

Acme Electronics Corporation and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Review Report

For the Nine Months Ended September 30, 2023 and 2022

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

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Independent Auditors' Review Report

To: Acme Electronics Corporation

Preface

We have reviewed the Consolidated Balance Sheet of Acme Electronics Corporation and its subsidiaries (hereinafter collectively the "Group") as of September 30, 2023 and 2022, the Consolidated Statements of Comprehensive Income for the three months ended September 30, 2023 and 2022, and for the nine months ended September 30, 2023 and 2022, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to the Consolidated Financial Statements (including the summary of significant accounting policies) for the nine months from January 1 to September 30, 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\$18,783 thousand and NT\$24,494 thousand as of September 30, 2023 and 2022, respectively, the net losses of affiliates accounted

for under the equity method amounted to NT\$512 thousand and NT\$1,832 thousand from July 1 to September 30, 2023 and 2022, respectively, the net losses of affiliates accounted for under the equity method amounted to NT\$3,956 thousand and NT\$7,712 thousand from January 1 to September 30, 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 the Group as of September 30, 2023 and 2022, and the consolidated financial performance of the Group from July 1 to September 30, 2023 and 2022, and the consolidated financial performance and consolidated cash flows of the Group from January 1 to September 30, 2023 and 2022.

Deloitte & Touche

CPA Chang, Cheng-Hsiu

CPA Chiu, Cheng-Chun

Financial Supervisory Commission

Approved Document No.

Jin Guan Zheng Shen Zi No. 1120349008

Financial Supervisory Commission

Approved Document No.

Jin Guan Zheng Liu Zi No. 0930160267

November 2, 2023

Notice to Readers

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Acme Electronics Corporation and Subsidiaries
Consolidated Balance Sheets
September 30, 2023, December 31 and September 30, 2022

Unit: In Thousands of New Taiwan Dollars

Code	Assets	September 30, 2023		December 31, 2022		September 30, 2022	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 6)	\$ 628,235	13	\$ 490,219	10	\$ 462,505	10
1110	Financial assets at fair value through profit or loss (FVTPL)						
	- current (Note 7)	-	-	450	-	1	-
1136	Financial assets at amortized cost - current (Notes 8 and 25)	20,555	1	15,557	-	15,407	-
1150	Notes receivable (Note 9)	54,746	1	46,749	1	72,949	2
1170	Accounts receivable, net (Notes 9 and 24)	629,220	13	747,391	16	809,115	17
1200	Other receivables (Note 24)	15,723	-	7,867	-	12,203	-
1220	Current tax assets (Notes 4 and 20)	5,137	-	2,473	-	1,715	-
130X	Inventories (Note 10)	733,384	16	981,880	21	1,083,689	22
1470	Other current assets	49,024	1	62,415	1	57,861	1
11XX	Total current assets	<u>2,136,024</u>	<u>45</u>	<u>2,355,001</u>	<u>49</u>	<u>2,515,445</u>	<u>52</u>
	Non-current assets						
