Stock Code: 8121

Acme Electronics Corporation and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report

For the Years Ended December 31, 2022 and 2021

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Affiliates' Statement of Consolidated Financial Statements

In 2022 (from January 1 to December 31, 2022), the "companies" required to be included in the consolidated financial statements of affiliates under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", are all the same as companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in the International Financial Reporting Standards No. 10 (IFRS 10), and relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the proceeding consolidated financial statements of parent and subsidiary companies, thus the Company is not required to prepare separate consolidated financial statements of affiliates.

Sincerely,

Name of Company: Acme Electronics Corporation

Chairman: Wu, Yi-Gui

March 2, 2023

Independent Auditors' Report

To: Acme Electronics Corporation,

Opinions

We have audited the Consolidated Balance Sheets of Acme Electronics Corporation and its subsidiaries (hereinafter the “Group”) for the years ended December 31, 2022 and 2021, and the Consolidated Statements of Comprehensive Income, the Consolidated Statements of Changes in Equity, the Consolidated Statements of Cash Flows and Notes to the Consolidated Financial Statements (including the Summary of Significant Accounting Policies) for the years from January 1 to December 31, 2022 and 2021.

In our opinion, the above consolidated financial statements have been prepared in all material respects in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC) as endorsed and issued into effect by the Financial Supervisory Commission (FSC), and are sufficient to give a fair representation of the consolidated financial position of Acme Electronics Corporation and its subsidiaries as at December 31, 2022 and 2021, and the consolidated financial performance and consolidated cash flow from January 1 to December 31, 2022 and 2021.

Basis for opinions

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China ("The Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Group for the year ended December 31, 2022. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the consolidated financial statements of the Group for the year ended December 31, 2022 are stated as follows:

Correctness of Recognition Time for Export Sales Revenue

The recognition time for the export sales revenue of the Group varies depending on international trade conditions, and the process requires manual operations to adjust according to the transaction conditions of each customer. Therefore, there is a risk of incorrect revenue presentation during the financial reporting period. Therefore, we presented the correctness of recognition time for the aforementioned sales revenue as a key audit matter.

For accounting policies relating to sales revenue and relevant disclosure information, please refer to Notes 4 to the consolidated financial statements.

Response audit procedures:

1. Learn about the operating procedures and internal controls related to the Company's sales transactions, and test the design and implementation of such controls.
2. Obtain transaction details of export sales revenue for a certain period before and after the end of the financial reporting period, and conduct cut-off tests, including verifying the customer’s original orders, shipment data, and export customs declaration documents to confirm that the revenue has been recorded within the appropriate period.

Other matters

We have also audited the parent company only financial statements of Acme Electronics Corporation for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the Consolidated Financial Statements whether due to fraud or error, design and perform audit procedures responsive to those risks, design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Group.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to operate as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including the related notes) and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our opinion to the Group.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the Group for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche

CPA Wu, Shih-Tsung	CPA Chiu, Cheng-Chun
Financial Supervisory Commission Approved Document No. Jin Guan Zheng Shen Zi No. 1010028123	Financial Supervisory Commission Approved Document No. Jin Guan Zheng Liu Zi No. 0930160267

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China. For the convenience of readers, the independent auditors'report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors'report and consolidated financial statements shall prevail.

March 10, 2023

Acme Electronics Corporation and Subsidiaries

Consolidated Balance Sheets

For the Years Ended December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 490,219	10	$ 676,837	16
1110	Financial assets at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	450	-	1,025	-
1136	Financial assets at amortized cost - current (Notes 4, 8 and 25)	15,557	-	14,888	-
1150	Notes receivable (Notes 4 and 9)	46,749	1	36,108	1
1170	Accounts receivable, net (Notes 4, 9 and 24)	747,391	16	819,201	19
1200	Other receivables (Notes 4 and 24)	7,867	-	12,067	-
1220	Current tax assets (Notes 4 and 20)	2,473	-	261	-
130X	Inventories (Notes 4, 5 and 10)	981,880	21	733,582	17
1470	Other current assets	62,415	1	41,157	1
11XX	Total current assets	2,355,001	49	2,335,126	54
	NON-CURRENT ASSETS				
1550	Investments accounted for using equity method (Notes 4 and 12)	22,739	1	32,206	1
1600	Property, plant and equipment (Notes 4, 13 and 25)	1,815,758	38	1,415,891	33
1755	Right-of-use assets (Notes 4 and 14)	191,452	4	192,880	4
1821	Intangible assets (Note 4)	6,010	-	6,345	-
1840	Deferred tax assets (Notes 4 and 20)	72,522	2	74,830	2
1915	Prepayments for equipment	306,477	6	274,465	6
1920	Refundable deposits (Note 25)	8,933	-	8,855	-
15XX	Total non-current assets	2,423,891	51	2,005,472	46
1XXX	Total Assets	$ 4,778,892	100	$ 4,340,598	100

Code	Liabilities and Equity	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	CURRENT LIABILITIES				
2100	Short-term borrowings (Note 15)	$ 731,926	15	$ 729,041	17
2110	Short-term notes payable, net (Note 15)	79,951	2	279,635	7
2120	Financial liabilities at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	-	-	28	-
2170	Notes payable and accounts payable (Note 24)	79,524	2	161,957	4
2200	Other payables (Note 24)	266,430	6	340,225	8
2230	Current tax liabilities (Notes 4 and 20)	2,575	-	3,279	-
2280	Lease liabilities - current (Notes 4 and 14)	14,285	-	11,539	-
2320	Long-term borrowings due within one year (Note 15)	-	-	59,917	1
2399	Other current liabilities	8,217	-	15,137	-
21XX	Total current liabilities	1,182,908	25	1,600,758	37
	NON-CURRENT LIABILITIES				
2540	Long-term borrowings (Notes 15 and 25)	1,369,000	28	579,830	13
2570	Deferred tax liabilities (Notes 4 and 20)	131,223	3	106,655	2
2580	Lease liabilities - non-current (Notes 4 and 14)	59,304	1	62,694	1
2630	Long-term deferred incomes (Notes 4 and 17)	32,201	1	34,005	1
2640	Net defined benefit liabilities - non-current (Notes 4 and 16)	16,153	-	21,490	1
2645	Guarantee deposit received	24	-	24	-
25XX	Total non-current liabilities	1,607,905	33	804,698	18
2XXX	Total liabilities	2,790,813	58	2,405,456	55
	Equity attributable to owners of the Company (Notes 4, 16 and 18)				
3110	share capital	1,829,937	38	1,829,937	42
3200	Capital surplus	2,139	-	-	-
3350	Accumulated deficit	(305,019)	(6)	(323,658)	(7)
	Other equity				
3410	Exchange differences on translating the financial statements of foreign operations	(149,354)	(3)	(171,238)	(4)
31XX	Total equity attributable to owners of the Company	1,377,703	29	1,335,041	31
36XX	Non-controlling interests (Note 11)	610,376	13	600,101	14
3XXX	Total equity	1,988,079	42	1,935,142	45
	Total liabilities and equity	$ 4,778,892	100	$ 4,340,598	100

The accompanying notes are an integral part of the consolidated financial statements.

Chairman of the Board: Wu, Yi-Gui　　President: Wu, Wen-Hao　　Accounting Manager: Chang, Sheng-Chuang

Acme Electronics Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars, Except for Earnings Per Share in New Taiwan Dollars

		2022		2021	
Code		Amount	%	Amount	%
	Operating Revenue				
4110	Sales revenue (Note 4 and 24)	$ 3,066,314	100	$ 3,080,132	100
4170	Less: Sales returns and allowances	9,097	-	9,817	-
4000	Total operating revenue	3,057,217	100	3,070,315	100
	Operating costs				
5110	Cost of goods sold (Notes 4, 10, 16, 19, and 24)	2,537,248	83	2,452,612	80
5900	Gross profit	519,969	17	617,703	20
	Operating expenses (Notes 4, 9, 16, 17, 19, and 24)				
6100	Selling and marketing expenses	144,031	5	148,564	5
6200	Administrative expenses	189,714	6	192,574	6
6300	Research and development expenses	138,888	4	119,630	4
6450	Provision (reversal of provision) for bad debt expense	(87)	-	1,731	-
6000	Total operating expenses	472,546	15	462,499	15
6900	PROFIT FROM OPERATIONS	47,423	2	155,204	5
	Non-operating income and expenses				
7100	Interest income	7,964	-	8,982	-
7010	Other incomes (Notes 4,, 17, 19 and 24)	26,992	1	25,236	1
7630	Gains (losses) from foreign exchange (Notes 4 and 19)	11,959	-	(12,871)	-
7020	Other gains and losses (Notes 4, 7 and 19)	2,600	-	(2,108)	-

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Code		2022 Amount	2022 %	2021 Amount	2021 %
7050	Finance costs (Note 19)	($ 34,399)	(1)	($ 16,399)	(1)
7060	Share of profit or loss of affiliates accounted for using equity method (Notes 4 and 12)	(9,467)	-	(14,263)	-
7000	Total non-operating income and expenses	5,649	-	(11,423)	-
7900	Net profit before income tax	53,072	2	143,781	5
7950	Income tax expense (Notes 4 and 20)	(38,355)	(1)	(53,300)	(2)
8200	Net profit for the year	14,717	1	90,481	3
	Other comprehensive income (net)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurements of defined benefit plan (Notes 4 and 16)	2,864	-	(2,637)	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 20)	(573)	-	527	-
		2,291	-	(2,110)	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations (Note 4)	39,220	1	(43,189)	(1)
8399	Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 20)	(5,471)	-	4,885	-
		33,749	1	(38,304)	(1)
8300	Total other comprehensive income (net)	36,040	1	(40,414)	(1)
8500	Total comprehensive income for the period	$ 50,757	2	$ 50,067	2

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(Continued)

Code		2022 Amount	2022 %	2021 Amount	2021 %
	Net profit attributable to:				
8610	owners of parent company	$ 16,348	1	$ 59,329	2
8620	Non-controlling Interests	(1,631)	-	31,152	1
8600		$ 14,717	1	$ 90,481	3
	Total comprehensive income attributable to:				
8710	owners of parent company	$ 40,523	1	$ 37,677	1
8720	Non-controlling Interests	10,234	1	12,390	1
8700		$ 50,757	2	$ 50,067	2
	Earnings per share (Note 21)				
9750	Basic	$ 0.09		$ 0.32	
9850	Diluted	$ 0.09		$ 0.32	

The accompanying notes are an integral part of the consolidated financial statements

Chairman of the Board: Wu, Yi-Gui President: Wu, Wen-Hao Accounting Manager: Chang, Sheng-Chuang

Acme Electronics Corporation and Subsidiaries

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

		Equity attributable to owners of the Company							
		Share capital (Note 18)							
Code		Number of shares issued	Amount	Capital surplus (Notes 4 and 18)	Accumulated deficit (Notes 4, 16 and 18)	Exchange differences on translating the financial statements of foreign operations	Total	Non-controlling interests (Note 11)	Total equity
A1	Balance as of January 1, 2021	182,993,743	$ 1,829,937	$ -	($ 380,877)	($ 151,696)	$ 1,297,364	$ 587,711	$ 1,885,075
D1	Net profit for the year 2021	-	-	-	59,329	-	59,329	31,152	90,481
D3	Other comprehensive income for the year 2021, net of income tax	-	-	-	(2,110)	(19,542)	(21,652)	(18,762)	(40,414)
D5	Total comprehensive income for the year 2021	-	-	-	57,219	(19,542)	37,677	12,390	50,067
Z1	Balance as of December 31, 2021	182,993,743	1,829,937	-	(323,658)	(171,238)	1,335,041	600,101	1,935,142
D1	Net profit for the year 2022	-	-	-	16,348	-	16,348	(1,631)	14,717
D3	Other comprehensive income for the year 2022, net of income tax	-	-	-	2,291	21,884	24,175	11,865	36,040
D5	Total comprehensive income for the year 2022	-	-	-	18,639	21,884	40,523	10,234	50,757
C17	Exercise of disgorgement	-	-	72	-	-	72	-	72
N1	Share-based payment transactions	-	-	2,067	-	-	2,067	41	2,108
Z1	Balance as of December 31, 2022	182,993,743	$ 1,829,937	$ 2,139	($ 305,019)	($ 149,354)	$ 1,377,703	$ 610,376	$ 1,988,079

The accompanying notes are an integral part of the consolidated financial statements.

