

# Acme Electronics Corporation and Subsidiaries

## Consolidated Financial Statements and Independent Auditors' Review Report

For the Three Months Ended March 31, 2023 and 2022

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

Tel.:(02)2798-0337

### Notices 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 review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review 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' review report and consolidated financial statements shall prevail.

## §TABLE OF CONTENT§

| ITEM                                                                           | PAGE             | FINANCIAL<br>STATEMENTS<br>NOTES NO. |
|--------------------------------------------------------------------------------|------------------|--------------------------------------|
| I. Cover                                                                       | 1                | -                                    |
| II. Table of Content                                                           | 2                | -                                    |
| III. Independent Auditors' Review Report                                       | 3-4              | -                                    |
| IV. Consolidated Balance Sheets                                                | 5                | -                                    |
| V. Consolidated Statements of Comprehensive Income                             | 6-7              | -                                    |
| VI. Consolidated Statements of Changes in Equity                               | 8                | -                                    |
| VII. Consolidated Statements of Cash Flows                                     | 9-10             | -                                    |
| VIII. Notes to Consolidated Financial Statements                               |                  |                                      |
| (I) Company History and Business Scope                                         | 11               | 1                                    |
| (II) Date and Procedure for the Approval of Financial Statements               | 11               | 2                                    |
| (III) Application of New, Amended and Revised Standards and Interpretations    | 11-12            | 3                                    |
| (IV) Summary of Significant Accounting Policies                                | 12-14            | 4                                    |
| (V) Critical Accounting Judgments and Key Sources of Estimation Uncertainty    | 14               | 5                                    |
| (VI) Information on Important Accounting Items                                 | 14-39            | 6~23                                 |
| (VII) Related Party Transactions                                               | 39-42            | 24                                   |
| (VIII) Collateralized Assets                                                   | 42               | 25                                   |
| (IX) Significant Contingent Liability and Unrecognized Contractual Commitments | 42               | 26                                   |
| (X) Significant Disaster Loss                                                  | -                | -                                    |
| (XI) Significant Events After the Balance Sheet Date                           | -                | -                                    |
| (XII) Others                                                                   | 43-44            | 27                                   |
| (XIII) Disclosure Items                                                        |                  | -                                    |
| 1. Information on Significant Transactions                                     | 44-45, 47, 50    | 28                                   |
| 2. Information on Reinvestment                                                 | 45, 48           | 28                                   |
| 3. Information on Investments in Mainland China                                | 44-45, 47, 49-50 | 28                                   |
| 4. Information on Major Shareholders                                           | 45, 51           | 28                                   |
| (XIV) Segment Information                                                      | 45-46            | 29                                   |

## **Independent Auditors' Review Report**

To: Acme Electronics Corporation

### **Preface**

We have reviewed the Consolidated Balance Sheets of Acme Electronics Corporation and its subsidiaries (hereinafter the “Group”) for the three months ended March 31, 2023 and 2022, and the Consolidated Statements of Comprehensive Income, the Consolidated Statements of Changes in Equity, the Consolidated Statements of Cash Flows and Notes to the Consolidated Financial Statements (including the Summary of Significant Accounting Policies) for the three months from January 1 to March 31, 2023 and 2022. It is the responsibility of management to prepare consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, "Interim Financial Reporting", as endorsed by the Financial Supervisory Commission and issued in effect. Our responsibility is to express a conclusion on the consolidated financial statements based on our review .

### **Scope**

We have conducted our review in accordance with Statement of Auditing Standards No. 2410, "Review of Financial Statements" except for those specified in the basis of our qualified conclusion. The procedures performed in reviewing the consolidated financial statements include making inquiries (primarily of persons responsible for financial and accounting matters), analytical procedures and other review procedures. A review is significantly less in scope than an audit and, accordingly, we may not be able to discern all significant matters that could be identified by an audit and, accordingly, we cannot express an audit opinion.

### **Basis for qualified conclusion**

As stated in Note 12 to the consolidated financial statements, the balances of investments accounted for under the equity method amounted to NT\$20,824 thousand and NT\$27,578 thousand as of March 31, 2023 and 2022, respectively, and the shares of losses of affiliates accounted for under the equity method amounted to NT\$1,915 thousand and NT\$4,628 thousand

from January 1 to March 31, 2023 and 2022, respectively, based on the unreviewed financial statements of these investees for the same periods.

### **Qualified conclusion**

According to the results of our review, except the influence of the financial statements of the investees that have been reviewed by the auditor in the section of the Basis for Conclusions, we have not found any material aspects of the above consolidated financial statements that have not been prepared according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission and issued in effect, which may lead to the inability to fairly express the consolidated financial positions of Acme Electronics Corporation and its subsidiaries as of March 31, 2023 and 2022, and the consolidated financial performance and consolidated cash flows of Acme Electronics Corporation and its subsidiaries from January 1 to March 31, 2023 and 2022.

Deloitte & Touche

CPA Wu, Shih-Tsung

CPA Chiu, Cheng-Chun

Financial Supervisory Commission

Approved Document No.

Jin Guan Zheng Shen Zi No. 1010028123

Financial Supervisory Commission Approved

Document No.

Jin Guan Zheng Liu Zi No. 0930160267

May 2, 2023

### 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 review such consolidated financial statements are those generally applied in the Republic of China. For the convenience of readers, the independent auditors' review 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' review report and consolidated financial statements shall prevail.

Acme Electronics Corporation and Subsidiaries  
Consolidated Balance Sheets  
March 31, 2023 and December 31 and March 312022

Unit: In Thousands of New Taiwan Dollars

| Code | Assets                                                                                | March 31, 2023 (reviewed) |            | December 31, 2022 (audited) |            | March 31, 2022 (reviewed) |            |
|------|---------------------------------------------------------------------------------------|---------------------------|------------|-----------------------------|------------|---------------------------|------------|
|      |                                                                                       | Amount                    | %          | Amount                      | %          | Amount                    | %          |
|      | <b>CURRENT ASSETS</b>                                                                 |                           |            |                             |            |                           |            |
| 1100 | Cash and cash equivalents (Note 6)                                                    | \$ 472,575                | 10         | \$ 490,219                  | 10         | \$ 556,084                | 13         |
| 1110 | Financial assets at fair value through profit or loss (FVTPL)                         |                           |            |                             |            |                           |            |
|      | - current (Note 7)                                                                    | 491                       | -          | 450                         | -          | 294                       | -          |
| 1136 | Financial assets at amortized cost - current (Notes 8 and 25)                         | 15,439                    | 1          | 15,557                      | -          | 15,147                    | -          |
| 1150 | Notes receivable (Note 9)                                                             | 87,913                    | 2          | 46,749                      | 1          | 13,667                    | -          |
| 1170 | Accounts receivable, net (Notes 9 and 24)                                             | 641,410                   | 14         | 747,391                     | 16         | 810,630                   | 18         |
| 1200 | Other receivables (Note 24)                                                           | 13,616                    | -          | 7,867                       | -          | 14,198                    | -          |
| 1220 | Current tax assets (Notes 4 and 20)                                                   | 7,838                     | -          | 2,473                       | -          | 293                       | -          |
| 130X | Inventories (Note 10)                                                                 | 914,566                   | 19         | 981,880                     | 21         | 927,309                   | 21         |
| 1470 | Other current assets                                                                  | 58,104                    | 1          | 62,415                      | 1          | 46,941                    | 1          |
| 11XX | Total current assets                                                                  | 2,211,952                 | 47         | 2,355,001                   | 49         | 2,384,563                 | 53         |
|      | <b>NON-CURRENT ASSETS</b>                                                             |                           |            |                             |            |                           |            |
| 1550 | Investments accounted for using equity method (Note 12)                               | 20,824                    | -          | 22,739                      | 1          | 27,578                    | 1          |
| 1600 | Property, plant and equipment (Notes 13 and 25)                                       | 1,783,453                 | 38         | 1,815,758                   | 38         | 1,437,528                 | 32         |
| 1755 | Right-of-use assets (Note 14)                                                         | 187,092                   | 4          | 191,452                     | 4          | 207,818                   | 5          |
| 1780 | Intangible assets                                                                     | 5,514                     | -          | 6,010                       | -          | 6,098                     | -          |
| 1840 | Deferred tax assets (Notes 4 and 20)                                                  | 92,298                    | 2          | 72,522                      | 2          | 66,845                    | 1          |
| 1915 | Prepayments for equipment                                                             | 422,309                   | 9          | 306,477                     | 6          | 360,396                   | 8          |
| 1920 | Refundable deposits (Note 25)                                                         | 9,010                     | -          | 8,933                       | -          | 8,966                     | -          |
| 15XX | Total non-current assets                                                              | 2,520,500                 | 53         | 2,423,891                   | 51         | 2,115,229                 | 47         |
| 1XXX | Total Assets                                                                          | \$ 4,732,452              | 100        | \$ 4,778,892                | 100        | \$ 4,499,792              | 100        |
|      | <b>Liabilities and Equity</b>                                                         |                           |            |                             |            |                           |            |
|      | <b>CURRENT LIABILITIES</b>                                                            |                           |            |                             |            |                           |            |
| 2100 | Short-term borrowings (Note 15)                                                       | \$ 575,109                | 12         | \$ 731,926                  | 15         | \$ 743,690                | 17         |
| 2110 | Short-term notes payable, net (Note 15)                                               | 39,963                    | 1          | 79,951                      | 2          | 149,956                   | 3          |
| 2120 | Financial liabilities at fair value through profit or loss (FVTPL) - current (Note 7) | 58                        | -          | -                           | -          | 1,493                     | -          |
| 2170 | Notes payable and accounts payable (Note 24)                                          | 90,936                    | 2          | 79,524                      | 2          | 182,328                   | 4          |
| 2200 | Other payables (Note 24)                                                              | 216,960                   | 5          | 266,430                     | 6          | 261,799                   | 6          |
| 2230 | Current tax liabilities (Notes 4 and 20)                                              | 6,036                     | -          | 2,575                       | -          | 2,867                     | -          |
| 2280 | Lease liabilities - current (Note 14)                                                 | 14,367                    | -          | 14,285                      | -          | 14,476                    | -          |
| 2320 | Long-term borrowings due within one year (Note 15)                                    | -                         | -          | -                           | -          | 139,803                   | 3          |
| 2399 | Other current liabilities                                                             | 10,985                    | -          | 8,217                       | -          | 10,787                    | -          |
| 21XX | Total current liabilities                                                             | 954,414                   | 20         | 1,182,908                   | 25         | 1,507,199                 | 33         |
|      | <b>NON-CURRENT LIABILITIES</b>                                                        |                           |            |                             |            |                           |            |
| 2540 | Long-term borrowings (Notes 15 and 25)                                                | 1,025,100                 | 22         | 1,369,000                   | 28         | 727,000                   | 16         |
| 2570 | Deferred tax liabilities (Notes 4 and 20)                                             | 136,103                   | 3          | 131,223                     | 3          | 118,121                   | 3          |
| 2580 | Lease liabilities - non-current (Note 14)                                             | 56,007                    | 1          | 59,304                      | 1          | 71,595                    | 2          |
| 2630 | Long-term deferred incomes (Note 17)                                                  | 31,772                    | 1          | 32,201                      | 1          | 34,722                    | 1          |
| 2640 | Net defined benefit liabilities - non-current (Notes 4 and 16)                        | 15,115                    | -          | 16,153                      | -          | 19,394                    | -          |
| 2645 | Guarantee deposit received                                                            | 24                        | -          | 24                          | -          | 24                        | -          |
| 25XX | Total non-current liabilities                                                         | 1,264,121                 | 27         | 1,607,905                   | 33         | 970,856                   | 22         |
| 2XXX | Total liabilities                                                                     | 2,218,535                 | 47         | 2,790,813                   | 58         | 2,478,055                 | 55         |
|      | <b>Equity attributable to owners of the Company (Note 18)</b>                         |                           |            |                             |            |                           |            |
| 3110 | Share capital                                                                         | 2,129,937                 | 45         | 1,829,937                   | 38         | 1,829,937                 | 41         |
| 3200 | Capital surplus                                                                       | 299,938                   | 6          | 2,139                       | -          | -                         | -          |
| 3350 | Accumulated deficit                                                                   | ( 367,289)                | ( 8)       | ( 305,019)                  | ( 6)       | ( 311,515)                | ( 7)       |
|      | Other equity                                                                          |                           |            |                             |            |                           |            |
| 3410 | Exchange differences on translating the financial statements of foreign operations    | ( 146,205)                | ( 3)       | ( 149,354)                  | ( 3)       | ( 123,427)                | ( 3)       |
| 31XX | Total equity attributable to owners of the Company                                    | 1,916,381                 | 40         | 1,377,703                   | 29         | 1,394,995                 | 31         |
| 36XX | Non-controlling interests (Note 11)                                                   | 597,536                   | 13         | 610,376                     | 13         | 626,742                   | 14         |
| 3XXX | Total equity                                                                          | 2,513,917                 | 53         | 1,988,079                   | 42         | 2,021,737                 | 45         |
|      | <b>Total liabilities and equity</b>                                                   | <b>\$ 4,732,452</b>       | <b>100</b> | <b>\$ 4,778,892</b>         | <b>100</b> | <b>\$ 4,499,792</b>       | <b>100</b> |

