Stock Code: 8121

Acme Electronics Corporation and Subsidiaries

Consolidated Financial Statements and Independent Auditors’ Report

For the Years Ended December 31, 2023 and 2022

Address: 8th Floor, No. 39, Jihu Road, Neihu District, Taipei City

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<u>*Notices to Readers*</u>

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.

§TABLE OF CONTENT§

Statement of Consolidated Financial Statements of Affiliates

For January 1 to December 31, 2023, the companies that shall be included in the preparation of the Consolidated Financial Statements in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those that shall be included in the preparation of the Consolidated Financial Statements of the parent and subsidiaries in accordance with International Financial Reporting Standards No. 10 (IFRS 10). The relevant information that shall be disclosed in the Consolidated Financial Statements of the parent and subsidiaries has already been disclosed in the aforementioned Consolidated Financial Statements of the parent and subsidiaries. Therefore, there is no need to prepare separate Consolidated Financial Statements of affiliates.

Declaration

Company Name: Acme Electronics Corporation and Subsidiaries

Responsible Party: Wu, Yi-Gui

March 6, 2024

Independent Auditors' Report

To: Acme Electronics Corporation

Audit Opinion

We have audited the Consolidated balance sheets of Acme Electronics Corporation and its subsidiaries (the "Group") as of December 31, 2023 and 2022 and the Consolidated statements of Comprehensive Income, Consolidated statements of Changes in Equity, and Consolidated statements of Cash Flows for January 1 to December 31, 2023 and 2022, and the accompanying Notes to the Consolidated financial Statements (including the Summary of Significant Accounting Policies).

In our opinion, the 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), International Financial Reporting Interpretations Committee (IFRIC) Interpretations, and Standing Interpretations Committee (SIC) Interpretations as endorsed and issued into effect by the Financial Supervisory Commission (FSC), and are sufficient to give a fair representation of the financial position of the Group as of December 31, 2023 and 2022, and the consolidated financial performance and consolidated cash flows from January 1 to December 31, 2023 and 2022.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards of Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of 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 the most significance in our audit of the Group's 2023 Consolidated Financial Statements. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Key audit matters for the Consolidated Financial Statements of the Group for 2023 are as follows:

Revenue from Sales of Specific Products

In 2023, the Group's revenue from sales of specific products increased significantly, which deviated from the overall trend in operating revenue, and the amount was significant. Therefore, the auditor has listed the authenticity of the aforementioned sales revenue as a key audit matter.

Please consult Note 4 of the Consolidated Financial Statements for accounting policies and relevant information concerning sales revenue.

Audit Procedures:

1. Obtain a comprehensive understanding of the operational procedures and internal controls associated with the Group's sales transactions and test the design and implementation of such controls.
2. Obtain specific sales revenue details and carefully review the relevant original orders, shipping documents, and other certificates associated with the recognition of sales revenue, as well as the actual receipt of payments to confirm the authenticity of sales revenue.
3. Review sales returns and discounts after the period to confirm whether there are any abnormalities.

Other Matters

Acme Electronics Corporation has prepared the Parent Company Only financial reports for 2023 and 2022. The audit reports with unqualified opinions issued by the auditor are on file for reference.

Responsibilities of Management and 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 Interpretations, and SIC Interpretations as endorsed and issued into effect by the FSC, and such internal control as the management determines is necessary to enable the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, management is responsible for assessing 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 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Standards of Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If considered material, individually or in aggregate, misstatements could reasonably be expected to influence the economic decisions of users taken on the basis of the Consolidated 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, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. 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 auditor's 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 and for expressing an opinion on the Consolidated Financial Statements of the Group.

We communicate with those in charge of 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.

Based on the matters communicated with those charged with governance, we determined the key audit matters for the Consolidated Financial Statements of the Group for 2023. 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 Chang, Cheng-Hsiu	CPA Chiu, Cheng-Chun
Financial Supervisory Commission Approved Document No. Financial Management Certificate Examination No. 1120349008	Financial Supervisory Commission Approved Document No. Financial Management Certificate Examination 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 6, 2024

Acme Electronics Corporation and Subsidiaries

Consolidated Balance Sheets

December 31, 2023 and 2022

Unit: NT$ thousands

Code	Assets	December 31, 2023 Amount	%	December31, 2022 Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 456,723	10	$ 490,219	10
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	142	-	450	-
1136	Financial assets at amortized cost - current (Notes 4, 8 and 25)	20,189	1	15,557	-
1150	Notes receivable (Notes 4 and 9)	56,452	1	46,749	1
1170	Accounts receivable, net (Notes 4, 9 and 24)	680,977	15	747,391	16
1200	Other receivables (Notes 4 and 24)	11,336	-	7,867	-
1220	Current tax assets (Notes 4 and 20)	9,485	-	2,473	-
130X	Inventories (Notes 4, 5 and 10)	669,164	15	981,880	21
1470	Other current assets	48,845	1	62,415	1
11XX	Total current assets	1,953,313	43	2,355,001	49
	Non-current assets				
1550	Investments accounted for under the equity method (Notes 4 and 12)	18,196	-	22,739	1
1600	Property, plant and equipment (Notes 4, 13 and 25)	2,048,409	45	1,815,758	38
1755	Right-of-use assets (Notes 4, 14 and 25)	169,178	4	191,452	4
1780	Intangible assets (Note 4)	4,220	-	6,010	-
1840	Deferred tax assets (Notes 4 and 20)	97,137	2	72,522	2
1915	Prepayments for equipment	277,851	6	306,477	6
1920	Refundable deposits (Note 25)	11,140	-	8,933	-
15XX	Total non-current assets	2,626,131	57	2,423,891	51
1XXX	Total Assets	$ 4,579,444	100	$ 4,778,892	100

Code	Liabilities and Equity	December 31, 2023 Amount	%	December31, 2022 Amount	%
	Current liabilities				
2100	Short -term borrowings (Notes 15 and 25)	$ 357,357	8	$ 731,926	15
2110	Short-term notes payable, net (Note 15)	-	-	79,951	2
2120	Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	33	-	-	-
2170	Notes and accounts payable (Note 24)	61,477	2	79,524	2
2200	Other payables (Note 24)	274,117	6	266,430	6
2230	Current tax liabilities (Notes 4 and 20)	-	-	2,575	-
2280	Lease liabilities - current (Notes 4 and 14)	14,104	-	14,285	-
2320	Long-term borrowings due within one year (Notes 15 and 25)	1,047	-	-	-
2399	Other current liabilities	12,988	-	8,217	-
21XX	Total current liabilities	721,123	16	1,182,908	25
	Non-current liabilities				
2540	Long-term borrowings (Notes 15 and 25)	1,332,892	29	1,369,000	28
2570	Deferred tax liabilities (Notes 4 and 20)	106,086	2	131,223	3
2580	Lease liabilities - non-current (Notes 4 and 14)	44,212	1	59,304	1
2630	Long-term deferred incomes (Notes 4 and 17)	34,822	1	32,201	1
2640	Net defined benefit liabilities - non-current (Notes 4 and 16)	15,118	-	16,153	-
2645	Guarantee deposits received	612	-	24	-
25XX	Total non-current liabilities	1,533,742	33	1,607,905	33
2XXX	Total liabilities	2,254,865	49	2,790,813	58
	Equity attributable to owners of the Company (Notes 4, 16 and 18)				
3110	Ordinary share capital	2,129,937	46	1,829,937	38
3200	Capital surplus	299,942	7	2,139	-
3350	Accumulated deficit	(478,030)	(10)	(305,019)	(6)
	Other equity				
3410	Exchange differences on translating the financial statements of foreign operations	(182,384)	(4)	(149,354)	(3)
31XX	Total equity attributable to owners of the Company	1,769,465	39	1,377,703	29
36XX	Non-controlling interests (Note 11)	555,114	12	610,376	13
3XXX	Total equity	2,324,579	51	1,988,079	42
	Total liabilities and equity	$ 4,579,444	100	$ 4,778,892	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-Chung

Acme Electronics Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2023 and 2022

Unit: NT$ thousands (except Earnings (Losses) Per Share: NT$)

