introduces three categories of income and expenses, two subtotals in the statement of profit or loss, and a single note on management-defined performance measures. The following three amendments and enhancements to the guidance on how information is disaggregated in the financial statements provide a foundation for users to receive better and more consistent information and will affect all companies.
- More structured statement of profit or loss: Under the current standards, companies use different formats to present their operating results, making it difficult for investors to compare financial performance across companies. The new standard introduces a more structured statement of profit or loss, including a newly defined “operating profit” subtotal, and requires all income and expenses to be classified into three new categories based on a company’s main business activities.
- Management-defined performance measures (MPMs): The new standard introduces the definition of management-defined performance measures and requires companies to provide, in a single note to the financial statements, an explanation of why each measure provides useful information, how it is calculated, and how it is reconciled to amounts recognized in accordance with IFRS Accounting Standards.
- More disaggregated information: The new standard includes guidance on how companies should improve the grouping and disaggregation of information in the financial statements. This includes guidance on whether information should be presented in the primary financial statements or further disaggregated in the notes.
- IAS 7, “Statement of Cash Flows,” has been amended in conjunction with the new standard. The amendments require companies using the indirect method to prepare cash flows from operating activities to use the newly defined “operating profit” subtotal as the starting point. Due to the new starting point, certain reconciling adjustment items will change. In addition, the consequential amendments provide specific guidance on the classification of cash receipts and payments relating to interest and dividends.

The consolidated company is currently assessing the impact of the initial adoption of the standard on the consolidated financial statements.

2. Amendments to IAS 28, “Fair Value Option for Investments in Associates and Joint Ventures”

The consolidated company has assessed that the adoption of these amendments will not have a material impact on the consolidated financial statements.

(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.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 20, “Regulatory Assets and Regulatory Liabilities”

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

4. Summary of Significant Accounting Policies

(1) Statement of compliance

The consolidated financial statements are prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the "Regulations") and IAS 34 "Interim Financial Reporting" approved by the Financial Supervisory Commission of the Republic of China (hereinafter referred to as the "FSC"). The consolidated financial statements do not include all of the information required for a complete set of annual consolidated financial statements prepared in accordance with the International Financial Reporting Standards, International Accounting Standards, and Interpretations approved by the FSC (hereinafter referred to as the "IFRSs approved by FSC").

Except as described below, the significant accounting policies adopted in the preparation of these consolidated financial statements are consistent with those adopted in the consolidated financial statements for the year ended December 31, 2025. Please refer to Note 4 to the 2025 annual consolidated financial statements for related information.

(2) Basis of consolidation

a. Subsidiaries included in the consolidated financial statements

Subsidiaries included in the consolidated financial statements:

Name of investee	Subsidiary	Business Nature	Shareholding Percentage			Note
			June 30, 2026	December 31, 2025	June 30, 2025	
The Company	ACECONN ELECTRONIC CO., LTD.	Investment holding	100%	100%	100%	
"	ACES PRECISION INDUSTRY PTE LTD.	Connectors sales business	100%	100%	100%	(Note 2 and 3)
	ACES ELECTRICS (HONG KONG) CO. LIMITED	Sales of electronic components business	100%	100%	100%	(Note 2 and 3)
"	ACESCONN HOLDINGS CO., LTD.	Investment holding	100%	100%	100%	(Note 2 and 3)
"	WEI HONG INTERNATIONAL INVESTMENT CO., LTD.	Investment business	100%	100%	100%	(Note 2 and 3)
"	MEC IMEX INC.	Connector cable set sales business	99.86%	99.86%	99.86%	
"	ACES JAPAN CO., LTD.	Connector development business	100%	100%	100%	(Note 2 and 3)
"	ACES INTERCONNECT (USA), INC.	Connectors sales business	100%	100%	100%	(Note 2 and 3)
"	COMPUPACK TECHNOLOGY CO., LTD.	Electronic component sales business	100%	100%	100%	
"	ACES Precision Machinery Co., Ltd.	Mold part manufacturing and sales business	100%	100%	100%	(Note 2 and 3)

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

Name of investee	Subsidiary	Business Nature	Shareholding Percentage			Note
			June 30, 2026	December 31, 2025	June 30, 2025	
"	KUANG YING COMPUTER EQUIPMENT CO., LTD.	Electronic component manufacturing and sales business	100%	100%	100%	
"	GENESIS HOLDING COMPANY	Investment holding	100%	100%	100%	
"	GENESIS TECHNOLOGY USA, INC.	Electronic component sales business	100%	100%	100%	
ACES Precision Machinery Co., Ltd.	ACES Surface Treatment Co., Ltd.	Surface treatment of metals	100%	100%	100%	(Note 2 and 3)
ACECONN ELECTRONIC CO., LTD.	KUNSHAN ACES TRADING CO., LTD.	Connectors sales business	100%	100%	100%	(Note 2 and 3)
"	DONGGUAN ACES ELECTRONIC CO., LTD.	Connector manufacturing and sales business	100%	100%	100%	
"	KUNSHAN ACES ELECTRONIC CO., LTD.	Connector manufacturing and sales business	100%	100%	100%	
"	KUNSHAN CHENGGANG ELECTRONIC TECHNOLOGY CO., LTD.	Connector manufacturing and sales business	100%	100%	100%	
	ACES ZHUHAI TECHNOLOGY LTD	Connector manufacturing and sales business	100%	100%	100%	(Note 3)
	HONGTAI ZHUHAI TRADING LTD	Electronic component sales business	100%	100%	100%	(Note 2 and 3)
ACES PRECISION INDUSTRY PTE LTD.	CHONGQING HONG GAO ELECTRONIC CO., LTD.	Connectors sales business	100%	100%	100%	(Note 2 and 3)
ACESCONN HOLDINGS CO., LTD.	ASIA CENTURY INVESTMENT LTD.	Investment holding	100%	100%	100%	(Note 2 and 3)
ASIA CENTURY INVESTMENT LTD.	GALIS ACCURATE SMITHCRAFT PRODUCTS CO., LTD. OF SUZHOU	Surface treatment and sales business	100%	100%	100%	(Note 2 and 3)
MEC IMEX INC.	MEC INTERNATIONAL COMPANY LTD.	Investment holding	100%	100 %	100%	
"	MEC ELECTRIC SOLUTIONS GMBH	Connector cable set sales business	- %	- %	100%	(Note 1 and 3)

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

Name of investee	Subsidiary	Business Nature	Shareholding Percentage			Note
			June 30, 2026	December 31, 2025	June 30, 2025	
"	MEC BEST KNOWN COMPANY LIMITED	Investment holding	100%	100%	100%	(Note 2 and 3)
"	MEC ELECTRONICS (HK) COMPANY LIMITED	Connector cable set sales business	100%	100%	100%	(Note 2 and 3)
"	MEC ELECTRONICS PHILIPPINES CORPORATION	Connector cable set manufacturing and sales business	100%	100%	100%	
"	MEC SUZHOU ELECTRONICS CO., LTD.	Connector cable set manufacturing and sales business	100%	100%	100%	
MEC BEST KNOWN COMPANY LIMITED	SUZHOU HANTENG ELECTRONICS TECHNOLOGY CO., LTD.	Connector cable set manufacturing and sales business	100%	100%	100%	(Note 2 and 3)
MEC ELECTRONICS (HK) COMPANY LTD.	HOMEPRIDE TECHNOLOGY LIMITED	Investment holding	100 %	100 %	100%	(Note 2 and 3)
HOMEPRIDE TECHNOLOGY LIMITED	HOMEPRIDE ELECTRONICS (DONGGUAN) COMPANY LIMITED.	Connector cable set manufacturing and sales business	100 %	100%	100%	(Note 2 and 3)
MEC ELECTRONICS PHILIPPINES CORPORATION	MEC IMEX (USA), INC.	Connector cable set sales business	100%	100%	100%	(Note 2 and 3)
COMPUPACK TECHNOLOGY CO., LTD.	MICON PRECISE CORP.	Electronic component sales business	100%	100%	100%	
"	DONGGUAN COMPUPACK TECHNOLOGY CO., LTD.	Electronic component sales business	100%	100%	100%	(Note 2 and 3)
KUANG YING COMPUTER EQUIPMENT CO., LTD.	INFOMIGHT INVESTMENTS LIMITED	Investment holding	100%	100%	100%	(Note 2 and 3)
INFOMIGHT INVESTMENTS LIMITED	BELTA INTERNATIONAL LIMITED	Investment holding	100%	100%	100%	(Note 2 and 3)
"	CERTILINK INTERNATIONAL LIMITED	Electronic component sales	100%	100%	100%	(Note 2 and 3)
"	ACCURATE GROUP LIMITED	Investment holding	100%	100%	100%	(Note 2 and 3)

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

Name of investee	Subsidiary	Business Nature	Shareholding Percentage			Note
			June 30, 2026	December 31, 2025	June 30, 2025	
BELTA INTERNATIONAL LIMITED	DONGGUAN KUANGYING HARDWARE PLASTIC PRODUCT CO., LTD.	Electronic component manufacturing and sales	100%	100%	100%	
ACCURATE GROUP LIMITED	SUZHOU KUANG YING ELECTRIC CO., LTD.	Electronic component manufacturing and sales	100%	100%	100%	(Note 2 and 3)
GENESIS HOLDING COMPANY	GENESIS ELECTRO-MECHANICAL LIMITED	Investment holding	100%	100%	100%	(Note 2 and 3)
"	GENESIS INNOVATION GROUP LIMITED	Investment holding	100%	100%	100%	
GENESIS ELECTRO-MECHANICAL LIMITED	GENESIS TECHNOLOGY(NINGBO) INC.	Electronic component manufacturing and sales business	100%	100%	100%	(Note 2 and 3)
GENESIS INNOVATION GROUP LIMITED	DONGGUAN POLIXIN ELECTRIC CO., LTD.	Electronic component manufacturing and sales business	100%	100%	100%	(Note 2)

Note 1: In August 2025, the Company's subsidiary, MEC ELECTRIC SOLUTIONS GMBH, completed the dissolution and liquidation procedures, and remitted the residual payments to MEC IMEX INC.

Note 2: Represents insignificant subsidiaries as of June 30, 2026, whose financial statements were not reviewed by auditors.

Note 3: Represents insignificant subsidiaries as of June 30, 2025 whose financial statements were not reviewed by auditors.

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

(3) Income taxes

The Company's income tax expense for interim periods is measured and disclosed in accordance with paragraph B12 of IAS 34, Interim Financial Reporting. Income tax expense is measured by multiplying profit before tax for the interim reporting period by management's best estimate of the annual effective tax rate expected for the full financial year, and is fully recognized as current income tax expense for the period.

Income tax expense recognized directly in equity or other comprehensive income is measured based on the temporary differences between the carrying amounts of the related assets and liabilities at the financial reporting date and their tax bases, using the tax rates expected to apply when the assets are realized or the liabilities are settled.

(4) Employee benefits

The pension cost of defined benefit plans for an interim period is calculated using the actuarially determined pension cost rate as of the end of the preceding financial year on a year-to-date basis, and adjusted for significant market fluctuations, significant curtailments, settlements, or other significant one-time events occurring after that reporting date.

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

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

In preparing the consolidated financial reports in accordance with the Regulations and IAS 34 (“Interim Financial Reporting”) as endorsed by the Financial Supervisory Commission, management is required to make judgments and estimates about the 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. In preparing the consolidated financial reports, the significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty are consistent with those disclosed in Note 5 to the consolidated financial statements for the year ended December 31, 2025. There is no information involving critical judgments in applying the accounting policies that has a significant effect on the amounts recognized in these consolidated financial reports.