The accompanying notes are an integral part of the consolidated financial statements.  
(Please refer to the Review Report issued by Deloitte & Touche on May 2, 2023)

Chairman of the Board: Wu, Yi-Gui

President: Wu, Wen-Hao

Accounting Manager: Chang, Sheng-Chuang

Acme Electronics Corporation and Subsidiaries  
Consolidated Statements of Comprehensive Income

From January 1 to March 31, 2023 and 2022

(Reviewed only, not audited in accordance with auditing standards)

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

| Code |                                                                                   | From January 1 to March 31,<br>2023 |               | From January 1 to March 31,<br>2022 |              |
|------|-----------------------------------------------------------------------------------|-------------------------------------|---------------|-------------------------------------|--------------|
|      |                                                                                   | Amount                              | %             | Amount                              | %            |
|      | Operating Revenue                                                                 |                                     |               |                                     |              |
| 4110 | Sales revenue (Note 24)                                                           | \$ 636,236                          | 100           | \$ 729,982                          | 100          |
| 4170 | Less: Sales returns and allowances                                                | <u>1,649</u>                        | <u>-</u>      | <u>766</u>                          | <u>-</u>     |
| 4000 | Total operating revenue                                                           | <u>634,587</u>                      | <u>100</u>    | <u>729,216</u>                      | <u>100</u>   |
|      | Operating costs                                                                   |                                     |               |                                     |              |
| 5110 | Cost of goods sold (Notes 10, 16, 19, and 24)                                     | <u>591,833</u>                      | <u>93</u>     | <u>588,295</u>                      | <u>81</u>    |
| 5900 | Gross profit                                                                      | <u>42,754</u>                       | <u>7</u>      | <u>140,921</u>                      | <u>19</u>    |
|      | Operating expenses (Notes 9, 16, 19, and 24)                                      |                                     |               |                                     |              |
| 6100 | Selling and marketing expenses                                                    | 31,485                              | 5             | 37,093                              | 5            |
| 6200 | Administrative expenses                                                           | 48,001                              | 7             | 47,057                              | 6            |
| 6300 | Research and development expenses                                                 | 42,293                              | 7             | 29,561                              | 4            |
| 6450 | Provision (reversal of provision) for bad debt expense                            | <u>60</u>                           | <u>-</u>      | <u>-</u>                            | <u>-</u>     |
| 6000 | Total operating expenses                                                          | <u>121,839</u>                      | <u>19</u>     | <u>113,711</u>                      | <u>15</u>    |
| 6900 | Net operating (loss) income                                                       | ( <u>79,085</u> )                   | ( <u>12</u> ) | <u>27,210</u>                       | <u>4</u>     |
|      | Non-operating income and expenses                                                 |                                     |               |                                     |              |
| 7100 | Interest income                                                                   | 2,453                               | -             | 1,634                               | -            |
| 7010 | Other incomes (Notes 17, 19 and 24)                                               | 8,275                               | 1             | 4,512                               | 1            |
| 7230 | Gains (losses) from foreign exchange (Note 19)                                    | ( 3,275 )                           | -             | 7,004                               | 1            |
| 7020 | Other gains and losses (Notes 7 and 19)                                           | 61                                  | -             | ( 968 )                             | -            |
| 7050 | Finance costs (Note 19)                                                           | ( 14,170 )                          | ( 2 )         | ( 5,025 )                           | ( 1 )        |
| 7060 | Share of profit or loss of affiliates accounted for using equity method (Note 12) | ( <u>1,915</u> )                    | <u>-</u>      | ( <u>4,628</u> )                    | ( <u>1</u> ) |
| 7000 | Total non-operating income and expenses                                           | ( <u>8,571</u> )                    | ( <u>1</u> )  | <u>2,529</u>                        | <u>-</u>     |

(Continued)

(Continued)

| Code |                                                                                                         | From January 1 to March 31,<br>2023 |               | From January 1 to March 31,<br>2022 |              |
|------|---------------------------------------------------------------------------------------------------------|-------------------------------------|---------------|-------------------------------------|--------------|
|      |                                                                                                         | Amount                              | %             | Amount                              | %            |
| 7900 | Net profit (loss) before tax                                                                            | ( \$ 87,656 )                       | ( 13 )        | \$ 29,739                           | 4            |
| 7950 | Income tax benefit (expense) (Notes 4 and 20)                                                           | <u>13,747</u>                       | <u>2</u>      | ( <u>11,646</u> )                   | ( <u>1</u> ) |
| 8200 | Net (loss) profit for the period                                                                        | ( <u>73,909</u> )                   | ( <u>11</u> ) | <u>18,093</u>                       | <u>3</u>     |
| 8360 | Other comprehensive income (net)<br>Items that may be reclassified<br>subsequently to profit or<br>loss |                                     |               |                                     |              |
| 8361 | Exchange differences on<br>translating the<br>financial statements of<br>foreign operations             | 2,735                               | -             | 80,455                              | 11           |
| 8399 | Income tax relating to<br>items that may be<br>reclassified to profit or<br>loss (Note 20)              | ( <u>787</u> )                      | <u>-</u>      | ( <u>11,953</u> )                   | ( <u>2</u> ) |
| 8300 | Total other<br>comprehensive<br>income (net)                                                            | <u>1,948</u>                        | <u>-</u>      | <u>68,502</u>                       | <u>9</u>     |
| 8500 | Total comprehensive income for the<br>period                                                            | ( <u>\$ 71,961</u> )                | ( <u>11</u> ) | <u>\$ 86,595</u>                    | <u>12</u>    |
|      | Net (loss) profit attributable to:                                                                      |                                     |               |                                     |              |
| 8610 | Owners of parent company                                                                                | ( \$ 62,270 )                       | ( 9 )         | \$ 12,143                           | 2            |
| 8620 | Non-controlling Interests                                                                               | ( <u>11,639</u> )                   | ( <u>2</u> )  | <u>5,950</u>                        | <u>1</u>     |
| 8600 |                                                                                                         | ( <u>\$ 73,909</u> )                | ( <u>11</u> ) | <u>\$ 18,093</u>                    | <u>3</u>     |
|      | Total comprehensive income<br>attributable to:                                                          |                                     |               |                                     |              |
| 8710 | Owners of parent company                                                                                | ( \$ 59,121 )                       | ( 9 )         | \$ 59,954                           | 8            |
| 8720 | Non-controlling Interests                                                                               | ( <u>12,840</u> )                   | ( <u>2</u> )  | <u>26,641</u>                       | <u>4</u>     |
| 8700 |                                                                                                         | ( <u>\$ 71,961</u> )                | ( <u>11</u> ) | <u>\$ 86,595</u>                    | <u>12</u>    |
|      | Earnings (losses) per share (Note 21)                                                                   |                                     |               |                                     |              |
| 9750 | Basic                                                                                                   | ( <u>\$ 0.30</u> )                  |               | <u>\$ 0.07</u>                      |              |
| 9850 | Diluted                                                                                                 | ( <u>\$ 0.30</u> )                  |               | <u>\$ 0.07</u>                      |              |

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

(Please refer to the Review Report issued by Deloitte & Touche on May 2, 2023)

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  
From January 1 to March 31, 2023 and 2022  
(Reviewed only, not audited in accordance with auditing standards)

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

|      |                                                                    | Equity attributable to owners of the Company |                     |                              |                                     |                                                                                                   |                     |                                           |                     |
|------|--------------------------------------------------------------------|----------------------------------------------|---------------------|------------------------------|-------------------------------------|---------------------------------------------------------------------------------------------------|---------------------|-------------------------------------------|---------------------|
|      |                                                                    | Share capital (Note 18)                      |                     | Capital surplus<br>(Note 18) | Accumulated<br>deficit<br>(Note 18) | Exchange<br>differences on<br>translating the<br>financial<br>statements of<br>foreign operations | Total               | Non-controlling<br>Interests<br>(Note 11) | Total equity        |
| Code |                                                                    | Number of shares<br>issued                   | Amount              |                              |                                     |                                                                                                   |                     |                                           |                     |
| 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        |
| D1   | Net profit from January 1 to March 31, 2022                        | -                                            | -                   | -                            | 12,143                              | -                                                                                                 | 12,143              | 5,950                                     | 18,093              |
| D3   | Other comprehensive income from January 1 to March 31, 2022        | -                                            | -                   | -                            | -                                   | 47,811                                                                                            | 47,811              | 20,691                                    | 68,502              |
| D5   | Total comprehensive income from January 1 to March 31, 2022        | -                                            | -                   | -                            | 12,143                              | 47,811                                                                                            | 59,954              | 26,641                                    | 86,595              |
| Z1   | Balance as of March 31, 2022                                       | <u>182,993,743</u>                           | <u>\$ 1,829,937</u> | <u>\$ -</u>                  | <u>(\$ 311,515)</u>                 | <u>(\$ 123,427)</u>                                                                               | <u>\$ 1,394,995</u> | <u>\$ 626,742</u>                         | <u>\$ 2,021,737</u> |
| A1   | Balance as of January 1, 2023                                      | 182,993,743                                  | \$ 1,829,937        | \$ 2,139                     | (\$ 305,019)                        | (\$ 149,354)                                                                                      | \$ 1,377,703        | \$ 610,376                                | \$ 1,988,079        |
| E1   | Capital increase in cash                                           | 30,000,000                                   | 300,000             | 297,799                      | -                                   | -                                                                                                 | 597,799             | -                                         | 597,799             |
| D1   | Net loss from January 1 to March 31, 2023                          | -                                            | -                   | -                            | ( 62,270)                           | -                                                                                                 | ( 62,270)           | ( 11,639)                                 | ( 73,909)           |
| D3   | Other comprehensive income (loss) from January 1 to March 31, 2023 | -                                            | -                   | -                            | -                                   | 3,149                                                                                             | 3,149               | ( 1,201)                                  | 1,948               |
| D5   | Total comprehensive income (loss) from January 1 to March 31, 2023 | -                                            | -                   | -                            | ( 62,270)                           | 3,149                                                                                             | ( 59,121)           | ( 12,840)                                 | ( 71,961)           |
| Z1   | Balance as of March 31, 2023                                       | <u>212,993,743</u>                           | <u>\$ 2,129,937</u> | <u>\$ 299,938</u>            | <u>(\$ 367,289)</u>                 | <u>(\$ 146,205)</u>                                                                               | <u>\$ 1,916,381</u> | <u>\$ 597,536</u>                         | <u>\$ 2,513,917</u> |

The accompanying notes are an integral part of the consolidated financial statements.  
(Please refer to the Review Report issued by Deloitte & Touche on May 2, 2023)