Code		2023 Amount	2023 %	2022 Amount	2022 %
	Operating revenue				
4110	Sales revenue (Notes 4 and 24)	$2,556,563	100	$3,066,314	100
4170	Less: Sales returns and allowances	4,817	-	9,097	-
4000	Total operating revenue	2,551,746	100	3,057,217	100
	Operating costs				
5110	Cost of goods sold (Notes 4, 10, 16, 19 and 24)	2,314,247	91	2,537,248	83
5900	Gross profit	237,499	9	519,969	17
	Operating expenses (Notes 4, 9, 16, 17, 19 and 24)				
6100	Selling and marketing expenses	126,346	5	144,031	5
6200	Administrative expenses	187,467	7	189,714	6
6300	Research and development expenses	170,947	7	138,888	4
6450	Provision (reversal of provision) for bad debt expense	935	-	(87)	-
6000	Total operating expenses	485,695	19	472,546	15
6900	Net operating (loss) profit	(248,196)	(10)	47,423	2
	Non-operating income and expenses				
7100	Interest income	13,766	1	7,964	-
7010	Other income (Notes 4, 17, 19 and 24)	28,747	1	26,992	1
7630	Foreign exchange gains (Notes 4 and 19)	7,987	-	11,959	-

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Code		2023 Amount	2023 %	2022 Amount	2022 %
7020	Other gains and losses (Notes 4, 7 and 19)	($ 1,447)	-	$ 2,600	-
7050	Finance costs (Note 19)	(45,779)	(2)	(34,399)	(1)
7060	Share of profit or loss of affiliates accounted for under the equity method (Notes 4 and 12)	(4,543)	-	(9,467)	-
7000	Total non-operating income and expenses	(1,269)	-	5,649	-
7900	Net profit (loss) before tax	(249,465)	(10)	53,072	2
7950	Income tax benefit (expense) (Notes 4 and 20)	37,548	2	(38,355)	(1)
8200	Net profit (loss) for the year	(211,917)	(8)	14,717	1
	Other comprehensive income (net)				
8310	Items not reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans (Notes 4 and 16)	(337)	-	2,864	-
8349	Income tax relating to items not reclassified subsequently to profit or loss (Notes 4 and 20)	68	-	(573)	-
		(269)	-	2,291	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translating the financial statements of foreign operations (Note 4)	(57,374)	(2)	39,220	1

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Code		2023 Amount	2023 %	2022 Amount	2022 %
8399	Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 20)	8,257	-	(5,471)	-
		(49,117)	(2)	33,749	1
8300	Total other comprehensive income (net)	(49,386)	(2)	36,040	1
8500	Total comprehensive income for the year	($ 261,303)	(10)	$ 50,757	2
	Net (loss) profit attributable to:				
8610	Owners of parent company	($ 171,224)	(7)	$ 16,348	1
8620	Non-controlling interests	(40,693)	(1)	(1,631)	-
8600		($ 211,917)	(8)	$ 14,717	1
	Total comprehensive income attributable to:				
8710	Owners of parent company	($ 204,523)	(8)	$ 40,523	1
8720	Non-controlling interests	(56,780)	(2)	10,234	1
8700		($ 261,303)	(10)	$ 50,757	2
	Earnings (losses) per share (Note 21)				
9750	Basic	($ 0.81)		$ 0.09	
9850	Diluted	($ 0.81)		$ 0.09	

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, 2023 and 2022

Unit: NT$ thousands, 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, 2022	182,993,743	$ 1,829,937	$ -	($ 323,658)	($ 171,238)	$ 1,335,041	$ 600,101	$ 1,935,142
C17	Exercise of disgorgement	-	-	72	-	-	72	-	72
N1	Equity-based compensation transactions	-	-	2,067	-	-	2,067	41	2,108
D1	Net profit for 2022	-	-	-	16,348	-	16,348	(1,631)	14,717
D3	Other comprehensive gains and losses after tax for 2022	-	-	-	2,291	21,884	24,175	11,865	36,040
D5	Total comprehensive income for 2022	-	-	-	18,639	21,884	40,523	10,234	50,757
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
C17	Exercise of disgorgement	-	-	4	-	-	4	-	4
E1	Capital increase in cash	30,000,000	300,000	297,799	-	-	597,799	-	597,799
M7	Changes in ownership interests in subsidiaries	-	-	-	(1,518)	-	(1,518)	1,518	-
D1	Net loss for 2023	-	-	-	(171,224)	-	(171,224)	(40,693)	(211,917)
D3	Other comprehensive gains and losses after tax for 2023	-	-	-	(269)	(33,030)	(33,299)	(16,087)	(49,386)
D5	Total comprehensive income for 2023	-	-	-	(171,493)	(33,030)	(204,523)	(56,780)	(261,303)
Z1	Balance as of December 31, 2023	212,993,743	$ 2,129,937	$ 299,942	($ 478,030)	($ 182,384)	$ 1,769,465	$ 555,114	$ 2,324,579

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, 2023 and 2022

Unit: NT$ thousands

Code		2023	2022
	Cash flows from operating activities		
A10000	Net profit (loss) before tax	($ 249,465)	$ 53,072
	Income and expenses		
A20100	Depreciation expenses	280,539	231,530
A20200	Amortization expense	1,732	1,924
A20300	Provision (reversal of provision) for bad debt expense	935	(87)
A20400	Net loss of financial instruments at fair value through profit or loss	341	547
A20900	Finance costs	45,779	34,399
A21200	Interest income	(13,766)	(7,964)
A21900	Employee stock option compensation cost	-	2,108
A22300	Share of profit or loss of associates accounted for under the equity method	4,543	9,467
A22500	Loss of disposal and scrapping of property, plant and equipment	4,894	122
A23700	Loss on (gain on reversal of) write-down of inventories	(38,443)	61,929
A24100	Foreign exchange losses	5,162	21,105
A29900	Deferred and other income	(2,920)	(2,350)
A30000	Change in operating assets and liabilities		
A31130	Notes receivable	(9,703)	(10,641)
A31150	Accounts receivable (including related parties)	65,667	71,733
A31180	Other receivables (including related parties)	(3,115)	3,453
A31200	Inventories	352,105	(311,739)
A31240	Other current assets	13,571	(21,258)
A32150	Notes and accounts payable (including related parties)	(18,047)	(82,439)
A32180	Other payables (including related parties)	2,254	(83,165)
A32230	Other current liabilities	4,771	(6,920)
A32240	Net defined benefit liabilities	(1,371)	(2,473)
A33000	Cash flows generated from operations	445,463	(37,647)
A33100	Interest received	13,412	8,711
A33300	Interest paid	(47,033)	(30,797)
A33500	Income tax paid	(13,499)	(20,758)
AAAA	Net cash flows generated from operating activities	398,343	(80,491)

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Code		2023	2022
	Cash flows from investing activities		
B00040	Purchase of financial assets at amortized cost	($ 5,128)	($ 172)
B02700	Acquisition cost of property, plant and equipment	(495,873)	(619,826)
B02800	Proceeds from disposal of property, plant and equipment	1,946	4,195
B03700	Increase in refundable deposits	(2,324)	(25)
B04500	Purchase of Intangible assets	-	(1,503)
B09900	Increase in long-term deferred income	6,090	-
BBBB	Net cash used in investing activities	(495,289)	(617,331)
	Cash flows from financing activities		
C00100	Decrease in short-term borrowings	(378,494)	(18,220)
C00600	Decrease in short-term notes payable	(80,000)	(200,000)
C01600	Proceeds from long-term borrowings	1,044,356	5,306,000
C01700	Repayments of long-term borrowings	(1,078,500)	(4,577,000)
C03000	Increase in refundable deposits	603	-
C04020	Repayments of the principal portion of lease liabilities	(14,331)	(14,205)
C04600	Capital increase in cash	600,000	-
C09900	Payment of stock issuance costs	(2,201)	-
C09900	Exercise of disgorgement	4	72
CCCC	Net cash from financing activities	91,437	496,647
DDDD	Effects of exchange rate changes on cash held in foreign currencies	(27,987)	14,557
EEEE	Decrease in cash and cash equivalents for the fiscal year	(33,496)	(186,618)
E00100	Cash and cash equivalents at the beginning of the year	490,219	676,837
E00200	Cash and cash equivalents at the end of the year	$ 456,723	$ 490,219

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, 2023 and 2022

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

I. Company History

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 Approval of Financial Statements

The consolidated financial statements were reported to and issued by the Company's board of directors on March 5, 2024.