Chairman of the Board: Wu, Yi-Gui President: Wu, Wen-Hao Accounting Manager: Chang, Sheng-Chuang

Acme Electronics Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

Code		2022	2021
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Net profit before tax for the year	$ 53,072	$ 143,781
	Income (expenses) items		
A20100	Depreciation expenses	231,530	199,475
A20200	Amortization expense	1,924	1,784
A20300	Provision (reversal of provision)for bad debt expense	(87)	1,731
A20400	Net loss on financial assets at fair value through profit or loss	547	433
A20900	Finance costs	34,399	16,399
A21200	Interest income	(7,964)	(8,982)
A21900	Employee stock option compensation cost	2,108	-
A22300	Share of profit of associates accounted for using the equity method	9,467	14,263
A22500	Loss of disposal and scrapping of property, plant and equipment	122	4,704
A23700	Loss on (gain on reversal of) write-down of inventories	61,929	(6,140)
A24100	Loss on foreign currency exchange	21,105	3,523
A29900	Deferred and other incomes	(2,350)	(2,302)
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	(10,641)	5,773
A31150	Trade receivables (including related parties)	71,733	(286,691)
A31180	Other receivables (including related parties)	3,453	(8,855)
A31200	Inventories	(311,739)	(144,255)
A31240	Other current assets	(21,258)	(20,067)
A32150	Notes and accounts payable (including related parties)	(82,439)	85,492
A32180	Other payables (including related parties)	(83,165)	96,634
A32230	Other current liabilities	(6,920)	3,837
A32240	Net defined benefit liabilities	(2,473)	(1,680)
A33000	Cash flows generated from operations	(37,647)	98,857
A33100	Interest received	8,711	9,194
A33300	Interest paid	(30,797)	(16,678)
A33500	Income tax paid	(20,758)	(20,035)
AAAA	Net cash flows generated from operating activities	(80,491)	71,338

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Code		2022	2021
	Cash flows from investing activities		
B00040	Purchase of financial assets at amortized cost	($ 172)	($ 165)
B02700	Acquisition cost of property, plant, and equipment	(619,826)	(463,446)
B02800	Proceeds from disposal of property, plant and equipment	4,195	4,097
B03700	Increase in refundable deposits	(25)	(2,996)
B04500	Purchase price of intangible assets	(1,503)	(262)
B05350	Acquisition price of right-of-use assets	-	(25,567)
BBBB	Net cash used in investing activities	(617,331)	(488,339)
	Cash flows from financing activities		
C00100	(Decrease) increase in short-term borrowings	(18,220)	98,098
C00600	(Decrease) increase in short-term notes payable	(200,000)	50,000
C01600	Proceeds from long-term borrowings	5,306,000	1,397,000
C01700	Repayments of long-term borrowings	(4,577,000)	(1,097,000)
C04020	Repayments of the principal portion of lease liabilities	(14,205)	(9,127)
C09900	Exercise of disgorgement	72	-
CCCC	Net cash provided by financing activities	496,647	438,971
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	14,557	(27,555)
EEEE	Increase (decrease) in cash and cash equivalents for the current year	(186,618)	(5,585)
E00100	Beginning balance of cash and cash equivalents	676,837	682,422
E00200	Ending balance of cash and cash equivalents	$ 490,219	$ 676,837

The accompanying notes are an integral part of the consolidated financial statements.

Chairman of the Board: Wu, Yi-Gui

President: Wu, Wen-Hao

Accounting Manager: Chang, Sheng-Chuang

Acme Electronics Corporation and Subsidiaries

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

I. Company History and Business Scope

Acme Electronics Corporation (hereinafter referred to as the “Company”) was mainly invested and established by USI Corporation (“USI”) on September 5, 1991, and started production and sales and other major business activities on December 1, 1994.

The Company's products are inductive passive components. The main business activities are ferrite cores and ferrite powder applied in communication, information, consumer and automotive electronic products.

The Company's stock has been listed for trading on the Taipei Exchange (TPEx) since February 17, 2005.

The Consolidated Financial Statements are presented in the New Taiwan dollar, the Company's functional currency.

II. Date and Procedure for the Approvalof Financial Statements

The consolidated financial statements were approved for issue by the Company's board of directors on March 2, 2023.

III. Application of New, Amended and Revised Standards and Interpretations

(I) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The application of the latest IFRSs endorsed and issued into effect by the FSC to the Group should not result in major changes in the accounting policies of the Group.

(II) IFRSs endorsed by the FSC that are applicable in 2023

New/Revised/Amended Standards and Interpretations	Effective Date of Issuance by the IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendment to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1:The amendments are applicable to the annual reporting periods beginning on or after January 1, 2023.

Note 2:The amendments are applicable to the changes of the accounting estimates and changes of accounting policies which happen on the annual reporting periods beginning on or after January 1, 2023.

Note 3:Except for the recognition of deferred income tax on temporary differences between lease and decommissioning obligations on January 1, 2022, the amendments are applicable to transactions that occur after January 1, 2022.

As of the date the consolidated financial statements were approved of issue, the Group assessed that the amendments to the above standards and interpretations applied by the Group would not have a material impact on the consolidated financial condition and performance.

(III) IFRSs that have been issued by IASB but not yet endorsed by the FSC

New/Revised/Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture”	Yet to be decided
Amendments to IFRS 16 “Lease Liability in Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-Current”	January 1, 2024
Amendments to IAS 1 “Non-current liabilities with contractual provisions”	January 1, 2024

Note 1: Unless stated otherwise, the above New/Revised/Amended Standards and Interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The seller and the lessee shall retroactively apply the amendments to IFRS 16 to sale and leaseback transactions concluded after the initial application of IFRS 16.

As of the date of the consolidated financial statements were approved of issue, the Group has continued to assess the effects of amendments to other standards and interpretations on its financial conditions and performance. Related impacts will be disclosed upon completion of the assessment.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

(II) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on measurement day.
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices).
3. Level 3 inputs are unobservable inputs for an asset or liability.

(III) Criteria classifying current/non-current assets and liabilities

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets expected to realize in 12 months after the balance sheet date; and
3. Cash and cash equivalents (but excluded those restricted from being exchanged or used for debt repayment after more than 12 months of the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities that are due for repayment within 12 months after the balance sheet date (current liabilities even if long-term refinancing or rescheduling agreements have been completed between the balance sheet date and the issuance of financial statements), and
3. Liabilities for which the Company is not able to defer the repayment deadline to more than 12 months after the balance sheet date unconditionally.

Other items excluded from above are classified as non-current assets or non-current liabilities.

(IV) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). The financial statements of the subsidiaries have been adjusted to bring their accounting policies in line with those used by the Group. All intergroup transactions, balances, income and expenses are eliminated in full upon consolidation. The total comprehensive income of subsidiaries is attributed to the owners of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Please refer to Note 11 and Table 3, and Table 4 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

(V) Foreign currency

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

Monetary items denominated in foreign currencies are translated at the closing rates on the balance sheet date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the current period.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the re-translation of non - monetary items are included in profit or loss for the period except for exchange differences arising from the re-translation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the rates of exchange prevailing on the transaction dates and are not re-translated.

In the preparation of the consolidated financial statements, the assets and liabilities of foreign operations (including subsidiaries that operate in a country or currency different from the Company) are translated into the New Taiwan dollar at the closing rate of exchange prevailing on the balance sheet date. Income and expense items are translated to New Taiwan Dollars at the average exchange rate of each period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Group and non-controlling interests as appropriate).

(VI) Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to Company similar or related items. Net realizable value is the balance that the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventory costs are calculated by weighted average method.

(VII) Investments in associates

An associate is an entity over which the Group has significant influence on and that is not a subsidiary.

The Group accounts for investments in associates by using the equity method.

Under the equity method, investments in associates are initially recognized at cost and adjusted thereafter for the post-acquisition change in the Group's interest in profit or loss, share in other comprehensive income, and profits of associates. In addition, equity changes in associates are recognized based on the shareholding ratio.

When the Group's shares of losses of an associate equal or exceed its equity in that associate (which includes any carrying amount of the investment accounted for by using the equity method and long-term equity that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

In assessing impairment, the entire carrying amount of an investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. The recognized impairment loss is not apportioned to any asset forming part of the investment's carrying amount. Reversal of the impairment loss is recognized to the extent of subsequent increases in the recoverable amount of investment.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group' consolidated financial statements only to the extent that interests in the associate are not related to the Group.

(VIII) Property, plant and equipment

Property, plant and equipment are recognized at cost, and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are carried at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for self-owned land which is not subject to allowance for depreciation, depreciation of property, plant and equipment are recognized using the straight-line basis during useful life. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On de-recognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

(IX) Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at the amount of cost less accumulated amortization and accumulated impairment loss. Intangible assets are amortized on a straight-line basis over the useful life. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period by the Group, with the effect of any changes in estimate accounted for on a prospective basis.

On de-recognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in the current profit or loss.

(X) Impairment of property, plant and equipment, right-of-use asset, and intangible assets

On each balance sheet date, the Group reviews the carrying amounts of its property, plant, and equipment as well as right-of-use assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually.

The recoverable amount is the higher of fair value less costs of sale and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (less amortization or depreciation) that would have been determined to have no impairment loss recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

(XI) Financial instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instruments.

When financial assets and financial liabilities are initially measured, in case financial assets and financial liabilities are not measured at fair value through profit or loss(FVTPL), they are measured with the fair value added to transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1. Financial assets

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

(1) Types of measurement

A. Financial assets held by the Group are classified as financial assets at FVTPL and financial assets at amortized cost.

Financial assets at FVTPL

Financial assets at FVTPL are financial assets that are forced to be measured at fair value through profit and loss. Financial assets mandatorily measured at fair value through profit or loss include equity instrument investments not designated to be measured at fair value through other comprehensive income, and debt instrument investments not subject to classification as measured at amortized cost or to be measured at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are measured at fair value; any re-measurement profit or loss (including any dividends or interests derived from such financial assets) is recognized in other profit or loss. Please refer to Note 23 for the methods for determining fair values.

B. Financial assets measured at amortized cost

The Group's financial assets that meet the following conditions are subsequently measured at amortized cost:

a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b. The contractual terms of the financial asset give rise on cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost (including cash and cash equivalents, notes receivable and accounts receivable, financial assets at amortized cost, other receivables, and refundable deposits) are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Cash equivalents include time deposits and reverse repurchase agreements collateralized by bonds within three months from the acquisition date, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

(2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable) on each balance sheet date.

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivable as allowance for loss. For other financial assets, the Group evaluates if there has been a significant increase in credit risk since initial recognition. If the credit risk on the financial asset has not increased significantly, the Group recognizes the loss allowance for that financial asset at an amount equal to 12-month expected credit losses. If there is a significant increase, the Group recognizes the lifetime expected credit losses accordingly.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized by a reduction in their carrying amounts through a loss allowance account..

(3) Derecognition of financial assets

The Group derecognizes the financial assets when the contractual rights to the cash flow from the financial assets expire or when the Company transfers almost all the risks and rewards of ownership of the financial assets to other enterprises.

On de-recognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2. Financial liabilities

(1) Follow-up measurement

All financial liabilities are measured at amortized cost using the effective interest method, except:

<u>Financial liabilities at FVTPL</u>

Financial liabilities at FVTPL include financial liabilities held for trading.

Financial liabilities held for trading are measured pursuant to fair price wherein their profits or losses generated from re-measurements is recognized as other benefits and losses. Please refer to Note 23 for the methods for determining fair values.

(2) De-recognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3. Derivatives

The Group enters into a variety of derivatives to manage its exposure to foreign exchange rate risks, mainly foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative is positive, the derivative is recognized as a financial asset; when the fair value of a derivative is negative, the derivative is recognized as a financial liability.

(XII) Revenue recognition

The Group identifies contracts with the customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts where the time interval between the transfer of goods or services and the receipt of consideration is less than one year, the significant financial components are not subject to adjustment of the transaction price.