1550	Investments accounted for using equity method (Note 12)	18,783	1	22,739	1	24,494	1
1600	Property, plant and equipment (Notes 13 and 25)	2,068,730	44	1,815,758	38	1,678,742	34
1755	Right-of-use assets (Notes 14 and 25)	179,599	4	191,452	4	197,568	4
1821	Intangible assets	4,682	-	6,010	-	5,322	-
1840	Deferred tax assets (Notes 4 and 20)	87,354	2	72,522	2	71,632	1
1915	Prepayments for equipment	193,840	4	306,477	6	366,165	8
1920	Refundable deposits (Note 25)	9,073	-	8,933	-	8,941	-
15XX	Total non-current assets	<u>2,562,061</u>	<u>55</u>	<u>2,423,891</u>	<u>51</u>	<u>2,352,864</u>	<u>48</u>
1XXX	Total Assets	<u>\$ 4,698,085</u>	<u>100</u>	<u>\$ 4,778,892</u>	<u>100</u>	<u>\$ 4,868,309</u>	<u>100</u>
	Liabilities and Equity						
	Current liabilities						
2100	Short-term borrowings (Note 15)	\$ 364,780	8	\$ 731,926	15	\$ 951,253	20
2110	Short-term notes payable, net (Note 15)	79,992	2	79,951	2	205,822	4
2120	Financial liabilities at fair value through profit or loss						
	(FVTPL) - current (Note 7)	558	-	-	-	735	-
2170	Notes payable and accounts payable (Note 24)	65,221	1	79,524	2	133,587	3
2200	Other payables (Note 24)	266,289	6	266,430	6	304,532	6
2230	Current tax liabilities (Notes 4 and 20)	-	-	2,575	-	4,987	-
2280	Lease liabilities - current (Note 14)	14,594	-	14,285	-	14,441	-
2320	Long-term borrowings due within one year (Notes 15 and 25)	610	-	-	-	-	-
2399	Other current liabilities	8,765	-	8,217	-	8,135	-
21XX	Total current liabilities	<u>800,809</u>	<u>17</u>	<u>1,182,908</u>	<u>25</u>	<u>1,623,492</u>	<u>33</u>
	Non-current liabilities						
2540	Long-term borrowings (Notes 15 and 25)	1,270,413	27	1,369,000	28	1,000,000	21
2570	Deferred tax liabilities (Notes 4 and 20)	113,124	3	131,223	3	133,706	3
2580	Lease liabilities - non-current (Note 14)	49,497	1	59,304	1	63,772	1
2630	Long-term deferred incomes (Note 17)	36,893	1	32,201	1	33,250	1
2640	Net defined benefit liabilities - non-current (Notes 4 and 16)	14,921	-	16,153	-	19,163	-
2645	Guarantee deposit received	24	-	24	-	24	-
25XX	Total non-current liabilities	<u>1,484,872</u>	<u>32</u>	<u>1,607,905</u>	<u>33</u>	<u>1,249,915</u>	<u>26</u>
2XXX	Total liabilities	<u>2,285,681</u>	<u>49</u>	<u>2,790,813</u>	<u>58</u>	<u>2,873,407</u>	<u>59</u>
	Equity attributable to owners of the Company (Notes 11 and 18)						
3110	Ordinary share capital	2,129,937	45	1,829,937	38	1,829,937	38
3280	Capital surplus	299,942	7	2,139	-	17	-
3350	Accumulated deficit	(463,715)	(10)	(305,019)	(6)	(293,527)	(6)
	Other equity						
3410	Exchange differences on translating the financial statements of foreign operations	(133,169)	(3)	(149,354)	(3)	(140,804)	(3)
31XX	Total equity attributable to owners of the Company	<u>1,832,995</u>	<u>39</u>	<u>1,377,703</u>	<u>29</u>	<u>1,395,623</u>	<u>29</u>
36XX	Non-controlling interests (Note 11)	<u>579,409</u>	<u>12</u>	<u>610,376</u>	<u>13</u>	<u>599,279</u>	<u>12</u>
3XXX	Total equity	<u>2,412,404</u>	<u>51</u>	<u>1,988,079</u>	<u>42</u>	<u>1,994,902</u>	<u>41</u>
	Total liabilities and equity	<u>\$ 4,698,085</u>	<u>100</u>	<u>\$ 4,778,892</u>	<u>100</u>	<u>\$ 4,868,309</u>	<u>100</u>