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  
From January 1 to March 31, 2023 and 2022  
(Reviewed only, not audited in accordance with auditing standards)  
Unit: In Thousands of New Taiwan Dollars

| Code   |                                                                           | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|--------|---------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
|        | CASH FLOWS FROM OPERATING<br>ACTIVITIES                                   |                                     |                                     |
| A10000 | Net (loss) profit before tax for the period                               | ( \$ 87,656 )                       | \$ 29,739                           |
| A20010 | Income (expenses) items                                                   |                                     |                                     |
| A20100 | Depreciation expenses                                                     | 67,372                              | 53,510                              |
| A20200 | Amortization expense                                                      | 520                                 | 444                                 |
| A20300 | Provision (reversal of provision)for<br>bad debt expense                  | 60                                  | -                                   |
| A20400 | Net Loss of Financial Instruments at<br>fair value through profit or loss | 17                                  | 2,196                               |
| A20900 | Finance costs                                                             | 14,170                              | 5,025                               |
| A21200 | Interest income                                                           | ( 2,453 )                           | ( 1,634 )                           |
| A22300 | Share of profit of associates<br>accounted for using the equity<br>method | 1,915                               | 4,628                               |
| A22500 | Loss of disposal and scrapping of<br>property, plant and equipment        | 236                                 | 658                                 |
| A23700 | Loss on (gain on reversal of)<br>write-down of inventories                | ( 20,565 )                          | 29,612                              |
| A24100 | Gains from foreign exchange                                               | ( 3,205 )                           | ( 909 )                             |
| A29900 | Deferred and other incomes                                                | ( 589 )                             | ( 584 )                             |
| A30000 | Change in operating assets and liabilities                                |                                     |                                     |
| A31130 | Notes receivable                                                          | ( 41,164 )                          | 22,441                              |
| A31150 | Trade receivables (including related<br>parties)                          | 105,905                             | 8,271                               |
| A31180 | Other receivables (including related<br>parties)                          | ( 5,533 )                           | ( 2,006 )                           |
| A31200 | Inventories                                                               | 87,881                              | ( 225,119 )                         |
| A31240 | Other current assets                                                      | 4,311                               | ( 5,785 )                           |
| A32150 | Notes and accounts payable<br>(including related parties)                 | 11,412                              | 20,365                              |
| A32180 | Other payables (including related<br>parties)                             | ( 44,888 )                          | ( 78,422 )                          |
| A32230 | Other current liabilities                                                 | 2,768                               | ( 4,350 )                           |
| A32240 | Net defined benefit liabilities                                           | ( 1,038 )                           | ( 2,096 )                           |
| A33000 | Cash flows generated from operations                                      | 89,476                              | ( 144,016 )                         |
| A33100 | Interest received                                                         | 2,237                               | 1,508                               |
| A33300 | Interest paid                                                             | ( 14,263 )                          | ( 4,449 )                           |
| A33500 | Income tax paid                                                           | ( 3,650 )                           | ( 4,486 )                           |
| AAAA   | Net cash flows generated from<br>operating activities                     | <u>73,800</u>                       | <u>( 151,443 )</u>                  |

(Continued)

(Continued)

| <u>Code</u> |                                                                                    | <u>From January 1 to<br/>March 31, 2023</u> | <u>From January 1 to<br/>March 31, 2022</u> |
|-------------|------------------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------|
|             | Cash flows from investing activities                                               |                                             |                                             |
| B02700      | Acquisition cost of property, plant, and equipment                                 | ( \$ 147,553 )                              | ( \$ 118,080 )                              |
| B02800      | Proceeds from disposal of property, plant and equipment                            | 134                                         | 2,440                                       |
| B03700      | Increase in refundable deposits                                                    | ( <u>67</u> )                               | <u>-</u>                                    |
| BBBB        | Net cash used in investing activities                                              | ( <u>147,486</u> )                          | ( <u>115,640</u> )                          |
|             | Cash flows from financing activities                                               |                                             |                                             |
| C00100      | (Decrease) increase in short-term borrowings                                       | ( 153,612 )                                 | 15,558                                      |
| C00500      | Decrease in short-term notes payable                                               | ( 40,000 )                                  | ( 130,000 )                                 |
| C01600      | Proceeds from long-term borrowings                                                 | 250,100                                     | 1,007,000                                   |
| C01700      | Repayments of long-term borrowings                                                 | ( 594,000 )                                 | ( 780,000 )                                 |
| C04020      | Repayments of the principal portion of lease liabilities                           | ( 3,582 )                                   | ( 3,516 )                                   |
| C04600      | Capital increase in cash                                                           | 600,000                                     | -                                           |
| C09900      | Payment of stock issuance costs                                                    | ( <u>2,201</u> )                            | <u>-</u>                                    |
| CCCC        | Net cash provided by financing activities                                          | <u>56,705</u>                               | <u>109,042</u>                              |
| DDDD        | Effects of exchange rate changes on the balance of cash held in foreign currencies | ( <u>663</u> )                              | <u>37,288</u>                               |
| EEEE        | Increase (decrease) in cash and cash equivalents for the period                    | ( 17,644 )                                  | ( 120,753 )                                 |
| E00100      | Beginning balance of cash and cash equivalents                                     | <u>490,219</u>                              | <u>676,837</u>                              |
| E00200      | Ending balance of cash and cash equivalents                                        | <u>\$ 472,575</u>                           | <u>\$ 556,084</u>                           |

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

(Please refer to the Review Report issued by Deloitte & Touche on May 2, 2023)

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  
From January 1 to March 31, 2023 and 2022  
(Reviewed only, not audited in accordance with auditing standards)  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

I. Company History and Business Scope

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

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

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

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

II. Date and Procedure for the Approval of Financial Statements

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

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

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

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

- (II) IFRSs 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                         |
| Amendments to IFRS 16 “Lease Liability in Sale and Leaseback”                                                            | January 1, 2024 (Note 2)                  |
| IFRS 17 “Insurance Contracts”                                                                                            | January 1, 2023                           |
| Amendments to IFRS 17                                                                                                    | January 1, 2023                           |
| Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”                              | January 1, 2023                           |
| Amendments to IAS 1 “Classification of Liabilities as Current or Non-Current”                                            | January 1, 2024                           |
| Amendments to IAS 1 “Non-current liabilities with contractual provisions”                                                | January 1, 2024                           |

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

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

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

#### IV. Summary of Significant Accounting Policies

##### (I) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 Interim Financial Reporting as endorsed and issued into effect by the FSC. The consolidated financial statements do not include all IFRSs disclosures required for the annual financial report.

##### (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) Basis of consolidation

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

Please refer to Note 11 and Table 2, and Table 3 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

### (IV) Other Significant Accounting Policies

Except for the following, , please refer to the summary of significant accounting policies in the consolidated financial statements for the year ended December 31, 2022.

#### 1. Defined benefit post-employment benefits

Pension cost for the interim period is calculated using the actuarially determined pension cost rate as of the prior year-end, based on the beginning of the year to the end of the current period, adjusted for significant market fluctuations and major plan amendments, liquidations or other significant one-time events during the period.

## 2. Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Income taxes for the interim periods are assessed on an annual basis, and the pre-tax benefit for the period is calculated using the tax rate applicable to the expected total annual earnings.

## V. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

For the critical accounting judgments and key sources of estimation uncertainty used in the development of the Group's critical accounting estimates, please refer to the Consolidated Financial Statements for 2022.

## VI. Cash and cash equivalents

|                                                                | March 31, 2023    | December 31,<br>2022 | March 31, 2022    |
|----------------------------------------------------------------|-------------------|----------------------|-------------------|
| Petty cash and cash on hand                                    | \$ 1,463          | \$ 2,210             | \$ 2,915          |
| Checks and demand deposits<br>in banks                         | 318,077           | 311,490              | 372,308           |
| Cash equivalents                                               |                   |                      |                   |
| Time deposits                                                  | 112,500           | 149,885              | 161,425           |
| Reserve repurchase<br>agreements<br>collateralized by<br>bonds | <u>40,535</u>     | <u>26,634</u>        | <u>19,436</u>     |
|                                                                | <u>\$ 472,575</u> | <u>\$ 490,219</u>    | <u>\$ 556,084</u> |

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

|                                                             | March 31, 2023 | December 31,<br>2022 | March 31, 2022 |
|-------------------------------------------------------------|----------------|----------------------|----------------|
| Demand deposits                                             | 0.001%~3.70%   | 0.001%~3.30%         | 0.001%~1.61%   |
| Time deposits                                               | 2.45%~4.83%    | 1.25%~4.53%          | 0.23%~2.20%    |
| Reserve repurchase<br>agreements collateralized<br>by bonds | 1.95%~4.40%    | 1.85%~4.23%          | 0.38%~1.00%    |

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

|                                                        | <u>March 31, 2023</u> | <u>December 31,<br/>2022</u> | <u>March 31, 2022</u> |
|--------------------------------------------------------|-----------------------|------------------------------|-----------------------|
| <u>Financial assets - current</u>                      |                       |                              |                       |
| Mandatorily measured at fair<br>through profit or loss |                       |                              |                       |
| Derivatives (not under<br>hedge accounting)            |                       |                              |                       |
| - Foreign exchange<br>forward contracts                | <u>\$ 491</u>         | <u>\$ 450</u>                | <u>\$ 294</u>         |
| <u>Financial liabilities - current</u>                 |                       |                              |                       |
| Held for trading                                       |                       |                              |                       |
| Derivatives (not under<br>hedge accounting)            |                       |                              |                       |
| - Foreign exchange<br>forward contracts                | <u>\$ 58</u>          | <u>\$ -</u>                  | <u>\$ 1,493</u>       |

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

|                              | <u>Currency</u> | <u>Maturity Date</u>     | <u>Contract Amount (In Thousands)</u> |
|------------------------------|-----------------|--------------------------|---------------------------------------|
| <u>March 31, 2023</u>        |                 |                          |                                       |
| Sell                         | USD/MYR         | 2023.5.26~<br>2023.9.18  | USD 1,200/ MYR 5,258                  |
| <u>December 31,<br/>2022</u> |                 |                          |                                       |
| Sell                         | USD/MYR         | 2023.3.13                | USD 100/ MYR 440                      |
| Sell                         | EUR/MYR         | 2023.3.17~<br>2023.3.31  | EUR 270/ MYR 1,254                    |
| <u>March 31, 2022</u>        |                 |                          |                                       |
| Sell                         | USD/NTD         | 2022.4.22~<br>2022.6.22  | USD 2,400/ NTD 67,083                 |
| Sell                         | USD/MYR         | 2022.8.30~<br>2022.12.20 | USD 1,950/ MYR 8,215                  |

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

|                                                    | <u>March 31, 2023</u> | <u>December 31,<br/>2022</u> | <u>March 31, 2022</u> |
|----------------------------------------------------|-----------------------|------------------------------|-----------------------|
| <u>Pledge and mortgage</u>                         |                       |                              |                       |
| Time deposits with original maturity over 3 months | <u>\$ 15,439</u>      | <u>\$ 15,557</u>             | <u>\$ 15,147</u>      |

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

|                                                    | <u>March 31, 2023</u> | <u>December 31,<br/>2022</u> | <u>March 31, 2022</u> |
|----------------------------------------------------|-----------------------|------------------------------|-----------------------|
| Time deposits with original maturity over 3 months | 1.45%~2.60%           | 0.79%~2.60%                  | 0.79%~1.85%           |

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

IX. Notes and accounts receivable

|                          | <u>March 31, 2023</u> | <u>December 31,<br/>2022</u> | <u>March 31, 2022</u> |
|--------------------------|-----------------------|------------------------------|-----------------------|
| Notes receivable         | <u>\$ 87,913</u>      | <u>\$ 46,749</u>             | <u>\$ 13,667</u>      |
| Accounts receivable      | \$ 652,097            | \$ 758,002                   | \$ 821,464            |
| Less: allowance for loss | ( <u>10,687</u> )     | ( <u>10,611</u> )            | ( <u>10,834</u> )     |
| Accounts receivable, net | <u>\$ 641,410</u>     | <u>\$ 747,391</u>            | <u>\$ 810,630</u>     |

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 accounts receivable based on the Group's allowance matrix:

March 31, 2023

|                                | <u>Not past due</u> | <u>Up to 60 Days</u> | <u>61~90 Days</u> | <u>Over 91 Days</u> | <u>T o t a l</u>  |
|--------------------------------|---------------------|----------------------|-------------------|---------------------|-------------------|
| Expected credit loss rate      | 0.97%               | 0.60%                | -                 | 73.08%              |                   |
| Gross carrying amount          | \$ 713,745          | \$ 21,329            | \$ -              | \$ 4,936            | \$ 740,010        |
| Loss allowance (Lifetime ECLs) | ( <u>6,953</u> )    | ( <u>127</u> )       | <u>-</u>          | ( <u>3,607</u> )    | ( <u>10,687</u> ) |
| Amortized cost                 | <u>\$ 706,792</u>   | <u>\$ 21,202</u>     | <u>\$ -</u>       | <u>\$ 1,329</u>     | <u>\$ 729,323</u> |

December 31, 2022

|                                | <u>Not past due</u> | <u>Up to 60 Days</u> | <u>61~90 Days</u> | <u>Over 91 Days</u> | <u>T o t a l</u>  |
|--------------------------------|---------------------|----------------------|-------------------|---------------------|-------------------|
| 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) | ( <u>6,866</u> )    | ( <u>325</u> )       | ( <u>391</u> )    | ( <u>3,029</u> )    | ( <u>10,611</u> ) |
| Amortized cost                 | <u>\$ 760,693</u>   | <u>\$ 33,447</u>     | <u>\$ -</u>       | <u>\$ -</u>         | <u>\$ 794,140</u> |

March 31, 2022

|                                | <u>Not past due</u> | <u>Up to 60 Days</u> | <u>61~90 Days</u> | <u>Over 91 Days</u> | <u>T o t a l</u>  |
|--------------------------------|---------------------|----------------------|-------------------|---------------------|-------------------|
| Expected credit loss rate      | 1.00%               | 0.95%                | 8.30%             | 33.43%              |                   |
| Gross carrying amount          | \$ 802,341          | \$ 23,484            | \$ 2,031          | \$ 7,275            | \$ 835,131        |
| Loss allowance (Lifetime ECLs) | ( <u>8,009</u> )    | ( <u>224</u> )       | ( <u>169</u> )    | ( <u>2,432</u> )    | ( <u>10,834</u> ) |
| Amortized cost                 | <u>\$ 794,332</u>   | <u>\$ 23,260</u>     | <u>\$ 1,862</u>   | <u>\$ 4,843</u>     | <u>\$ 824,297</u> |

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

|                                                          | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|----------------------------------------------------------|-------------------------------------|-------------------------------------|
| Beginning balance                                        | \$ 10,611                           | \$ 10,534                           |
| Provision for impairment losses in<br>the current period | 60                                  | -                                   |
| Foreign exchange translation<br>gains and losses         | 16                                  | 300                                 |
| Ending balance                                           | <u>\$ 10,687</u>                    | <u>\$ 10,834</u>                    |

#### X. Inventories

|                            | March 31, 2023    | December 31,<br>2022 | March 31, 2022    |
|----------------------------|-------------------|----------------------|-------------------|
| Finished goods             | \$ 399,009        | \$ 421,399           | \$ 359,559        |
| Work in progress           | 303,196           | 335,637              | 318,010           |
| Raw materials and Supplies | <u>212,361</u>    | <u>224,844</u>       | <u>249,740</u>    |
|                            | <u>\$ 914,566</u> | <u>\$ 981,880</u>    | <u>\$ 927,309</u> |

The costs of inventories recognized as cost of goods sold from January 1 to March 31, 2023 and 2022 were NT\$591,833 thousand and NT\$588,295 thousand, respectively.