The expected duration of customer contracts of the Group does not exceed one year, and no consideration for customer contracts is not included in the transaction price. Therefore, practical expediency is applied without the need to disclose (1) the aggregate amount of transaction prices allocated to performance obligations that have not been met or partially met until the end of the reporting period, and (2) when it is expected to be recognized as revenue.

<u>Sales revenue of commodities</u>

The sales of goods are recognized as revenue and accounts receivable when the customer obtains control over the promised assets, that is, the time when the goods are delivered to the designated location and the performance obligation is met.

Outsourced processing is not recognized as income as the control of the ownership of the processed products has not been transferred.

(XIII) Leasing

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

<u>Where the Group is a lessee:</u>

Except that the lease payments of the low-value underlying assets and short-term leases applicable to the recognition exemption are recognized as expenses on a straight-line basis during the lease term, other leases are recognized as right-of-use assets and lease liabilities on the inception of the lease.

The right-of-use asset is initially measured at cost (including the original measured amount of the lease liability, the lease payment paid before the lease commencement date minus the lease incentive received, the original direct cost and the estimated cost of the recovery of underlying asset), and subsequently measured at cost minus the accumulated depreciation and the accumulated impairment loss and adjusted for the remeasurement of the lease liability. The right-of-use assets are separately presented in the consolidated balance sheets.

The right-of-use assets shall be depreciated on a straight-line basis from lease commencement date to the earlier of the end of the useful life or the end of the lease term.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and variable lease payments which depend on an index or a rate. If the implicit interest rate of lease is easy to determine, the interest rate is used to discount the lease payment. If the interest rate is not easy to determine, the lessee's incremental borrowing rate shall be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in an index or a rate used to determine those payments leading to a change in future lease payments, the Group re-measures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the re-measurement is recognized in profit or loss. Lease liabilities are presented separately in the consolidated balance sheets.

Variable rent that does not depend on index or a rate changes in lease agreement is recognized as expense in the periods in which they are incurred.

(XIV) Government subsidy

Government subsidies are not usually recognized, unless they are reasonable to be certain that the Group will follow supplemental conditions for the same and they are receivable.

Revenue-related government subsidies are recognized as the profit and loss based on system with attempted compensation of related costs recognized as expenditure by the Group.

(XV) Employee benefits

1. Short-term employee benefits

   Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2. Post-retirement benefits

   Payments to defined contribution retirement benefit plans are recognized as expense when employees have rendered services entitling them to the contributions.

   Defined benefit costs (including service cost, net interest and re-measurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liability (asset) are recognized as employee benefit expenses in the period they occur. Re-measurement (comprising actuarial gains and losses, and the return on plan assets excluding interest) is recognized in other comprehensive income in the period in which it occurs. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

   Net defined benefit liabilities (assets) are the deficit (surplus) of the contribution made according to the defined benefit pension plan. Net defined benefit assets may not exceed the present value of refundable contributions from the plan or reductions in future contributions.

(XVI) Employees stock option

1. Employee stock option for employees

   Employee subscription right is recognized as expenses on straight basis over the given period pursuant to the fair value of equity tool on the grant date and the best quantity forecast as expected, while making adjustments on capital surplus- employee stock options. If it is acquired on the grant date, all of them are recognized as expense on the grant date. When the Company offers subscription right of capital increase in cash to employee, the date on which the quantities of the employee subscription for shares is confirmed is the date of grant date.

2. Equity-settled share-based payment agreement for employees of subsidiaries

The employee stock options settled with the Company's equity instruments granted by the Company to employees of a subsidiary are deemed as capital contributions to the subsidiary, and are measured by the fair value of the equity instruments on grant datet, recognized as an increase in the carrying amount of investment in the subsidiary within the available period, and the capital surplus - employee stock options are adjusted accordingly. If it is acquired on the grant date, all of them are recognized as expense on the grant date. When the Company offers subscription right of capital increase in cash to employee of a subsidiary, the date on which the quantities of the employee of the subsidiary subscription for shares is confirmed is the date of grant date.

(XVII) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

1. Current income tax

The Group determines proceeds (loss) of current period pursuant to the laws and regulations prescribed in every income tax declaration region and calculates tax payable (recoverable).

The additional tax on the undistributed earnings calculated in accordance with the Income Tax Act is recognized in the year of the resolution of the shareholders' meeting.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2. Deferred income tax

Deferred income tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred income tax liabilities are generally recognized for all taxable temporary differences. Deferred income tax assets are recognized when it is probable that there will be sufficient taxable profits available for the use of income tax deduction arising from deductible temporary differences, loss deductions or research and development expenditures.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each balance sheet date and recognized to the extent that it has become probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rate in the current period in which the liabilities are expected to be settled or the assets are expected to be realized. The rate is based on the tax rate and tax laws that have been enacted prior to the balance sheet date or have been substantially legislated. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the balance sheet, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred income tax

Current and deferred income taxes are recognized in profit or loss, but current and deferred income taxes related to items recognized in other comprehensive income or directly included in equity are recognized in other comprehensive income or directly included in equity.

V. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Company's accounting policies, management is required to make judgments, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experiences and other factors that are considered relevant. Actual results may differ from these estimates.

The management will continuously review the estimates and basic assumptions. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Inventory Evaluation

As a result that inventory requires pricing at lower one between cost and net realized value; hence, the Group has to judge and estimate the net realization of inventory at the end of financial statements. Due to rapid technological changes, the Group evaluates the amount of inventory at the end of the financial reporting period due to normal wear and tear, obsolescence, or lack of market sales value, and offsets the cost of inventory to its net realizable value. Such inventory evaluation is mainly based on the demand for products during each period and past experience, so there may be significant changes.

VI. Cash and cash equivalents

	December 31, 2022	December 31, 2021
Petty cash and cash on hand	$ 2,210	$ 2,153
Checks and demand deposits in banks	311,490	416,602
Cash equivalents		
Time deposits	149,885	232,827
Reserve repurchase agreements collateralized by bonds	26,634	25,255
	$ 490,219	$ 676,837

At the end of the balance sheet date, the ranges of the market interest rates for bank deposits were as follows:

	December 31, 2022	December 31, 2021
Demand deposits	0.001%～3.30%	0.001%～1.61%
Time deposits	1.25%～4.53%	0.12%～2.32%
Reserve repurchase agreements collateralized by bonds	1.85%～4.23%	0.06%～0.90%

VII. Financial Instruments at Fair Value through Profit or Loss

	December 31, 2022	December 31, 2021
Financial assets - current		
Mandatorily measured at fair value through profit or loss		
Derivatives (not under hedge accounting)		
- Forward exchange foreign contracts	$ 450	$ 1,025
Financial liabilities - current		
Held for trading		
Derivatives (not under hedge accounting)		
- Foreign exchange forward contracts	$ -	$ 28

At the end of the balance sheet date, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)
December 31, 2022			
Sell	USD/MYR	2023.3.13	USD 100/ MYR 440
Sell	EUR/MYR	2023.3.17～2023.3.31	EUR 270/ MYR 1,254
December 31, 2021			
Sell	USD/NTD	2022.1.21～2022.3.22	USD 2,400/ NTD 66,943
Sell	USD/MYR	2022.4.29～2022.10.31	USD 2,150/ MYR 9,075
Sell	EUR/MYR	2022.1.31～2022.2.28	EUR 60/ MYR 304

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness, and therefore, the Group did not apply hedge accounting treatments for derivative contracts.

VIII. Financial assets measured at amortized cost

	December 31, 2022	December 31, 2021
Pledge and mortgage		
Time deposits with original maturity over 3 months	$ 15,557	$ 14,888

At the end of the balance sheet date, the ranges of the market rates for the aforesaid assets were as follows:

	December 31, 2022	December 31, 2021
Time deposits with original maturity over 3 months	0.79%～2.60%	0.79%～1.85%

Please refer to Note 25 for the information related to financial assets at amortized cost pledged as security of the Group.

IX. Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	$ 46,749	$ 36,108
Accounts receivable	$ 758,002	$ 829,735
Less: allowance for loss	(10,611)	(10,534)
Accounts receivable, net	$ 747,391	$ 819,201

The credit period for the sale of goods by the Group was approximately 30 to 150 days, and interest was not charged due to the short credit period.

In order to control credit risk, the Group assesses the credit quality of individual customers and determines the credit limit through the internal credit rating system, and regularly reviews based on individual customers' historical transaction records and financial status every year. In addition, the Group reviews the recoverable amount of accounts receivable one by one on each balance sheet date to ensure that the accounts receivable that may incur credit risk have been provided with appropriate impairment losses.

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using an allowance matrix by reference to past default experience with the respective debtors and an analysis of the debtors' current financial positions, adjusted for general economic conditions of the industry and an assessment of economic conditions at the reporting date. Due to the fact that the historical experience of the Group in evaluating credit losses shows no significant differences in the loss patterns of different customer groups, the provision matrix does not further differentiate between customer groups, and only calculates the expected credit loss rate based on the number of overdue days of accounts receivable.

The Group writes off accounts receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivables. For accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, they are recognized in profit or loss.

The following table details the loss allowance of notes receivables and accounts receivable based on the Group's allowance matrix.

December 31, 2022

	Not past due	Up to 60 Days	61~90 Days	Over 91 Days	Total
Expected credit loss rate	0.89%	0.96%	100%	100%	
Gross carrying amount	$ 767,559	$ 33,772	$ 391	$ 3,029	$ 804,751
Loss allowance (Lifetime ECLs)	(6,866)	(325)	(391)	(3,029)	(10,611)
Amortized cost	$ 760,693	$ 33,447	$ -	$ -	$ 794,140

December 31, 2021

	Not past due	Up to 60 Days	61~90 Days	Over 91 Days	Total
Expected credit loss rate	0.94%	0.49%	39.49%	47.31%	
Gross carrying amount	$ 818,214	$ 41,839	$ 835	$ 4,955	$ 865,843
Loss allowance (Lifetime ECLs)	(7,655)	(205)	(330)	(2,344)	(10,534)
Amortized cost	$ 810,559	$ 41,634	$ 505	$ 2,611	$ 855,309

Changes in the allowance for impairment loss recognized on notes and accounts receivable were as follows:

	2022	2021
Beginning balance	$ 10,534	$ 10,498
Less: Provision (reversal) for impairment losses in the current year	(87)	1,731
Actual write-off of the current year	-	(1,546)
Foreign exchange translation gains and losses	164	(149)
Ending balance	$ 10,611	$ 10,534

X. Inventories

	December 31, 2022	December 31, 2021
Finished goods	$ 421,399	$ 275,348
Work in progress	335,637	236,071
Raw materials and Supplies	224,844	222,163
	$ 981,880	$ 733,582

The costs of inventories recognized as cost of goods sold for the years ended December 31 in 2022 and 2021 were NT$2,537,248 thousand and NT$2,452,612 thousand, respectively.

The cost of goods sold for the years ended December 31 in 2022 and 2021 included an impairment loss of NT$61,929 thousand and a recovery benefit of NT$6,140 thousand in net realized value of inventory.

XI. Subsidiary

(I) Subsidiaries included in the consolidated financial statements

The consolidated financial statements are prepared by the following subjects:

			Proportion of Ownership (%)		
Investor	Subsidiary	Nature of Activities	December 31, 2022	December 31, 2021	Remark
The Company	ACME Electronics (Cayman) Corp. （ACME (Cayman)）	Corporate investments	51.27%	51.27%	(1)
	Golden Amber Enterprises Limited （GAEL）	Corporate investments	100.00%	100.00%	(2)
ACME (Cayman)	Acme Electronics (Kunshan) Co., Ltd. ("ACME Electronics (KS)")	Manufacturing and marketing of soft ferrite core	100.00%	100.00%	(3)
	ACME Components (Malaysia) Sdn. Bhd.（ACME (MA)）	Corporate investments	100.00%	100.00%	(4)
ACME (MA)	ACME Ferrite Products Sdn. Bhd. （ACME Ferrite）	Manufacturing and marketing of soft ferrite core	100.00%	100.00%	(5)
GAEL	Acme Electronics (Guangzhou) Co., Ltd. (“ACME Electronics (GZ)”)	Manufacturing and marketing of soft ferrite core	100.00%	100.00%	(6)

(1) ACME (Cayman) was established on June 28, 2000, mainly engaged in 100% reinvestment in its subsidiaries ACME Electronics (KS) and ACME (MA).