6. Description of Significant Accounts

Except as described below, there were no significant differences between the descriptions of significant accounting items in these consolidated financial reports and those in the consolidated financial statements for the year ended December 31, 2025. Please refer to Note 6 to the consolidated financial statements for the year ended December 31, 2025 for the related information.

(1) Cash and Cash Equivalents

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Cash on hand	\$ 1,437	1,319	1,366
Cash in banks	2,662,667	2,482,103	1,888,254
	<u>\$ 2,664,104</u>	<u>2,483,422</u>	<u>1,889,620</u>

Please refer to Note 6(22) for interest rate risk and sensitivity analysis of the financial assets and liabilities.

(2) Financial assets and liabilities

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

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Financial assets mandatorily measured at FVTPL:			
Funds	\$ 174,577	\$ 235,764	207,084
Forward exchange contracts	74	1,476	164
Convertible bonds of embedded derivatives	135	274	1,910
Total	<u>\$ 174,786</u>	<u>\$ 237,514</u>	<u>209,158</u>

b. Financial Liabilities at Fair Value through Profit or Loss (“FVTPL”) – current

	<u>June 30, 2026</u>	<u>December 31, 2026</u>	<u>June 30, 2025</u>
Forward exchange contracts	<u>\$ 195</u>	<u>42</u>	<u>2,950</u>

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

The Group enters into derivative financial instrument transactions to hedge foreign exchange risks arising from operating activities. As hedge accounting is not applied, the details of financial assets and liabilities mandatorily measured at fair value through profit or loss are as follows:

Forward exchange contracts

2026.06.30			
	Contract Amount (thousands)	Currency	Maturity Period
Sell forward exchange contracts	USD 3,300/ RMB 22,347	USD/RMB	2026.07.09~2026.08.28
Sell forward exchange contracts	USD 3,850/ TWD 122,332	USD/TWD	2026.07.15~2026.09.03
2025.12.31			
	Contract Amount (thousands)	Currency	Maturity Period
Sell forward exchange contracts	USD 4,000 / RMB 28,274	USD/RMB	2025.11.05~2026.02.25
Sell forward exchange contracts	USD 2,050 / TWD 63,334	USD/TWD	2025.12.31~2026.01.26
2025.06.30			
	Contract Amount (thousands)	Currency	Maturity Period
Sell forward exchange contracts	USD 7,100/ RMB 50,786	USD/RMB	2025.07.17~2025.08.29
Sell forward exchange contracts	USD 8,000/ TWD 235,283	USD/TWD	2025.07.21~2025.09.19

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

	June 30, 2026	December 31, 2025	June 30, 2025
Equity investment instruments designated to be measured at FVOCI			
Stocks of foreign non-listed companies	\$ 42,606	33,284	31,029

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(22) for fair value information.

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

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

(3) Notes, trade and other receivables

a. Details as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Notes receivable	\$ 66,916	37,919	59,274
Notes receivable – related parties	8,586	4,337	6,708
Accounts receivable	3,592,824	2,956,172	2,683,975
Account receivable – related parties	24,007	35,255	20,234
Other receivables	251,280	335,513	359,064
Less: Loss allowance	(37,762)	(38,659)	(26,364)
	<u>\$ 3,905,851</u>	<u>3,330,537</u>	<u>3,102,891</u>

- 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 as of June 30, 2026, December 31, 2025 and June 30, 2025 was analyzed as follows:

	June 30, 2026		
	Carrying amount of notes, accounts and other receivables	Weighted- average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 3,725,021	0%	-
Past due less than 60 days	174,357	0%	-
Past due 61~120 days	12,761	50%	6,381
Past due 121~180 days	307	70%	214
Past due over 181 days	31,167	100%	31,167
	<u>\$ 3,943,613</u>		<u>37,762</u>

	December 31, 2025		
	Carrying amount of notes, accounts and other receivables	Weighted- average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 3,145,487	0%	-
Past due less than 60 days	179,724	0%	-
Past due 61~120 days	9,761	50%	5,540
Past due 121~180 days	1,485	70%	1,040
Past due over 181 days	32,739	100%	32,079
	<u>\$ 3,369,196</u>		<u>38,659</u>

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

	June 30, 2025		
	Carrying amount of notes, accounts and other receivables	Weighted- average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 2,996,485	0%	-
Past due less than 60 days	94,799	0%	-
Past due 61~120 days	10,156	50%	5,078
Past due 121~180 days	21,763	70%	15,234
Past due over 181 days	6,052	100%	6,052
	<u>\$ 3,129,255</u>		<u>26,364</u>

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

	Six Months Ended June 30	
	2026	2025
Balance at beginning of the year	\$ 38,659	20,517
Bad debt expenses (reversal) for the period	(1,149)	5,944
Effects from foreign currency exchange changes	252	(97)
Balance at end of the year	<u>\$ 37,762</u>	<u>26,364</u>

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

June 30, 2026						
Underwriting bank	Factoring amount	Acceptable advances	Amount collected in advance	Transfer to other receivable amount	Interest rate	Amount pledged (in thousands)
Financial institutes	\$ 93,179	647,097	83,861	9,318	4.386%~4.704%	-
Financial institutes	39,857	128,993	-	39,857	4.77%	Promissory Note USD 4,500
Financial institutes	58,334	114,660	-	58,334	0%	Promissory Note USD 4,000
	<u>\$ 191,370</u>	<u>890,750</u>	<u>83,861</u>	<u>107,509</u>		
December 31, 2025						
Underwriting bank	Factoring amount	Acceptable advances	Amount collected in advance	Transfer to other receivable amount	Interest rate	Amount pledged (in thousands)
Financial institutes	\$ 161,917	533,163	145,725	16,192	4.4587%~5.5074%	-
Financial institutes	68,749	124,149	3,143	65,606	4.77%~5.98%	Promissory Note USD 4,500
Financial institutes	89,686	113,148	-	89,686	5.4738%~5.73849%	Promissory Note USD 4,000

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

\$ 320,352 770,460 148,868 171,484

June 30, 2025						
Underwriting bank	Factoring amount	Acceptabl e advances	Amount collected in advance	Transfer to other receivable amount	Interest rate	Amount pledged (in thousands)
Financial institutes	\$ 102,235	564,039	68,841	33,394	5.0317%~5.5074%	-
Financial institutes	77,662	104,015	14,650	63,012	5.25~5.98%	Promissory Note USD 4,500
Financial institutes	77,654	105,480	-	77,654	5.4738%~5.73849%	Promissory Note USD 4,000
	<u>\$ 257,551</u>	<u>773,534</u>	<u>83,491</u>	<u>174,060</u>		

(4) Inventories

a. Details as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Raw materials	\$ 439,313	\$ 312,386	322,388
Work-in-progress	170,931	71,573	248,377
Semi-finished goods	317,667	226,539	166,780
Finished goods	515,066	508,699	402,685
Merchandise	270,238	316,603	276,862
	<u>\$ 1,713,215</u>	<u>\$ 1,435,800</u>	<u>1,417,092</u>

b. Details of cost of goods sold as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Cost of goods sold \$	2,414,731	1,995,146	4,469,794	3,879,408
Loss on obsolescence write-off	28,035	23,820	55,704	47,658
Reversal gain on inventory write-down	14,338	530	10,534	(3,902)
Unamortized manufacturing expenses	33,603	27,799	75,652	62,214
Others	650	3,477	7,338	6,221
	<u>\$ 2,491,357</u>	<u>2,050,772</u>	<u>4,619,022</u>	<u>3,991,599</u>

c. As of June 30, 2026, December 31, 2025 and June 30, 2025, none of the Company's inventories was pledged as collateral.

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

(5) Investments accounted for using equity method

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

	June 30, 2026	December 31, 2025	June 30, 2025
Affiliated company	\$ 349,014	328,254	333,403

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		
			June 30, 2026	December 31, 2026	June 30, 2025
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	15.31%	15.31%	17.31%
Kung Shan Ching Zhi Electric Co., Ltd.	Main business is sales and development of electronic connectors	China	30.00%	30.00%	30.00%

During 2025, the Group disposed of equity interests in Nantong Dadi, reducing its shareholding ratio. The total proceeds for the three months ended June 30, 2025 amounted to RMB 51,637 thousand (NTD 211,249 thousand). The Group recognized a total gain on disposal of investments of RMB 42,733 thousand (NTD 194,195 thousand), which is presented under "Other gains and losses."

c. The share of profit (loss) of associates recognized by the consolidated company was as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Share of profit (loss) of associates	\$ 3,871	(5,738)	6,946	(35,126)

d. The investments accounted for using equity method were not pledged as collaterals as of June 30, 2026, December 31, 2025 and June 30, 2025..

e. Unreviewed investments accounted for using the equity method

The investments accounted for using the equity method and the consolidated company's share of profit or loss and other comprehensive income therefrom were calculated based on the investees' unreviewed financial statements for the same periods.

(6) Subsidiaries (including acquisitions, loss of control, and changes in ownership interests in subsidiaries)

Except as described below, there were no significant changes in the consolidated company during the second quarter of 2026 and the second quarter of 2025. Please refer to Note 6(6) to the 2025 annual consolidated financial statements for related information.

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

a. Loss of control over subsidiaries

(a) In January 2025, the Group disposed of 100% equity interest in its subsidiary, JASON TECHNOLOGY LIMITED, to a third party, and lost control over it. The disposal proceeds amounted to NTD 42 thousand, and a gain on disposal of investments of NTD 42 thousand was recognized, which is presented under "other gains and losses."

(b) The Group's subsidiary, MEC ELECTRIC SOLUTIONS GMBH, resolved to dissolve and liquidate during 2025. The liquidation procedures were completed. The Group has recovered residual assets distribution of NTD 3,027 thousand, and recognized a gain on disposal of investments of NTD 276 thousand, which is presented under "other gains and losses."

(7) Property, plant and equipment

a. Changes in the cost, depreciation and impairment loss of the Company's real estate property, plant and equipment 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, 2026	\$ 855,112	2,063,096	2,087,523	1,995,265	1,690,853	1,575,191	10,267,040
Additions	20,426	31,021	39,545	38,510	24,633	152,757	306,892
Reclassification	-	1,114,716	10,640	30,209	49,022	(1,114,403)	90,184
Disposals	-	(104)	(20,205)	(23,995)	(37,736)	-	(82,040)
Foreign Exchange Rates	22	61,744	48,618	53,637	59,002	19,754	242,777
Balance at June 30, 2026	\$ 875,560	3,270,473	2,166,121	2,093,626	1,785,774	633,299	10,824,853
Balance at January 1, 2025	\$ 864,035	2,028,288	1,865,665	1,698,711	1,459,787	1,142,038	9,058,524
Additions	28,200	54,390	59,201	34,097	31,880	163,429	371,197
Reclassification	-	16,812	49,272	62,462	47,769	(3,604)	172,711
Disposals	-	(5)	(92,528)	(25,575)	(57,907)	-	(176,015)
Foreign Exchange Rates	(177)	(135,681)	(204,796)	(103,453)	(116,446)	(11,732)	(572,285)
Balance at June 30, 2025	\$ 892,058	1,963,804	1,676,814	1,666,242	1,365,083	1,290,131	8,854,132
Accumulated depreciation and impairment:							
Balance at January 1, 2026	\$ -	867,028	1,436,023	1,829,228	1,263,989	-	5,396,268
Depreciation of the year	-	65,759	89,959	72,140	81,020	-	308,878
Reclassification	-	-	8,784	-	-	-	8,784
Disposals	-	(486)	(15,622)	(21,381)	(24,811)	-	(62,300)
Foreign Exchange Rates	-	27,740	41,101	49,683	46,969	-	165,493
Balance at June 30, 2026	\$ -	960,041	1,560,245	1,929,670	1,367,167	-	5,817,123
Balance at January 1, 2025	\$ -	777,915	1,276,561	1,561,843	1,027,360	-	4,643,679
Depreciation of the year	-	55,055	82,952	68,597	77,731	-	284,335
Reclassification	-	-	1,153	-	1,357	-	2,510
Disposals	-	(4)	(63,907)	(23,652)	(43,840)	-	(131,403)
Foreign Exchange Rates	-	(60,893)	(119,377)	(96,633)	(85,825)	-	(362,728)
Balance at June 30, 2025	\$ -	772,073	1,177,382	1,510,155	976,783	-	4,436,393
Carrying value:							
January 1., 2026	\$ 855,112	1,196,068	651,500	166,037	426,864	1,575,191	4,870,772
June 30, 2026	\$ 875,560	2,310,432	605,876	163,956	418,607	633,299	5,007,730
January 1, 2025	\$ 864,035	1,250,373	589,104	136,868	432,427	1,142,038	4,414,845
June 30, 2025	\$ 892,058	1,191,731	499,432	156,087	388,300	1,290,131	4,417,739

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

b. As of June 30, 2026, December 31, 2025 and June 30, 2025, 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.