Cost of goods sold from January 1 to March 31, 2023 and 2022 included a recovery benefit of NT\$20,565 thousand and an impairment loss of NT\$29,612 thousand in net realized value of inventory, respectively.

#### XI. Subsidiary

##### (I) Subsidiaries included in the consolidated financial statements

The consolidated financial statements are prepared by the following subjects:

| Investor      | Subsidiary                                                       | Nature of Activities                             | Proportion of Ownership (%) |                      |                   | Remark |
|---------------|------------------------------------------------------------------|--------------------------------------------------|-----------------------------|----------------------|-------------------|--------|
|               |                                                                  |                                                  | March 31,<br>2023           | December<br>31, 2022 | March 31,<br>2022 |        |
| The Company   | ACME Electronics (Cayman) Corp. (ACME (Cayman))                  | Corporate investments                            | 51.27%                      | 51.27%               | 51.27%            | (1)    |
|               | Golden Amber Enterprises Limited (GAEL)                          | Corporate investments                            | 100.00%                     | 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%              | 100.00%           | (3)    |
|               | ACME Components (Malaysia) Sdn. Bhd. (ACME (MA))                 | Corporate investments                            | 100.00%                     | 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%              | 100.00%           | (5)    |
| GAEL          | Acme Electronics (Guangzhou) Co., Ltd. ("ACME Electronics (GZ)") | Manufacturing and marketing of soft ferrite core | 100.00%                     | 100.00%              | 100.00%           | (6)    |

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

- (2) GAEL was established on March 26, 1998 in the British Virgin Islands, mainly engaged in 100% reinvestment in its subsidiary, ACME Electronics (GZ).
- (3) ACME Electronics (KS) was established on July 27, 2000, mainly engaged in the production and sales of soft ferrite cores applied in communication, information, consumer and automotive electronic products.
- (4) ACME (MA) was established on September 6, 1990, mainly engaged in 100% reinvestment in ACME Ferrite. The Company acquired 100% equity in ACME (MA) through its subsidiary ACME (Cayman) in December 2009.
- (5) ACME Ferrite was established on September 21, 1990, mainly engaged in the production and sales of soft ferrite cores applied in communication, information, consumer and automotive electronic products.
- (6) ACME Electronics (GZ) was established on November 24, 2004, mainly engaged in the production and sales of soft ferrite cores and processing of incoming materials. The Company has signed an outsourced material processing contract with ACME Electronics (GZ) to supply the processed products to nearby mainland Chinese export manufacturers.

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

Please refer to Table 2 for information on the main business premises and countries of registration.

| Subsidiary                            | Profit (Loss) Allocated to<br>Non-controlling Interests |                                        | Non-controlling Interests |                      |                   |
|---------------------------------------|---------------------------------------------------------|----------------------------------------|---------------------------|----------------------|-------------------|
|                                       | From January<br>1 to March<br>31, 2023                  | From January<br>1 to March<br>31, 2022 | March 31,<br>2023         | December 31,<br>2022 | March 31,<br>2022 |
| ACME (Cayman) and its<br>subsidiaries | <u>(\$ 11,639)</u>                                      | <u>\$ 5,950</u>                        | <u>\$ 597,536</u>         | <u>\$ 610,376</u>    | <u>\$ 626,742</u> |

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

|                                             | March 31, 2023                      | December 31,<br>2022                | March 31, 2022      |
|---------------------------------------------|-------------------------------------|-------------------------------------|---------------------|
| Current assets                              | \$ 903,709                          | \$ 991,610                          | \$ 1,116,853        |
| Non-current assets                          | 1,112,824                           | 1,121,299                           | 986,334             |
| Current liabilities                         | ( 725,441)                          | ( 791,632)                          | ( 738,935)          |
| Non-current liabilities                     | ( 69,358)                           | ( 71,817)                           | ( 79,112)           |
| Equity                                      | <u>\$ 1,221,734</u>                 | <u>\$ 1,249,460</u>                 | <u>\$ 1,285,140</u> |
| Equity attributable to:                     |                                     |                                     |                     |
| Owners of the Company                       | \$ 626,427                          | \$ 640,644                          | \$ 658,937          |
| Non-controlling Interests                   | <u>595,307</u>                      | <u>608,816</u>                      | <u>626,203</u>      |
|                                             | <u>\$ 1,221,734</u>                 | <u>\$ 1,249,460</u>                 | <u>\$ 1,285,140</u> |
|                                             | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |                     |
| Operating revenue                           | <u>\$ 316,234</u>                   | <u>\$ 361,284</u>                   |                     |
| Net profit for the period                   | (\$ 25,261)                         | \$ 11,688                           |                     |
| Other comprehensive income (loss)           | ( <u>2,465</u> )                    | <u>42,467</u>                       |                     |
| Total comprehensive income                  | ( <u>\$ 27,726</u> )                | <u>\$ 54,155</u>                    |                     |
| Net profit attributable to:                 |                                     |                                     |                     |
| Owners of the Company                       | (\$ 12,952)                         | \$ 5,993                            |                     |
| Non-controlling Interests                   | ( <u>12,309</u> )                   | <u>5,695</u>                        |                     |
|                                             | ( <u>\$ 25,261</u> )                | <u>\$ 11,688</u>                    |                     |
| Total comprehensive income attributable to: |                                     |                                     |                     |
| Owners of the Company                       | (\$ 14,216)                         | \$ 27,767                           |                     |
| Non-controlling Interests                   | ( <u>13,510</u> )                   | <u>26,388</u>                       |                     |
|                                             | ( <u>\$ 27,726</u> )                | <u>\$ 54,155</u>                    |                     |
| Cash flow                                   |                                     |                                     |                     |
| Operating activities                        | \$ 63,505                           | (\$ 1,451)                          |                     |
| Investing activities                        | ( 35,599)                           | ( 46,657)                           |                     |
| Financing activities                        | ( 30,831)                           | -                                   |                     |
| Effects of exchange rate changes            | ( <u>1,228</u> )                    | <u>9,238</u>                        |                     |
| Net cash outflow                            | ( <u>\$ 4,153</u> )                 | ( <u>\$ 38,870</u> )                |                     |

## XII. Investments accounted for using equity method

Information on investments accounted for using equity method is as follows:

|                        | March 31, 2023   |                     | December 31, 2022 |                     | March 31, 2022   |                     |
|------------------------|------------------|---------------------|-------------------|---------------------|------------------|---------------------|
|                        | <u>Amount</u>    | <u>Shareholding</u> | <u>Amount</u>     | <u>Shareholding</u> | <u>Amount</u>    | <u>Shareholding</u> |
| Significant associates |                  |                     |                   |                     |                  |                     |
| USIO                   | <u>\$ 20,824</u> | 34%                 | <u>\$ 22,739</u>  | 34%                 | <u>\$ 27,578</u> | 34%                 |

Please refer to Table 2 for relevant information on significant associates of the Group on the balance sheet date.

Under the equity method, the Company's shares of the profit or loss and other comprehensive income of the associates from January 1 to March 31, 2023 and 2022 are recognized based on the unreviewed financial statements of each associates during the same period.

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

### USIO

|                                      | <u>March 31, 2023</u>                   | <u>December 31, 2022</u>                | <u>March 31, 2022</u> |
|--------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------|
| Current assets                       | \$ 38,060                               | \$ 44,647                               | \$ 46,604             |
| Non-current assets                   | 26,663                                  | 27,905                                  | 37,358                |
| Current liabilities                  | ( 3,470 )                               | ( 5,667 )                               | ( 2,841 )             |
| Equity                               | 61,253                                  | 66,885                                  | 81,121                |
| The Company's shareholding ratio (%) | <u>34%</u>                              | <u>34%</u>                              | <u>34%</u>            |
| Equity attributable to the Group     | <u>\$ 20,824</u>                        | <u>\$ 22,739</u>                        | <u>\$ 27,578</u>      |
| Carrying amount of investment        | <u>\$ 20,824</u>                        | <u>\$ 22,739</u>                        | <u>\$ 27,578</u>      |
|                                      | <u>From January 1 to March 31, 2023</u> | <u>From January 1 to March 31, 2022</u> |                       |
| Operating revenue                    | <u>\$ 2,066</u>                         | <u>\$ 1,175</u>                         |                       |
| Net loss for the period              | <u>( \$ 5,632 )</u>                     | <u>( \$ 13,612 )</u>                    |                       |
| Total comprehensive income           | <u>( \$ 5,632 )</u>                     | <u>( \$ 13,612 )</u>                    |                       |

### XIII. Property, plant and equipment

|                                                | From January 1 to March 31, 2023 |                            |                            |                   |                          |                     |
|------------------------------------------------|----------------------------------|----------------------------|----------------------------|-------------------|--------------------------|---------------------|
|                                                | Changes in the period            |                            |                            |                   |                          | Ending balance      |
|                                                | Beginning balance                | Increase during the period | Decrease during the period | Internal transfer | Effects of exchange rate |                     |
| <u>Cost</u>                                    |                                  |                            |                            |                   |                          |                     |
| Land                                           | \$ 82,657                        | \$ -                       | \$ -                       | \$ -              | \$ -                     | \$ 82,657           |
| Land improvement                               | 9,329                            | -                          | ( 1,333 )                  | -                 | -                        | 7,996               |
| Building and equipment                         | 1,288,837                        | -                          | ( 2,675 )                  | 4,680             | 3,230                    | 1,294,072           |
| Machinery and equipment                        | 2,985,032                        | 8,825                      | ( 12,954 )                 | 12,725            | 6,189                    | 2,999,817           |
| Transportation and Communication Equipment     | 15,343                           | -                          | -                          | -                 | ( 64 )                   | 15,279              |
| Other equipment                                | 402,189                          | 788                        | ( 1,001 )                  | 226               | ( 346 )                  | 401,856             |
| Total cost                                     | <u>4,783,387</u>                 | <u>\$ 9,613</u>            | <u>( \$ 17,963 )</u>       | <u>\$ 17,631</u>  | <u>\$ 9,009</u>          | <u>4,801,677</u>    |
| <u>Accumulated depreciation and impairment</u> |                                  |                            |                            |                   |                          |                     |
| Land improvement                               | 8,699                            | \$ 42                      | ( \$ 1,333 )               | \$ -              | \$ -                     | 7,408               |
| Building and equipment                         | 762,476                          | 14,003                     | ( 2,675 )                  | -                 | 2,165                    | 775,969             |
| Machinery and equipment                        | 1,857,838                        | 40,559                     | ( 12,603 )                 | -                 | 2,258                    | 1,888,052           |
| Transportation and Communication Equipment     | 13,042                           | 240                        | -                          | -                 | ( 54 )                   | 13,228              |
| Other equipment                                | 325,574                          | 7,918                      | ( 982 )                    | -                 | 1,057                    | 333,567             |
| Total accumulated depreciation and impairment  | <u>2,967,629</u>                 | <u>\$ 62,762</u>           | <u>( \$ 17,593 )</u>       | <u>\$ -</u>       | <u>\$ 5,426</u>          | <u>3,018,224</u>    |
| Net                                            | <u>\$1,815,758</u>               |                            |                            |                   |                          | <u>\$ 1,783,453</u> |