(2) GAEL was established on March 26, 1998 in the British Virgin Islands, mainly engaged in 100% reinvestment in its subsidiary ACME Electronics (GZ).

(3) ACME Electronics (KS) was established on July 27, 2000, mainly engaged in the production and sales of soft ferrite cores applied in communication, information, consumer and automotive electronic products.

(4) ACME (MA) was established on September 6, 1990, mainly engaged in 100% reinvestment in ACME Ferrite. The Company acquired 100% equity in ACME (MA) through its subsidiary ACME (Cayman) in December 2009.

(5) ACME Ferrite was established on September 21, 1990, mainly engaged in the production and sales of soft ferrite cores applied in communication, information, consumer and automotive electronic products.

(6) ACME Electronics (GZ) was established on November 24, 2004, mainly engaged in the production and sales of soft ferrite cores and processing of incoming materials. The Company has signed an outsourced material processing contract with ACME Electronics (GZ) to supply the processed products to nearby mainland Chinese export manufacturers.

(II) Details of subsidiaries that have material non-controlling interests

Please refer to Table 3 for information on the main business premises and countries of registration.

	Profit (Loss) Allocated to Non-controlling Interests		Non-controlling Interests	
Subsidiary	2022	2021	2022 December 31	2021 December 31
ACME (Cayman) and its subsidiaries	($ 1,631)	$ 31,152	$ 610,376	$ 600,101

The summarized financial information of the following subsidiaries is prepared according to the amount before the elimination of intercompany transactions:

ACME (Cayman) and its subsidiaries

	December 31, 2022	December 31, 2021
Current assets	$ 991,610	$ 1,085,340
Non-current assets	1,121,299	921,855
Current liabilities	(791,632)	(709,343)
Non-current liabilities	(71,817)	(66,867)
Equity	$ 1,249,460	$ 1,230,985
Equity attributable to:		
Owners of the Company	$ 640,644	$ 631,170
Non-controlling Interests	608,816	599,815
	$ 1,249,460	$ 1,230,985

	2022	2021
Operating revenue	$ 1,665,764	$ 1,558,534
Net (loss) profit for the period	($ 5,960)	$ 62,808
Other comprehensive income (loss)	24,351	(38,505)
Total comprehensive income	$ 18,391	$ 24,303
Net (loss) profit attributable to:		
Owners of the Company	($ 3,056)	$ 32,204
Non-controlling Interests	(2,904)	30,604
	($ 5,960)	$ 62,808
Total comprehensive income attributable to:		
Owners of the Company	$ 9,430	$ 12,460
Non-controlling Interests	8,961	11,843
	$ 18,391	$ 24,303

	2022	2021
Cash flow		
Operating activities	$ 62,819	$ 34,844
Investing activities	(255,895)	(165,872)
Financing activities	39,160	126,038
Effects of exchange rate changes	6,378	(22,394)
Net cash outflow	($ 147,538)	($ 27,384)

XII. Investments accounted for using equity method

	December 31, 2022		December 31, 2021	
Significant associates	Amount	Shareholding	Amount	Shareholding
USI Optronics Corporation (“USIO”)	$ 22,739	34%	$ 32,206	34%

Please refer to Table 3 for relevant information on significant associates of the Group on the balance sheet date.

Under the equity method, the Company's shares of the profit or loss and other comprehensive income of the associates for the years ended December 31, 2022 and 2021 were recognized based on the financial reports of each associates audited by independent auditors during the same period.

The following summary financial information has been prepared based on the financial statements of USIO and has reflected the adjustments made when adopting the equity method.

USIO

	December 31, 2022	December 31, 2021
Current assets	$ 44,647	$ 54,886
Non-current assets	27,905	44,172
Current liabilities	(5,667)	(4,325)
Equity	66,885	94,733
The Company's shareholding ratio	34%	34%
Equity attributable to the Group	$ 22,739	$ 32,206
Carrying amount of investment	$ 22,739	$ 32,206

	2022	2021
Operating revenue	$ 10,946	$ 8,955
Loss for the period	($ 27,848)	($ 41,955)
Total comprehensive income	($ 27,848)	($ 41,955)

XIII. Property, plant and equipment

2022	Beginning balance	Increase during the year	Decrease during the year	Internal transfer	Effects of exchange rate changes	Ending balance
Cost						
Land	$ 82,657	$ -	$ -	$ -	$ -	$ 82,657
Land improvement	9,329	-	-	-	-	9,329
Building and equipment	1,206,896	1,798	(16,159)	78,770	17,532	1,288,837
Machinery and equipment	2,598,796	163,297	(142,607)	320,261	45,285	2,985,032
Transportation and Communication Equipment	14,255	577	-	-	511	15,343
Other equipment	372,833	14,026	(8,225)	15,428	8,127	402,189
Total cost	4,284,766	$ 179,698	($ 166,991)	$ 414,459	$ 71,455	4,783,387
Accumulated depreciation and impairment						
Land improvement	8,531	$ 168	$ -	$ -	$ -	8,699
Building and equipment	716,295	52,864	(15,105)	(130)	8,552	762,476
Machinery and equipment	1,831,147	128,158	(139,427)	4,101	33,859	1,857,838
Transportation and Communication Equipment	11,605	1,022	-	-	415	13,042
Other equipment	301,297	30,941	(8,142)	(3,971)	5,449	325,574
Total accumulated depreciation and impairment	2,868,875	$ 213,153	($ 162,674)	$ -	$ 48,275	2,967,629
Net	$ 1,415,891					$ 1,815,758

2021	Beginning balance	Increase during the year	Decrease during the year	Internal transfer	Effects of exchange rate changes	Ending balance
Cost						
Land	$ 82,657	$ -	$ -	$ -	$ -	$ 82,657
Land improvement	9,329	-	-	-	-	9,329
Building and equipment	1,171,686	36,060	(1,320)	9,856	(9,386)	1,206,896
Machinery and equipment	2,544,134	104,534	(121,182)	102,979	(31,669)	2,598,796
Transportation and Communication Equipment	16,142	-	(1,286)	-	(601)	14,255
Other equipment	374,038	23,767	(33,242)	12,894	(4,624)	372,833
Total cost	4,197,986	$ 164,361	($ 157,030)	$ 125,729	($ 46,280)	4,284,766
Accumulated depreciation and impairment						
Land improvement	8,363	$ 168	$ -	$ -	$ -	8,531
Building and equipment	669,832	51,607	(1,289)	-	(3,855)	716,295
Machinery and equipment	1,859,355	107,900	(112,717)	-	(23,391)	1,831,147
Transportation and Communication Equipment	12,023	1,353	(1,286)	-	(485)	11,605
Other equipment	311,560	26,154	(32,937)	-	(3,480)	301,297
Total accumulated depreciation and impairment	2,861,133	$ 187,182	($ 148,229)	$ -	($ 31,211)	2,868,875
Net	$ 1,336,853					$ 1,415,891

There were no impairment losses on assessed property, plant and equipment from January 1 to December 31, 2022 and 2021.

The property, plant and equipment of the Group are depreciated on a straight-line basis over their estimated useful lives as follows:

Land improvement	8 to 20 Years
Building and equipment	
Decoration	3 to 10 Years
Power distribution and hydraulic engineering	10 to 15 Years
Air conditioning	5 to 15 Years
Main office building	20 to 50 Years
Machinery and equipment	3 to 15 years
Transportation and Communication Equipment	5 years
Other equipment	
Electric and hydraulic systems	10 to 20 Years
Environmental protection equipment	25 years
Others	3 to 10 Years

For property, plant and equipment pledged as collateral for bank borrowings, please refer to Note 25.

XIV. Lease Arrangements

(I) Right-of-use assets

	December 31, 2022	December 31, 2021
Carrying amount of right-of-use assets		
Land	$ 119,253	$ 119,775
Buildings	104	208
Machinery and Equipment	71,104	71,522
Transportation equipment	991	1,375
	$ 191,452	$ 192,880

	2022	2021
Addition for right-of-use assets	$ 12,344	$ 52,913
Depreciation expense of right-of-use assets		
Land	$ 3,927	$ 3,134
Buildings	104	104
Machinery and Equipment	13,962	8,671
Transportation equipment	384	384
	$ 18,377	$ 12,293

(II) Lease liabilities

	December 31, 2022	December 31, 2021
Carrying amount of lease liabilities		
Current	$ 14,285	$ 11,539
Non-current	$ 59,304	$ 62,694

As of December 31, 2022 and 2021, the discount rates of lease liabilities were 1.11%~1.25%.

(III) Material lease-in activities and terms

The Group has leased several buildings, machinery and transportation equipment for manufacturing and operational purposes, with a lease term of 3-10 years.

The use right assets - land refers to the land use rights of the Group located in mainland China and Malaysia.

(IV) Other lease information

	2022	2021
Expenses relating to short-term leases	$ 6,537	$ 6,713
Total cash flows on lease	($ 21,650)	($ 16,578)

The Group elects to apply the exemption of recognition to the office and other leases eligible for short-term leases and does not recognize the relevant right to use assets and lease liabilities under such leases. The estimated payouts within one year for short-term lease commitments subject to recognition exemption were NT$4,612 thousand and NT$2,331 thousand respectively as at December 31, 2022 and 2021.

XV. Borrowings

(I) Short-term borrowings

	December 31, 2022	December 31, 2021
Unsecured borrowings	$ 731,926	$ 729,041

The interest rates of short-term loan were 1.61078%-7.62412% and 0.90%-1.88% respectively as at December 31, 2022 and 2021.

(II) Short-term bills payable

	December 31, 2022	December 31, 2021
Commercial note payable	$ 80,000	$ 280,000
Less: Discount on commercial note payable	(49)	(365)
	$ 79,951	$ 279,635

The outstanding short-term bills payable as of the balance sheet dates were as follows:

December 31, 2022

Guarantor/Accepting Institution	Nominal Amount	Discounted Amount	Carrying Amount	Annual discount rate
Commercial note payable				
Mega Bills Finance Co., Ltd.	$ 80,000	$ 49	$ 79,951	1.848%

December 31, 2021

Guarantor/Accepting Institution	Nominal Amount	Discounted Amount	Carrying Amount	Annual discount rate
Commercial note payable				
Ta Ching Bills Finance Corp.	$ 80,000	$ 112	$ 79,888	0.978%
International Bills Finance Corp.	100,000	114	99,886	1.018%
China Bills Finance Corp.	100,000	139	99,861	0.978%
	$ 280,000	$ 365	$ 279,635	

(III) Long-term borrowings

	December 31, 2022	December 31, 2021
Bank loans	$ 1,369,000	$ 400,000
Commercial note payable	-	240,000
Unamortized discount on bills payable	-	(253)
	1,369,000	639,747
Long-term borrowings due within one year	-	(59,917)
	$ 1,369,000	$ 579,830
Maturity year	114～116	111～115
Range of interest rates	1.45～1.85%	0.97～1.11%

Please refer to Note 25 for details of collateralized assets for secured loans.

XVI. Post-retirement benefits plans

(I) Defined contribution plans

The Group adopts a pension plan under the *Labor Pension Act*, which is a state-managed defined contribution plan. According to the *Labor Pension Act*, the Company makes monthly contributions to employees' individual pension accounts at 6% of their monthly salaries. Besides, foreign subsidiary's formulated employee pension method pursuant to local competent authority is also the same one.

(II) Defined benefit plans

The pension system adopted by the Company under the "Labor Standards Act" is a state-managed defined benefit plan. The payment of the employee's pension is based on the length of service and the average salary of six months before the approved retirement date. The Company allocates 2% of employees' total monthly salary to a special account of the Bank of Taiwan, which is managed by the Bureau of Labor Funds, Ministry of Labor in the name of the Labor Retirement Reserve Supervision Committee. The Company has no right to influence the investment management strategy.