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 "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The application of the latest IFRS Accounting Standards 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) IFRS Accounting Standards endorsed by the FSC that are applicable in 2024

New/Revised/Amended Standards and Interpretations	Effective Date of Issuance by the IASB (Note 1)
Amendments to IFRS 16 "Lease Liability in Sale and Leaseback"	January 1, 2024 (Note 2)
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
IAS 7 and amendments to IFRS 7 "Supplier Finance Arrangement"	January 1, 2024 (Note 3)

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.

Note 3: When applying this amendment for the first time, certain disclosure requirements are exempted.

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) IFRS Accounting Standards that have been issued by International Accounting Standards Board (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
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
Amendment to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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: Applicable for annual reporting periods beginning on or after January 1, 2025. The initial application of this amendment will affect the amounts recognized in retained earnings as of the initial application date. When the consolidated company uses a non-functional currency as the reporting currency, the adjustment will affect the revaluation of exchange differences of foreign operations under equity on the initial application date.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s consolidated financial position and financial performance and will disclose the relevant impact when the assessment is completed.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS Accounting Standards 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.

Assets and liabilities that are not classified as current are classified as non-current.

(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.

Where the change in the Group’s ownership interest in the subsidiary does not result in the loss of control, it shall be treated as an equity transaction. The carrying amounts of the Group and non-controlling interests have been adjusted to reflect the changes in their relative interests in subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

Please refer to Note 11 and Tables 5 and 6 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 denominated in foreign currencies measured at fair value are converted using the exchange rate on the date when the fair value is determined. The exchange difference is recognized as the current profit and loss. However, if the change of fair value is recognized as other comprehensive income, the exchange difference generated is recognized as 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 Inventory is measured by the lower of cost and net realizable value. When comparing cost and net realizable value, except for similar stock in hand, it is based on individual 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) Investment 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 treated 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 stated at cost, subsequently are measured at the amount of 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 least at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When property, plant, and equipment is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset shall be 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 service life. The estimated useful life, residual value, and amortization method are reviewed at least at the end of each reporting period and the application of the effect of changes in the aggregate estimate is deferred.

On derecognition 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. The reversal of impairment losses 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 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) Measurement categories

   Financial assets held by the Group are classified as financial assets at fair value through profit or loss and financial assets at amortized cost.

   A. Financial assets at FVTPL

      Financial assets measured at fair value through profit and loss 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 3 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 account receivables) on each balance sheet date.

The Group always recognizes lifetime expected credit losses for amount receivables as losses allowance. Other financial assets are evaluated to see whether the credit risk has increased significantly since they were initially recognized. If not, they are recognized as the loss allowance for 12-month expected credit loss. If they have increased considerably, they are recognized as the loss allowance based on lifetime expected credit loss.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. The 12-month expected credit loss represents possible credit loss from breach of contract within 12 months of reporting date. Lifetime expected credit loss represents expected credit loss from breach of contract of financial instruments during period of existence.

The impairment loss of all financial assets is reduced based on the allowance account.

(3) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

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) Derecognition 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 the derivative is positive, it is classified as a financial asset; when the fair value is negative, it is classified 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 1 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 target asset), and subsequently measured at cost minus the accumulated depreciation and the accumulated impairment loss and adjusted for the remeasurement of the lease liability. A right-of-use asset is separately presented on the consolidated balance sheet.

The right-of-use assets shall be depreciated on a straight-line basis from lease commencement date to 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 recognized only when it is reasonably certain that the Group will comply with the conditions attached to the government subsidies and will receive such subsidies.

Government subsidies related to income are recognized in profit and loss on a systematic basis during the period when the relevant costs that they intend to compensate are recognized as expenses 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) Employee stock options

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 given day and the best quantity forecast as expected, while making adjustments on capital reserve - employee stock options. If it is vested at grant date, the expense is recognized in full at the same date. When the Company deals with capital increase in cash to retain employee subscription, the date on which the employee subscribes for shares is confirmed is the date of grant.

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 the date of grant, recognized as an increase in the carrying amount of investment in the subsidiary within the available period, and the capital reserve - employee stock options are adjusted accordingly. If it is vested at grant date, the expense is recognized in full at the same date. When the Company deals with capital increase in cash to retain employee subscription of a subsidiary, the date on which the employee of the subsidiary subscribes for shares is confirmed is the date of grant.

(XVII) Income tax

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

1. Current income tax

   The Group determines the current income (loss) in accordance with the laws as well as regulations established by each income tax reporting jurisdiction, and calculates the payable (recoverable) income tax accordingly.

   The undistributed surplus calculated in accordance with the *Income Tax Act* is subject to an annual income tax recognized according to 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 taxable income will be available for the use of income tax credits 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 satisfied 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 for the year

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. <u>Critical Accounting Judgments and Key Sources of Estimation Uncertainty</u>

When the Group adopts accounting policies, the management must make judgments, estimates and assumptions based on historical experience and other critical factors. 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.

<u>Inventory Evaluation</u>

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, 2023	December 31, 2022
Petty cash and cash on hand	$ 532	$ 2,210
Checks and demand deposits in banks	231,069	311,490
Cash equivalents		
Time deposits	131,123	149,885
Reserve repurchase agreements collateralized by bonds	93,999	26,634
	$ 456,723	$ 490,219

The range of market interest rates for deposits and repurchase agreements collateralized by bonds on the balance sheet date is as follows:

	December 31, 2023	December 31, 2022
Demand deposits	0.00007%～4.40%	0.001%～3.30%
Time deposits	3.50%～5.33%	1.25%～4.53%
Reserve repurchase agreements collateralized by bonds	2.15%～5.50%	1.85%～4.23%

VII. Financial Instruments at Fair Value through Profit or Loss - Current

	December 31, 2023	December 31, 2022
Financial assets - current		
Mandatorily measured at fair value through profit or loss		
Derivatives (not under hedge accounting)		
Foreign exchange forward contracts	$ 142	$ 450
Financial liabilities - current		
Held for trading		
Derivatives (not under hedge accounting)		
Foreign exchange forward contracts	$ 33	$ -

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, 2023			
Sell	USD/MYR	2024.1.8～2024.7.11	USD 1,800/ MYR 8,281
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

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 - current

	December 31, 2023	December 31, 2022
Pledge and mortgage		
Time deposits with original maturity over 3 months	$ 20,189	$ 15,557

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

	December 31, 2023	December 31, 2022
Time deposits with original maturity over 3 months	1.45%～2.80%	0.79%～2.60%

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, 2023	December 31, 2022
Notes receivable		
Measured at amortized cost		
Gross carrying amount	$ 56,452	$ 46,749
Accounts receivable		
Measured at amortized cost		
Gross carrying amount	$ 692,334	$ 758,002
Less: allowance for loss	(11,357)	(10,611)
	$ 680,977	$ 747,391

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 and accounts receivable based on the Group's allowance matrix.

December 31, 2023

	Not past due	Up to 60 Days	61~90 Days	Over 91 Days	Total
Expected credit loss rate	0.93%	4.95%	100%	100%	
Gross carrying amount	$ 694,153	$ 52,296	$ 60	$ 2,277	$ 748,786
Loss allowance (Lifetime ECLs)	(6,429)	(2,591)	(60)	(2,277)	(11,357)
Amortized cost	$ 687,724	$ 49,705	$ -	$ -	$ 737,429

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

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

	2023	2022
Beginning balance	$ 10,611	$ 10,534
Less: Provision (reversal) for impairment losses in the current year	935	(87)
Foreign exchange translation gains and losses	(189)	164
Ending balance	$ 11,357	$ 10,611

X. Inventories

	December 31, 2023	December 31, 2022
Finished goods	$ 286,838	$ 421,399
Work in progress	254,777	335,637
Raw materials and Supplies	127,549	224,844
	$ 669,164	$ 981,880

The costs of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 were NT$2,314,247 thousand and NT$2,537,248 thousand, respectively.