(8) Right-of-use asset

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

	Land	Buildings and structures	Other equipment	Total
Cost:				
Balance at January 1, 2026	\$ 586,577	153,607	24,270	764,454
Additions	-	4,224	1,424	5,648
Reductions	-	(1,664)	(588)	(2,252)
Foreign Exchange Rates	20,176	6,863	482	27,521
Balance at June 30, 2026	<u>\$ 606,753</u>	<u>163,030</u>	<u>25,588</u>	<u>795,371</u>
Balance at January 1, 2025	\$ 586,930	189,821	23,599	800,350
Additions	-	10,625	3,950	14,575
Reductions	-	(78,983)	(4,654)	(83,637)
Foreign Exchange Rates	(44,567)	(11,246)	(1,223)	(57,036)
Balance at June 30, 2025	<u>\$ 542,363</u>	<u>110,217</u>	<u>21,672</u>	<u>674,252</u>
Accumulated depreciation:				
Balance at January 1, 2026	\$ 128,630	76,381	16,678	221,689
Provision for depreciation	13,261	26,441	2,194	41,896
Reductions	-	(1,664)	(588)	(2,252)
Foreign Exchange Rates	4,324	3,849	565	8,738
Balance at June, 2026	<u>\$ 146,215</u>	<u>105,007</u>	<u>18,849</u>	<u>270,071</u>
Balance at January 1, 2025	\$ 101,954	111,003	17,707	230,664
Provision for depreciation	14,050	23,032	1,863	38,945
Reductions	-	(78,983)	(4,654)	(83,637)
Foreign Exchange Rates	(8,473)	(5,467)	(1,144)	(15,084)
Balance at June 30, 2025	<u>\$ 107,531</u>	<u>49,585</u>	<u>13,772</u>	<u>170,888</u>

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

(9) Intangible assets

The costs and amortization of the Company's intangible assets for 2026 and 2025 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, 2026	\$ 31,933	240,475	72,287	116,924	461,619
Additions	-	7,405	-	4,605	12,010
Foreign Exchange Rates	427	2,788	966	333	4,514
Balance at June 30, 2026	<u>\$ 32,360</u>	<u>250,668</u>	<u>73,253</u>	<u>121,862</u>	<u>478,143</u>
Balance at January 1, 2025	\$ 33,310	212,012	75,403	110,757	431,482
Additions	-	9,448	-	9,644	19,092
Reclassifications	-	8,400	-	-	8,400
Disposal	-	(211)	-	(3,936)	(4,147)
Foreign Exchange Rates	(3,541)	(5,728)	(8,016)	(2,677)	(19,962)
Balance at June 30, 2025	<u>\$ 29,769</u>	<u>223,921</u>	<u>67,387</u>	<u>113,788</u>	<u>434,865</u>
Accumulated amortization and impairment:					
Balance at January 1, 2026	\$ -	169,909	49,053	102,631	321,593
Current amortization	-	15,640	5,194	6,158	26,992
Foreign Exchange Rates	-	2,721	693	269	3,683
Balance at June 30, 2026	<u>\$ -</u>	<u>188,270</u>	<u>54,940</u>	<u>109,058</u>	<u>352,268</u>
Balance at January 1, 2025	\$ -	141,843	40,396	94,928	277,167
Current amortization	-	12,753	5,238	7,311	25,302
Disposal	-	(197)	-	(3,936)	(4,133)
Foreign Exchange Rates	-	(5,054)	(4,718)	(1,821)	(11,593)
Balance at June 30, 2025	<u>\$ -</u>	<u>149,345</u>	<u>40,916</u>	<u>96,482</u>	<u>286,743</u>
Carrying value:					
January 1, 2026	<u>\$ 31,933</u>	<u>70,566</u>	<u>23,234</u>	<u>14,293</u>	<u>140,026</u>
June 30, 2026	<u>\$ 32,360</u>	<u>62,398</u>	<u>18,313</u>	<u>12,804</u>	<u>125,875</u>
January 1, 2025	<u>\$ 33,310</u>	<u>70,169</u>	<u>35,007</u>	<u>15,829</u>	<u>154,315</u>
June 30, 2025	<u>\$ 29,769</u>	<u>74,576</u>	<u>26,471</u>	<u>17,306</u>	<u>148,122</u>

As of June 30, 2026, December 31, 2025 and June 30, 2025, none of the Company's intangible assets was pledged as collateral.

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

(10) Short-term borrowings

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

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Unsecured bank loans	\$ 665,400	744,000	410,000
Secured bank loans	-	50,000	75,000
	<u>\$ 665,400</u>	<u>794,000</u>	<u>485,000</u>
Unused credit lines	<u>\$ 5,874,862</u>	<u>3,534,726</u>	<u>4,069,229</u>
Interest rate	<u>0.95%~1.93%</u>	<u>1.90%~2.61%</u>	<u>1.90%~2.61%</u>

a. Issuance and repayment of borrowings

During the second quarter of 2026 and the second quarter of 2025, new borrowings amounted to NTD 2,661,400 thousand and NTD 1,878,000 thousand, with maturity dates in April 2026 and September 2025, respectively; repayments amounted to NTD 2,790,000 thousand and NTD 1,588,000 thousand, respectively.

b. Collateral for bank borrowings

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

(11) Long-term borrowings

The Company's long-term borrowing details as follows:

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Unsecured bank loans	\$ 37,469	112,267	186,880
Secured bank loans	1,608,275	2,069,250	2,007,346
Subtotal	1,645,744	2,181,517	2,194,226
Less: current portion	(42,320)	(119,377)	(158,240)
Total	<u>\$ 1,603,424</u>	<u>2,062,140</u>	<u>2,035,986</u>
Unused credit lines	<u>\$ 2,951,049</u>	<u>2,362,587</u>	<u>2,405,745</u>
Interest rate	<u>1.775%~2.75%</u>	<u>1.475%~2.75%</u>	<u>1.775%~2.75%</u>

a. Issuance and repayment of borrowings

During the first half of 2026 and the first half of 2025, new borrowings amounted to NTD 1,250,541 thousand and NTD 2,101,085 thousand, respectively, both with maturity dates in January 2039; repayments amounted to NTD 1,799,120 thousand and NTD 2,179,120 thousand, respectively.

b. Collateral for bank borrowings

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

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

(12) Bonds payable

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

	June 30, 2026	December 31, 2026	June 30, 2025
Unsecured convertible corporate bonds issued	\$ 1,000,000	1,000,000	1,000,000
Unamortized discount on corporate bonds payable	(2,154)	(4,022)	(29,650)
Cumulative converted amount	(894,700)	(864,300)	(234,600)
Corporate bonds issued balance at year-end	<u>\$ 103,146</u>	<u>131,678</u>	<u>735,750</u>
Embedded derivatives - call option (presented under financial assets at fair value through profit or loss)	<u>\$ 135</u>	<u>274</u>	<u>1,910</u>
Equity component - conversion option (presented under capital surplus - share options)	<u>\$ 5,778</u>	<u>7,446</u>	<u>41,994</u>

During 2026 and 2025, holders of the consolidated company's third domestic unsecured convertible bonds exercised their conversion rights. Please refer to Note 6(16) to the 2026 consolidated financial statements and Note 6(13) to the 2025 consolidated financial statements. (13) Lease liabilities

	June 30, 2026	December 31, 2026	June 30, 2025
Current	<u>\$ 56,649</u>	<u>76,359</u>	<u>41,657</u>
Non-current	<u>\$ 42,896</u>	<u>48,969</u>	<u>70,188</u>

a. For the maturity analysis, please refer to note 6(22) Financial Instruments.

b. The amounts recognized in profit and loss were as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Interests on lease liabilities	<u>\$ 781</u>	<u>1,403</u>	<u>1,729</u>	<u>1,934</u>
Expenses relating to short-term leases	<u>\$ 4,258</u>	<u>4,825</u>	<u>8,467</u>	<u>10,003</u>
Expenses relating to low-value leases (excluding low-value lease of short-term leases)	<u>\$ 1,046</u>	<u>1,267</u>	<u>2,001</u>	<u>2,406</u>

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

	Six Months Ended June 30	
	2026	2025
Total cash outflow for leases	<u>\$ 45,621</u>	<u>44,230</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

(14) Employee benefits

a. Defined benefit plans

Since there were no significant market fluctuations and no significant curtailments, settlements, or other significant one-time events after the end of the prior financial year, the consolidated company measured and disclosed the pension costs for the interim period based on the actuarially determined pension costs as of December 31, 2025 and 2024.

The details of expenses recognized by the consolidated company were as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Operating costs	\$ -	62	-	130
Operating expenses	-	137	175	270
	\$ -	199	175	400

a. Defined contribution plans

The details of pension costs under the consolidated company's defined contribution pension plan were as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Operating costs	\$ 15,262	14,161	30,495	29,384
Operating expenses	15,412	11,397	30,946	21,230
	\$ 30,674	25,558	61,441	50,614

(15) Income taxes

a. Income tax expenses

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Current tax expense	\$ 48,345	14,856	82,817	73,073
Deferred income tax expense	9,539	3,083	10,423	7,726
Income tax expenses	\$ 57,884	17,939	93,240	80,799

b. The Company's income tax returns have been assessed and approved by the tax authority through the year 2023.

(16) Capital and other equity

Except as described below, there were no significant changes in capital and other equity of the consolidated company during the second quarter of 2026 and the second quarter of 2025. Please refer to Note 6(17) to the 2025 annual consolidated financial statements for related information.

a. Common stock issuance

The Company issued 605 thousand and 4,600 thousand new shares for the exercise of conversion rights by the convertible bondholders during 2026 and 2025, with total amounts issued at par value of NTD 6,046 thousand and NTD 46,000 thousand, respectively. As of June 30, 2026, the relevant legal registration procedures have been completed.