The amounts of defined benefit plans included in the consolidated balance sheet are as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$ 45,779	$ 47,498
Fair value of plan assets	(29,626)	(26,008)
Net Defined Benefit Liabilities	$ 16,153	$ 21,490

The changes in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net Defined Benefit Liabilities
Balance as of January 1, 2022	$ 47,498	($ 26,008)	$ 21,490
Service costs			
Service costs - current period	241	-	241
Interest expenses (income)	237	(132)	105
Amounts recognized in profit or loss	478	(132)	346
Re-measurement on the net defined benefit liability			
Return on plan assets (excluding amounts included in net interest)	-	(2,056)	(2,056)
Actuarial (gain) loss			
- Changes in financial assumptions	(1,264)	-	(1,264)
- Experience adjustments	456	-	456
Recognized in other comprehensive income	(808)	(2,056)	(2,864)
Contributions from employer	-	(2,819)	(2,819)
Benefits paid	(1,389)	1,389	-
Balance as of December 31, 2022	$ 45,779	($ 29,626)	$ 16,153
Balance as of January 1, 2021	$ 44,841	($ 24,308)	$ 20,533
Service costs			
Service costs - current period	138	-	138
Interest expenses (income)	224	(123)	101
Amounts recognized in profit or loss	362	(123)	239
Re-measurement on the net defined benefit liability			
Return on plan assets (excluding amounts included in net interest)	-	(306)	(306)
Actuarial loss			
- Changes in demographic assumptions	1,169	-	1,169
- Experience adjustments	1,774	-	1,774
Recognized in other comprehensive income	2,943	(306)	2,637
Contributions from employer	-	(1,919)	(1,919)
Benefits paid	(648)	648	-
Balance as of December 31, 2021	$ 47,498	($ 26,008)	$ 21,490

The Group's pension system from the "Labor Standards Act" is exposed in the following risks:

1. Investment risk: Through its own and consigns operation, Bureau of Labor Funds, MOL invested labor pension funds in domestic (foreign) equity and debt securities and bank deposits. But the allocated amounts of the plan assets shall not be lower than the gain calculated by the average interest rate on a two-year time deposit published by the local bank.
2. Interest rate risk: The decline in government bond interest rate will increase the present value of the obligation on the defined benefit plan, while the return on plan assets will increase. The net effect on the present value of the obligation on defined benefit plan is partially offset by the return on plan assets.
3. Salary risk: Present value of defined benefit obligations is calculated from future salary of member participants; therefore, it will increase with their salary.

The present value of the defined benefit obligation of the Group was calculated by the independent actuary and material assumptions on the measurement date were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.500%	0.500%
Expected rates of salary increase	3.000%	2.250%

If reasonably possible changes of the respective significant actuarial assumptions occur, while holding all other assumptions constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31, 2022	December 31, 2021
Discount rate		
0.25% increase	($ 1,114)	($ 1,236)
0.25% decrease	$ 1,153	$ 1,282
Expected rates of salary increase		
0.25% increase	$ 1,116	$ 1,238
0.25% decrease	($ 1,084)	($ 1,201)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31, 2022	December 31, 2021
Expected amount of contribution within 1 year	$ 820	$ 840
Average duration of defined benefit obligations	10.8 years	11.4 years

XVII. Government subsidy

Acme Electronics (KS) reached an agreement with Kunshan Zhoushizhen People's Government in 2006 in which Acme Electronics (KS) promised to relocate its new plant and raise its investment amount. Furthermore, Kunshan Zhoushizhen People's Government subsidized Acme Electronics (KS)'s acquisition of the land for its new plant and the external line project for high voltage power during the relocation process. As of December 31, 2022 and 2021, the amount of unamortized deferred revenue amounted to RMB 7,303 thousand (NT$32,201 thousand) and RMB 7,833 thousand (NT$34,005 thousand), respectively.

The Company applied for a subsidy of the Taiwan Industry Innovation Platform Program from the Taiwan government. As of December 31, 2022, it has received NT$11,000 thousand, booked under operating expense as a reduction.

As a result of the above and other subsidies, the government subsidy incomes recognized as other income of the Group for the years ended December 31, 2022 and 2021 were NT$7,501 thousand and NT$14,016 thousand, respectively.

XVIII. EQUITY

(I) Share capital

	December 31, 2022	December 31, 2021
Number of shares authorized (in thousands)	300,000	250,000
Share capital authorized	$ 3,000,000	$ 2,500,000
Number of shares issued and fully paid (in thousands)	182,994	182,994
Share capital issued	$ 1,829,937	$ 1,829,937

Fully paid ordinary shares, which have a par value of NT$10, carry one vote per share and carry a right to dividends.

The share capital reserved for the issuance of the exercise of employee share options was 11,000 thousand shares.

On June 14, 2022, the Board of Directors resolved a capital increase in cash to issue 30,000 thousand of new shares with a par value of NT$10 per share. The cash capital increase plan was declared effective by the Securities and Futures Bureau of the Financial Regulatory Commission on July 22, 2022. However, due to the impact of global economic and stock market fluctuations, the cash capital increase plan was approved to extend the raising period. As of the date of this financial report, the raising of cash increase has been completed, 15% of which is reserved for subscription by qualified employees of the Company and affiliates. The relevant issuance price is NT$20 per share, and the record date of capital increase is January 16, 2023.

(II) Capital surplus (December 31, 2021: none)

	December 31, 2022
May only be used to offset deficits	
Disgorgement	$ 72
May not be used for any purpose	
Employees stock option	2,067
	$ 2,139

(III) Retained earnings and dividends policy

According to the earnings distribution provisions of the Company's articles of Incorporation, if the Company retains earnings in the current year, it shall allocate the compensation to directors and employees. The compensation to directors shall be no more than 1% of the earnings gained in the current year, while the compensation to employees shall be no less than 1% of the earnings. Notwithstanding, if the Company retains accumulated losses, it shall reserve the amount to be covered in advance. Said compensation to employees may be allocated in the form of shares or in cash, including the employees of the Company’s subsidiaries meeting certain specific requirements entitled to receive shares or cash. The specific requirements shall be defined by the Board of Directors. If the Company has net profits after tax according to its annual financial account, the Company may, after making up all past losses, set aside a 10% legal reserve from the remainder, if any. The remaining allocable earnings, if any, plus the accumulated unappropriated earnings for prior years and the balance after provision or reversal of special earnings required by the competent authority, shall be accumulated allocable earnings, which shall be allocated according to the proposal drafted by the Board of Directors and resolution made by a general shareholders’ meeting duly. The shareholders’ meeting may retain the earnings, in whole or in part, subject to the overview of business. As the industry which the Company is engaged in refers to a growing phase, when resolving to allocate earnings, in consideration of the future funding needs and financial plan, the shareholders’ dividend allocable shall be no less than 10% of the allocable earnings, including the cash dividend no less than 10% of the whole dividends. Notwithstanding, no dividend shall be allocated, if the allocable earnings per share is less than NT$0.1. Please refer to Note 19 (3) Remunerations of Employees and Directors for the estimated basis and actual distribution of employee and director remuneration.

The appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company’s paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company held regular shareholders' meetings on May 30, 2022 and July 27, 2021, respectively, and decided not to distribute earnings for the years ended December 31, 2021 and 2020 due to the need to make up for losses.

The Company still needs to make up for losses as of December 31, 2022. Therefore, the board meeting on March 2, 2023 proposed not to make any earnings distribution for the year ended December 31, 2022, and it is pending a resolution at the annual shareholders' meeting for the year 2023.

XIX. Net profit for the year

(I) Depreciation and amortization

	2022	2021
Property, plant and equipment	$ 213,153	$ 187,182
Right-of-use assets	18,377	12,293
Other intangible assets	1,924	1,784
Total	$ 233,454	$ 201,259
Summary of depreciation by function		
Operating costs	$ 198,918	$ 166,751
Operating expenses	32,612	32,724
	$ 231,530	$ 199,475
Summary of amortization by function		
Operating costs	$ 519	$ 188
Operating expenses	1,405	1,596
	$ 1,924	$ 1,784

(II) Employee benefit expenses

	2022	2021
Post-retirement benefits		
Defined contribution plans	$ 55,204	$ 46,846
Defined benefit plans	346	239
	55,550	47,085
Salary, Bonus, etc.	756,979	795,208
Total	$ 812,529	$ 842,293
Summary of employee benefit expenses by function		
Operating costs	$ 584,630	$ 617,222
Operating expenses	227,899	225,071
	$ 812,529	$ 842,293

(III) Employees' compensation and remuneration of directors

The Company accrued remuneration of employees and directors at rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The Company has yet to make up the loss as of the end of 2022 and 2021, so the remunerations of employees and directors are not estimated, recognized and distributed.

If there is still any change in the amount after the annual consolidated financial statements are authorized for issue, the differences shall be treated as a change in accounting estimates in the following year.

Information on the remunerations of employees and directors for the years ended December 31, 2022 and 2021 proposed by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

(IV) Other income

	2022	2021
Government subsidy income	$ 7,501	$ 14,016
Rental income	1,474	1,538
Others	18,017	9,682
	$ 26,992	$ 25,236

(V) Foreign exchange gain (loss)

	2022	2021
Foreign exchange gains	$ 73,272	$ 31,545
Foreign exchange losses	(61,313)	(44,416)
Net profit (loss)	$ 11,959	($ 12,871)

(VI) Other gain and loss

	2022	2021
Loss on disposal of property, plant and equipment	($ 122)	($ 4,704)
Gain on financial instruments at fair value through profit or loss	9,980	5,195
Others	(7,258)	(2,599)
	$ 2,600	($ 2,108)

(VII) Finance costs

	2022	2021
Interest expenses	$ 33,490	$ 15,689
Interest on lease liabilities	909	710
	$ 34,399	$ 16,399

XX. Income tax

(I) The main components of income tax expense recognized as profit or loss are as follows

	2022	2021
Current income tax		
In respect of the current period	$ 21,686	$ 28,902
Adjustments for previous years	(3,872)	(4,759)
	17,814	24,143
Deferred income tax		
In respect of the current period	21,055	29,157
Adjustments for previous years	(514)	-
	20,541	29,157
Income tax expense recognized in profit or loss	$ 38,355	$ 53,300

Reconciliation of accounting income and income tax expense to applicable tax rates is as follows:

	2022	2021
Net income before tax from continuing operating units	$ 53,072	$ 143,781
Income tax expenses from net profit before tax calculated by legal tax rate	$ 21,609	$ 57,297
Items subject to adjustment in determining taxable income	(4,903)	(1,580)
Unrecognized loss deduction / deductible temporary difference	23,265	4,394
Investment deduction	-	(4,139)
Adjustments of current income tax expenses for prior year	(4,386)	(4,759)
Withholding tax on income from royalties	2,770	2,087
Income tax expense recognized in profit or loss	$ 38,355	$ 53,300

(II) Income tax recognized in other comprehensive income

	2022	2021
Deferred income tax		
Income tax (expenses) gains recognized in other comprehensive income		
- Translation of foreign operations	$ 5,471	($ 4,885)
- Actuarial gain or loss of defined benefits plan	573	(527)
	$ 6,044	($ 5,412)

(III) Current income tax assets and liabilities

	December 31, 2022	December 31, 2021
Current income tax assets		
Tax refund receivable	$ 2,473	$ 261
Current income tax liabilities		
Income tax payable	$ 2,575	$ 3,279

(IV) Deferred income tax assets and liabilities

2022

	Beginning balance	Amounts recognized in profit or loss	Recognized in other comprehensive income	Foreign currency exchange differences	Ending balance
Deferred income tax assets					
Temporary difference					
Allowance for bad debt losses	$ 1,666	($ 221)	$ -	$ 28	$ 1,473
Allowance for reduction of inventory to market	12,687	1,426	-	193	14,306
Defined benefit retirement plan	7,553	-	(573)	-	6,980
Exchange differences of foreign operations	15,641	-	(5,471)	-	10,170
Government subsidy	5,523	(136)	-	85	5,472
Others	5,800	2,127	-	234	8,161
	48,870	3,196	(6,044)	540	46,562
Loss deduction	25,960	-	-	-	25,960
	$ 74,830	$ 3,196	($ 6,044)	$ 540	$ 72,522
Deferred income tax liabilities					
Temporary difference					
Investments accounted for using the equity method	$ 83,856	$ 4,286	$ -	$ -	$ 88,142
Difference of depreciation period	14,851	1,358	-	826	17,035
Unrealized loss on sales and others	7,948	18,093	-	5	26,046
	$ 106,655	$ 23,737	$ -	$ 831	$ 131,223