The cost of goods sold for the years ended December 31, 2023 and 2022 included a recovery benefit of NT$38,443 thousand and a impairment loss of NT$61,929 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, 2023	December 31, 2022	Remarks
The Company	ACME Electronics (Cayman) Corp.（ACME (Cayman)）	Corporate investments	60.10%	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). In addition, in April 2023, ACME (Cayman) made a capital increase of US$9,000 thousand in cash, all of which was subscribed by the Company, resulting in an increase in the shareholding ratio to 60.10%. As the above transaction did not change the control of the Group over its subsidiaries,

which the Group treated as an equity transaction and adjusted to increase the accumulated deficits to be offset by NT$1,518 thousand.

(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 5 for information on the main business premises and countries of registration.

	Profit (Loss) Allocated to Non-controlling Interests		Non-controlling interests	
Subsidiary	2023	2022	December 31, 2023	December 31, 2022
ACME (Cayman) and its subsidiaries	($ 40,693)	($ 1,631)	$ 555,114	$ 610,376

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, 2023	December 31, 2022
Current assets	$ 885,623	$ 991,610
Non-current assets	1,088,436	1,121,299
Current liabilities	(464,168)	(791,632)
Non-current liabilities	(121,076)	(71,817)
Equity	$ 1,388,815	$ 1,249,460
Equity attributable to:		
Owners of the Company	$ 834,675	$ 640,644
Non-controlling interests	554,140	608,816
	$ 1,388,815	$ 1,249,460
	2023	**2022**
Operating revenue	$ 1,206,330	$ 1,665,764
Net loss for the year	($ 94,932)	($ 5,960)
Other comprehensive income (loss)	(40,951)	24,351
Total comprehensive income	($ 135,883)	$ 18,391
Net loss attributable to:		
Owners of the Company	($ 54,824)	($ 3,056)
Non-controlling interests	(40,108)	(2,904)
	($ 94,932)	($ 5,960)
Total comprehensive income attributable to:		
Owners of the Company	($ 79,688)	$ 9,430
Non-controlling interests	(56,195)	8,961
	($ 135,883)	$ 18,391
Cash flow		
Operating activities	$ 173,642	$ 62,819
Investing activities	(149,413)	(255,895)
Financing activities	74,432	39,160
Effects of exchange rate changes	(12,611)	6,378
Net cash inflow (outflow)	$ 86,050	($ 147,538)

XII. Investments accounted for using equity method

Company Name	December 31, 2023 Amount	December 31, 2023 Shareholding	December 31, 2022 Amount	December 31, 2022 Shareholding
USI Optronics Corporation ("USIO")	$ 18,196	34%	$ 22,739	34%

Please refer to Table 5 for relevant information on associates of the Group on the balance sheet date.

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, 2023	December 31, 2022
Current assets	$ 34,113	$ 44,647
Non-current assets	24,062	27,905
Current liabilities	(4,652)	(5,667)
Equity	53,523	66,885
The Company's shareholding ratio	34%	34%
Equity attributable to the Group	$ 18,196	$ 22,739
Carrying amount of investment	$ 18,196	$ 22,739

	2023	2022
Operating revenue	$ 5,641	$ 10,946
Net loss for the year	($ 13,363)	($ 27,848)
Total comprehensive income	($ 13,363)	($ 27,848)

XIII. Property, plant and equipment

	2023					
	Beginning balance	Increase during the year	Decrease during the year	Internal transfer	Effects of exchange rate	Ending balance
Cost						
Land	$ 82,657	$ -	$ -	$ -	$ -	$ 82,657
Land improvement	9,329	-	(1,333)	-	-	7,996
Building and equipment	1,288,837	2,860	(5,423)	116,454	(20,233)	1,382,495
Machinery and equipment	2,985,032	113,862	(64,858)	267,727	(51,451)	3,250,312
Transportation and Communication Equipment	15,343	1,831	(638)	-	(481)	16,055
Other equipment	402,189	4,844	(15,751)	22,260	(8,805)	404,737
Construction in progress	-	24,376	-	(22,979)	(1,397)	-
Total cost	4,783,387	$ 147,773	($ 88,003)	$ 383,462	($ 82,367)	5,144,252
Accumulated depreciation and impairment						
Land improvement	8,699	$ 168	($ 1,333)	$ -	$ -	7,534
Building and equipment	762,476	59,484	(3,109)	-	(10,813)	808,038
Machinery and equipment	1,857,838	172,316	(60,392)	-	(37,319)	1,932,443
Transportation and Communication Equipment	13,042	1,003	(619)	-	(402)	13,024
Other equipment	325,574	29,216	(15,710)	-	(4,276)	334,804
Total accumulated depreciation and impairment	2,967,629	$ 262,187	($ 81,163)	$ -	($ 52,810)	3,095,843
Net	$1,815,758					$2,048,409

	2022					
	Beginning balance	Increase during the year	Decrease during the year	Internal transfer	Effects of exchange rate	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

There were no impairment losses on assessed property, plant and equipment from January 1 to December 31, 2023 and 2022.

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

Land improvement	8-20 years
Building and equipment	
Office building, labs and improvements	20-50 years
Others	3-15 years
Machinery and equipment	3-15 years
Transportation and Communication Equipment	5 years
Other equipment	3-25 years

Please refer to Note 25 for the amount of property, plant and equipment pledged as collateral for loans.

XIV. Lease Arrangements

(I) Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying amount of right-of-use assets		
Land	$ 112,313	$ 119,253
Buildings	-	104
Machinery and equipment	56,258	71,104
Transportation equipment	607	991
	$ 169,178	$ 191,452

	2023	2022
Addition for right-of-use assets	$ -	$ 12,344
Depreciation expense of right-of-use assets		
Land	$ 3,934	$ 3,927
Buildings	104	104
Machinery and equipment	13,930	13,962
Transportation equipment	384	384
	$ 18,352	$ 18,377

(II) Lease liabilities

As of December 31, 2023 and 2022, 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 3-8 years.

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

For amount of right-of-use assets pledged as collateral for bank borrowings, please refer to Note 25.

(IV) Other lease information

	2023	2022
Expenses relating to short-term leases	$ 7,229	$ 6,537
Total cash flows on lease	($ 22,308)	($ 21,650)

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$5,074 thousand and NT$4,612 thousand respectively as at December 31, 2023 and 2022.

XV. Borrowings

(I) Short-term borrowings

	December 31, 2023	December 31, 2022
Secured loans (Note 25)		
Bank loans	$ 6,525	$ -
Unsecured borrowings		
Line of credit borrowings	$ 350,832	$ 731,926

The interest rates of short-term loan were 1.68%~4.74% and 1.61078%~7.62412% respectively as at December 31, 2023 and 2022.

(II) Short-term bills payable (December 31, 2023: None)

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

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

December 31, 2022

Guarantor / acceptor	Face Amount	Discount Amount	Carrying Amount	Annual discount rate
Commercial note payable				
Mega Bills Finance Co., Ltd.	$ 80,000	$ 49	$ 79,951	1.848%

(III) Long-term borrowings

	December 31, 2023	December 31, 2022
Secured bank loans	$ 1,235,439	$ 1,369,000
Unsecured bank loans	98,500	-
	1,333,939	1,369,000
Long-term borrowings due within one year	(1,047)	-
	$ 1,332,892	$ 1,369,000
Maturity year	113～133	114～116
Range of interest rates	0.995～4.350%	1.45～1.85%

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 conducted by the Company of the Company under the "Labor Standards Act" of our country is a defined benefit retirement plan administered by the government. 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 contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to a retirement fund that is deposited with Bank of Taiwan under the name of The Supervisory Committee of Workers' Retirement Fund. Before the end of year, if the balance at the retirement fund is not sufficient to pay employees who will meet the retirement criteria next year, a lump-sum deposit for the shortfall should be made before the end of March of the following year. The exclusive account is administered by the Bureau of Labor Funds of the Ministry of Labor, and the Company retains no rights that may influence its investment and administration strategies.