  

|                                                | From January 1 to March 31, 2022 |                            |                            |                   |                          |                     |
|------------------------------------------------|----------------------------------|----------------------------|----------------------------|-------------------|--------------------------|---------------------|
|                                                | Changes in the period            |                            |                            |                   |                          | Ending balance      |
|                                                | Beginning balance                | Increase during the period | Decrease during the period | Internal transfer | Effects of exchange rate |                     |
| <u>Cost</u>                                    |                                  |                            |                            |                   |                          |                     |
| Land                                           | \$ 82,657                        | \$ -                       | \$ -                       | \$ -              | \$ -                     | \$ 82,657           |
| Land improvement                               | 9,329                            | -                          | -                          | -                 | -                        | 9,329               |
| Building and equipment                         | 1,206,896                        | -                          | ( 871 )                    | 461               | 34,932                   | 1,241,418           |
| Machinery and equipment                        | 2,598,796                        | 21,452                     | ( 58,682 )                 | 5,299             | 78,066                   | 2,644,931           |
| Transportation and Communication Equipment     | 14,255                           | 576                        | -                          | -                 | 468                      | 15,299              |
| Other equipment                                | 372,833                          | 1,902                      | ( 614 )                    | 2,264             | 12,271                   | 388,656             |
| Total cost                                     | <u>4,284,766</u>                 | <u>\$ 23,930</u>           | <u>( \$ 60,167 )</u>       | <u>\$ 8,024</u>   | <u>\$ 125,737</u>        | <u>4,382,290</u>    |
| <u>Accumulated depreciation and impairment</u> |                                  |                            |                            |                   |                          |                     |
| Land improvement                               | 8,531                            | \$ 42                      | \$ -                       | \$ -              | \$ -                     | 8,573               |
| Building and equipment                         | 716,295                          | 12,780                     | ( 109 )                    | -                 | 19,066                   | 748,032             |
| Machinery and equipment                        | 1,831,147                        | 28,668                     | ( 56,371 )                 | -                 | 54,909                   | 1,858,353           |
| Transportation and Communication Equipment     | 11,605                           | 264                        | -                          | -                 | 376                      | 12,245              |
| Other equipment                                | 301,297                          | 7,191                      | ( 589 )                    | -                 | 9,660                    | 317,559             |
| Total accumulated depreciation and impairment  | <u>2,868,875</u>                 | <u>\$ 48,945</u>           | <u>( \$ 57,069 )</u>       | <u>\$ -</u>       | <u>\$ 84,011</u>         | <u>2,944,762</u>    |
| Net                                            | <u>\$1,415,891</u>               |                            |                            |                   |                          | <u>\$ 1,437,528</u> |

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

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

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

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

#### XIV. Lease Arrangements

##### (I) Right-of-use assets

|                                             | <u>March 31, 2023</u>                   | <u>December 31, 2022</u>                | <u>March 31, 2022</u> |
|---------------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------|
| Carrying amount of right-of-use assets      |                                         |                                         |                       |
| Land                                        | \$ 118,151                              | \$ 119,253                              | \$ 122,995            |
| Buildings                                   | 78                                      | 104                                     | 182                   |
| Machinery and equipment                     | 67,968                                  | 71,104                                  | 83,362                |
| Transportation equipment                    | <u>895</u>                              | <u>991</u>                              | <u>1,279</u>          |
|                                             | <u>\$ 187,092</u>                       | <u>\$ 191,452</u>                       | <u>\$ 207,818</u>     |
|                                             |                                         |                                         |                       |
|                                             | <u>From January 1 to March 31, 2023</u> | <u>From January 1 to March 31, 2022</u> |                       |
| Addition for right-of-use assets            | <u>\$ -</u>                             | <u>\$ 12,344</u>                        |                       |
|                                             |                                         |                                         |                       |
| Depreciation expense of right-of-use assets |                                         |                                         |                       |
| Land                                        | \$ 991                                  | \$ 973                                  |                       |
| Buildings                                   | 26                                      | 26                                      |                       |
| Machinery and equipment                     | 3,497                                   | 3,470                                   |                       |
| Transportation equipment                    | <u>96</u>                               | <u>96</u>                               |                       |
|                                             | <u>\$ 4,610</u>                         | <u>\$ 4,565</u>                         |                       |

(II) Lease liabilities

|                                      | March 31, 2023   | December 31,<br>2022 | March 31, 2022   |
|--------------------------------------|------------------|----------------------|------------------|
| Carrying amount of lease liabilities |                  |                      |                  |
| Current                              | <u>\$ 14,367</u> | <u>\$ 14,285</u>     | <u>\$ 14,476</u> |
| Non-current                          | <u>\$ 56,007</u> | <u>\$ 59,304</u>     | <u>\$ 71,595</u> |

As of March 31, 2023 and December 31 and March 31, 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 3-10 years.

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

(IV) Other lease information

|                                        | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|----------------------------------------|-------------------------------------|-------------------------------------|
| Expenses relating to short-term leases | <u>\$ 1,770</u>                     | <u>\$ 1,610</u>                     |
| Total cash flows on lease              | <u>(\$ 5,555)</u>                   | <u>(\$ 5,367)</u>                   |

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 amount of short-term lease commitments subject to the recognition exemption was NT\$3,327 thousand and NT\$3,391 thousand as of March 31, 2023 and 2022, respectively.

XV. Borrowings

(I) Short-term borrowings

|                      | March 31, 2023    | December 31,<br>2022 | March 31, 2022    |
|----------------------|-------------------|----------------------|-------------------|
| Unsecured borrowings | <u>\$ 575,109</u> | <u>\$ 731,926</u>    | <u>\$ 743,690</u> |

The interest rates of short-term loan were 1.55% ~ 7.6478%, 1.61078% ~ 7.62412% and 0.90% ~ 2.32% respectively at March 31, 2023 and December 31 and March 31, 2022, respectively.

(II) Short-term bills payable

|                                                 | March 31, 2023   | December 31,<br>2022 | March 31, 2022    |
|-------------------------------------------------|------------------|----------------------|-------------------|
| Commercial note payable                         | \$ 40,000        | \$ 80,000            | \$ 150,000        |
| Less: Discount on<br>commercial note<br>payable | ( 37)            | ( 49)                | ( 44)             |
|                                                 | <u>\$ 39,963</u> | <u>\$ 79,951</u>     | <u>\$ 149,956</u> |

The interest rates on short-term bills payable were 1.688%, 1.848% and 0.948% as of March 31, 2023 and December 31 and March 31, 2022, respectively.

(III) Long-term borrowings

|                                             | March 31, 2023      | December 31,<br>2022 | March 31, 2022    |
|---------------------------------------------|---------------------|----------------------|-------------------|
| Secured bank loans                          | \$ 1,000,000        | \$ 1,369,000         | \$ 727,000        |
| Unsecured bank loans                        | 25,100              | -                    | -                 |
| Commercial note payable                     | -                   | -                    | 140,000           |
| Unamortized discount on<br>bills payable    | -                   | -                    | ( 197)            |
|                                             | <u>1,025,100</u>    | <u>1,369,000</u>     | <u>866,803</u>    |
| Long-term borrowings due<br>within one year | -                   | -                    | ( 139,803)        |
|                                             | <u>\$ 1,025,100</u> | <u>\$ 1,369,000</u>  | <u>\$ 727,000</u> |
| Maturity year                               | 114~116             | 114~116              | 112~116           |
| Range of interest rates                     | 1.55~1.68%          | 1.45~1.85%           | 0.83~0.99%        |

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

XVI. Post-retirement benefits plans

The pension cost related to defined benefit plans recognized from January 1 to March 31, 2023 and 2022 was calculated using the actuarially determined pension cost rates as of December 31, 2022 and 2021, amounting to NT\$106 thousand and NT\$87 thousand, respectively.

XVII. Government subsidy

Acme Electronics (KS) reached an agreement with Kunshan Zhoushizhen People's Government in 2006 in which Acme Electronics (KS) promised to relocate its new plant and raise its investment amount. Furthermore, Kunshan Zhoushizhen People's Government subsidized Acme Electronics (KS)'s acquisition of the land for its new plant and the external line project for high voltage power during the relocation process. As of March 31, 2023 and December 31 and March 31, 2022, the unamortized deferred

revenue amounted to RMB 7,170 thousand (NT\$ 31,722 thousand), RMB7,303 thousand (NT\$ 32,201 thousand) and RMB7,700 thousand (NT\$ 34,722 thousand), respectively. The Group recognized NT\$2,057 thousand and NT\$809 thousand of government subsidies as other income from January 1 to March 31, 2023 and 2022, respectively, due to the above-mentioned circumstances and other subsidies.

#### XVIII. Equity

##### (I) Share capital

|                                                             | <u>March 31, 2023</u> | <u>December 31,<br/>2022</u> | <u>March 31, 2022</u> |
|-------------------------------------------------------------|-----------------------|------------------------------|-----------------------|
| Number of shares authorized<br>(in thousands)               | <u>300,000</u>        | <u>300,000</u>               | <u>250,000</u>        |
| Share capital authorized                                    | <u>\$ 3,000,000</u>   | <u>\$ 3,000,000</u>          | <u>\$ 2,500,000</u>   |
| Number of shares issued<br>and fully paid<br>(in thousands) | <u>212,994</u>        | <u>182,994</u>               | <u>182,994</u>        |
| Share capital issued                                        | <u>\$ 2,129,937</u>   | <u>\$ 1,829,937</u>          | <u>\$ 1,829,937</u>   |

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 3,000 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 (March 31, 2022: none)

|                                                                                     | <u>March 31, 2023</u> | <u>December 31, 2022</u> |
|-------------------------------------------------------------------------------------|-----------------------|--------------------------|
| <u>Used to offset deficits, pay<br/>cash dividends or<br/>capitalize capital(1)</u> |                       |                          |
| Stock issuance premium                                                              | <u>\$ 299,866</u>     | <u>\$ 2,067</u>          |
| <u>May only be used to offset<br/>deficits</u>                                      |                       |                          |
| Disgorgement                                                                        | <u>\$ 72</u>          | <u>\$ 72</u>             |

- (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' meeting on May 30, 2022, and decided not to distribute earnings due to the need to make up for losses .

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

XIX. Net (loss) profit for the period

(I) Depreciation and amortization

|                                        | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|----------------------------------------|-------------------------------------|-------------------------------------|
| Property, plant and equipment          | \$ 62,762                           | \$ 48,945                           |
| Right-of-use assets                    | 4,610                               | 4,565                               |
| Other intangible assets                | <u>520</u>                          | <u>444</u>                          |
| Total                                  | <u>\$ 67,892</u>                    | <u>\$ 53,954</u>                    |
| Summary of depreciation by<br>function |                                     |                                     |
| Operating costs                        | \$ 58,510                           | \$ 45,405                           |
| Operating expenses                     | <u>8,862</u>                        | <u>8,105</u>                        |
|                                        | <u>\$ 67,372</u>                    | <u>\$ 53,510</u>                    |
| Summary of amortization by<br>function |                                     |                                     |
| Operating costs                        | \$ 369                              | \$ 87                               |
| Operating expenses                     | <u>151</u>                          | <u>357</u>                          |
|                                        | <u>\$ 520</u>                       | <u>\$ 444</u>                       |

(II) Employee benefit expenses

|                                                        | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|--------------------------------------------------------|-------------------------------------|-------------------------------------|
| Post-retirement benefits<br>(Note 16)                  |                                     |                                     |
| Defined contribution<br>plans                          | \$ 15,522                           | \$ 14,178                           |
| Defined benefit plans                                  | <u>106</u>                          | <u>87</u>                           |
|                                                        | 15,628                              | 14,265                              |
| Salary, Bonus, etc.                                    | <u>172,117</u>                      | <u>192,116</u>                      |
| Total                                                  | <u>\$ 187,745</u>                   | <u>\$ 206,381</u>                   |
| Summary of employee<br>benefit expenses by<br>function |                                     |                                     |
| Operating costs                                        | \$ 127,216                          | \$ 150,112                          |
| Operating expenses                                     | <u>60,529</u>                       | <u>56,269</u>                       |
|                                                        | <u>\$ 187,745</u>                   | <u>\$ 206,381</u>                   |