2021

	Beginning balance	Amounts recognized in profit or loss	Recognized in other comprehensive income	Foreign currency exchange differences	Ending balance
Deferred income tax assets					
Temporary difference					
Allowance for bad debt losses	$ 1,493	$ 182	$ -	($ 9)	$ 1,666
Allowance for reduction of inventory to market	12,582	153	-	(48)	12,687
Defined benefit retirement plan	7,026	-	527	-	7,553
Exchange differences of foreign operations	10,756	-	4,885	-	15,641
Government subsidy	5,685	(133)	-	(29)	5,523
Others	2,302	3,509	-	(11)	5,800
	39,844	3,711	5,412	(97)	48,870
Loss deduction	25,960	-	-	-	25,960
	$ 65,804	$ 3,711	$ 5,412	($ 97)	$ 74,830
Deferred income tax liabilities					
Temporary difference					
Investments accounted for using the equity method	$ 59,180	$ 24,676	$ -	$ -	$ 83,856
Difference of depreciation period	9,267	6,201	-	(617)	14,851
Others	5,957	1,991	-	-	7,948
	$ 74,404	$ 32,868	$ -	($ 617)	$ 106,655

(V) Amount of unused loss deduction which is not recognized as deferred tax assets in the balance sheet

	December 31, 2022	December 31, 2021
Loss deduction		
Due in 2023	$ -	$ 53,266
Due in 2024	121,331	126,136
Due in 2025	63,480	63,480
Due in 2026	89,884	73,421
Due in 2027	769,135	837,408
Due in 2029	33,260	33,260
Due in 2030	55,004	55,004
Due in 2031	40,367	40,367
Due in 2032	48,692	-
	$ 1,221,153	$ 1,282,342

(VI) Unused loss deduction

As at December 31, 2022, the loss deduction information is as follows:

Balance before deduction	Last deduction year
$ 121,331	2024
63,480	2025
89,884	2026
898,935	2027
33,260	2029
55,004	2030
40,367	2031
48,692	2032
$ 1,350,953	

(VII) Certification of income tax

The Company's income tax returns through 2020 have been assessed by the tax authorities.

(VIII) The information on the income tax of subsidiaries is as follows:

1. ACME (Cayman) and GAEL had no income tax expense for the years ended December 31, 2022 and 2021 due to relevant tax exemptions in compliance with the regulations of the location where the entities were established.
2. ACME Electronics (GZ) applies to preferential tax rate for high-tech enterprises, the statutory tax rate applicable to it is reduced from 25% to 15%.
3. The statutory tax rate applicable to ACME Electronics (KS) is 25%.
4. ACME (MA) applies the newly revised local corporate income tax rate of 24% from 2016.

XXI. Earnings Per Share

	2022	2021
Basic earnings per share	$ 0.09	$ 0.32
Diluted earnings per share	$ 0.09	$ 0.32

The net profit and weighted average number of ordinary shares outstanding in the calculate of earnings per share were as follows:

Net profit for the year

	2022	2021
Net profit used in the computation of basic and diluted earnings per share	$ 16,348	$ 59,329

Number of Shares

Unit: Thousands of shares

	2022	2021
Weighted average number of ordinary shares outstanding used for calculation of basic and diluted earnings per share	182,994	182,994

XXII. Capital Risk Management

The Group manages capital management under the precondition for sustainable development to ensure that it is able to maximize the benefit for its shareholders by optimizing debt and equity.

Key management personnel of the Group review the capital structure of the Group irregularly. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the key management personnel, the Group may balance its overall capital structure by paying dividends, issuing new shares, buying back shares and raising new debt or redeeming old debt.

XXIII. Financial instruments

(I) Fair value information - financial instruments not measured at fair value

Except the derivative instruments are measured at the fair value after the original recognition, the financial assets and financial liabilities of the Group are measured at the amortized cost and the management of the Group believes that the carrying amounts are close to their fair value.

(II) Fair value information - Fair value of financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivatives	$ -	$ 450	$ -	$ 450

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivatives	$ -	$ 1,025	$ -	$ 1,025
Financial liabilities at FVTPL				
Derivatives	$ -	$ 28	$ -	$ 28

There were no transfers between Levels 1 and 2 fair value measurement for the years ended December 31, 2022 and 2021.

2. Valuation techniques and inputs applied for Level 2 fair value measurement

Categories of financial instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

(III) Categories of financial instruments

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at FVTPL	$ 450	$ 1,025
Measured at amortized cost (Note 1)	1,316,716	1,567,956
Financial liabilities		
Financial liabilities at FVTPL	-	28
Measured at amortized cost (Note 2)	2,526,855	2,150,629

Note 1: The balance refers to financial assets measured at amortized cost, including cash and cash equivalents, accounts receivable, other receivables, refundable deposits.

Note 2: The balance refers to financial liabilities measured at amortized cost, including long-term and short-term loans, short-term notes payable, accounts payable, other accounts payable, and deposits.

(IV) Financial Risk Management Objectives and Policies

The Group's principal financial instruments include cash and equivalent cash, receivables, other receivables and long-term, short-term loans, short-term notes payable, payables, other payables and lease liabilities, etc. The financial management department of the Group coordinates the financial operation in the domestic financial market, and supervises and manages financial risks related to the operation of the Group by analyzing the internal risk reports of the risks according to the level and scope of risks. Such risk includes market risk (including foreign exchange risk and interest rate risk), credit risk, and liquidity risk.

The Group avoids exposure through derivative financial instruments to mitigate the impact of such risks. The use of derivative financial instruments is regulated by policies passed by the board of directors of the Group. Internal auditors focus on reviewing the observance of the policies and the quota of risk exposures. The Group has not engaged in transactions in financial instruments (including derivative financial instruments) for speculative purposes.

1. Market Risks

The Group's activities expose it primarily to the market risks of changes in foreign exchange rates (see (1) below) and the changes in interest rates (see (2) below).

(1) Foreign exchange risk

The Group conducted foreign currency sales and purchases, which exposed the Group to foreign currency risk. The management of the Group's exchange rate exposure is to use foreign exchange forward contracts to manage risks within the scope permitted by the policy.

Please refer to Note 27 for the carrying amount of monetary assets and monetary liabilities of the Group denominated in non-functional currencies on the balance sheet date (including monetary items denominated in a non-functional currency which have been eliminated in the consolidated financial statements).

<u>Sensitivity analysis</u>

The sensitivity analysis of foreign exchange rate risks is mainly computed with respect to foreign currency items on the end date of the financial reporting period. The Group is mainly impacted by the exchange rate fluctuations in USD. If the Group's functional currency appreciated/depreciated by 3% against the US dollar, the Group's pre-tax net profit for years 2022 and 2021 would have decreased/increased by NT$4,993 thousand and NT$6,278 thousand, respectively.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to exchange rates on the balance sheet date were receivables payables and loans denominated in USD.

In the management's opinion, the sensitivity analysis was unrepresentative for the foreign currency risk of interim period because the exposure at the end of the reporting period did not reflect the exposure during the period.

(2) Interest rate risk

The Group was exposed to the fair value risk of interest rate fluctuations for the fixed interest rate bearing financial assets and financial liabilities; the Group was exposed to the cash flow risk of interest rate fluctuations for the floating interest rate bearing financial assets and financial liabilities. The Group’s management regularly monitors the fluctuations in market rates and then adjusted its balance of floating rate bearing financial liabilities to make the Group’s interest rates more closely approach market rates in response to the interest rate risk.

The carrying amount of the Group’s financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
- Financial assets	$ 420,088	$ 529,241
- Financial liabilities	256,540	653,868
Cash flow interest rate risk		
- Financial assets	68,301	138,220
- Financial liabilities	1,997,926	1,068,788

Sensitivity analysis

The fixed-rate financial assets / liabilities held by the Group are not included in the analysis as they are all measured at amortized cost. For floating rate assets / liabilities, the analysis was prepared to assume that the amount of the assets / liabilities outstanding at the end of the reporting period was outstanding for the whole year. The rate of change used internally in reporting interest rates to the key management personnel from the Group is a 0.5% increase or decrease in interest rates, which also represents the management's evaluation of the reasonable range of possible changes in interest rates.

If interest rates had been 0.5% higher/lower and all other variables were held constant, the Group's profit before tax for the years ended December 31, 2022 and 2021 would have decreased/increased by NT$9,648 thousand and NT$4,653 thousand, respectively.

2. Credit risk

Credit risk refers to risk that causes the financial loss of the Group due to a counterparty's delay in performing contractual obligations. As of the balance sheet date, the Group's largest credit risk exposure from a counterparty's failure to fulfill obligations came from the carrying amount of financial assets recognized in the consolidated balance sheets.

The policies adopted by the Group are to only conduct transactions with reputed counterparties, and to obtain sufficient collateral under necessary circumstances to reduce the risk of financial losses. The Group uses publicly available financial information and mutual transaction records to rate major customers. The Group continuously monitors credit exposure risks and the credit ratings of counterparties, distributes the total transaction amount to customers with qualified credit ratings, and controls credit exposure risks through non-periodic review and approval of counterparty credit limits.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual receivable on the balance sheet date to ensure that adequate allowances are made for possible irrecoverable amounts. Accordingly, the management of the Group believes that the Group's credit risk is significantly reduced.

In addition, the credit risk of working capital and derivative financial instruments is limited because the counterparty is a bank with a high credit rating given by an international credit rating agency.

The Group's credit risk by geographic region was mainly concentrated in mainland China and accounted for approximately 70% and 79% of total notes and accounts receivable as of December 31, 2022 and 2021, respectively.

3. Liquidity risk

The Group operations and mitigate the effects of the operating cash flow fluctuations by managing and maintaining sufficient cash and cash equivalents.

(1) Liquidity and interest rate risk tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods based on the probable earliest dates on which the Group can be required to pay. The table has been drawn up based on the undiscounted cash flows of financial liabilities, including the estimated cash flows of interests and principals.

December 31, 2022

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years
Non-derivative financial liabilities			
Non-interest bearing liabilities	-	$ 236,507	$ -
Lease liabilities	1.21	15,031	60,849
Floating interest rate liabilities	2.84	658,396	1,423,132
Fixed interest rate liabilities	1.87	183,116	-
		$ 1,093,050	$ 1,483,981

December 31, 2021

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years
Non-derivative financial liabilities			
Non-interest bearing liabilities	-	$ 369,023	$ 9,351
Lease liabilities	1.23	12,306	64,726
Floating interest rate liabilities	1.23	488,959	579,830
Fixed interest rate liabilities	0.97	579,635	-
		$ 1,449,923	$ 653,907

(2) Financing facilities

	December 31, 2022	December 31, 2021
Unsecured banking facilities		
- Amount used	$ 1,180,926	$ 1,249,041
- Amount unused	2,381,816	1,329,841
	$ 3,562,742	$ 2,578,882
Secured banking facilities		
- Amount used	$ 1,000,000	$ 400,000

XXIV. Related Party Transactions

USI Corporation ("USI") has control over the operations of the Company, so USI is the parent company of the Company. As at December 31, 2022 and 2021, USI held 44.7% of the ordinary shares of the Company by itself and through its subsidiaries.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. In addition to those disclosed in other notes the transactions between the Group and other related parties are as follows.

(I) Names and relationships of related parties

Name of Related Party	Relationship with the Company
USI	Parent company
USI Management Consulting Corporation ("UM")	Fellow subsidiary
China General Plastics Corporation ("CGPC")	Fellow subsidiary
Asia Polymer Corporation ("APC")	Fellow subsidiary
Swanson Plastics Corporation ("SPC")	Fellow subsidiary
USIO	Associate

(II) Sales

Related Party Category/Name	2022	2021
Associate		
USIO	$ 261	$ 124

The terms and conditions of sales transaction between the Company and affiliates are 60 days after monthly settlement. The terms and prices of sales to related parties are equivalent to those of non-related parties.