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

The Company issued 11,000 thousand ordinary shares for cash capital increase in 2026, with a par value of NT\$10 per share and an issue price of NT\$58 per share. The net proceeds, after deducting issuance costs, amounted to NT\$635,500 thousand. The cash capital increase was approved by the Financial Supervisory Commission, with May 19, 2026 designated as the record date for the capital increase. All proceeds from the issuance of the shares have been received, the relevant statutory registration procedures have been completed, and the amount has been classified under equity.

b. Capital reserve

The balances of capital surplus were as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Additional paid-in capital	\$ 2,411,511	\$ 1,860,661	1,488,627
Consolidation excess	3,831	3,831	3,831
Changes in net value of equity investment in affiliated companies accounted for using equity method	111,439	111,855	108,730
Employee stock options	19,565	13,978	13,978
Restricted stock awards	154,548	159,846	64,070
Expired employee stock options	35,929	30,461	30,461
Stock option for conversion of convertible bonds	5,778	7,446	41,994
Others	12,666	12,666	12,666
	<u>\$ 2,755,267</u>	<u>\$ 2,200,744</u>	<u>1,764,357</u>

c. Earnings distribution

The Company has resolved by the board of directors on March 11, 2026 and March 14, 2025 the amount of cash dividends in the earnings distribution proposals for the years ended December 31, 2025 and 2024, respectively.. The amounts of dividends distributed to shareholders are as follows:

	For the year ended December 31, 2025		For the year ended December 31, 2024	
	Dividend (dollar)	Amount	Dividend (dollar)	Amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 1.68	276,000	0.75	111,534

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

d. Other equity

	Exchange differences on translation of foreign financial statements	**Gains (losses) on investments in equity instruments at fair value through other comprehensive income	Property revaluation increments	Unearned employees' remuneration	Total
Balance at January 1, 2026	\$ 35,894	-	243,632	(103,012)	176,514
Exchange differences on foreign operations	237,436	-	-	-	237,436
Restricted stock awards	-	-	-	49,437	49,437
Share of unrealized gains (losses) on financial assets at fair value through other comprehensive income accounted for using the equity method	-	8,877	-	-	8,877
Balance at June 30, 2026	\$ 273,330	8,877	243,632	(53,575)	472,264
Balance at January 1, 2025	\$ 26,323	-	33,219	(44,064)	15,478
Exchange differences on foreign operations	(552,063)	-	-	-	(552,063)
Restricted stock awards	-	-	-	21,639	21,639
Balance at June 30, 2025	\$ (525,740)	-	33,219	(22,425)	(514,946)

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

(17) Share-based payments

1. 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. In addition, the Company has resolved by the board of directors on August 8, 2025 to issue 2,252 thousand of restricted stock awards, and determined the base date to be October 13, 2025. The fair value at the grant date is \$54.

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 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):

	Six Months Ended June 30	
	2026	2025
Number of shares outstanding as of January 1	\$ 3,936	1,727
Number of shares repurchased during the period	(1,190)	(32)
Number of shares outstanding as of June 30	<u>\$ 2,746</u>	<u>1,695</u>

2. The consolidated company's Board of Directors resolved to conduct a cash capital increase during the current period, of which 1,650 thousand shares were reserved for subscription by employees. The relevant information is as follows:

	Cash capital increase reserved for employee subscription
Grant date	April 16, 2026
Number of shares granted	1,650 thousand shares
Vesting conditions	Immediately vested

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

(1) Valuation Inputs for Fair Value at the Grant Date

The consolidated company estimated the fair value of the share-based payment at the grant date using the Black-Scholes option pricing model. The inputs to the model were as follows:

	2026
	Cash Capital Increase Reserved for Employee Subscription
Fair value at grant date	6.7
Share price at grant date	64.7
Exercise price	58
Expected volatility (%)	14.17%
Expected life of the option	37 days
Expected dividend yield	0.99
Risk-free interest rate (%)	1.302%

3. Employees expenses

The expenses arising from share-based payments for the three months ended June 30, 2026 and 2025 are as follows:

	Six Months Ended June 30	
	2026	2025
Expenses arising from restricted stock awards	\$ 44,138	20,429
Expenses arising from shares reserved for employee subscription in the cash capital increase	\$ 11,055	-
Total	<u>\$ 55,193</u>	<u>20,429</u>

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

(18) Earnings per share

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

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Basic earnings per share				
Current net profit attributable to the Company	\$ 200,766	101,352	308,425	303,213
Weighted average number of ordinary shares outstanding (shares in thousands)	165,892	150,599	163,248	148,679
Basic earnings (losses) per share (dollar)	<u>\$ 1.22</u>	<u>0.67</u>	<u>1.89</u>	<u>2.04</u>
Diluted earnings per share				
Profit attributable to ordinary shareholders of the Company (basic)	\$ 200,766	101,352	308,425	303,213
After tax effects of interest expenses of convertible bonds	463	2,766	958	6,241
Profit attributable to ordinary shareholders of the Company (diluted)	<u>\$ 201,229</u>	<u>104,118</u>	<u>309,383</u>	<u>309,454</u>
Weighted-average number of ordinary shares outstanding (basic)	165,892	150,599	163,248	148,679
Effect of dilutive potential ordinary shares	2,668	16,139	2,275	18,233
Weighted-average number of ordinary shares outstanding (diluted) (thousand shares)	<u>168,560</u>	<u>166,738</u>	<u>165,523</u>	<u>166,912</u>
Diluted earnings per share (NT\$)	<u>\$ 1.20</u>	<u>0.62</u>	<u>1.86</u>	<u>1.85</u>

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

(19) Revenue from contracts with customers

a. Disaggregation of revenue

Three Months Ended June 30, 2026					
	Connectors segment	Cable segment	Metal stamping segment	Other segment	Total
Primary geographical markets:					
Taiwan	\$ 499,023	123,990	72,646	10,453	706,112
China	1,212,418	157,596	65,794	13,847	1,449,655
Philippines	541	137,406	20,005	-	157,952
Singapore	57,213	118	99,830	81	157,242
USA	14,907	127,798	68,483	2,208	213,396
Other countries	301,752	103,811	98,086	162,342	665,991
	<u>\$ 2,085,854</u>	<u>650,719</u>	<u>424,844</u>	<u>188,931</u>	<u>3,350,348</u>
Major products/services lines:					
Connectors	\$ 2,085,854	-	-	-	2,085,854
Connector cable set	-	650,719	-	-	650,719
Metal stamping parts	-	-	424,844	-	424,844
Others	-	-	-	188,931	188,931
	<u>\$ 2,085,854</u>	<u>650,719</u>	<u>424,844</u>	<u>188,931</u>	<u>3,350,348</u>

Three Months Ended June 30, 2025					
	Connectors segment	Connector s cable segment	Metal stamping segment	Other segment	Total
Primary geographical markets:					
Taiwan	\$ 326,108	63,641	108,229	10,630	508,608
China	1,150,327	137,552	97,887	9,883	1,395,649
Philippines	398	114,407	13,501	-	128,306
Singapore	48,168	2,785	62,994	34	113,981
USA	11,095	101,428	65,785	405	178,713
Other countries	213,236	57,507	71,488	119,529	461,760
	<u>\$ 1,749,332</u>	<u>477,320</u>	<u>419,884</u>	<u>140,481</u>	<u>2,787,017</u>
Major products/services lines:					
Connectors	\$ 1,749,332	-	-	-	1,749,332
Connector cable set	-	477,320	-	-	477,320
Metal stamping parts	-	-	419,884	-	419,884
Others	-	-	-	140,481	140,481
	<u>\$ 1,749,332</u>	<u>477,320</u>	<u>419,884</u>	<u>140,481</u>	<u>2,787,017</u>

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

Six Months Ended June 30, 2026					
	Connectors segment	Connector s cable segment	Metal stamping segment	Other segment	Total
Primary geographical markets:					
Taiwan	\$ 903,425	217,059	165,749	22,338	1,308,571
China	2,244,748	262,139	128,452	22,940	2,658,279
Philippines	695	260,445	34,749	-	295,889
Singapore	101,871	267	201,200	167	303,505
USA	27,557	217,722	145,927	2,622	393,828
Other countries	541,666	203,740	169,736	296,676	1,211,818
	<u>\$ 3,819,962</u>	<u>1,161,372</u>	<u>845,813</u>	<u>344,743</u>	<u>6,171,890</u>
Major products/services lines:					
Connectors	\$ 3,819,962	-	-	-	3,819,962
Connector cable set	-	1,161,372	-	-	1,161,372
Metal stamping parts	-	-	845,813	-	845,813
Others	-	-	-	344,743	344,743
	<u>\$ 3,819,962</u>	<u>1,161,372</u>	<u>845,813</u>	<u>344,743</u>	<u>6,171,890</u>
Six Months Ended June 30, 2025					
	Connectors segment	Connector s cable segment	Metal stamping segment	Other segment	Total
Primary geographical markets:					
Taiwan	\$ 658,379	107,818	218,546	18,514	1,003,257
China	2,119,017	237,045	202,511	13,100	2,571,673
Philippines	542	293,726	13,990	-	308,258
Singapore	92,377	4,470	134,472	65	231,384
USA	20,001	193,511	124,310	641	338,463
Other countries	393,446	120,367	148,637	248,812	911,262
	<u>\$ 3,283,762</u>	<u>956,937</u>	<u>842,466</u>	<u>281,132</u>	<u>5,364,297</u>
Major products/services lines:					
Connectors	\$ 3,283,762	-	-	-	3,283,762
Connector cable set	-	956,937	-	-	956,937
Metal stamping parts	-	-	842,466	-	842,466
Others	-	-	-	281,132	281,132
	<u>\$ 3,283,762</u>	<u>956,937</u>	<u>842,466</u>	<u>281,132</u>	<u>5,364,297</u>

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

b. Contract balances

	June 30, 2026	December 31, 2025	June 30, 2025
Notes and account receivable (including related parties)	\$ 3,692,333	3,033,683	2,770,191
Less: Loss allowance	(37,762)	(38,659)	(26,364)
Total	<u>\$ 3,654,571</u>	<u>2,995,024</u>	<u>2,743,827</u>

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

(20) Remunerations to employees and directors

The Company amended its Articles of Incorporation pursuant to a resolution passed at the shareholders' meeting on June 25, 2025. In accordance with the Articles of Incorporation, if there's any profit of the year, no less than 3% shall be appropriated to employees remuneration (of which no less than 0.5% shall be appropriated as compensation for general employees) 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' compensation may include employees of controlled or subsidiary companies who meet the conditions set forth by the Board of Directors or its authorized personnel. In accordance with the Articles of Incorporation prior to the amendment, if there is any profit for the year, no less than 1% shall be appropriated as employees' compensation and no more than 3% as directors' remuneration. However, if the Company has accumulated deficits, the profit shall be reserved for covering such deficits. The aforementioned employees' compensation may include employees of controlled or subsidiary companies who meet the conditions set forth by the Board of Directors or its authorized personnel.

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.

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Employees remuneration	\$ 9,774	3,020	12,744	15,876
Directors remuneration	12,324	2,101	16,654	7,977
Total	<u>\$ 22,098</u>	<u>5,121</u>	<u>29,398</u>	<u>23,853</u>

The amounts of employee compensation accrued by the Company for 2025 and 2024 were NTD 38,156 thousand and NTD 12,092 thousand, respectively, and the amounts of directors' remuneration accrued were NTD 18,807 thousand and NTD 8,992 thousand, respectively. There was no difference between these amounts and the actual distributions for 2025 and 2024. Relevant information can be referred to on the "Market Observation Post System".

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

(21) Non-operating income and expenses

a. Other gains and losses

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Foreign exchange gains	\$ (30,751)	(63,994)	(53,757)	(39,183)
(losses)				
Losses on disposals of property, plant and equipment	(2,074)	(2,188)	(3,626)	(4,761)
Gain on fair value adjustment of investment properties	4,899	7,802	4,899	7,802
Gains on financial assets at fair value through profit or loss	20,894	(9,137)	31,483	(8,889)
Gains on disposals of investments	-	102	-	194,514
Others	(17,298)	(21,824)	(35,374)	(77,639)
	\$ (24,330)	(89,239)	(56,375)	71,844

(a) For information on the consolidated company's recognized share of profit or loss on investments, please refer to Note 6(5) and (6).