(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 for the period from January 1 to March 31, 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

|                                  | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|----------------------------------|-------------------------------------|-------------------------------------|
| Government subsidy income        | \$ 2,057                            | \$ 809                              |
| Rental income                    | 376                                 | 369                                 |
| Management service fee<br>income | 2,656                               | 1,252                               |
| Others                           | <u>3,186</u>                        | <u>2,082</u>                        |

|                                                      |                                             |                                             |
|------------------------------------------------------|---------------------------------------------|---------------------------------------------|
|                                                      | <u>\$ 8,275</u>                             | <u>\$ 4,512</u>                             |
| (V) Foreign exchange gain (loss)                     |                                             |                                             |
|                                                      | <u>From January 1 to<br/>March 31, 2023</u> | <u>From January 1 to<br/>March 31, 2022</u> |
| Foreign exchange gains                               | \$ 7,170                                    | \$ 29,158                                   |
| Foreign exchange losses                              | ( <u>10,445</u> )                           | ( <u>22,154</u> )                           |
| Net profit (loss)                                    | ( <u>\$ 3,275</u> )                         | <u>\$ 7,004</u>                             |
| (VI) Other gain and loss                             |                                             |                                             |
|                                                      | <u>From January 1 to<br/>March 31, 2023</u> | <u>From January 1 to<br/>March 31, 2022</u> |
| Loss on disposal of property,<br>plant and equipment | ( \$ 236 )                                  | ( \$ 658 )                                  |
| Gain on financial assets at<br>FVTPL                 | 898                                         | 1,107                                       |
| Others                                               | ( <u>601</u> )                              | ( <u>1,417</u> )                            |
|                                                      | <u>\$ 61</u>                                | <u>( \$ 968 )</u>                           |
| (VII) Finance costs                                  |                                             |                                             |
|                                                      | <u>From January 1 to<br/>March 31, 2023</u> | <u>From January 1 to<br/>March 31, 2022</u> |
| Interest on lease liabilities                        | \$ 203                                      | \$ 240                                      |
| Interest expenses                                    | <u>13,967</u>                               | <u>4,785</u>                                |
|                                                      | <u>\$ 14,170</u>                            | <u>\$ 5,025</u>                             |

XX. Income tax of continuing business units

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

|                                     |                                             |                                             |
|-------------------------------------|---------------------------------------------|---------------------------------------------|
|                                     | <u>From January 1 to<br/>March 31, 2023</u> | <u>From January 1 to<br/>March 31, 2022</u> |
| Current income tax                  |                                             |                                             |
| In respect of the current<br>period | \$ 3,771                                    | \$ 3,539                                    |
| Adjustments for previous<br>years   | ( <u>1,987</u> )                            | <u>400</u>                                  |
|                                     | <u>1,784</u>                                | <u>3,939</u>                                |
| Deferred income tax                 |                                             |                                             |
| In respect of the current<br>period | ( 4,578 )                                   | 7,707                                       |
| Adjustments for previous<br>years   | ( <u>10,953</u> )                           | <u>-</u>                                    |
|                                     | <u>( 15,531 )</u>                           | <u>7,707</u>                                |
| Income tax (benefit) expense        | ( <u>\$ 13,747</u> )                        | <u>\$ 11,646</u>                            |

recognized in profit or loss

(II) Income tax recognized in other comprehensive income

|                                                                    | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|--------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| <u>Deferred income tax</u>                                         |                                     |                                     |
| Income tax expenses<br>recognized in other<br>comprehensive income |                                     |                                     |
| - Translation of foreign<br>operations                             | \$ 787                              | \$ 11,953                           |

(III) Certification of income tax

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

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

1. ACME (Cayman) and GAEL had no income tax expense for the period from January 1 to March 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. ACME (MA) applies the newly revised local corporate income tax rate of 24% from 2016.

XXI. Earnings (losses) per share

|                                     | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|-------------------------------------|-------------------------------------|-------------------------------------|
| Basic earnings (losses) per share   | (\$ 0.30)                           | \$ 0.07                             |
| Diluted earnings (losses) per share | (\$ 0.30)                           | \$ 0.07                             |

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

Net (loss) profit for the period

|                                                                                              | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|----------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| Net (loss) <u>profit</u> for calculating<br>basic and diluted (losses)<br>earnings per share | (\$ 62,270)                         | \$ 12,143                           |

Number of Shares

Unit: Thousands of shares

|                                                                                                                        | <u>March 31, 2023</u> | <u>March 31, 2022</u> |
|------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| Weighted average number of<br>ordinary shares outstanding<br>used for calculating basic<br>(losses) earnings per share | <u>207,994</u>        | <u>182,994</u>        |

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

March 31, 2023

|                                   | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u>  |
|-----------------------------------|----------------|----------------|----------------|---------------|
| Financial assets at<br>FVTPL      |                |                |                |               |
| Derivatives                       | <u>\$ -</u>    | <u>\$ 491</u>  | <u>\$ -</u>    | <u>\$ 491</u> |
| Financial liabilities at<br>FVTPL |                |                |                |               |
| Derivatives                       | <u>\$ -</u>    | <u>\$ 58</u>   | <u>\$ -</u>    | <u>\$ 58</u>  |

December 31, 2022

|                           | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u>  |
|---------------------------|----------------|----------------|----------------|---------------|
| Financial assets at FVTPL |                |                |                |               |
| Derivatives               | <u>\$ -</u>    | <u>\$ 450</u>  | <u>\$ -</u>    | <u>\$ 450</u> |

March 31, 2022

|                                | <u>Level 1</u> | <u>Level 2</u>  | <u>Level 3</u> | <u>Total</u>    |
|--------------------------------|----------------|-----------------|----------------|-----------------|
| Financial assets at FVTPL      |                |                 |                |                 |
| Derivatives                    | <u>\$ -</u>    | <u>\$ 294</u>   | <u>\$ -</u>    | <u>\$ 294</u>   |
| Financial liabilities at FVTPL |                |                 |                |                 |
| Derivatives                    | <u>\$ -</u>    | <u>\$ 1,493</u> | <u>\$ -</u>    | <u>\$ 1,493</u> |

There were no transfers between Levels 1 and 2 fair value measurement for the period from January 1 to March 31, 2023 and 2022.

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

| <u>Categories of financial instruments</u>       | <u>Valuation Techniques and Inputs</u>                                                                                                                                                                                                        |
|--------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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

|                                     | <u>March 31, 2023</u> | <u>December 31, 2022</u> | <u>March 31, 2022</u> |
|-------------------------------------|-----------------------|--------------------------|-----------------------|
| <u>Financial assets</u>             |                       |                          |                       |
| Financial assets at FVTPL           | \$ 491                | \$ 450                   | \$ 294                |
| Measured at amortized cost (Note 1) | 1,239,963             | 1,316,716                | 1,418,692             |
| <u>Financial liabilities</u>        |                       |                          |                       |
| Financial liabilities at FVTPL      | 58                    | -                        | 1,493                 |
| Measured at amortized cost (Note 2) | 1,948,092             | 2,526,855                | 2,204,600             |

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 which have been eliminated in the consolidated financial statements).

##### Sensitivity analysis

The sensitivity analysis of foreign exchange rate risks is mainly computed with respect to foreign currency items on the end date of the financial reporting period. The Group is mainly impacted by the exchange rate fluctuations in USD. If the Group's functional currency appreciated /depreciates 3% against the U.S. dollar, the Group's pre-tax loss for the period from January 1 to March 31, 2023 will increase/decrease by NT\$5,296 thousand, and the pre-tax benefit for the period from January 1 to March 31, 2022 will decrease/increase by NT\$5,146 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:

|                               | <u>March 31, 2023</u> | <u>December 31,<br/>2022</u> | <u>March 31, 2022</u> |
|-------------------------------|-----------------------|------------------------------|-----------------------|
| Fair value interest rate risk |                       |                              |                       |
| - Financial assets            | \$ 417,268            | \$ 420,088                   | \$ 370,660            |
| - Financial liabilities       | 124,337               | 256,540                      | 536,027               |
| Cash flow interest rate risk  |                       |                              |                       |
| - Financial assets            | 56,207                | 68,301                       | 174,012               |
| - Financial liabilities       | 1,586,209             | 1,997,926                    | 1,310,493             |

## 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.

With all other variables held constant, a 0.5% increase/decrease in market interest rates would increase/decrease the Group's loss before tax by NT\$1,913 thousand from January 1 to March 31, 2023, and decrease/increase the Group's profit before tax by NT\$1,421 thousand from January 1 to March 31, 2022.

## 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 68%, 70% and 77% of total notes and accounts receivable as of March 31, 2023 and December 31 and March 31, 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.

##### March 31, 2023

|                                                     | Weighted<br>Average<br>Interest<br>Rate (%) | On Demand or<br>Less than 1 Year | 1-5 Years           |
|-----------------------------------------------------|---------------------------------------------|----------------------------------|---------------------|
| <u>Non-derivative<br/>financial<br/>liabilities</u> |                                             |                                  |                     |
| Non-interest bearing<br>liabilities                 | -                                           | \$ 238,697                       | \$ -                |
| Lease liabilities                                   | 1.21                                        | 15,076                           | 57,397              |
| Floating interest<br>rate liabilities               | 3.10                                        | 593,273                          | 1,067,451           |
| Fixed interest rate<br>liabilities                  | 1.69                                        | 53,997                           | -                   |
|                                                     |                                             | <u>\$ 901,043</u>                | <u>\$ 1,124,848</u> |

December 31, 2022

|                                                                 | Weighted<br>Average<br>Interest<br>Rate (%) | On Demand or<br>Less than 1 Year | 1-5 Years           |
|-----------------------------------------------------------------|---------------------------------------------|----------------------------------|---------------------|
| <u>Non-derivative</u><br><u>financial</u><br><u>liabilities</u> |                                             |                                  |                     |
| 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                                        | <u>183,116</u>                   | <u>-</u>            |
|                                                                 |                                             | <u>\$ 1,093,050</u>              | <u>\$ 1,483,981</u> |

March 31, 2022

|                                                                 | Weighted<br>Average<br>Interest<br>Rate (%) | On Demand or<br>Less than 1 Year | 1-5 Years         |
|-----------------------------------------------------------------|---------------------------------------------|----------------------------------|-------------------|
| <u>Non-derivative</u><br><u>financial</u><br><u>liabilities</u> |                                             |                                  |                   |
| Non-interest bearing liabilities                                | -                                           | \$ 362,741                       | \$ -              |
| Lease liabilities                                               | 1.21                                        | 15,360                           | 73,732            |
| Floating interest rate liabilities                              | 0.94                                        | 600,724                          | 746,108           |
| Fixed interest rate liabilities                                 | 0.94                                        | <u>450,098</u>                   | <u>-</u>          |
|                                                                 |                                             | <u>\$ 1,428,923</u>              | <u>\$ 819,840</u> |

(2) Financing facilities

|                              | March 31,<br>2023   | December 31,<br>2022 | March 31,<br>2022   |
|------------------------------|---------------------|----------------------|---------------------|
| Unsecured banking facilities |                     |                      |                     |
| - Amount used                | \$ 640,209          | \$ 1,180,926         | \$ 1,033,690        |
| - Amount unused              | <u>2,868,841</u>    | <u>2,381,816</u>     | <u>1,817,131</u>    |
|                              | <u>\$ 3,509,050</u> | <u>\$ 3,562,742</u>  | <u>\$ 2,850,821</u> |
| Secured banking facilities   |                     |                      |                     |
| - Amount used                | \$ 1,000,000        | \$ 1,000,000         | \$ 727,000          |
| - Amount unused              | <u>-</u>            | <u>-</u>             | <u>273,000</u>      |
|                              | <u>\$ 1,000,000</u> | <u>\$ 1,000,000</u>  | <u>\$ 1,000,000</u> |

XXIV. Related Party Transactions

USI Corporation has control over the operations of the Company, so USI is the parent company of the Company. As at March 31, 2023, and December 31 and March 31, 2022, USI held 46.9%, 44.7% and 44.7% of the ordinary shares of the Company by itself and through its subsidiaries.