The amounts included in the accompanying consolidated balance sheets in respect of its defined benefit plans are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 45,556	$ 45,779
Fair value of plan assets	(30,438)	(29,626)
Net defined benefit liabilities	$ 15,118	$ 16,153

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, 2023	$ 45,779	($ 29,626)	$ 16,153
Service cost			
Service cost - current period	188	-	188
Interest expenses (income)	686	(450)	236
Amounts recognized in profit or loss	874	(450)	424

(Continued)

(Continued)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Re-measurement on the net defined benefit liability			
Return on plan assets (excluding amounts included in net interest)	-	(174)	(174)
Actuarial loss (gain)			
– Changes in financial assumptions	1,011	-	1,011
– Experience adjustments	(500)	-	(500)
Recognized in other comprehensive income	511	(174)	337
Contributions from employer	-	(926)	(926)
Benefits paid	(1,608)	738	(870)
Balance as of December 31, 2023	$ 45,556	($ 30,438)	$ 15,118
Balance as of January 1, 2022	$ 47,498	($ 26,008)	$ 21,490
Service cost			
Service cost - 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

The Group is exposed to following risks for the defined benefits plans under the "Labor Standards Law":

1. Investment risk: Through its own use and entrusting 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 Company's plan assets shall not be lower than the gain calculated by the average interest rate on a two-year time deposit.
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; Hence, the increase in plan participants' salary will increase the present value of the defined benefit obligation.

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

	December 31, 2023	December 31, 2022
Discount rate	1.250%	1.500%
Expected rates of salary increase	3.000%	3.000%

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, 2023	December 31, 2022
Discount rate		
0.25% increase	($ 1,011)	($ 1,114)
0.25% decrease	$ 1,043	$ 1,153
Expected rates of salary increase		
0.25% increase	$ 1,007	$ 1,116
0.25% decrease	($ 981)	($ 1,084)

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, 2023	December 31, 2022
The expected amount of contribution within 1 year	$ 800	$ 820
Average duration of defined benefit obligations	9.0 years	10.8 years

XVII. Government subsidy

Acme Electronics (KS) reached an agreement with the government of Kunshan Zhoushi Town People's Government in 2006 in which Acme Electronics (KS) promised to relocate its new plant and raise its investment amount in order to obtain subsidies from Kunshan Zhoushi Town People's Government for the cost of land use rights and basic power projects. Acme Electronics (KS) recognized the subsidies as long-term deferred income and amortized them together with the use of related assets.

Acme Electronics (GZ) obtained subsidies related to depreciable assets from the local government in 2023. Acme Electronics (GZ) recognized the subsidies as long-term deferred income and amortized them together with the use of related assets.

As of December 31, 2023 and 2022, the amount of unamortized deferred revenue of the Group due to the above amounted to RMB 8,032 thousand (NT$34,822 thousand) and RMB 7,303 thousand (NT$32,201 thousand), respectively.

The Company applied for the Industrial Upgrade Platform Innovation Guidance Program subsidy from the Taiwanese government. For the years ended December 31, 2023 and 2022, expenses related to the subsidy were recognized as deductions from operating expenses, amounting to NT$9,000 thousand and NT$11,000 thousand, respectively.

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, 2023 and 2022 were NT$11,350 thousand and NT$7,501 thousand, respectively.

XVIII. Equity

(I) Ordinary share capital

	December 31, 2023	December 31, 2022
Number of shares authorized (in thousands)	300,000	300,000
Share capital authorized	$ 3,000,000	$ 3,000,000
Number of shares issued and fully paid (in thousands)	212,994	182,994
Share capital issued	$ 2,129,937	$ 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 above cash capital increase plan was declared effective by the FSC on July 22, 2022, of which 15% was reserved for subscription by qualified employees of the Company and affiliates. The related issuance price was NT$20 per share, and the record date of the capital increase was January 16, 2023, and the cost of issuing new shares was NT$2,201 thousand as a reduction of capital surplus.

(II) Capital surplus

	December 31, 2023	December 31, 2022
Used to offset deficits, pay cash dividends or capitalize capital (1)		
Stock issuance premium	$ 299,866	$ 2,067
May only be used to offset deficits		
Disgorgement	76	72
	$ 299,942	$ 2,139

(1) Such capital surplus may be used to offset deficits or, if the Company has no deficit, to pay cash dividends or to capitalize capital.

(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 26, 2023 and May 30, 2022, respectively, and decided not to distribute surplus for the years ended December 31, 2022 and 2021 due to the need to make up for losses.

The Company still needs to make up for losses as of December 31, 2023. Therefore, the board meeting on March 5, 2024 proposed not to make any surplus distribution after making up the loss with the capital reserve of NT$299,942 thousand, and it is pending a resolution at the annual shareholders' meeting for the year 2024.

XIX. Net profit (loss) for the year

(I) Depreciation and amortization

	2023	2022
Property, plant and equipment	$ 262,187	$ 213,153
Right-of-use assets	18,352	18,377
Intangible assets	1,732	1,924
Total	$ 282,271	$ 233,454
Summary of depreciation by function		
Operating costs	$ 239,832	$ 198,918
Operating expenses	40,707	32,612
	$ 280,539	$ 231,530
Summary of amortization by function		
Operating costs	$ 771	$ 519
Operating expenses	961	1,405
	$ 1,732	$ 1,924

(II) Employee benefit expenses

	2023	2022
Post-retirement benefits		
Defined contribution plans	$ 55,605	$ 55,204
Defined benefit plans	424	346
	56,029	55,550
Salary, Bonus, etc.	739,504	756,979
Total	$ 795,533	$ 812,529
Summary of employee benefit expenses by function		
Operating costs	$ 565,382	$ 584,630
Operating expenses	230,151	227,899
	$ 795,533	$ 812,529

(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 2023 and 2022, 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, 2023 and 2022 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

	2023	2022
Government subsidy income	$ 11,350	$ 7,501
Income from management service fee (Note 24)	9,849	6,960
Rental income	1,534	1,474
Others	6,014	11,057
	$ 28,747	$ 26,992

(V) Foreign exchange gain (loss)

	2023	2022
Foreign exchange gains	$ 54,163	$ 73,272
Foreign exchange losses	(46,176)	(61,313)
Net profit	$ 7,987	$ 11,959

(VI) Other gain and loss

	2023	2022
Loss on disposal of property, plant and equipment	($ 4,894)	($ 122)
Gain on financial commodities at fair value through profit or loss	4,592	9,980
Others	(1,145)	(7,258)
	($ 1,447)	$ 2,600

(VII) Finance costs

	2023	2022
Interest on bank loans	$ 45,031	$ 33,490
Interest on lease liabilities	748	909
	$ 45,779	$ 34,399

XX. Income tax

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

	2023	2022
Current income tax		
In respect of the current period	$ 5,957	$ 21,686
Adjustments for previous years	(2,147)	(3,872)
	3,810	17,814
Deferred income tax		
In respect of the current period	(29,398)	21,055
Adjustments for previous years	(11,960)	(514)
	(41,358)	20,541
Income tax (benefit) expense recognized in profit or loss	($ 37,548)	$ 38,355

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

	2023	2022
Net profit (loss) before tax	($ 249,465)	$ 53,072
Income tax expense (benefit) of net profit (loss) before tax calculated at the statutory tax rate	($ 34,570)	$ 21,609
Items subject to adjustment in determining taxable income	3,280	(4,903)
Unrecognized loss deduction / deductible temporary difference	5,672	23,265
Current income tax expense from previous years adjusted in the year	(14,107)	(4,386)
Withholding tax on income from royalties	2,177	2,770
Income tax (benefit) expense recognized in profit or loss	($ 37,548)	$ 38,355

(II) Income tax recognized in other comprehensive income

	2023	2022
Deferred income tax		
Income tax (benefits) expenses recognized in other comprehensive income		
–Translating the financial statements of foreign operations	($ 8,257)	$ 5,471
–Actuarial gain or loss of defined benefits	(68)	573
	($ 8,325)	$ 6,044

(III) Current income tax assets and liabilities

	December 31, 2023	December 31, 2022
Current income tax assets		
Tax refund receivable	$ 9,485	$ 2,473
Current income tax liabilities		
Income tax payable	$ -	$ 2,575