(III) Purchase

Related Party Category/Name	2022	2021
Associate		
USIO	$ 9,597	$ 8,147

The terms and conditions of purchase transaction between the Company and affiliates are 25 days after monthly settlement. The terms and prices of purchase from related parties are equivalent to those of non-related parties.

(IV) Receivables from related parties

Accounting Subject	Related Party Category/Name	December 31, 2022	December 31, 2021
Accounts receivable - related parties	Associate		
	USIO	$ -	$ 65
Other receivables from related parties	Fellow subsidiary		
	SPC	$ 3,970	$ 722
	Associate		
	USIO	656	289
		$ 4,626	$ 1,011

(V) Payables to related parties

Accounting Subject	Related Party Category/Name	December 31, 2022	December 31, 2021
Accounts payable - related parties	Associate		
	USIO	$ 878	$ 1,104
Other payables to related parties	Parent company		
	USI	$ 1,136	$ 1,016
	Fellow subsidiary		
	SPC	1,055	6
	UM	33	78
	APC	48	35
	CGPC	2	3
		$ 2,274	$ 1,138

(VI) Acquisitions of property, plant and equipment (2021: none)

Related Party Category/Name	Acquisition price 2022
Parent company	
USI	$ 310

(VII) Other Related Party Transactions

Accounting Subject	Related Party Category/Name	2022	2021
Management service fee expenditures (Classified as operating expenses)	Fellow subsidiary		
	UM	$ 12,883	$ 9,904
	SPC	1,347	-
	Parent company		
	USI	-	125
		$ 14,230	$ 10,029
Rent expenditures (Classified as operating expenses)	Parent company		
	USI	$ 3,068	$ 2,980
	Fellow subsidiary		
	APC	275	201
		$ 3,343	$ 3,181
Other expenses (Classified as operating expenses)	Fellow subsidiary		
	SPC	$ 763	$ -

The Company leases the Neihu office from the parent company on a monthly basis and pays the agreed price on a monthly basis.

Accounting Subject	Related Party Category/Name	2022	2021
Other income	Fellow subsidiary		
	SPC	$ 6,133	$ 971
	Associate		
	USIO	827	617
		$ 6,960	$ 1,588

The Company provides management services to its affiliates and sibling companies and receives revenue from these services on a quarterly basis.

(VIII) Compensation of key management personnel

	2022	2021
Short-term employee benefits	$ 15,051	$ 18,534
Post-retirement benefits	193	207
	$ 15,244	$ 18,741

The compensation of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

XXV. Collateralized Assets

The following assets of the Group are provided as collateral for bank loans, customs security for imported raw materials or as security for natural gas consumption:

	December 31, 2022	December 31, 2021
Time deposit (classified as refundable deposits)	$ 6,000	$ 6,000
Current deposit (classified as refundable deposits)	2,205	2,171
Time deposits (classified as financial assets measured at amortized cost)	15,557	14,888
Property, Plant, and Equipment (Carrying Amount)	209,507	142,725
	$ 233,269	$ 165,784

XXVI. Significant Contingent Liability and Unrecognized Contractual Commitments

As of December 31, 2022 and 2021, the Group's unused letter of credit amounted to NT$31,195 thousand and NT$36,523 thousand, respectively.

In addition, as of December 31, 2022, in order to apply to the Taiwan government for the subsidy of industrial upgrading platform innovation guidance program, the Company's performance guarantee provided by the bank was NT$11,000 thousand.

XXVII. Information on exchange rate of foreign currency-dominated financial assets and liabilities

	December 31, 2022				
	Foreign currency (NT$ thousands)	Exchange Rate (NT$)		Functional Currency (NT$ thousands)	NT$ (NT$ thousands)
Financial assets					
Monetary items					
USD	$ 10,168	30.7100	(USD/NTD)	$ 312,253	$ 312,253
USD	3,605	6.9647	(USD/RMB)	25,110	110,720
USD	4,612	4.5843	(USD/MYR)	21,141	141,621
RMB	8,701	4.4094	(RMB/NTD)	38,367	38,367
Financial liabilities					
Monetary items					
USD	533	30.7100	(USD/NTD)	16,375	16,375
USD	10,733	6.9647	(USD/RMB)	75,032	330,846
USD	1,659	4.5843	(USD/MYR)	7,607	50,958
RMB	12,295	4.4094	(RMB/NTD)	54,214	54,214

	December 31, 2021				
	Foreign currency (NT$ thousands)	Exchange Rate (NT$)		Functional Currency (NT$ thousands)	NT$ (NT$ thousands)
Financial assets					
Monetary items					
USD	$ 11,990	27.6800	(USD/NTD)	$ 331,888	$ 331,888
USD	4,544	6.3757	(USD/RMB)	28,972	125,782
USD	4,570	4.3556	(USD/MYR)	19,906	126,505
RMB	14,836	4.3415	(RMB/NTD)	64,411	64,411
Financial liabilities					
Monetary items					
USD	2,478	27.6800	(USD/NTD)	68,600	68,600
USD	9,857	6.3757	(USD/RMB)	62,847	272,850
USD	1,209	4.3556	(USD/MYR)	5,265	33,462
RMB	20,782	4.3415	(RMB/NTD)	90,223	90,223

The net foreign exchange gains or losses (realized and unrealized) of the Group for the years ended December 31, 2022 and 2021 were a gain of NT$11,959 thousand and a loss of NT$12,871 thousand, respectively. Due to the variety of foreign currency transactions and functional currencies of the Group’s individual entities, the exchange gains or losses could not be disclosed by each significant currencies.

XXVIII. <u>Disclosure Items</u>

(I) Information on Significant Transactions:

1. Financing provided to others: None.
2. Endorsements/guarantees provided for others: Table 1.
3. Securities held at the end of the period: None.
4. Cumulative purchase or sale of the same securities amounted to NT $300 million or 20% and above of the paid-in capital: None.
5. Acquisition of real estate amounting to NT$300 million or 20% of the paid-in capital or more: None.
6. Disposal of real estate amounting to NT$300 million or 20% of paid-in capital or more: None.
7. Purchases or sales with related parties amounting to NT$100 million or 20% of paid-in capital or more: Table 2.
8. Receivables from related parties amounting to NT$100 million or 20% of paid-in capital or more: None.
9. Trading in derivative instruments: Note 7.
10. Others - intercompany relationships and significant intercompany transactions: Table 5.

(II) Information on investees: Table 3.

(III) Information on Investments in Mainland China:

1. Information on investee company in mainland China, including the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, current profit and loss and recognized investment income or loss, ending carrying amount of the investment, repatriations of investment income, and limit on the amount of investment in mainland China: Table 4.
2. Major transactions with any investee company in mainland China directly or indirectly through a third region, and their prices, payment terms, unrealized gains (losses), and other information:
   (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 5.
   (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 5.

(3) The amount of property transactions and the amount of the resultant gains or losses: None.

(4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 1.

(5) The maximum balance, ending balance, Interest rate interval and total amount of current interest of financing: None.

(6) Other transactions that have a significant effect on the current profit or loss or financial situation, such as the provision or acceptance of services: Table 5.

(IV) Information on major shareholders: Name, number of shares held, and shareholding percentage of shareholders with shareholding percentage exceeding 5%: Table 6.

XXIX. Segment Information

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of products provided. In accordance with IFRS 8 “Operating Segments”, the reportable segment information of the Group for years 2022 and 2021 includes: (1) Passive components - engaged in the production and sale of ferrite cores and powders; (2) Silicon carbide - engaged in the research and development, production and marketing of silicon carbide; (3) Others - Operating segments that do not meet the disclosure threshold.

(I) Segment revenue and results

The revenue and operating results of the continuing business units of the Group are analyzed by reporting segment as follows:

	Segment revenue		Segment income	
	2022	2021	2022	2021
Passive components	$ 2,882,314	$ 3,018,410	$ 83,953	$ 271,398
Silicon carbide	174,903	51,905	65,481	(799)
Others	-	-	(5,364)	(25,445)
Total of continuing business units	$ 3,057,217	$ 3,070,315	144,070	245,154
Headquarters management costs and director compensation			(96,647)	(89,950)
Interest income			7,964	8,982
Foreign exchange gain (loss)			11,959	(12,871)
Finance costs			(34,399)	(16,399)
Other non-operating revenue			20,125	8,865
Net profit before income tax			$ 53,072	$ 143,781

The revenue reported above is generated from transactions with external clients. All interdepartmental transactions for years 2022 and 2021 have been eliminated in the preparation of consolidated financial reports.

Departmental benefits refer to the profits earned by each department, excluding apportionable headquarters management costs and directors' remunerations, interest income, gains (losses) on foreign currency exchange, interest expenses and other non-operating incomes. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Since the Group's individual segment assets were not included in the segment information provided to the chief operating decision-maker, the measured amount of operating segment assets was not disclosed herein.

(II) Other Segment Information

	Depreciation and amortization	
	2022	2021
Passive components	$ 215,480	$ 190,920
Silicon carbide	17,974	10,339
	$ 233,454	$ 201,259

(III) Main product revenue

The revenue analysis of the main products of the continuing business units of the Group is as follows:

	2022	2021
Passive components	$ 2,882,314	$ 3,018,410
Silicon carbide	174,903	51,905
	$ 3,057,217	$ 3,070,315

(IV) Geographical financial information

The Group's continuing business unit income from external customers classified by the country where the customers are located and non-current assets by the region of the assets are listed as follows:

	Revenue from external clients		Non-current assets	
	2022	2021	December 31, 2022	December 31, 2021
Asia	$ 2,355,421	$ 2,515,172	$ 2,342,436	$ 1,921,787
Europe	506,438	409,669	-	-
Americas	188,145	142,867	-	-
Others	7,213	2,607	-	-
	$ 3,057,217	$ 3,070,315	$ 2,342,436	$ 1,921,787

Non-current assets do not include deferred income tax assets and refundable deposit.

(V) Information on main customers

In the years 2022 and 2021, the revenues from a single customer amounting to 10% or more of the Group's total revenue were as follows:

	2022	2021
Client A	$ 336,913	$ 321,514

Acme Electronics Corporation and Subsidiaries

Endorsements/Guarantees Provided for Others

From January 1 to December 31, 2022

Table 1:

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/Guarantee Made for Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period (Note 3)	Actual Borrowing Amount (Note 3)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/Guarantee to Net Equity in Latest Financial Statements (Note 1)	Aggregate Endorsement/Guarantee Limit (Note 2)	Endorsement/Guarantee Made by Parent for Subsidiaries	Endorsement/Guarantee Made by Subsidiaries for Parent	Endorsement/Guarantee Made for Companies in Mainland China	Remark
		Company Name	Relationship											
0	The Company	ACME Electronics (KS)	Subsidiary of ACME (Cayman)	$ 2,066,555	NT$ 720,586 (USD 16,500 thousand and RMB 49,000 thousand)	NT$ 630,646 (USD 13,500 thousand and RMB 49,000 thousand)	NT$ 261,035 (USD 8,500 thousand)	None	45.78%	$ 2,755,406	Y	N	Y	
		Acme Electronics (GZ)	GAEL's Subsidiaries	2,066,555	NT$ 96,645 (USD 3,000 thousand)	-	-	None	-	2,755,406	Y	N	Y	
		ACME (Cayman)	Subsidiary of the Company	2,066,555	NT$ 556,020 (USD 18,000 thousand)	NT$ 307,100 (USD 10,000 thousand)	NT$ 254,893 (USD 8,300 thousand)	None	22.29%	2,755,406	Y	N	N	

Note 1: The rate was calculated by the equity of ACME as of December 31, 2022.

Note 2: The total amount of endorsements/guarantees provided shall not exceed 200% of the Company's net value. The amount of endorsements/guarantees for an individual entity shall not exceed 150% of the Company's net value. The maximum amount of endorsement/guarantee was calculated based on the equity of the endorser/guarantor as of December 31, 2022.

Note 3: The foreign currency amount was calculated based on the spot exchange rate of December 31, 2022.