(b) In order to integrate the subsidiaries in southern China, the expenditure of the core employee project in the cooperating with factory relocation plan for the six-month periods ended June 30, 2026 and 2025 is estimated to be \$21,905 thousand and \$60,915 thousand, respectively.

b. Finance costs

	Three Months Ended June 30		Six Months Ended June 30 2026	
	2026	2025	2026	2025
Bank loan interest	\$ 16,438	14,984	32,488	29,730
Lease liabilities interest	781	1,403	1,729	1,934
Convertible company bond interest	579	3,458	1,197	7,802
	\$ 17,798	19,845	35,414	39,466

(22) Financial instruments

Except as described below, there were no significant changes in the fair value of financial instruments of the consolidated company or in its exposure to credit risk, liquidity risk, and market risk arising from financial instruments. Please refer to Note 6(23) to the 2025 annual consolidated financial statements for related information.

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

a. 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
June 30, 2026					
Non-derivative financial liabilities					
Short-term borrowings	\$ 665,400	682,767	682,767	-	-
Financial liabilities measured at fair value	195	195	195	-	-
through profit or loss					
Notes payable	2,708	2,708	2,708	-	-
Accounts payable	2,509,660	2,509,660	2,509,660	-	-
Account payable - related parties	153	153	153	-	-
Other payables	947,659	947,659	947,659	-	-
Other payable - including related parties	708	708	708	-	-
Dividends payable	276,000	276,000	276,000	-	-
Lease liabilities	99,545	114,608	53,602	29,756	31,250
Bonds payable	103,146	105,300	-	105,300	-
Long-term borrowings (including current portion)	1,645,744	1,922,578	82,435	926,762	913,381
	\$ 6,250,918	6,562,336	4,555,887	1,061,818	944,631
December 31, 2025					
Non-derivative financial liabilities					
Short-term borrowings	\$ 794,000	814,723	814,723	-	-
Financial liabilities measured at fair value	42	42	42	-	-
through profit or loss					
Notes payable	3,001	3,001	3,001	-	-
Accounts payable	2,012,544	2,012,544	2,012,544	-	-
Account payable - related parties	220	220	220	-	-
Other payables	875,679	875,679	875,679	-	-
Other payable - including related parties	1,166	1,166	1,166	-	-
Lease liabilities	125,328	141,957	68,812	42,707	30,438
Bonds payable	131,678	135,700	-	135,700	-
Long-term borrowings (including current portion)	2,181,517	2,484,692	170,776	1,550,519	763,397
	\$ 6,125,175	6,469,724	3,946,963	1,728,926	793,835
June 30, 2025					
Non-derivative financial liabilities					
Short-term borrowings	\$ 485,000	497,659	497,659	-	-
Notes payable	5,133	5,133	5,133	-	-
Accounts payable	1,797,501	1,797,501	1,797,501	-	-
Account payable - related parties	358	358	358	-	-
Other payables	909,604	909,604	909,604	-	-
Other payable - including related parties	625	625	625	-	-
Dividends payable	111,534	111,534	111,534	-	-
Lease liabilities	111,845	130,241	44,505	54,629	31,107
Bonds payable	735,750	765,400	-	765,400	-
Long-term borrowings (including current portion)	2,194,226	2,451,559	208,320	1,723,050	520,189
	\$ 6,351,576	6,669,614	3,575,239	2,543,079	551,296

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

b. Currency risk

(i) Currency risk

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

	2026.06.30			2025.12.31			2025.06.30			
	Foreign currency	Exchange rate (dollar)	NTD	Foreign currency	Exchange rate (dollar)	NTD	Foreign currency	Exchange rate (dollar)	NTD	
<u>Financial assets</u>										
<u>Monetary items</u>										
USD	\$	145,418	31.850	4,631,558	135,241	31.430	4,250,622	130,370	29.300	3,819,836
<u>Financial liabilities</u>										
<u>Monetary items</u>										
USD		86,289	31.850	2,748,313	79,217	31.430	2,489,794	76,098	29.300	2,229,671

(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.

As of June 30, 2026 and 2025, if the exchange rate had changed, given no changes in other factors, when NTD is depreciated or appreciated against USD by 1%, profit before tax would have increased or decreased by \$18,832 thousand and \$15,902 thousand for the three months ended June 30, 2026 and 2025, 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 the six months ended June 30, 2026 and 2025, foreign exchange gains (loss) (including realized and unrealized portions) amounted to (53,757) thousands and (39,183) thousands, respectively.

c 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 \$23,111 thousand and \$26,792 thousand for the second quarter of 2026 and 2025, respectively.. This is mainly because of the Company's floating rate loans.

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

d. 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:

June 30, 2026					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatory measured at FVTPL	\$ 174,577	-	-	174,577	174,577
Embedded derivative instruments of convertible bonds	135	-	135	-	135
Forward exchange contracts	74	-	74	-	74
Subtotal	<u>\$ 174,786</u>	<u>-</u>	<u>209</u>	<u>174,577</u>	<u>174,786</u>
Financial assets at fair value through other comprehensive income					
Stocks of foreign non-listed companies	<u>\$ 42,606</u>	<u>-</u>	<u>-</u>	<u>42,606</u>	<u>42,606</u>
Financial liabilities at fair value through profit or loss					
Forward exchange contracts	<u>\$ 195</u>	<u>-</u>	<u>195</u>	<u>-</u>	<u>195</u>
December 31, 2025					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatory measured at FVTPL	\$ 235,764	-	-	235,764	235,764
Embedded derivative instruments of convertible bonds	274	-	274	-	274
Forward exchange contracts	1,476	-	1,476	-	1,476
Subtotal	<u>\$ 237,514</u>	<u>-</u>	<u>1,750</u>	<u>235,764</u>	<u>237,514</u>
Financial assets at fair value through other comprehensive income					
Stocks of foreign non-listed companies	<u>\$ 33,284</u>	<u>-</u>	<u>-</u>	<u>33,284</u>	<u>33,284</u>
Financial liabilities at fair value through profit or loss					
Forward exchange contracts	<u>\$ 42</u>	<u>-</u>	<u>42</u>	<u>-</u>	<u>42</u>

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

	June 30, 2025				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets					
mandatory measured at FVTPL	\$ 207,084	-	-	207,084	207,084
Embedded derivative instruments of convertible bonds	1,910	-	1,910	-	1,910
Forward exchange contracts	164	-	164	-	164
Subtotal	<u>\$ 209,158</u>	<u>-</u>	<u>2,074</u>	<u>207,084</u>	<u>209,158</u>
Financial assets at fair value through other comprehensive income					
Stocks of foreign non-listed companies	<u>\$ 31,029</u>	<u>-</u>	<u>31,029</u>	<u>-</u>	<u>31,029</u>
Financial liabilities at fair value through profit or loss					
Forward exchange contracts	<u>\$ 2,950</u>	<u>-</u>	<u>2,950</u>	<u>-</u>	<u>2,950</u>

(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 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.

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

Quantified information of significant unobservable inputs was as follow:

Item	Valuation technique	Significant unobservable inputs	Interrelationship between significant unobservable inputs and fair value measurement
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	- The higher the market illiquidity discount is, the lower the fair value. - The higher the credit risk is, the lower the fair value.

(23) Financial risk information

The consolidated company's financial risk management objectives and policies have not changed significantly from those disclosed in Note 6(24) to the 2025 annual consolidated financial statements.

(24) Capital management

The consolidated company's capital management objectives, policies, and procedures are consistent with those disclosed in the 2025 annual consolidated financial statements. In addition, there were no significant changes in the summary quantitative data of the items managed as capital from those disclosed in the 2025 annual consolidated financial statements. Please refer to Note 6(25) to the 2025 annual consolidated financial statements for related information.

(25) 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 three months ended June 30, 2026 and 2025 were as follows:

	January 1, 2026	Cash flow	Non-Cash changes		June 30, 2026
			Conversion of corporate bonds	Others	
Short-term borrowings	\$ 794,000	(128,600)	-	-	665,400
Long-term borrowings (including current portion)	2,181,517	(548,579)	-	12,806	1,645,744
Lease liabilities	125,328	(33,424)	-	7,641	99,545
Corporate bonds payable (including current portion)	131,678	-	(29,729)	1,197	103,146
Total liabilities from financing activities	<u>\$ 3,232,523</u>	<u>(710,603)</u>	<u>(29,729)</u>	<u>21,644</u>	<u>2,513,835</u>

	January 1, 2025	Cash flow	Non-Cash changes		June 30, 2025
			Conversion of corporate bonds	Others	
Short-term borrowings	\$ 195,000	290,000	-	-	485,000
Long-term borrowings (including current portion)	2,271,582	(78,035)	-	679	2,194,226
Lease liabilities	137,030	(29,887)	-	4,702	111,845
Corporate bonds payable (amortization of discounts)	952,248	-	(224,300)	7,802	735,750
Total liabilities from financing activities	<u>\$ 3,555,860</u>	<u>182,078</u>	<u>(224,300)</u>	<u>13,183</u>	<u>3,526,821</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:

Name of related parties	Relationship with the Company
Yuan Wan-ting	Chairman of the Company
Hsu, Chang-Fei	Director of the Company
Nantong Dadi Electric Co., Ltd.	Affiliated company
Kung Shan Ching Zhi Electric Co., Ltd.	Affiliated company of the Company

(2) Significant related party transactions

a. Operating revenue

Significant sales to related parties were as follows;

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Affiliated company	<u>\$ 21,040</u>	<u>18,537</u>	<u>36,547</u>	<u>32,273</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

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Affiliated company	<u>\$ 133</u>	<u>323</u>	<u>232</u>	<u>449</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

Item	Type of related parties	June 30, 2026	December 31, 2025	June 30, 2025
Notes receivable	Affiliated company	\$ 8,586	4,337	6,708
Accounts receivable	Affiliated company	24,007	35,255	20,234
		<u>\$ 32,593</u>	<u>39,592</u>	<u>26,942</u>

d. Payables to Related Parties

Item	Type of related parties	June 30, 2026	December 31, 2025	June 30, 2025
Accounts payable	Affiliated company	\$ 153	220	358
Other payables	Affiliated company	83	-	-
Other payables	Other related parties	625	1,166	625
		<u>\$ 861</u>	<u>1,386</u>	<u>983</u>

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

e. Lease

The Group leases buildings and land from related parties and enters into lease agreements with terms ranging from one to three years, with reference to rental rates and prevailing land prices in nearby areas. The total contract values of the new lease agreements entered into during the six months ended June 30, 2026 and 2025 were NT\$0 thousand and NT\$0 thousand, respectively. Rent payments made during the six months ended June 30, 2026 and 2025 amounted to NT\$4,265 thousand and NT\$4,265 thousand, respectively. As of June 30, 2026, December 31, 2025 and June 30, 2025, the balances of lease liabilities were NT\$4,247 thousand, NT\$8,451 thousand and NT\$12,613 thousand, respectively. (3) Key management personnel transactions

Key management personnel compensation comprised:

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Short-term employee benefits	\$ 13,568	10,553	24,796	25,921
Post-employment benefits	150	214	312	433
Share-based payments	5,418	1,044	9,563	2,088
	<u>\$ 19,136</u>	<u>11,811</u>	<u>34,671</u>	<u>28,442</u>

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	June 30, 2025	December 31, 2025	June 30, 2025
Property, plant and equipment				
Land	Bank loan and credit limit guarantee	\$ 723,609	723,609	723,609
Buildings and structures	"	1,241,589	1,261,011	150,832
		<u>\$ 1,965,198</u>	<u>1,984,620</u>	<u>874,441</u>
Investment property				
Land	Bank loan and credit limit guarantee	\$ 282,817	278,523	278,523
Buildings and structures	"	42,271	41,665	41,665
		<u>\$ 325,088</u>	<u>320,188</u>	<u>320,188</u>

9. Significant Commitments and contingencies:

(1) Significant and unrecognized commitments of the Company:

	June 30, 2026	December 31, 2025	June 30, 2025
Acquisition of property, plant and equipment	\$ 523,085	646,474	1,111,862
Acquisition of intangible assets	-	-	2,853
	<u>\$ 523,085</u>	<u>646,474</u>	<u>1,114,715</u>

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

For the purpose of sales development and future operational needs, the board of directors approved to use own land to build factory buildings in the Zhuhai, China area 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 June, 2026, NT\$562,294thousand (CNY121,472 thousand) of the contracted price had been paid.