(IV) Deferred income tax assets and liabilities

2023

Deferred income tax assets	Beginning balance	Amounts recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance
Temporary difference					
Allowance for loss receivable	$ 1,473	$ -	$ -	($ 25)	$ 1,448
Allowance for reduction of inventory to market	14,306	(5,317)	-	(28)	8,961
Defined benefit retirement plan	6,980	-	68	-	7,048
Exchange differences of foreign operations	10,170	-	8,257	-	18,427
Government subsidy	5,472	(137)	-	(88)	5,247
Others	8,161	1,305	-	(297)	9,169
	46,562	(4,149)	8,325	(438)	50,300
Deduction for losses	25,960	21,420	-	(543)	46,837
	$ 72,522	$ 17,271	$ 8,325	($ 981)	$ 97,137

(Continued)

(Continued)

	Beginning balance	Amounts recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance
Deferred income tax liabilities					
Temporary difference					
Investments accounted for using the equity method	$ 88,142	($ 21,385)	$ -	$ -	$ 66,757
Depreciation due to fiscal and taxation difference over amortization period	17,035	14,704	-	(1,035)	30,704
Unrealized loss on sales and others	26,046	(17,406)	-	(15)	8,625
	$ 131,223	($ 24,087)	$ -	($ 1,050)	$ 106,086

2022

	Beginning balance	Amounts recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance
Deferred income tax assets					
Temporary difference					
Allowance for loss receivable	$ 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
Deduction for losses	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
Depreciation due to fiscal and taxation difference over amortization 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

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

	December 31, 2023	December 31, 2022
Deduction for losses		
Due in 2024	$ 121,331	$ 121,331
Due in 2025	63,480	63,480
Due in 2026	43,473	89,884
Due in 2027	955,046	769,135
Due in 2028	202,490	-
Due in 2029	33,260	33,260
Due in 2030	55,004	55,004
Due in 2031	19,466	40,367
Due in 2032	48,744	48,692
Due in 2033	21,432	-
	$ 1,563,726	$ 1,221,153

(VI) Unused loss deduction related information

As at December 31, 2023, the loss deduction information is as follows:

Balance before deduction	Last deduction year
$ 121,331	2024
63,480	2025
43,473	2026
1,079,431	2027
202,490	2028
33,260	2029
55,004	2030
19,466	2031
48,744	2032
21,432	2033
$ 1,688,111	

(VII) Certification of income tax

The Company’s income tax returns through 2021 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, 2023 and 2022 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. The statutory tax rate applicable to ACME (MA) is 24%.

XXI. Earnings (losses) per share

	2023	2022
Basic earnings (losses) per share	($ 0.81)	$ 0.09
Diluted earnings (losses) per share	($ 0.81)	$ 0.09

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

Net profit (loss) for the year

	2023	2022
Net (loss) profit for calculating basic and diluted earnings (losses) per share	($ 171,224)	$ 16,348

Number of Shares

Unit: Thousands of shares

	2023	2022
Weighted average number of common shares used for calculation of basic and diluted (losses) earnings per share	211,744	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, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivatives	$ -	$ 142	$ -	$ 142
Financial liabilities at FVTPL				
Derivatives	$ -	$ 33	$ -	$ 33

December 31, 2022

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

There were no transfers between Levels 1 and 2 fair value measurement for the years ended December 31, 2023 and 2022.

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, 2023	December 31, 2022
Financial assets		
Financial assets at FVTPL	$ 142	$ 450
Measured at amortized cost (Note 1)	1,236,817	1,316,716
Financial liabilities		
Financial liabilities at FVTPL	33	-
Measured at amortized cost (Note 2)	2,027,502	2,526,855

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 of net foreign currency 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 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 members' functional currency had appreciated/depreciated 3% against the U.S. dollar, the Group's pre-tax loss for the year ended December 31, 2023 would have increased/decreased by NT$13,942 thousand, and the pre-tax benefit for the year ended December 31, 2022 would have decreased/increased by NT$4,993 thousand.

   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, 2023	December 31, 2022
Fair value interest rate risk		
– Financial assets	$ 391,181	$ 420,088
– Financial liabilities	257,416	256,540
Cash flow interest rate risk		
– Financial assets	79,926	68,301
– Financial liabilities	1,492,196	1,997,926

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 loss before tax for the year ended December 31, 2023 would have increased/decreased/ by NT$7,061 thousand, and the profit before tax for the year ended December 31, 2022 would have decreased/increased by NT$9,648 thousand.

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 65% and 70% of total notes and accounts receivable as of December 31, 2023 and 2022, 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, 2023

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 years
Non-derivative financial liabilities			
Non-interest bearing liabilities	-	$ 238,483	$ -
Lease liabilities	1.22	14,680	45,155
Floating interest rate liabilities	1.96	185,118	1,400,619
Fixed interest rate liabilities	1.69	199,284	-
		$ 637,565	$ 1,445,774

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

(2) Financing facilities

	December 31, 2023	December 31, 2022
Unsecured banking facilities		
– Amount used	$ 449,332	$ 1,180,926
– Amount unused	2,099,825	2,381,816
	$ 2,549,157	$ 3,562,742
Secured banking facilities		
– Amount used	$ 1,243,272	$ 1,000,000
– Amount unused	429,461	-
	$ 1,672,733	$ 1,000,000

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, 2023 and 2022, USI held 46.9% and 44.7% of the ordinary shares of the Company by itself and through its subsidiaries, respectively.

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 CORPORATION (USI)	Parent company
USI Management Consulting Corporation ("UM")	Fellow subsidiary
China General Plastics Corporation ("CGPC")	Fellow subsidiary
Asia Polymer Corporation ("APC")	Fellow subsidiary
Taita Chemical Company, Ltd. (TTC)	Fellow subsidiary
Swanson Plastics Corporation ("SPC")	Fellow subsidiary
USI Optronics Corporation ("USIO")	Associate

(II) Sales

Related Party Category/Name	2023	2022
Associate		
USIO	$ 293	$ 261

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	2023	2022
Associate		
USIO	$ 3,231	$ 9,597

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 (excluding loans to related parties)

Accounting Subject	Related Party Category/Name	December 31, 2023	December 31, 2022
Accounts receivable - related parties	Associate		
	USIO	$ 77	$ -
Other receivables from related parties	Fellow subsidiary		
	SPC	$ 4,019	$ 3,970
	Associate		
	USIO	200	656
		$ 4,219	$ 4,626

(V) Payables to related parties

Accounting Subject	Related Party Category/Name	December 31, 2023	December 31, 2022
Accounts payable - related parties	Associate		
	USIO	$ -	$ 878
Other payables - related parties	Parent company		
	USI	$ 717	$ 1,136
	Fellow subsidiary		
	SPC	514	1,055
	APC	48	48
	UM	45	33
	CGPC	-	2
		$ 1,324	$ 2,274

(VI) Acquisition of property, plant and equipment

Related Party Category/Name	Acquisition cost 2023	Acquisition cost 2022
Parent company		
USI	$ -	$ 310
Associate		
USIO	3,330	-
	$ 3,330	$ 310

(VII) Other Related Party Transactions

Accounting Subject	Related Party Category/Name	2023	2022
Revenue from management service expenses	Fellow subsidiary		
(Recorded non-operating incomes and expenses)	SPC	$ 9,436	$ 6,133
	Associate		
	USIO	413	827
		$ 9,849	$ 6,960
Management service fee expenditures	Parent company		
(Classified as operating expenses)	USI	$ 21	$ -
	Fellow subsidiary		
	UM	14,392	12,883
	SPC	2,639	1,347
		$ 17,052	$ 14,230
Rent expenditures	Parent company		
(Classified as operating expenses)	USI	$ 3,194	$ 3,068
	Fellow subsidiary		
	APC	275	275
		$ 3,469	$ 3,343

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	2023	2022
Other expenditures	Fellow subsidiary		
(Classified as operating expenses)	SPC	$ -	$ 763
	Associate		
	USIO	136	-
		$ 136	$ 763
Other income	Associate		
(Recorded non-operating incomes and expenses)	USIO	$ 52	$ -

(VIII) Compensation of key management personnel

	2023	2022
Short-term employee benefits	$ 15,392	$ 15,051
Post-retirement benefits	206	193
	$ 15,598	$ 15,244

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 financing loans, customs security for imported raw materials or as security for natural gas consumption:

	December 31, 2023	December 31, 2022
Time deposit (classified as refundable deposits)	$ 6,000	$ 6,000
Current deposit (classified as refundable deposits)	4,335	2,205
Time deposits (classified as financial assets measured at amortized cost)	20,189	15,557
Property, Plant, and Equipment (Carrying Amount)	303,617	209,507

Right-of-use assets (Carrying Amount)	23,799	-
	$ 357,940	$ 233,269

XXVI. Significant Contingent Liability and Unrecognized Contractual Commitments

In addition, as of December 31, 2023, 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$9,000 thousand.