Acme Electronics Corporation and Subsidiaries

Total purchases from or sales to related parties amounting to at least $100 million or 20% of the paid-in capital

From January 1 to December 31, 2022

Table 2:

Unit: In Thousands of New Taiwan Dollars

Buyer/Seller	Counterparty	Relationship	Transaction Details				Unusual Transaction Terms and Reasons (Note 1)		Notes/Accounts Receivable (Payable)		Remark
			Purchase (Sale)	Amount	Ratio to Total Purchase / Sales	Credit Period	Unit Price	Credit Period	Ending Balance	Ratio to Total Notes or Trade Receivable (payable)	
The Company	Acme Electronics (GZ)	GAEL's Subsidiaries	Purchase (including processing fee)	$ 376,718	34%	55 days	$ -	—	($ 54,129)	54%	Note 2
Acme Electronics (GZ)	The Company	GAEL's Subsidiaries	Sales (including processing fee)	(376,718)	34%	55 days	-	—	54,129	20%	Note 2
The Company	Acme Electronics (GZ)	GAEL's Subsidiaries	Sales	(145,822)	11%	55 days	-	—	11,083	4%	Note 2
Acme Electronics (GZ)	The Company	GAEL's Subsidiaries	Purchase	145,822	71%	55 days	-	—	(11,083)	75%	Note 2
The Company	ACME Electronics (KS)	Subsidiary of ACME (Cayman)	Sales	(247,321)	18%	55 days	-	—	69,040	23%	Note 2
ACME Electronics (KS)	The Company	Subsidiary of ACME (Cayman)	Purchase	247,321	79%	55 days	-	—	(69,040)	80%	Note 2
ACME Electronics (KS)	ACME Ferrite	Subsidiary of ACME (Cayman)	Sales	(176,795)	17%	55 days	-	—	32,284	11%	Note 2
ACME Ferrite	ACME Electronics (KS)	Subsidiary of ACME (Cayman)	Purchase	176,795	44%	55 days	-	—	(32,284)	52%	Note 2

Note 1: The terms of purchase and sales transactions between the Company and its subsidiaries are not materially different from those of general transactions. The price of the products sold by the Company to its subsidiaries may vary depending on the Group’s business strategy and the pricing may be different from that of ordinary transactions.

Note 2: All the transactions were eliminated when preparing the consolidated financial statements.

Acme Electronics Corporation and Subsidiaries

Name of the invested company, location... and other related information

From January 1 to December 31, 2022

Table 3:

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Investor	Investee	Location	Main Business Activities	Original Investment Amount (Note 2)		As of December 31, 2022			Net Profit (Loss) of the Investee for the Period (Note 3)	Investment Profit (Loss) Recognized for the Period (Note 3)	Remark
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount (Note 2)			
The Company	ACME (Cayman)	Ugland House P.O. Box 309 George Town, Grand Cayman, Cayman Islands	Corporate investments	$ 605,182	$ 605,182	25,621,692	51.27%	$ 684,239	($ 5,960) (USD (195) thousand)	($ 25,643) (USD (860) thousand)	Note 1
	GAEL	CITCO Building, Wickhams Cay Road Town, Tortola, British Virgin Islands	Corporate investments	669,072	669,072	20,800,000	100.00%	1,074,377	52,427	47,075	Note 1
	USIO	12F, No. 37, Jihu Rd., Neihu Dist., Taipei City	Manufacturing and marketing of sapphire single crystal	646,200	646,200	22,064,224	34.00%	22,739	(27,848)	(9,467)	
ACME (Cayman)	ACME (MA)	Plot 15,Jalan Industri 6 Kawasan Perindustrian Jelapang II(ZPB) Jelapang 30020 Ipoh, Perak, Malaysia.	Corporate investments	365,173 (USD 11,891 thousand)	365,173 (USD 11,891 thousand)	42,600,000	100.00%	708,904 (USD 23,084 thousand)	51,199 (MYR 7,836 thousand)		Note 1
ACME (MA)	ACME Ferrite	Plot 15,Jalan Industri 6 Kawasan Perindustrian Jelapang II(ZPB) Jelapang 30020 Ipoh, Perak, Malaysia.	Manufacturing and marketing of soft ferrite core	254,321 (MYR 37,964 thousand)	254,321 (MYR 37,964 thousand)	9,120,000	100.00%	699,335 (MYR 104,394 thousand)	51,774 (MYR 7,925 thousand)		Note 1

Note 1:The carrying amount and the recognized investment gain (loss) for the period have been fully eliminated when preparing the consolidated financial statements.

Note 2:The foreign currency amount was calculated based on the spot exchange rate of December 31, 2022.

Note 3:The amount is calculated based on the average exchange rate from January 1 to December 31, 2022.

Note 4:Please refer to Table 4 for relevant information on mainland investee companies.

Acme Electronics Corporation and Subsidiaries

Information on Investments in Mainland China

From January 1 to December 31, 2022

Table 4:

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Investee Company in Mainland China	Main Business Activities	Paid-in Capital (Note 6)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of the Beginning of Period (Note 4)	Amount of Investments Remitted or Repatriated for the Period		Accumulated Outward Remittance for Investment from Taiwan as of the End of the Current Period (Note 4)	Net Profit (Loss) of Investee for the Period (Note 5)	Ownership Percentage of Direct or Indirect Investment	Investment Gain (Loss) Recognized in the Period (Notes 3, 5 and 7)	Carrying Amount at End of Period (Notes 7 and 6)	Accumulated Repatriation of Investment Profit as of the End of the Current Period
					Outflow	Inflow						
ACME Electronics (KS)	Manufacturing and marketing of soft ferrite core	$ 943,565 (USD 30,725 thousand)	Indirect investment via ACME (Cayman).	$ 374,188 (USD 11,144 thousand)	$ -	$ -	$ 374,188 (USD 11,144 thousand)	($ 45,406) (RMB(10,188) thousand)	51.27%	($ 23,281) (RMB (5,224) thousand)	$ 407,089 (RMB 92,323 thousand)	$ -
Acme Electronics (GZ)	Manufacturing and marketing of soft ferrite core	589,632 (USD 19,200 thousand)	Indirect investment via GAEL.	619,676 (USD 19,200 thousand)	-	-	619,676 (USD 19,200 thousand)	52,558 (RMB 11,814 thousand)	100.00%	52,558 (RMB 11,814 thousand)	1,047,850 (RMB 237,640 thousand)	-

Accumulated Outward Remittance of Investment to Mainland China from Taiwan at the End of the Current Period	Investment Amounts Authorized by Investment Commission, MOEA	Maximum Amount of Investments in Mainland China Authorized by Investment Commission, MOEA
NT$931,864 (USD30,344 thousand) (Notes 2 and 6)	NT$1,124,999 (USD36,633 thousand) (Notes 2 and 6)	$ - (Note 1)

Note 1:According to the file J.S.Z. No. 09704604680 issued by the Investment Commission, MOEA on August 29, 2008, the Company is an enterprise that has obtained the certificate issued by the Industrial Development Bureau, MOEA for meeting the business scope of the headquarters, so there is no investment limit.

Note 2:It includes the capital increase transferred from earnings of Acme Electronics (Kunshan) Co., Ltd., and the Company increased the amount of US$6,289 thousand at its ownership percentage.

Note 3:The investment gain (loss) recognized for this period are calculated on the basis of financial statements reviewed and approved by CPAs of the parent company in Taiwan.

Note 4:The calculation was based on the exchange rate of the original investment.

Note 5:The amount is calculated based on the average exchange rate from January 1 to December 31, 2022.

Note 6:The foreign currency amount was calculated based on the spot exchange rate of December 31, 2022.

Note 7:The carrying amount and the recognized investment gain (loss) for the period have been fully eliminated when preparing the consolidated financial statements.

Acme Electronics Corporation and Its Subsidiaries

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

From January 1 to December 31, 2022

Table 5:

Unit: In Thousands of New Taiwan Dollars

No.	Name of trader	Counterparty	Relationships with trader (Note)	Transactions Details			
				Financial Statement Accounts	Amount	Transaction Terms	% of Total Consolidated Operating Revenue or Total Asset
0	The Company	ACME Electronics (KS)	1	Sales revenue	$ 247,321	55 days for both purchase and sales	8.09%
0	The Company	Acme Electronics (GZ)	1	Sales revenue	145,822	55 days for both purchase and sales	4.77%
0	The Company	ACME Ferrite	1	Sales revenue	27,371	55 days for both purchase and sales	0.90%
0	The Company	ACME Electronics (KS)	1	Cost of goods sold	38,503	55 days for both purchase and sales	1.26%
0	The Company	Acme Electronics (GZ)	1	Cost of goods sold	4,530	55 days for both purchase and sales	0.15%
0	The Company	ACME Ferrite	1	Cost of goods sold	9,587	55 days for both purchase and sales	0.31%
0	The Company	Acme Electronics (GZ)	1	Processing costs (classified as cost of goods sold)	372,188	—	12.17%
0	The Company	ACME Electronics (KS)	1	Royalty revenue	27,697	—	0.91%
0	The Company	ACME (Cayman)	1	Endorsement guaranteed income (recognized as non-operating incomes and gains - other)	2,945	—	0.10%
0	The Company	ACME Electronics (KS)	1	Other income	1,122	—	0.04%
0	The Company	ACME Electronics (KS)	1	Accounts receivable - related parties	69,040	55 days for both purchase and sales	1.44%
0	The Company	Acme Electronics (GZ)	1	Accounts receivable - related parties	11,083	55 days for both purchase and sales	0.23%
0	The Company	ACME Ferrite	1	Accounts receivable - related parties	3,279	55 days for both purchase and sales	0.07%
0	The Company	ACME Electronics (KS)	1	Other receivables from related parties	25,625	—	0.53%
0	The Company	ACME (Cayman)	1	Other receivables from related parties	1,115	—	0.02%
0	The Company	Acme Electronics (GZ)	1	Notes and accounts payable－related parties	54,129	55 days for both purchase and sales	1.13%
0	The Company	ACME Electronics (KS)	1	Notes and accounts payable－related parties	9,836	55 days for both purchase and sales	0.21%
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Sales revenue	45,639	55 days for both purchase and sales	1.49%
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Cost of goods sold	36,652	55 days for both purchase and sales	1.20%
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Accounts receivable - related parties	4,419	55 days for both purchase and sales	0.09%
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Notes and accounts payable－related parties	3,759	55 days for both purchase and sales	0.08%
3	ACME Electronics (KS)	ACME Ferrite	3	Sales revenue	176,795	55 days for both purchase and sales	5.78%
3	ACME Electronics (KS)	ACME Ferrite	3	Cost of goods sold	11,162	55 days for both purchase and sales	0.37%
3	ACME Electronics (KS)	ACME Ferrite	3	Accounts receivable - related parties	32,284	55 days for both purchase and sales	0.68%
3	ACME Electronics (KS)	ACME Ferrite	3	Notes and accounts payable－related parties	2,150	55 days for both purchase and sales	0.04%
3	ACME Ferrite	Acme Electronics (GZ)	3	Sales revenue	2,564	55 days for both purchase and sales	0.08%
3	ACME Ferrite	Acme Electronics (GZ)	3	Cost of goods sold	743	55 days for both purchase and sales	0.02%
3	ACME Ferrite	Acme Electronics (GZ)	3	Notes and accounts payable－related parties	570	55 days for both purchase and sales	0.01%

Note:

1. The parent company to its subsidiary.
2. The subsidiary to the parent company.
3. Between subsidiaries.
4. All the transactions were written off when preparing the consolidated financial statements.

Acme Electronics Corporation

Information on Major Shareholders

December 31, 2022

Table 6:

Names of Major Shareholders	Shares	
	Number of Shares Held (in Shares)	Shareholding (%)
USI CORPORATION	49,250,733	26.91%
USIFE Investment Co., Ltd.	16,924,242	9.24%

Note 1: The table discloses shareholding information of shareholders whose shareholding percentage is more than 5%. The Taiwan Depository & Clearing Corporation (TDC) calculates the total number of ordinary shares and preferred shares (including treasury shares) that have completed the dematerialized registration and delivery on the last business day of the quarter. The share capital reported in the Company's consolidated financial statements and the actual number shares that have completed the dematerialized registration and delivery may be different due to the difference in the basis of calculation.