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

	June 30, 2026	December 31, 2025	June 30, 2025
\$	<u>7,753,975</u>	<u>6,391,665</u>	<u>7,175,950</u>

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

	June 30, 2026	December 31, 2026	June 30, 2025
\$	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>

10. Due to Major Disasters: none.

11. Materiality after the period: The consolidated company's Board of Directors resolved on December 22, 2025 to issue the fourth domestic unsecured convertible bonds, with an aggregate principal amount of up to NT\$1 billion, an issue price ranging from 100.5% to 102% of par value, a three-year term, and a 0% coupon rate. The proceeds were fully received on July 3, 2026.

12. Other

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

By function	Three Months Ended June 30					
	2026			2025		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
By item						
Employee benefits						
Salary	337,926	311,370	649,296	288,912	234,898	523,810
Labor and health insurance	22,489	19,652	42,141	18,059	16,375	34,434
Pension	15,262	15,412	30,674	14,223	11,534	25,757
Other employee benefits	83,230	13,708	96,938	82,222	17,977	100,199
Depreciation	124,465	48,761	173,226	108,990	55,946	164,936
Amortization	3,442	5,501	8,943	116	12,863	12,979

By function	Six Months Ended June 30					
	2026			2025		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
By item						
Employee benefits						
Salary	598,536	602,274	1,200,810	557,368	448,066	1,005,434
Labor and health insurance	35,721	36,516	72,237	36,682	32,957	69,639
Pension	30,495	31,121	61,616	29,514	21,500	51,014
Other employee benefits	187,978	52,422	240,400	152,222	43,182	195,404
Depreciation	245,378	105,396	350,774	222,455	100,825	323,280
Amortization	6,858	20,064	26,922	240	25,062	25,302

b. Seasonality of operations:

The consolidated company's operations are not affected by seasonal or cyclical factors.

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 six months ended June 30, 2026.

a. Lending to other parties:

No.	Loan amount	Name of borrower	Account name	Related party	Highest balance for guarantees and endorsement during the period	Balance of guarantees and endorsement as of reporting date	Actual usage amount during the period	Interest rate	Maximum limit of fund financing Name of borrower (Note 11)	Business	Reason for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing	Note
	Name of Holder	Underwriting bank	Financial Statement Account	Name of related parties	Amount	Balance at end of the year	Amount	Interest rate	Amount	Unusual transaction details	Amount	Item	Value		Total Amount		
1	KUNSHAN ACES ELECTRONIC CO., LTD.	GALIS ACCURATE SMITHCRAFT PRODUCTS CO., LTD. OF SUZHOU	Other receivables	Yes	211,050	211,050	211,050	0.9%	2	-	Operation requirements	-	None	-	3,289,005	3,289,005	Note 1, 2, 8
2	ASIA CENTURY INVESTMENT LTD.	MEC INTERNATIONAL COMPANY LTD.	Other receivables	Yes	20,797	20,703	20,703	2.95%	2	-	Operation requirements	-	None	-	178,495	178,495	"
3	WEI HONG INTERNATIONAL INVESTMENT CO., LTD.	ACES Surface Treatment Co., Ltd.	Other receivables	Yes	2,500	2,500	1,500	1.685%	2	-	Operation requirements	-	None	-	41,136	41,136	Note 2, 3, 8
4	MEC IMEX INC.	MEC ELECTRONICS (SUZHOU) CO., LTD.	Other receivables	Yes	95,985	-	-	0	2	-	Operation requirements	-	None	-	256,957	256,957	"
5	MEC ELECTRONICS (HK) COMPANY LTD.	HOMEPRIDE ELECTRONICS (DONGGUAN) COMPANY LIMITED.	Other receivables	Yes	18,760	18,760	18,760	1.30%	2	-	Operation requirements	-	None	-	127,400	127,400	Note 4, 8
5	MEC ELECTRONICS (HK) CO., LTD.	HOMEPRIDE TECHNOLOGY LIMITED	Other receivables	Yes	17,597	17,518	17,518	1.15%	2	-	Operation requirements	-	None	-	127,400	127,400	"
5	MEC ELECTRONICS (HK) CO., LTD.	MEC INTERNATIONAL COMPANY LTD.	Other receivables	Yes	6,399	6,370	6,370	3.05%	2	-	Operation requirements	-	None	-	127,400	127,400	"
6	MEC INTERNATIONAL COMPANY LTD.	MEC BEST KNOWN COMPANY LTD.	Other receivables	Yes	637	637	-	0.00%	2	-	Operation requirements	-	None	-	408,407	408,407	Note 2, 3, 8
7	ACCURATE GROUP LIMITED	MEC INTERNATIONAL COMPANY LTD.	Other receivables	Yes	6,399	6,370	6,370	2.95%	2	-	Operation requirements	-	None	-	178,997	178,997	Note 5, 6
8	KUANG YING COMPUTER EQUIPMENT CO., LTD.	MEC IMEX INC.	Other receivables	Yes	110,000	60,000	60,000	1.225%	2	-	Operation requirements	-	None	-	146,302	146,302	Note 2, 3, , 8
9	GENESIS ELECTRO-MECH ANICAL LIMITED	GENESIS TECHNOLOGY USA, INC.	Other receivables	Yes	47,993	47,775	47,775	1.20%	2	-	Operation requirements	-	None	-	659,164	659,164	Note 5, 8
9	GENESIS ELECTRO-MECH ANICAL LIMITED	MEC ELECTRONICS PHILIPPINES CORP.	Other receivables	Yes	31,995	31,850	-	3.85%	2	-	Operation requirements	-	None	-	659,164	659,164	"
9	GENESIS ELECTRO-MECH ANICAL LIMITED	MEC IMEX INC.	Other receivables	Yes	31,995	-	-	2.55%	2	-	Operation requirements	-	None	-	131,833	131,833	"
9	GENESIS INNOVATION GROUP LIMITED	ACES Electronics Co., Ltd.	Other receivables	Yes	127,400	127,400	127,400	1.8%-3.85%	2	-	Operation requirements	-	None	-	659,164	659,164	"
10	GENESIS INNOVATION GROUP LIMITED	ACES Electronics Co., Ltd.	Other receivables	Yes	95,985	95,550	31,850	3.85%	2	-	Operation requirements	-	None	-	960,663	960,663	"
10	GENESIS INNOVATION GROUP LIMITED	MEC IMEX INC.	Other receivables	Yes	80,000	80,000	80,000	1.705%	2	-	Operation requirements	-	None	-	192,133	192,133	"
10	GENESIS INNOVATION GROUP LIMITED	COMPUPACK TECHNOLOGY CO., LTD	Other receivables	Yes	60,000	60,000	60,000	1.705%	2	-	Operation requirements	-	None	-	192,133	192,133	"

Note 1: According to ‘Procedures for Lending Funds to Others’ of subsidiaries, KUNSHAN ACES ELECTRONIC CO., LTD., and ASIA CENTURY INVESTMENT 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.

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

- Note 2: According to ‘Procedures for Lending Funds to Others’ of subsidiaries, KUNSHAN ACES ELECTRONIC CO., LTD., MEC IMEX INC., ASIA CENTURY INVESTMENT LTD and MEC INTERNATIONAL COMPANY 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 MEC INTERNATIONAL COMPANY 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 (HK) COMPANY LTD., a subsidiary of the Company, was fixed at USD4,000 thousand.
- Note 5: 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.
- Note 6: 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 7: 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 8: 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, 7)	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 (Note 2, 7)	Endorsements /guarantees by parent company	Subsidiary endorsements /guarantees by a subsidiary	Endorsements /guarantees to a subsidiary in Mainland China
		Name	Relationship (Note 7)										
0	The Company	ACES Precision Machinery Co., Ltd.	2	8,930,945	100,000	100,000	-	-	1.12%	8,930,945	Y	N	N
1	ACECONN ELECTRONIC CO., LTD.	ACES ZHUHAI TECHNOLOGY LTD	2	4,961,535	750,400	750,400	435,255	445,900	15.12%	4,961,535	N	N	Y
2	DONGGUAN ACES ELECTRONIC CO., LTD.	ACES ZHUHAI TECHNOLOGY LTD	2	1,213,371	750,400	750,400	435,255	-	185.53%	1,213,371	N	N	Y
3	MEC IMEX INC.	MEC INTERNATIONAL COMPANY LTD.	2	642,393	156,775	79,625	-	-	12.40%	642,393	N	N	N
4	DONGGUAN KUANGYING HARDWARE PLASTIC PRODUCT CO., LTD.	KUANG YING COMPUTER EQUIPMENT CO., LTD.	2	133,452	4,799	4,778	2,678	-	3.47%	133,452	N	N	N
4	DONGGUAN KUANGYING HARDWARE PLASTIC PRODUCT CO., LTD.	KUNSHAN ACES ELECTRONIC CO., LTD.	2	133,452	4,799	4,778	2,678	-	3.47%	133,452	N	N	Y
5	SUZHOU KUANG YING ELECTRIC CO., LTD.	KUANG YING COMPUTER EQUIPMENT CO., LTD.	3	103,513	4,799	4,778	254	-	132.98%	103,513	N	N	N
5	SUZHOU KUANG YING ELECTRIC CO., LTD.	DONGGUAN KUANGYING HARDWARE PLASTIC PRODUCT CO., LTD.	2	103,513	4,799	4,778	254	-	132.98%	103,513	N	N	Y
6	KUANG YING COMPUTER EQUIPMENT CO., LTD.	DONGGUAN KUANGYING HARDWARE PLASTIC PRODUCT CO., LTD.	2	259,946	2,240	2,230	159	-	0.61%	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.

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

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

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: According to the "Endorsement Guarantee Procedure" of subsidiary ACECONN ELECTRONIC CO., LTD., the amount of endorsements and guarantees provided to a single entity shall not exceed 100% of the Company's net value. 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 100% of the Company's net value. The total amount of endorsements and guarantees shall not exceed 100% of the Company's net value.

Note 6: According to the "Endorsement Guarantee Procedure" of subsidiary DONGGUAN ACES ELECTRONIC CO., LTD., the amount of endorsements and guarantees provided to a single entity shall not exceed 300% of the Company's net value. 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 300% of the Company's net value. The total amount of endorsements and guarantees shall not exceed 300% of the Company's net value.