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

	December 31, 2023			
	Foreign currency (NT$ thousands)	Exchange Rate (NT$)	Functional Currency (NT$ thousands)	New Taiwan Dollars (NT$ thousands)
Financial assets				
Monetary items				
USD	$ 10,147	30.7050 (USD:NTD)	$ 311,566	$ 311,566
USD	3,000	7.0827 (USD:CNY)	21,247	92,110
USD	5,643	4.7894 (USD:MYR)	27,028	173,279
RMB	13,748	4.3352 (RMB:NTD)	59,599	59,599
Financial liabilities				
Monetary items				
USD	916	30.7050 (USD:NTD)	28,125	28,125
USD	1,721	7.0827 (USD:CNY)	12,190	52,847
USD	1,018	4.7894 (USD:MYR)	4,874	31,248
RMB	13,333	4.3352 (RMB:NTD)	57,800	57,800

	December 31, 2022			
	Foreign currency (NT$ thousands)	Exchange Rate (NT$)	Functional Currency (NT$ thousands)	New Taiwan Dollars (NT$ thousands)
Financial assets				
Monetary items				
USD	$ 10,168	30.7100 (USD:NTD)	$ 312,253	$ 312,253
USD	3,605	6.9647 (USD:CNY)	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:CNY)	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

The net foreign exchange gains (realized and unrealized) of the Group for the years ended December 31, 2023 and 2022 were NT$7,987 thousand and NT$11,959 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 according to the foreign currencies with significant impact.

XXVIII. Disclosure Items

(I) Information on Significant Transactions:

1. Loans to others: Table 1.
2. Endorsements/guarantees provided for others: Table 2.
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 3.
8. Receivables from related parties amounting to NT$100 million or 20% of paid-in capital or more: Table 4
9. Trading in derivative instruments: Note 7.
10. Others - intercompany relationships and significant intercompany transactions: Table 7.

(II) Information on investees: Table 5.

(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 6.
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 7.
   (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 7.
   (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 2.
   (5) The highest balance during the period, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds: Table 1.
   (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 7.

(IV) Information on major shareholders: Name, number of shares held, and shareholding percentage of shareholders with shareholding percentage exceeding 5%: Table 8.

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 the years ended December 31, 2023 and 2022 includes: (i) Passive components - engaged in the production and sale of ferromagnetic cores and powders; (ii) Silicon carbide - engaged in the research and development, production and marketing of silicon carbide; (iii) 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	
	2023	2022	2023	2022
Passive components	$ 2,213,169	$ 2,882,314	($ 261,329)	$ 83,953
Silicon carbide	338,577	174,903	112,147	65,481
Others	-	-	(4,170)	(5,364)
Total of continuing business units	$ 2,551,746	$ 3,057,217	(153,352)	144,070
Headquarters management costs and director compensation			(94,844)	(96,647)
Interest income			13,766	7,964
Foreign exchange gain (loss)			7,987	11,959
Finance costs			(45,779)	(34,399)
Other non-operating revenue			22,757	20,125
Net profit (loss) before tax			($ 249,465)	$ 53,072

The revenue reported above is generated from transactions with external clients. All interdepartmental transactions for the years ended December 31, 2023 and 2022 have been written off 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	
	2023	2022
Passive components	$ 249,428	$ 215,480
Silicon carbide	32,843	17,974
	$ 282,271	$ 233,454

(III) Main product revenue

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

	2023	2022
Passive components	$ 2,213,169	$ 2,882,314
Silicon carbide	338,577	174,903
	$ 2,551,746	$ 3,057,217

(IV) Geographical financial information

The Group's continuing business unit income from external customers is 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	
	2023	2022	December 31, 2023	December 31, 2022
Asia	$ 1,846,460	$ 2,355,421	$ 2,517,854	$ 2,342,436
Europe	314,725	506,438	-	-
America	361,513	188,145	-	-
Others	29,048	7,213	-	-
	$ 2,551,746	$ 3,057,217	$ 2,517,854	$ 2,342,436

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

(V) Customer-specific financial information

In the years ended December 31, 2023 and 2022, the revenues from a single customer amounting to 10% or more of the Group's total revenue were as follows:

	2023	2022
Client A	$ 244,985	$ 336,913

Acme Electronics Corporation and Subsidiaries

FINANCING PROVIDED TO OTHERS

From January 1 to December 31, 2023

Table 1

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

No.	Lender	Borrower	Financial Statement Account	Related Party (Yes/No)	Maximum balance of the current period	Ending balance (Note 3)	Actual Borrowing Amount (Note 3 and 4)	Range of interest rates	Nature of lending (Note 2)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing limit to individual borrower (Note 1)	Aggregate financing limit (Note 1)	Remarks
													Name	Value			
1	Acme Electronics (GZ)	ACME Electronics (KS)	Other receivables - related parties	Yes	$ 176,040 (RMB40,000 thousand)	$ 173,408 (RMB40,000 thousand)	$ 104,045 (RMB24,000 thousand)	3.45%	2	$ -	Business turnover	$ -	—	—	$ 383,828	$ 383,828	

Note 1: Total financing amounts provided to others shall not exceed 40% of the net value of ACME Electronics (Guangzhou) Co., Ltd., and the highest aggregate financing limits were calculated by the net value as of December 31, 2023.

Note 2: The method of filling in the nature of financing is as follows:

(1) Fill in 1 for those with business relationship.

(2) Fill in 2 for those with necessary for short-term financing.

Note 3: The foreign currency amount was calculated based on the spot exchange rate of December 31, 2023.

Note 4: All the transactions were eliminated when preparing the consolidated financial statements.

Acme Electronics Corporation and Subsidiaries

Endorsements/Guarantees Provided for Others

From January 1 to December 31, 2023

Table 2

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 and 4)	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	Remarks
		Company Name	Relationship											
0	The Company	ACME Electronics (KS)	Subsidiary of ACME (Cayman)	$ 2,654,198	$ 778,716 (USD 18,500 thousand and RMB 49,000 thousand)	$ 365,950 (USD 5,000 thousand and RMB 49,000 thousand)	$ 151,732 (RMB35,000 thousand)	None	20.68%	$ 3,538,930	Y	N	Y	
		Acme Electronics (GZ)	Subsidiary of GAEL	2,654,198	64,850 (USD 2,000 thousand)	-	-	None	-	3,538,930	Y	N	Y	
		ACME (Cayman)	Subsidiary of the Company	2,654,198	314,200 (USD 10,000 thousand)	-	-	None	-	3,538,930	Y	N	N	
1	ACME (MA)	ACME Ferrite	Subsidiaries of ACME (MA)	480,703	115,597 (MYR 17,584 thousand)	112,731 (MYR 17,584 thousand)	64,271 (MYR 10,025 thousand)	None	16.42%	549,375	Y	N	N	

Note 1: The rate was calculated by the equity of ACME as of December 31, 2023.

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, 2023.

The total amount of ACME (MA)'s endorsement/guarantee shall not exceed 80% of ACME (MA)'s net value. The amount of endorsement/guarantee for an individual entity shall not exceed 70% of ACME (MA)'s net value. The maximum amount of endorsement/guarantee was calculated based on the equity of the endorser/guarantor as of December 31, 2023.

Note 3: The foreign currency amount was calculated based on the spot exchange rate of December 31, 2023.