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

(I) Names and relationships of related parties

| Name of Related Party                        | Relationship with the Company |
|----------------------------------------------|-------------------------------|
| USI 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

| Accounting Subject | Related Party Category/Name | From January 1 to March 31, 2023 | From January 1 to March 31, 2022 |
|--------------------|-----------------------------|----------------------------------|----------------------------------|
| Sales revenue      | Associate                   |                                  |                                  |
|                    | USIO                        | <u>\$ 72</u>                     | <u>\$ 124</u>                    |

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 | From January 1 to March 31, 2023 | From January 1 to March 31, 2022 |
|-----------------------------|----------------------------------|----------------------------------|
| Associate                   |                                  |                                  |
| USIO                        | <u>\$ 1,843</u>                  | <u>\$ 1,175</u>                  |

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

(IV) Receivables from related parties

| Accounting Subject                     | Related Party Category/Name | March 31, 2023  | December 31, 2022 | March 31, 2022  |
|----------------------------------------|-----------------------------|-----------------|-------------------|-----------------|
| Accounts receivable - related parties  | Associate                   |                 |                   |                 |
|                                        | USIO                        | <u>\$ 76</u>    | <u>\$ -</u>       | <u>\$ -</u>     |
| Other receivables from related parties | Fellow subsidiary           |                 |                   |                 |
|                                        | SPC                         | \$ 4,968        | \$ 3,970          | \$ 1,466        |
|                                        | Associate                   |                 |                   |                 |
|                                        | USIO                        | <u>221</u>      | <u>656</u>        | <u>-</u>        |
|                                        |                             | <u>\$ 5,189</u> | <u>\$ 4,626</u>   | <u>\$ 1,466</u> |

(V) Payables to related parties

| Accounting Subject                       | Related Party Category/Name | March 31, 2023  | December 31, 2022 | March 31, 2022  |
|------------------------------------------|-----------------------------|-----------------|-------------------|-----------------|
| Accounts payable - related parties       | Associate                   |                 |                   |                 |
|                                          | USIO                        | <u>\$ 913</u>   | <u>\$ 878</u>     | <u>\$ 928</u>   |
| Other accounts payable - related parties | Parent company              |                 |                   |                 |
|                                          | USI                         | \$ 872          | \$ 1,136          | \$ 758          |
|                                          | Fellow subsidiary           |                 |                   |                 |
|                                          | UM                          | 27              | 33                | 223             |
|                                          | APC                         | 46              | 48                | 48              |
|                                          | SPC                         | 1,208           | 1,055             | 6               |
|                                          | CGPC                        | <u>1</u>        | <u>2</u>          | <u>1</u>        |
|                                          |                             | <u>\$ 2,154</u> | <u>\$ 2,274</u>   | <u>\$ 1,036</u> |

(VI) Other Related Party Transactions

| Accounting Subject                                                     | Related Party Category/Name | From January 1 to March 31, 2023 | From January 1 to March 31, 2022 |
|------------------------------------------------------------------------|-----------------------------|----------------------------------|----------------------------------|
| Management service fee income (Classified as other income)             | Fellow subsidiary           |                                  |                                  |
|                                                                        | SPC                         | <u>\$ 2,656</u>                  | <u>\$ 1,252</u>                  |
| Management service fee expenditures (Classified as operating expenses) | Fellow subsidiary           |                                  |                                  |
|                                                                        | UM                          | \$ 3,467                         | \$ 4,067                         |
|                                                                        | SPC                         | <u>1,150</u>                     | <u>-</u>                         |
|                                                                        |                             | <u>\$ 4,617</u>                  | <u>\$ 4,067</u>                  |
| Rent expenditures (Classified as operating expenses)                   | Parent company              |                                  |                                  |
|                                                                        | USI                         | \$ 798                           | \$ 770                           |
|                                                                        | Fellow subsidiary           |                                  |                                  |
|                                                                        | APC                         | <u>69</u>                        | <u>69</u>                        |
|                                                                        |                             | <u>\$ 867</u>                    | <u>\$ 839</u>                    |

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

(VII) Compensation of key management personnel

|                              | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|------------------------------|-------------------------------------|-------------------------------------|
| Short-term employee benefits | \$ 3,655                            | \$ 3,729                            |
| Post-retirement benefits     | <u>50</u>                           | <u>41</u>                           |
|                              | <u>\$ 3,705</u>                     | <u>\$ 3,770</u>                     |

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:

|                                                                           | March 31, 2023    | December 31,<br>2022 | March 31, 2022    |
|---------------------------------------------------------------------------|-------------------|----------------------|-------------------|
| Time deposit (classified as refundable deposits)                          | \$ 6,000          | \$ 6,000             | \$ 6,000          |
| Current deposit (classified as refundable deposits)                       | 2,216             | 2,205                | 2,255             |
| Time deposits (classified as financial assets measured at amortized cost) | 15,439            | 15,557               | 15,147            |
| Property, Plant, and Equipment (Carrying Amount)                          | <u>209,910</u>    | <u>209,507</u>       | <u>140,020</u>    |
|                                                                           | <u>\$ 233,565</u> | <u>\$ 233,269</u>    | <u>\$ 163,422</u> |

#### XXVI. Significant Contingent Liability and Contractual Commitments

As of March 31, 2023 and December 31 and March 31, 2022, the Group's unused letter of credit amounted to NT\$3,950 thousand, NT\$31,195 thousand and NT\$50,048 thousand, respectively.

In addition, as of December 31, 2023 and December 31, 2022, in order to apply to the Taiwan government for the subsidy of industrial upgrading platform innovation guidance program, the Company's performance guarantee provided by the bank was NT\$11,000 thousand.

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

The following information is expressed in foreign currencies other than the functional currency of the Group's individual entities, and the exchange rates disclosed refer to the exchange rates at which these foreign currencies were translated into the functional currency. The foreign currency assets and liabilities with significant effect are as follows:

| March 31, 2023            |                                            |                      |                                               |                             |
|---------------------------|--------------------------------------------|----------------------|-----------------------------------------------|-----------------------------|
|                           | Foreign<br>currency<br>(NT\$<br>thousands) | Exchange Rate (NT\$) | Functional<br>Currency<br>(NT\$<br>thousands) | NT\$<br>(NT\$<br>thousands) |
| Financial<br>assets       |                                            |                      |                                               |                             |
| <u>Monetary<br/>items</u> |                                            |                      |                                               |                             |
| USD                       | \$ 9,724                                   | 30.4500 (USD:NTD)    | \$ 296,100                                    | \$ 296,100                  |
| USD                       | 2,828                                      | 6.8717 (USD:RMB)     | 19,434                                        | 86,116                      |
| USD                       | 4,940                                      | 4.6011 (USD:MYR)     | 22,731                                        | 150,430                     |
| RMB                       | 11,930                                     | 4.4312 (RMB:NTD)     | 52,865                                        | 52,865                      |
| Financial<br>liabilities  |                                            |                      |                                               |                             |
| <u>Monetary<br/>items</u> |                                            |                      |                                               |                             |
| USD                       | \$ 641                                     | 30.4500 (USD:NTD)    | \$ 19,524                                     | \$ 19,524                   |
| USD                       | 9,836                                      | 6.8717 (USD:RMB)     | 67,589                                        | 299,501                     |
| USD                       | 1,219                                      | 4.6011 (USD:MYR)     | 5,606                                         | 37,103                      |
| RMB                       | 8,369                                      | 4.4312 (RMB:NTD)     | 37,083                                        | 37,083                      |
| December 31, 2022         |                                            |                      |                                               |                             |
|                           | Foreign<br>currency<br>(NT\$<br>thousands) | Exchange Rate (NT\$) | Functional<br>Currency<br>(NT\$<br>thousands) | NT\$<br>(NT\$<br>thousands) |
| Financial<br>assets       |                                            |                      |                                               |                             |
| <u>Monetary<br/>items</u> |                                            |                      |                                               |                             |
| USD                       | \$ 10,168                                  | 30.7100 (USD:NTD)    | \$ 312,253                                    | \$ 312,253                  |
| USD                       | 3,605                                      | 6.9647 (USD:RMB)     | 25,110                                        | 110,720                     |
| USD                       | 4,612                                      | 4.5843 (USD:MYR)     | 21,141                                        | 141,621                     |
| RMB                       | 8,701                                      | 4.4094 (RMB:NTD)     | 38,367                                        | 38,367                      |
| Financial<br>liabilities  |                                            |                      |                                               |                             |
| <u>Monetary<br/>items</u> |                                            |                      |                                               |                             |
| USD                       | 533                                        | 30.7100 (USD:NTD)    | 16,375                                        | 16,375                      |
| USD                       | 10,733                                     | 6.9647 (USD:RMB)     | 75,032                                        | 330,846                     |
| USD                       | 1,659                                      | 4.5843 (USD:MYR)     | 7,607                                         | 50,958                      |
| RMB                       | 12,295                                     | 4.4094 (RMB:NTD)     | 54,214                                        | 54,214                      |

| March 31, 2022               |                                            |                      |                                               |                             |
|------------------------------|--------------------------------------------|----------------------|-----------------------------------------------|-----------------------------|
| Financial<br>assets          | Foreign<br>currency<br>(NT\$<br>thousands) | Exchange Rate (NT\$) | Functional<br>Currency<br>(NT\$<br>thousands) | NT\$<br>(NT\$<br>thousands) |
|                              |                                            |                      |                                               |                             |
| <u>Monetary<br/>items</u>    |                                            |                      |                                               |                             |
| USD                          | \$ 12,299                                  | 28.6250 (USD:NTD)    | \$ 352,070                                    | \$ 352,070                  |
| USD                          | 4,241                                      | 6.3481 (USD:RMB)     | 26,923                                        | 121,400                     |
| USD                          | 4,090                                      | 4.3796 (USD:MYR)     | 17,911                                        | 117,068                     |
| RMB                          | 8,895                                      | 4.5092 (RMB:NTD)     | 40,109                                        | 40,109                      |
| <br>Financial<br>liabilities |                                            |                      |                                               |                             |
| <u>Monetary<br/>items</u>    |                                            |                      |                                               |                             |
| USD                          | 1,782                                      | 28.6250 (USD:NTD)    | 51,015                                        | 51,015                      |
| USD                          | 10,916                                     | 6.3481 (USD:RMB)     | 69,293                                        | 312,458                     |
| USD                          | 1,940                                      | 4.3796 (USD:MYR)     | 8,498                                         | 55,545                      |
| RMB                          | 24,401                                     | 4.5092 (RMB:NTD)     | 110,028                                       | 110,028                     |

The net foreign exchange gains or losses (realized and unrealized) of the Group from January 1 to March 31, 2023 and 2022 were a loss of NT\$3,275 thousand and a gain of NT\$7,004 thousand, respectively. Due to the variety of foreign currency transactions and functional currencies of the Group's individual entities, the exchange gains or losses could not be disclosed by each significant currencies.

## XXVIII. Disclosure Items

### (I) Significant Transactions:

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

9. Trading in derivative instruments: Note 7.
10. Others - intercompany relationships and significant intercompany transactions: Table 4.

(II) Information on Reinvestment: Table 2.

(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 3.
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 4.
  - (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 4.
  - (3) The amount of property transactions and the amount of the resultant gains or losses: None.
  - (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 1.
  - (5) The maximum balance, ending balance, Interest rate interval and total amount of current interest of financing: None.
  - (6) Other transactions that have a significant effect on the current profit or loss or financial situation, such as the provision or acceptance of services: Table 4.

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

#### 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 from January 1 to March 31, 2023 and 2022 includes: (1)

Passive components - engaged in the production and sale of ferrite cores and powders; (2) Silicon carbide - engaged in the production and marketing of silicon carbide; (3) Others - Operating segments that do not meet the disclosure threshold.

#### 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                         |                                        |
|---------------------------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|
|                                                         | From January<br>1 to March 31,<br>2023 | From January<br>1 to March 31,<br>2022 | From January<br>1 to March 31,<br>2023 | From January<br>1 to March 31,<br>2022 |
| Passive components                                      | \$ 565,811                             | \$ 703,432                             | ( \$ 68,922 )                          | \$ 45,007                              |
| Silicon carbide                                         | 68,776                                 | 25,784                                 | 16,172                                 | 7,287                                  |
| Others                                                  | -                                      | -                                      | ( 1,340 )                              | ( 1,335 )                              |
| Total of continuing business units                      | <u>\$ 634,587</u>                      | <u>\$ 729,216</u>                      | ( 54,090 )                             | 50,959                                 |
| Headquarters management costs and director compensation |                                        |                                        | ( 24,995 )                             | ( 23,749 )                             |
| Interest income                                         |                                        |                                        | 2,453                                  | 1,634                                  |
| Foreign exchange gain(loss)                             |                                        |                                        | ( 3,275 )                              | 7,004                                  |
| Finance costs                                           |                                        |                                        | ( 14,170 )                             | ( 5,025 )                              |
| Other non-operating income and expenses                 |                                        |                                        | <u>6,421</u>                           | ( <u>1,084</u> )                       |
| Net profit (loss) before tax                            |                                        |                                        | ( <u>\$ 87,656</u> )                   | <u>\$ 29,739</u>                       |

The revenue reported above is generated from transactions with external clients. All interdepartmental transactions from January 1 to March 31, 2023 and 2022 have been eliminated in the preparation of consolidated financial reports.

Departmental benefits refer to the profits earned by each department, excluding apportionable headquarters management costs and directors' remunerations, interest income, gains (losses) on foreign currency exchange, financial cost and other non-operating incomes and expenses. 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.