Note 7: 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. Significant securities held as of June 30, 2026 (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	June 30				Affiliation with marketable security issuers
	Type and title of marketable securities			Shares	Carrying amount	Name of Holder	Type and title of marketable securities	
The Company	Fund- CDIB-Innolux II Limited Partnership	-	Financial assets at FVTPL — non-current	-	47,176	1.36%	47,176	
The Company	Fund: China Development Advantage Venture Capital Limited Partnership.	-	Financial assets at FVTPL — non-current	-	37,627	1.54%	37,627	
The Company	SPECTRA SPC POWERFUND	-	Financial assets at FVTPL — current	380	-	- %	-	
The Company	Convertible Bonds — Redemption Right	-	Financial assets at FVTPL — current	-	135	- %	135	
KUNSHAN ACES ELECTRONIC CO., LTD.	Fund - Kung Shan Hua Cheng Yi Da Equity Investment Company (limited partnership company)	-	Financial assets at FVTPL — current	-	89,774	2.48%	89,774	
Genesis Holding Company	Investments in non-listed company — PRIME RICH	-	Financial assets at FVOCI — non-current	390	42,606	3.84%	42,606	

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

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

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)	
DONGGUAN ACES ELECTRONIC CO., LTD.	KUNSHAN CHENGGANG ELECTRONIC TECHNOLOGY CO., LTD.	Affiliates	Sales	267,034	24.08%	OA 120 days	-		273,751	27.00%	
KUNSHAN CHENGGANG ELECTRONIC TECHNOLOGY CO., LTD.	The Company	Sub-subsidiary	Sales	194,357	13.52%	OA 150 days	-		365,957	20.85%	
KUNSHAN ACES ELECTRONIC CO., LTD.	KUNSHAN CHENGGANG ELECTRONIC TECHNOLOGY CO., LTD.	Affiliates	Sales	325,954	22.68%	OA 120 days	-		643,644	36.67%	
KUNSHAN ACES ELECTRONIC CO., LTD.	DONGGUAN ACES ELECTRONIC CO., LTD.	Affiliates	Sales	134,626	9.37%	OA 120 days	-		154,615	8.81%	
KUNSHAN CHENGGANG ELECTRONIC TECHNOLOGY CO., LTD.	The Company	Sub-subsidiary	Sales	584,244	65.54%	OA 150 days	-		910,577	81.68%	
KUNSHAN CHENGGANG ELECTRONIC TECHNOLOGY CO., LTD.	KUNSHAN ACES ELECTRONIC CO., LTD.	Affiliates	Sales	220,892	24.78%	OA 120 days	-		153,364	13.76%	
GALIS ACCURATE SMITHCRAFT PRODUCTS CO., LTD. OF SUZHOU	KUNSHAN ACES ELECTRONIC CO., LTD.	Affiliates	Sales	315,588	97.39%	OA 120 days	-		55,535	92.42%	
DONGGUAN GUANGYING HARDWARE & PLASTIC PRODUCTS CO., LTD.	GUANGYING NEW INDUSTRIAL CO., LTD.	Affiliates	Sales	184,918	77.28%	OA 120 days	-		148,279	79.11%	
SUZHOU LONGHAN ELECTRONIC CO., LTD.	LONGHAN TECHNOLOGY CO., LTD.	Affiliates	Sales	180,089	42.64%	OA 120 days	-		114,912	41.76%	
DONGGUAN QIHAN ELECTRONIC CO., LTD.	DONGGUAN ACES ELECTRONIC CO., LTD.	Affiliates	Sales	114,049	34.77%	OA 120 days	-		26,823	15.42%	

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

e. 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 Name of Holder
					Amount	Action taken		
The Company	KUNSHAN ACES ELECTRONIC CO., LTD.	Sub-subsidiary	124,952	1.43	-		3,952	-
DONGGUAN ACES ELECTRONIC CO., LTD.	The Company	Sub-subsidiary	162,279	1.26	-		16,053	-
DONGGUAN ACES ELECTRONIC CO., LTD.	KUNSHAN CHENGGANG ELECTRONIC TECHNOLOGY CO., LTD.	Affiliates	273,751	2.27	-		30,043	-
KUNSHAN ACES ELECTRONIC CO., LTD.	The Company	Sub-subsidiary	365,957	1.09	-		-	-
KUNSHAN ACES ELECTRONIC CO., LTD.	KUNSHAN CHENGGANG ELECTRONIC TECHNOLOGY CO., LTD.	Affiliates	643,644	1.20	-		72,569	-
KUNSHAN ACES ELECTRONIC CO., LTD.	DONGGUAN ACES ELECTRONIC CO., LTD.	Affiliates	154,615	1.71	-		25,848	-
KUNSHAN ACES ELECTRONIC CO., LTD.	SUZHOU LONGHAN ELECTRONIC CO., LTD.	Affiliates	211,868 (Note 2)	-	-		-	-
KUNSHAN CHENGGANG ELECTRONIC TECHNOLOGY CO., LTD.	The Company	Sub-subsidiary	910,577	1.54	-		55,087	-
KUNSHAN CHENGGANG ELECTRONIC TECHNOLOGY CO., LTD.	KUNSHAN ACES ELECTRONIC CO., LTD.	Affiliates	153,364	2.68	-		43,030	-
DONGGUAN GUANGYING HARDWARE & PLASTIC PRODUCTS CO., LTD.	GUANGYING NEW INDUSTRIAL CO., LTD.	Affiliates	148,279	3.60	-		27,128	-
SUZHOU LONGHAN ELECTRONIC CO., LTD.	LONGHAN TECHNOLOGY CO., LTD.	Affiliates	114,912	2.17	-		48,731	-
GENESIS ELECTROMECHANICAL LIMITED	GENESIS TECHNOLOGY USA, INC.	Affiliates	127,643 (Note 2)	-	-		-	-

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

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

f. Significant transactions between parent company and subsidiaries:

No.	Companies to make purchase (sale)	Counter-party	Relationship	Transaction details			
				Accounts	Amount	Trading terms	% of combined total revenues or assets
0	The Company	KUNSHAN ACES ELECTRONIC CO., LTD.	1	Accounts receivables	124,952	OA 120 days	0.77%
1	KUNSHAN ACES ELECTRONIC CO., LTD.	The Company	2	Sales	194,357	OA 150 days	5.80%
1	KUNSHAN ACES ELECTRONIC CO., LTD.	KUNSHAN CHENGGANG ELECTRONIC TECHNOLOGY CO., LTD.	3	Sales	325,954	OA 120 days	9.73%
1	KUNSHAN ACES ELECTRONIC CO., LTD.	DONGGUAN ACES ELECTRONIC CO., LTD.	3	Sales	134,626	OA 120 days	4.02%
1	KUNSHAN ACES ELECTRONIC CO., LTD.	The Company	2	Accounts receivables	365,957	OA 150 days	2.27%
1	KUNSHAN ACES ELECTRONIC CO., LTD.	KUNSHAN CHENGGANG ELECTRONIC TECHNOLOGY CO., LTD.	3	Accounts receivables	643,644	OA 120 days	3.99%
1	KUNSHAN ACES ELECTRONIC CO., LTD.	DONGGUAN ACES ELECTRONIC CO., LTD.	3	Accounts receivables	154,615	OA 120 days	0.96%
1	KUNSHAN ACES ELECTRONIC CO., LTD.	SUZHOU LONGHAN ELECTRONIC CO., LTD.	3	Other accounts receivables	211,868	-	1.31%
2	DONGGUAN ACES ELECTRONIC CO., LTD.	KUNSHAN CHENGGANG ELECTRONIC TECHNOLOGY CO., LTD.	3	Sales	267,034	OA 120 days	7.97%
2	DONGGUAN ACES ELECTRONIC CO., LTD.	The Company	2	Accounts receivables	162,279	OA 150 days	1.01%
2	DONGGUAN ACES ELECTRONIC CO., LTD.	KUNSHAN CHENGGANG ELECTRONIC TECHNOLOGY CO., LTD.	3	Accounts receivables	273,751	OA 120 days	1.70%
3	GALIS ACCURATE SMITHCRAFT PRODUCTS CO., LTD. OF SUZHOU	KUNSHAN ACES ELECTRONIC CO., LTD.	3	Sales	315,588	OA 120 days	9.42%
4	KUNSHAN CHENGGANG ELECTRONIC TECHNOLOGY CO., LTD.	The Company	2	Sales	584,244	OA 150 days	17.44%
4	KUNSHAN CHENGGANG ELECTRONIC TECHNOLOGY CO., LTD.	KUNSHAN ACES ELECTRONIC CO., LTD.	3	Sales	220,892	OA 120 days	6.59%
4	KUNSHAN CHENGGANG ELECTRONIC TECHNOLOGY CO., LTD.	The Company	2	Accounts receivables	910,577	OA 150 days	5.65%
4	KUNSHAN CHENGGANG ELECTRONIC TECHNOLOGY CO., LTD.	KUNSHAN ACES ELECTRONIC CO., LTD.	3	Accounts receivables	153,364	OA 120 days	0.95%
5	DONGGUAN GUANGYING HARDWARE & PLASTIC PRODUCTS CO., LTD.	GUANGYING NEW INDUSTRIAL CO., LTD.	3	Sales	184,918	OA 120 days	3.00%
5	DONGGUAN GUANGYING HARDWARE & PLASTIC PRODUCTS CO., LTD.	GUANGYING NEW INDUSTRIAL CO., LTD.	3	Accounts receivables	148,279	OA 120 days	0.92%
6	SUZHOU LONGHAN ELECTRONIC CO., LTD.	LONGHAN ELECTRONIC CO., LTD.	3	Sales	180,089	OA 120 days	2.92%
6	SUZHOU LONGHAN ELECTRONIC CO., LTD.	LONGHAN ELECTRONIC CO., LTD.	3	Accounts receivables	114,912	OA 120 days	0.71%
7	DONGGUAN QIHAN ELECTRONIC CO., LTD.	DONGGUAN ACES ELECTRONIC CO., LTD.	3	Sales	114,049	OA 120 days	1.85%
8	GENESIS ELECTROMECHANICAL LIMITED	GENESIS TECHNOLOGY USA, INC.	3	Other accounts receivables	127,643	-	0.79%

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.

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

(2) Information on investments:

The following is the information on investees for the six months ended June 30, 2026 (excluding information on investees in Mainland China):

Investor Company	Investee Company	Location	Main Activities	Original investment amount		Balance as of June 30, 2026			Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee	Note
				June 30, 2026	December 31, 2025	Shares	Percentage of ownership	Carrying amount			
The Company	ACECONN ELECTRONIC CO., LTD.	SAMOA	Investment holding	845,022	797,667	27,100	100.00%	4,954,873	(10,546)	(42,773)	Note 1
The Company	ACES (HONG KONG) ELECTRONIC CO., LTD.	SAMOA	Connectors sales	6,589	6,589	1,548	100.00%	4,234	509	509	"
The Company	ACES PRECISION INDUSTRY PTE LTD.	Singapore	Connectors sales business	208,410	208,410	8,162	100.00%	54,885	(1,453)	(1,453)	"
The Company	ACESCONN HOLDINGS CO., LTD.	SAMOA	Investment holding	351,112	351,112	12,000	100.00%	181,647	(3,656)	(3,656)	"
The Company	WEI HONG INTERNATIONAL INVESTMENT CO., LTD.	Taiwan	Investment business	100,000	25,000	10,000	100.00%	102,857	17	17	"
The Company	MEC IMEX INC.	Taiwan	Connector cable set sales business	928,939	928,939	47,582	99.86%	612,654	10,384	10,499	"
The Company	ACES JAPAN CO., LTD.	Japan	Connector development business	15,137	15,137	5	100.00%	13,564	(670)	(670)	"
The Company	ACES INTERCONNECT (USA), INC.	USA	Connectors sales industry	9,711	9,711	300	100.00%	9,940	(25)	(25)	"
The Company	COMPUPACK TECHNOLOGY CO., LTD.	Taiwan	Electronic component sales business	467,237	337,237	295,000	100.00%	384,246	16,533	17,357	"
The Company	KUANG YING COMPUTER EQUIPMENT CO., LTD.	Taiwan	Electronic component manufacturing and sales business	225,391	225,391	25,995	100.00%	346,025	25,327	25,327	"
The Company	ACES Precision Machinery Co., Ltd.	Taiwan	Mold part manufacturing and sales business	170,000	170,000	17,000	100.00%	92,375	(6,588)	(6,588)	"
The Company	GENESIS HOLDING COMPANY	Cayman	Investment holding	649,215	649,215	27,778	100.00%	918,557	29,966	22,743	"
The Company	GENESIS TECHNOLOGY USA, INC.	USA	Electronic component sales business	20,104	20,104	2	100.00%	211,039	9,070	9,070	"
ACESCONN HOLDINGS CO., LTD.	ASIA CENTURY INVESTMENT LTD.	SAMOA	Investment holding	351,112	351,112	9,150	100.00%	181,647	(3,656)	(3,656)	"
ACES Precision Machinery Co., Ltd.	ACES Surface Treatment Co., Ltd.	Taiwan	Manufacture and sales of mold	13,000	13,000	1,200	100.00%	2,181	(1,182)	(1,182)	"
MEC IMEX INC.	MEC INTERNATIONAL COMPANY LTD.	British Virgin Islands	Investment holding	1,324,615	1,324,615	34	100.00%	408,407	(3,650)	(3,650)	"
MEC INTERNATIONAL COMPANY LTD.	MEC BEST KNOWN COMPANY LIMITED	Hong Kong	Investment holding	473,201	473,201	118,250	100.00%	8,410	(323)	(323)	"
MEC INTERNATIONAL COMPANY LTD.	MEC ELECTRONICS (HK) COMPANY LIMITED	Hong Kong	Connector cable set sales business	205,445	205,445	510	100.00%	156,207	(22,170)	(22,170)	"
MEC INTERNATIONAL COMPANY LTD.	MEC ELECTRONICS PHILIPPINES CORPORATION	Philippines	Connector cable set manufacturing and sales business	54,085	54,085	8,000	100.00%	355,022	28,640	28,640	"
MEC ELECTRONICS PHILIPPINES CORPORATION	MEC IMEX (USA), INC.	USA	Connector cable set sales business	12,544	12,544	4	100.00%	15,494	(1,396)	(1,396)	"
MEC ELECTRONICS (HK) COMPANY LIMITED	HOMEPRIDE TECHNOLOGY LIMITED	Hong Kong	Investment holding	230,261	230,261	56,750	100.00%	78,044	(28,997)	(28,997)	"
COMPUPACK TECHNOLOGY CO., LTD.	Aces Precision Industry Pte Ltd.	Vietnam	Electronic component manufacturing and sales business	365,222	365,222	-	100.00%	3,969	13,884	13,884	"