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, 2023

Table 3

Unit: In Thousands of New Taiwan Dollars

Buyer/Seller	Counterparty	Relationship	Transaction Details				Unusual Transaction Terms and Reasons (Note 1)		Notes/Accounts Receivable (Payable)		Remarks
			Purchase (Sale)	Amount	Ratio to Total Purchase / Sales	Credit Period	Unit Price	Credit Period	Balance	Ratio to Total Notes or Trade Receivable (payable)	
The Company	Acme Electronics (GZ)	Subsidiary of GAEL	Purchase (including processing fee)	$ 242,598	39%	55 days	$ -	—	($ 22,477)	32%	Note 2
Acme Electronics (GZ)	The Company	Subsidiary of GAEL	Sales (including processing fee)	(242,598)	29%	55 days	-	—	22,477	9%	Note 2
The Company	Acme Electronics (GZ)	Subsidiary of GAEL	Sales	(129,989)	11%	55 days	-	—	22,560	7%	Note 2
Acme Electronics (GZ)	The Company	Subsidiary of GAEL	Purchase	129,989	77%	55 days	-	—	(22,560)	67%	Note 2
The Company	ACME Electronics (KS)	Subsidiary of ACME (Cayman)	Sales	(173,680)	15%	55 days	-	—	47,271	15%	Note 2
ACME Electronics (KS)	The Company	Subsidiary of ACME (Cayman)	Purchase	173,680	75%	55 days	-	—	(47,271)	70%	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

Receivables from Related Parties Amounting to at Least NT$100 Million or 20% of the Paid-in Capital

December 31, 2023

Table 4

Unit: In Thousands of New Taiwan Dollars

Company Name	Counterparty	Relationship	Balance of receivables from related parties	Turnover Rate	Overdue receivables from related parties		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Treatment		
Acme Electronics (GZ)	ACME Electronics (KS)	Subsidiary of GAEL	Other receivables - related parties $104,317	-	$ -	—	$ 90	Note 1

Note 1: It is assessed that no allowance for impairment loss is needed.

Note 2: All the transactions were written off 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, 2023

Table 5

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

Investor	Investee	Location	Main Business Activities	Original Investment Amount (Note 2)		Ending Holding			Net Profit (Loss) of Investee for the Period (Note 3)	Investment Profit (Loss) Recognized for the Period (Note 3)	Remarks
				December 31, 2023	December 31, 2022	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	$ 880,420	$ 605,182	36,675,541	60.10%	$ 843,264	($ 94,932) (USD(3,046) thousand)	($ 33,582) (USD (1,063) thousand)	Note 1
	GAEL	CITCO Building, Wickhams Cay Road Town, Tortola, British Virgin Islands	Corporate investments	669,072	669,072	20,800,000	100%	958,218	(72,483)	(67,927)	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%	18,196	(13,363)	(4,543)	
ACME (Cayman)	ACME (MA)	Plot 15,Jalan Industri 6 Kawasan Perindustrian Jelapang II(ZPB) Jelapang 30020 Ipoh, Perak, Malaysia.	Corporate investments	365,113 (USD 11,891 thousand)	365,113 (USD 11,891 thousand)	42,600,000	100%	695,722 (USD 22,660 thousand)	17,755 (MYR 2,704 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	243,387 (MYR 37,964 thousand)	243,387 (MYR37,964 thousand)	9,120,000	100%	687,154 (MYR 107,184 thousand)	18,315 (MYR 2,790 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, 2023.

Note 3: The amount is calculated based on the average exchange rate from January 1 to December 31, 2023.

Note 4: Please refer to Table 6 for relevant information on mainland investee companies.

Acme Electronics Corporation and Subsidiaries

Information on Investments in Mainland China

From January 1 to December 31, 2023

Table 6

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 6 and 7)	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	$ 943,411 (USD 30,725 thousand)	Indirect investment via ACME (Cayman).	$ 374,188 (USD 11,144 thousand)	$ -	$ -	$ 374,188 (USD 11,144 thousand)	($ 104,690) (RMB(23,651) thousand)	60.10%	($ 60,229) (RMB(13,609) thousand)	$ 407,515 (RMB 94,001 thousand)	$ -
Acme Electronics (GZ)	Manufacturing and marketing of soft ferrite core	589,536 (USD 19,200 thousand)	Indirect investment via GAEL.	619,676 (USD 19,200 thousand)	-	-	619,676 (USD 19,200 thousand)	(71,856) (RMB (16,296) thousand)	100%	(71,856) (RMB (16,296) thousand)	959,571 (RMB 221,344 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
$ 931,713 (USD 30,344 thousand) (Notes 2 and 6)	$ 1,124,816 (USD 36,633 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, 2023.

Note 6: The foreign currency amount was calculated based on the spot exchange rate of December 31, 2023.

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 Subsidiaries

Intercompany Relationships and Significant Intercompany Transactions

From January 1 to December 31, 2023

Table 7

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	$ 173,680	55 days for both purchase and sales	6.81%
0	The Company	Acme Electronics (GZ)	1	Sales revenue	129,989	55 days for both purchase and sales	5.09%
0	The Company	ACME Ferrite	1	Sales revenue	13,872	55 days for both purchase and sales	0.54%
0	The Company	ACME Electronics (KS)	1	Cost of goods sold	40,992	55 days for both purchase and sales	1.61%
0	The Company	Acme Electronics (GZ)	1	Cost of goods sold	4,745	55 days for both purchase and sales	0.19%
0	The Company	Acme Electronics (GZ)	1	Processing costs (classified as cost of goods sold)	237,853	－	9.32%
0	The Company	ACME Electronics (KS)	1	Royalty revenue	21,769	－	0.85%
0	The Company	ACME (Cayman)	1	Endorsement guaranteed income (recognized as non-operating incomes and gains - other)	1,941	－	0.08%
0	The Company	ACME Ferrite	1	Other income	134	－	0.01%
0	The Company	ACME Electronics (KS)	1	Other income	1,632	－	0.06%
0	The Company	ACME Electronics (KS)	1	Accounts receivable - related parties	47,271	55 days for both purchase and sales	1.03%
0	The Company	Acme Electronics (GZ)	1	Accounts receivable - related parties	22,560	55 days for both purchase and sales	0.49%
0	The Company	ACME Ferrite	1	Accounts receivable - related parties	2,055	55 days for both purchase and sales	0.04%
0	The Company	ACME Electronics (KS)	1	Other receivables from related parties	29,062	－	0.63%
0	The Company	Acme Electronics (GZ)	1	Other receivables from related parties	337	－	0.01%
0	The Company	Acme Electronics (GZ)	1	Notes and accounts payable－related parties	22,477	55 days for both purchase and sales	0.49%
0	The Company	ACME Electronics (KS)	1	Notes and accounts payable－related parties	14,335	55 days for both purchase and sales	0.31%
0	The Company	Acme Electronics (GZ)	1	Other payables - related parties	3,458	－	0.08%
0	The Company	ACME Electronics (KS)	1	Other payables - related parties	912	－	0.02%
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Sales revenue	15,641	55 days for both purchase and sales	0.61%
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Cost of goods sold	23,633	55 days for both purchase and sales	0.93%
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Interest expenses	187	－	0.01%
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Accounts receivable - related parties	3,645	55 days for both purchase and sales	0.08%
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Notes and accounts payable－related parties	2,101	55 days for both purchase and sales	0.05%
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Other payables - related parties	104,317	－	2.28%
3	ACME Electronics (KS)	ACME Ferrite	3	Sales revenue	91,652	55 days for both purchase and sales	3.59%
3	ACME Electronics (KS)	ACME Ferrite	3	Cost of goods sold	5,042	55 days for both purchase and sales	0.20%
3	ACME Electronics (KS)	ACME Ferrite	3	Accounts receivable - related parties	16,464	55 days for both purchase and sales	0.36%
3	ACME Electronics (KS)	ACME Ferrite	3	Notes and accounts payable－related parties	2,515	55 days for both purchase and sales	0.05%
3	ACME Ferrite	Acme Electronics (GZ)	3	Sales revenue	5,524	55 days for both purchase and sales	0.22%
3	ACME Ferrite	Acme Electronics (GZ)	3	Cost of goods sold	363	55 days for both purchase and sales	0.01%
3	ACME Ferrite	Acme Electronics (GZ)	3	Accounts receivable - related parties	1,639	55 days for both purchase and sales	0.04%
3	ACME Ferrite	Acme Electronics (GZ)	3	Notes and accounts payable－related parties	274	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, 2023

Table 8

Names of Major Shareholders	Shares	
	Number of Shares Held (in Shares)	Shareholding (%)
USI CORPORATION	61,682,967	28.95%
USIFE Investment Co., Ltd.	20,280,230	9.52%

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.