Acme Electronics Corporation and Subsidiaries  
Endorsements/Guarantees Provided for Others  
From January 1 to March 31, 2023

Table 1

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

| No. | Endorser/ Guarantor | Endorsee/ Guarantee   |                             | Limits on Endorsement/<br>Guarantee Made for<br>Each Party (Note 2) | Maximum Amount<br>Endorsed/ Guaranteed<br>During the Period   | Outstanding<br>Endorsement/<br>Guarantee at the End of<br>the Period (Note 3) | Actual Borrowing<br>Amount (Note 3)    | Amount Endorsed/<br>Guaranteed by<br>Collateral | Ratio of<br>Accumulated<br>Endorsement/<br>Guarantee to Net<br>Equity in Latest<br>Financial<br>Statements<br>(Note 1) | Aggregate<br>Endorsement/<br>Guarantee Limit<br>(Note 2) | Endorsement/<br>Guarantee<br>Made by<br>Parent for<br>Subsidiaries | Endorsement/<br>Guarantee<br>Made by<br>Subsidiaries<br>for Parent | Endorsement/<br>Guarantee<br>Made for<br>Companies in<br>Mainland<br>China | Remark |
|-----|---------------------|-----------------------|-----------------------------|---------------------------------------------------------------------|---------------------------------------------------------------|-------------------------------------------------------------------------------|----------------------------------------|-------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------|----------------------------------------------------------------------------|--------|
|     |                     | Company Name          | Relationship                |                                                                     |                                                               |                                                                               |                                        |                                                 |                                                                                                                        |                                                          |                                                                    |                                                                    |                                                                            |        |
| 0   | The Company         | ACME Electronics (KS) | Subsidiary of ACME (Cayman) | \$ 2,874,572                                                        | NT\$ 778,716<br>(USD 18,500 thousand and RMB 49,000 thousand) | NT\$ 658,654<br>( USD 14,500 thousand and RMB 49,000 thousand)                | NT\$ 228,375<br>( USD 7,500 thousand ) | None                                            | 34.37%                                                                                                                 | \$ 3,832,762                                             | Y                                                                  | N                                                                  | Y                                                                          |        |
|     |                     | Acme Electronics (GZ) | GAEL's Subsidiaries         | 2,874,572                                                           | NT\$ 60,960<br>(USD 2,000 thousand)                           | NT\$ 60,900<br>( USD 2,000 thousand )                                         | -                                      | None                                            | 3.18%                                                                                                                  | 3,832,762                                                | Y                                                                  | N                                                                  | Y                                                                          |        |
|     |                     | ACME (Cayman)         | Subsidiary of the Company   | 2,874,572                                                           | NT\$ 304,800<br>( USD 10,000 thousand)                        | NT\$ 304,500<br>(USD 10,000 thousand)                                         | NT\$ 252,735<br>( USD 8,300 thousand ) | None                                            | 15.89%                                                                                                                 | 3,832,762                                                | Y                                                                  | N                                                                  | N                                                                          |        |
| 1   | ACME (MA)           | ACME Ferrite          | Subsidiaries of ACME(MA)    | 490,546                                                             | NT\$ 63,427<br>(MYR 9,584 thousand)                           | NT\$ 63,427<br>( MYR 9,584 thousand)                                          | -                                      | None                                            | 9.05%                                                                                                                  | 560,624                                                  | Y                                                                  | N                                                                  | N                                                                          |        |

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

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

Acme Electronics Corporation and Subsidiaries  
Name of the invested company, location... and other related information  
From January 1 to March 31, 2023

Table 2

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

| Investor      | Investee      | Location                                                                                                 | Main Business Activities                               | Original Investment Amount (Note 2) |                                  | As of March 31, 2023 |         |                                  | Net Profit (Loss) of the Investee for the Period (Note 3) | Investment Profit (Loss) Recognized for the Period (Note 3) | Remark |
|---------------|---------------|----------------------------------------------------------------------------------------------------------|--------------------------------------------------------|-------------------------------------|----------------------------------|----------------------|---------|----------------------------------|-----------------------------------------------------------|-------------------------------------------------------------|--------|
|               |               |                                                                                                          |                                                        | March 31, 2023                      | December 31, 2022                | Number of Shares     | %       | Carrying Amount                  |                                                           |                                                             |        |
| The Company   | ACME (Cayman) | Ugland House P.O. Box 309<br>George Town, Grand Cayman, Cayman Islands                                   | Corporate investments                                  | \$ 605,182                          | \$ 605,182                       | 25,621,692           | 51.27%  | \$ 660,935                       | (\$ 25,261)<br>(USD(831) thousand)                        | (\$ 2,113)<br>(USD (70) thousand)                           | Note 1 |
|               | GAEL          | CITCO Building, Wickhams Cay Road Town, Tortola, British Virgin Islands                                  | Corporate investments                                  | 669,072                             | 669,072                          | 20,800,000           | 100.00% | 1,064,521                        | ( 8,055)                                                  | ( 6,212)                                                    | Note 1 |
|               | USIO          | 12F, No. 37, Jihu Rd., Neihu Dist., Taipei City                                                          | Manufacturing and marketing of sapphire single crystal | 646,200                             | 646,200                          | 22,064,224           | 34.00%  | 20,824                           | ( 5,632)                                                  | ( 1,915)                                                    |        |
| ACME (Cayman) | ACME (MA)     | Plot 15,Jalan Industri 6<br>Kawasan Perindustrian Jelapang II(ZPB) Jelapang 30020 Ipoh, Perak, Malaysia. | Corporate investments                                  | 362,081<br>(USD 11,891 thousand)    | 362,081<br>(USD 11,891 thousand) | 42,600,000           | 100.00% | 710,457<br>(USD 23,332 thousand) | 10,164<br>(MYR 1,529 thousand)                            |                                                             | Note 1 |
| ACME (MA)     | ACME Ferrite  | Plot 15,Jalan Industri 6<br>Kawasan Perindustrian Jelapang II(ZPB) Jelapang 30020 Ipoh, Perak, Malaysia. | Manufacturing and marketing of soft ferrite core       | 251,246<br>(MYR 37,964 thousand)    | 251,246<br>(MYR 37,964 thousand) | 9,120,000            | 100.00% | 701,145 (MYR 105,945 thousand)   | 10,309<br>(MYR 1,551 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 March 31, 2023.

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

Note 4: Please refer to Table 3 for relevant information on mainland investee companies.

Acme Electronics Corporation and Subsidiaries  
Information on Investments in Mainland China  
From January 1 to March 31, 2023

Table 3

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 the Investee for the Period (Note 5) | Ownership Percentage of Direct or Indirect Investment | Investment Gain (Loss) Recognized for 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 | \$ 935,576 (USD 30,725 thousand) | Indirect investment via ACME (Cayman). | \$ 374,188 (USD 11,144 thousand)                                                                 | \$ -                                                         | \$ -   | \$ 374,188 (USD 11,144 thousand)                                                                       | (\$ 30,472) (RMB (6,859) thousand)                        | 51,27%                                                | (\$ 15,624) (RMB (3,517) thousand)                                  | \$ 393,517 (RMB 88,806 thousand)                 | \$                                                                                |
| Acme Electronics (GZ)              | Manufacturing and marketing of soft ferrite core | 584,640 (USD 19,200 thousand)    | Indirect investment via GAEL.          | 619,676 (USD 19,200 thousand)                                                                    | -                                                            | -      | 619,676 (USD 19,200 thousand)                                                                          | ( 7,773) (RMB (1,750) thousand)                           | 100%                                                  | ( 7,773) (RMB (1,750) thousand)                                     | 1,045,278 (RMB235,891 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 |
|-------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| \$923,975 (USD30,344 thousand) (Notes 2 and 6)                                                              | \$1,115,475 (USD36,633 thousand) (Notes 2 and 6)             | \$ - (Note 1)                                                                             |

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

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

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

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

Note 5: The amount is calculated based on the average exchange rate from January 1 to March 31, 2023.

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

Table 4

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                                                                         | \$ 48,680 | 55 days for both purchase and sales | 7.67%                                                    |
| 0   | The Company           | Acme Electronics (GZ) | 1                                | Sales revenue                                                                         | 29,333    | 55 days for both purchase and sales | 4.62%                                                    |
| 0   | The Company           | ACME Ferrite          | 1                                | Sales revenue                                                                         | 3,017     | 55 days for both purchase and sales | 0.48%                                                    |
| 0   | The Company           | ACME Electronics (KS) | 1                                | Cost of goods sold                                                                    | 2,491     | 55 days for both purchase and sales | 0.39%                                                    |
| 0   | The Company           | Acme Electronics (GZ) | 1                                | Cost of goods sold                                                                    | 1,065     | 55 days for both purchase and sales | 0.17%                                                    |
| 0   | The Company           | Acme Electronics (GZ) | 1                                | Processing costs (classified as cost of goods sold)                                   | 55,039    | —                                   | 8.67%                                                    |
| 0   | The Company           | ACME Electronics (KS) | 1                                | Royalty revenue                                                                       | 5,152     | —                                   | 0.81%                                                    |
| 0   | The Company           | ACME (Cayman)         | 1                                | Endorsement guaranteed income (recognized as non-operating incomes and gains - other) | 749       | —                                   | 0.12%                                                    |
| 0   | The Company           | ACME Electronics (KS) | 1                                | Other income                                                                          | 1,330     | —                                   | 0.21%                                                    |
| 0   | The Company           | ACME Electronics (KS) | 1                                | Accounts receivable - related parties                                                 | 66,947    | 55 days for both purchase and sales | 1.41%                                                    |
| 0   | The Company           | Acme Electronics (GZ) | 1                                | Accounts receivable - related parties                                                 | 22,740    | 55 days for both purchase and sales | 0.48%                                                    |
| 0   | The Company           | ACME Ferrite          | 1                                | Accounts receivable - related parties                                                 | 2,341     | 55 days for both purchase and sales | 0.05%                                                    |
| 0   | The Company           | ACME Electronics (KS) | 1                                | Other receivables from related parties                                                | 34,014    | —                                   | 0.72%                                                    |
| 0   | The Company           | ACME Ferrite          | 1                                | Other receivables from related parties                                                | 1,355     | —                                   | 0.03%                                                    |
| 0   | The Company           | ACME (Cayman)         | 1                                | Other receivables from related parties                                                | 2,994     | —                                   | 0.06%                                                    |
| 0   | The Company           | GAEL                  | 1                                | Other receivables from related parties                                                | 350       | —                                   | 0.01%                                                    |
| 0   | The Company           | Acme Electronics (GZ) | 1                                | Notes and accounts payable — related parties                                          | 36,394    | 55 days for both purchase and sales | 0.77%                                                    |
| 0   | The Company           | ACME Electronics (KS) | 1                                | Notes and accounts payable — related parties                                          | 5,137     | 55 days for both purchase and sales | 0.11%                                                    |
| 0   | The Company           | Acme Electronics (GZ) | 1                                | Other payables to related parties                                                     | 690       | —                                   | 0.01%                                                    |
| 3   | ACME Electronics (KS) | Acme Electronics (GZ) | 3                                | Sales revenue                                                                         | 4,350     | 55 days for both purchase and sales | 0.69%                                                    |
| 3   | ACME Electronics (KS) | Acme Electronics (GZ) | 3                                | Cost of goods sold                                                                    | 6,323     | 55 days for both purchase and sales | 1.00%                                                    |
| 3   | ACME Electronics (KS) | Acme Electronics (GZ) | 3                                | Accounts receivable - related parties                                                 | 2,593     | 55 days for both purchase and sales | 0.05%                                                    |
| 3   | ACME Electronics (KS) | Acme Electronics (GZ) | 3                                | Notes and accounts payable — related parties                                          | 1,846     | 55 days for both purchase and sales | 0.04%                                                    |
| 3   | ACME Electronics (KS) | ACME Ferrite          | 3                                | Sales revenue                                                                         | 25,548    | 55 days for both purchase and sales | 4.03%                                                    |
| 3   | ACME Electronics (KS) | ACME Ferrite          | 3                                | Accounts receivable - related parties                                                 | 25,599    | 55 days for both purchase and sales | 0.54%                                                    |
| 3   | ACME Ferrite          | Acme Electronics (GZ) | 3                                | Sales revenue                                                                         | 125       | 55 days for both purchase and sales | 0.02%                                                    |
| 3   | ACME Ferrite          | Acme Electronics (GZ) | 3                                | Cost of goods sold                                                                    | 45        | 55 days for both purchase and sales | 0.01%                                                    |
| 3   | ACME Ferrite          | Acme Electronics (GZ) | 3                                | Notes and accounts payable — related parties                                          | 565       | 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  
March 31, 2023

Table 5

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

Note: 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.