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

Investor Company	Investee Company	Location	Main Activities	Original investment amount		Balance as of June 30, 2026			Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee	Note
				June 30, 2026	December 31, 2025	Shares	Percentage of ownership	Carrying amount			
KUANG YING COMPUTER EQUIPMENT CO., LTD.	INFOMIGHT INVESTMENTS LIMITED	SAMOA	Investment holding	285,904	285,904	7,980	100.00%	191,816	(35,058)	(33,391)	"
INFOMIGHT INVESTMENTS LIMITED	BELTA INTERNATIONAL LIMITED	British Virgin Islands	Investment holding	52,349	52,349	4	100.00%	139,580	(35,841)	(35,841)	"
INFOMIGHT INVESTMENTS LIMITED	CERTILINK INTERNATIONAL LIMITED	British Virgin Islands	Sales business	1,605	1,605	50	100.00%	47	-	-	"
INFOMIGHT INVESTMENTS LIMITED	ACCURATE GROUP LIMITED	SAMOA	Investment holding	131,588	131,588	4,100	100.00%	46,134	675	675	"
GENESIS HOLDING COMPANY	GENESIS INNOVATION GROUP LIMITED	Hong Kong	Investment holding	228,280	228,280	8,000	100.00%	480,331	27,242	27,242	"
GENESIS HOLDING COMPANY	GENESIS ELECTRO-MECHANICAL LIMITED	Hong Kong	Investment holding	268,229	268,229	9,400	100.00%	338,534	2,868	2,868	"

Note 1: The above transactions have been written-off in preparation of 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, 2025	Investment flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2025	Net Income (Loss) of Investee	% Ownership through Direct or Indirect Investment	Investor's Share of Profit (Loss) of Investee	Carrying amount of Investment as of December 31, 2025	Accumulated Inward Remittance of Earnings as of December 31, 2025	Note
					Outflow	Inflow							
			(Note 1)										
DONGGUAN ACES ELECTRONIC CO., LTD.	Connector manufacturing and sales business	115,301	(2)	115,301	-	-	115,301	(2,605)	100.00%	(2,605)	404,457	451,444	Note 10
KUNSHAN ACES ELECTRONIC CO., LTD.	Connector manufacturing and sales business	629,475	(2)	163,447	-	-	163,447	132	100.00%	4,533	3,289,005	452,925	"
KUNSHAN ACES TRADING CO., LTD.	Connectors sales business	9,087	(2)	9,087	-	-	9,087	204	100.00%	204	65,582	-	"
CHONGQING HONG GAO ELECTRONIC CO., LTD.	Connectors sales business	173,985	(2)	188,086	-	-	188,086	(470)	100.00%	(470)	4,197	-	"
GALIS ACCURATE SMITHCRAFT PRODUCTS CO., LTD. OF SUZHOU	Surface treatment and sales business	256,682	(2)	351,112	-	-	351,112	(3,957)	100.00%	(3,957)	158,172	-	"
KUNSHAN CHENGANG ELECTRONIC TECHNOLOGY CO., LTD.	Connector manufacturing and sales business	593,671	(2)	-	-	-	-	(6,652)	100.00%	(6,652)	658,506	-	Note 6, 10
ACES ZHUHAI TECHNOLOGY LTD	Connector manufacturing and sales business	349,246	(2)	170,018	-	-	218,198	(4,460)	100.00%	(4,460)	406,190	-	Note 10
HONGTAI ZHUHAI TRADING LTD	Connector manufacturing and sales business	6,268	(2)	6,268	-	-	6,268	(1,561)	100.00%	(1,561)	3,640	-	Note 10
Nantong Dadi Electric Co., Ltd.	Automobile cable bundle manufacturing and sales business	410,404	(3)	-	-	-	-	15,519	15.31%	4,255	317,897	-	Note 2
Kung Shan Ching Zhi Electric Co., Ltd.	Electronic component sales business	-	(3)	-	-	-	-	4,980	30.00%	2,691	31,117	-	Note 9
MEC	Connector	-	(2)	301,403	-	-	301,403	-	100.00%	-	-	-	Note 10

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, 2025	Investment flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2025	Net Income (Loss) of Investee	% Ownership through Direct or Indirect Investment	Investor's Share of Profit (Loss) of Investee	Carrying amount of Investment as of December 31, 2025	Accumulated Inward Remittance of Earnings as of December 31, 2025	Note
					Outflow	Inflow							
ELECTRONICS (SUZHOU) CO., LTD.	cable set manufacturing and sales business												
SUZHOU HANTENG ELECTRONICS TECHNOLOGY CO., LTD.	Connector cable set manufacturing and sales business	519,336	(2)	369,705	-	-	369,705	(260)	100.00%	(260)	8,510	-	Note 3, 10
HOMEPRIDE ELECTRONICS (DONGGUAN) COMPANY LIMITED.	Connector cable set manufacturing and sales business	214,991	(2)	121,258	-	-	121,258	(28,712)	100.00%	(28,712)	94,564	-	"
MEC SUZHOU ELECTRONICS CO., LTD.	Connector cable set manufacturing and sales business	301,450	(2)	301,450	-	-	301,450	(9,273)	100.00%	(9,273)	(35,210)	-	"
DONGGUAN COMPUPACK TECHNOLOGY CO., LTD.	Electronic component sales business	10,477	(1)	10,477	-	-	10,477	(19)	100.00%	(19)	10,080	-	Note 4, 10
DONGGUAN KUANGYING HARDWARE PLASTIC PRODUCT CO., LTD.	Electronic component manufacturing and sales	128,110	(2)	129,711	-	-	129,711	(35,873)	100.00%	(35,873)	137,736	-	Note 5, 10
SUZHOU KUANG YING ELECTRIC CO., LTD.	Electronic component manufacturing and sales	104,307	(2)	153,819	-	-	153,819	(56)	100.00%	(56)	3,691	-	"
DONGGUAN POLIXIN ELECTRIC CO., LTD.	Electronic component sales business	65,150	(2)	-	-	-	-	(480)	100.00%	(480)	28,620	-	Note 7, 10
GENESIS TECHNOLOGY(NINGBO) INC.	Electronic component sales business	21,720	(2)	228,805	-	-	228,805	(940)	100.00%	(940)	52,882	-	Note 8, 10

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.

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 ELECTRO-MACHANICAL. LIMITED.

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

Note 10: 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 June 30, 2026 (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.	1,280,304 (USD 30,392 thousand)	3,279,218 (USD 104,334 thousand)(Note 2)	5,358,567
MEC IMEX INC.	1,093,816 (USD 38,396 thousand)	1,585,487 (USD 50,445 thousand)	385,436
COMPUPACK TECHNOLOGY CO.,LTD.	10,477 (USD 350 thousand)	11,001 (USD 350 thousand)	179,119
KUANG YING COMPUTER EQUIPMENT CO., LTD.	283,530 (USD 8,983 thousand)	314,426 (USD 10,004 thousand)	219,453 (Note 4)

Note 1: Accumulated remittance amount from Taiwan to China as of June 30, 2026 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.

Note 4: The amount remitted by KUANG YING COMPUTER EQUIPMENT CO., LTD. to mainland China was originally within the limit regulated by the Investment Commission. However, due to operational changes during the current period, the net value has decreased.

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 three months ended June 30, 2026 are disclosed in "Information on significant transactions".

14. Segment information:

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

Three Months Ended June 30, 2026						
	Connector segment	Connector cable segment	Metal stamping segment	Other segment	Adjustment and elimination	Total
Revenue:						
Revenue from external customer	\$ 2,085,854	650,719	424,845	188,930	-	3,350,348
Revenue from between segments	17,016	198,921	79,598	7,145	(302,680)	-
Total revenue	\$ 2,102,870	849,640	504,443	196,075	(302,680)	3,350,348
Profit and loss from reportable segments	\$ 205,991	(49,227)	46,168	10,444	45,283	258,659

Three Months Ended June 30, 2025						
	Connector segment	Connector cable segment	Metal stamping segment	Other segment	Adjustment and elimination	Total
Revenue:						
Revenue from external customer	\$ 1,749,333	477,320	419,884	140,480	-	2,787,017
Revenue from between segments	26,908	189,387	57,882	7,599	(281,776)	-
Total revenue	\$ 1,776,241	666,707	477,766	148,079	(281,776)	2,787,017
Profit and loss from reportable segments	\$ 98,087	(41,267)	61,307	(18,937)	20,098	119,288

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

Six Months Ended June 30, 2026						
	Connector segment	Connector cable segment	Metal stamping segment	Other segment	Adjustment and elimination	Total
Revenue:						
Revenue from external customer	\$ 3,819,962	1,161,372	845,813	344,743	-	6,171,890
Revenue from between segments	23,116	344,795	150,547	11,891	(530,349)	-
Total revenue	\$ 3,843,078	1,506,167	996,360	356,634	(530,349)	6,171,890
Profit and loss from reportable segments	\$ 301,109	(94,193)	98,127	7,297	89,340	401,680

Six Months Ended June 30, 2025						
	Connector segment	Connector cable segment	Metal stamping segment	Other segment	Adjustment and elimination	Total
Revenue:						
Revenue from external customer	\$ 3,283,762	956,937	842,466	281,132	-	5,364,297
Revenue from between segments	55,939	331,982	107,383	18,569	(513,873)	-
Total revenue	\$ 3,339,701	1,288,919	949,849	299,701	(513,873)	5,364,297
Profit and loss from reportable segments	\$ 311,016	(62,382)	117,674	(19,455)	37,170	384,023