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

For the three months ended September 30, 2023 and 2022, and for the nine months ended September 30, 2023 and 2022

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

Code		From July 1 to September 30, 2023		From January 1 to September 30, 2022		From January 1 to September 30, 2023		From January 1 to September 30, 2022	
		Amount	%	Amount	%	Amount	%	Amount	%
	Operating revenue								
4110	Sales revenue (Note 24)	\$ 622,123	100	\$ 786,311	100	\$ 1,871,480	100	\$ 2,320,444	100
4170	Less: Sales returns and allowances	<u>1,442</u>	<u>-</u>	<u>2,433</u>	<u>-</u>	<u>4,289</u>	<u>-</u>	<u>7,678</u>	<u>-</u>
4000	Total operating revenue	620,681	100	783,878	100	1,867,191	100	2,312,766	100
	Operating costs								
5110	Cost of goods sold (Notes 10, 16, 19, and 24)	<u>571,264</u>	<u>92</u>	<u>650,338</u>	<u>83</u>	<u>1,729,692</u>	<u>93</u>	<u>1,918,440</u>	<u>83</u>
5900	Gross profit	<u>49,417</u>	<u>8</u>	<u>133,540</u>	<u>17</u>	<u>137,499</u>	<u>7</u>	<u>394,326</u>	<u>17</u>
	Operating expenses (Notes 9, 16, 19, and 24)								
6100	Selling and marketing expenses	31,928	5	38,972	5	94,666	5	114,312	5
6200	Administrative expenses	47,125	8	45,524	6	141,814	7	139,219	6
6300	Research and development expenses	40,699	7	37,625	5	128,835	7	100,017	4
6450	Provision (reversal of provision) for bad debt expense	<u>-</u>	<u>-</u>	<u>593</u>	<u>-</u>	<u>60</u>	<u>-</u>	<u>716</u>	<u>-</u>
6000	Total operating expenses	<u>119,752</u>	<u>20</u>	<u>122,714</u>	<u>16</u>	<u>365,375</u>	<u>19</u>	<u>354,264</u>	<u>15</u>
6900	Net operating (loss) income	(<u>70,335</u>)	(<u>12</u>)	<u>10,826</u>	<u>1</u>	(<u>227,876</u>)	(<u>12</u>)	<u>40,062</u>	<u>2</u>
	Non-operating income and expenses								
7100	Interest income	3,733	1	2,062	-	9,844	-	5,685	-
7010	Other incomes (Notes 17, 19 and 24)	9,225	1	5,746	1	22,745	1	20,916	1
7230	Gains (losses) from foreign exchange (Note 19)	17,967	3	11,324	1	16,807	1	20,897	1
7020	Other gains and losses (Notes 7 and 19)	(2,503)	-	708	-	(4,242)	-	(786)	-
7050	Finance costs (Note 19)	(10,563)	(2)	(9,421)	(1)	(36,555)	(2)	(20,937)	(1)
7060	Share of profit or loss of affiliates accounted for using equity method (Note 12)	(<u>512</u>)	<u>-</u>	(<u>1,832</u>)	<u>-</u>	(<u>3,956</u>)	<u>-</u>	(<u>7,712</u>)	<u>-</u>
7000	Total non-operating income and expenses	<u>17,347</u>	<u>3</u>	<u>8,587</u>	<u>1</u>	<u>4,643</u>	<u>-</u>	<u>18,063</u>	<u>1</u>
7900	Net profit (loss) before tax	(52,988)	(9)	19,413	2	(223,233)	(12)	58,125	3
7950	Income tax benefit (expense) (Notes 4 and 20)	<u>10,190</u>	<u>2</u>	(<u>18,187</u>)	(<u>2</u>)	<u>32,295</u>	<u>2</u>	(<u>36,737</u>)	(<u>2</u>)
8200	Net (loss) profit for the period	(<u>42,798</u>)	(<u>7</u>)	<u>1,226</u>	<u>-</u>	(<u>190,938</u>)	(<u>10</u>)	<u>21,388</u>	<u>1</u>
	Other comprehensive income (net)								
8360	Items that may be reclassified subsequently to profit or loss								
8361	Exchange differences on translating the financial statements of foreign operations	93,680	15	14,538	2	21,507	1	45,964	2
8399	Income tax relating to items that may be reclassified to profit or loss (Note 20)	(<u>14,606</u>)	(<u>2</u>)	(<u>2,502</u>)	<u>-</u>	(<u>4,047</u>)	<u>-</u>	(<u>7,609</u>)	<u>-</u>
8300	Total other comprehensive income (net)	<u>79,074</u>	<u>13</u>	<u>12,036</u>	<u>2</u>	<u>17,460</u>	<u>1</u>	<u>38,355</u>	<u>2</u>
8500	Total comprehensive income for the period	<u>\$ 36,276</u>	<u>6</u>	<u>\$ 13,262</u>	<u>2</u>	(<u>\$ 173,478</u>)	(<u>9</u>)	<u>\$ 59,743</u>	<u>3</u>
	Net (loss) profit attributable to:								
8610	Owners of parent company	(\$ 29,227)	(5)	\$ 9,064	1	(\$ 157,178)	(8)	\$ 30,131	1
8620	Non-controlling Interests	(<u>13,571</u>)	(<u>2</u>)	(<u>7,838</u>)	(<u>1</u>)	(<u>33,760</u>)	(<u>2</u>)	(<u>8,743</u>)	<u>-</u>
8600		(<u>\$ 42,798</u>)	(<u>7</u>)	<u>\$ 1,226</u>	<u>-</u>	(<u>\$ 190,938</u>)	(<u>10</u>)	<u>\$ 21,388</u>	<u>1</u>
	Total comprehensive income attributable to:								
8710	Owners of parent company	\$ 29,196	5	\$ 19,071	3	(\$ 140,993)	(7)	\$ 60,565	3
8720	Non-controlling Interests	<u>7,080</u>	<u>1</u>	(<u>5,809</u>)	(<u>1</u>)	(<u>32,485</u>)	(<u>2</u>)	(<u>822</u>)	<u>-</u>
8700		<u>\$ 36,276</u>	<u>6</u>	<u>\$ 13,262</u>	<u>2</u>	(<u>\$ 173,478</u>)	(<u>9</u>)	<u>\$ 59,743</u>	<u>3</u>
	Earnings (losses) per share (Note 21)								
9750	Basic	(<u>\$ 0.14</u>)		<u>\$ 0.04</u>		(<u>\$ 0.74</u>)		<u>\$ 0.16</u>	
9850	Diluted	(<u>\$ 0.14</u>)		<u>\$ 0.04</u>		(<u>\$ 0.74</u>)		<u>\$ 0.16</u>	

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Chairman of the Board: Wu, Yi-Gui

President: Wu, Wen-Hao

Accounting Manager: Chang, Sheng-Chuang

Acme Electronics Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the nine months ended September 30, 2023 and 2022

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

		Equity attributable to owners of the Company							
		Share capital (Note 18)		Capital surplus (Note 18)	Accumulated deficit (Notes 11 and 18)	Exchange differences on translating the financial statements of foreign operations	Total	Non-controlling interests (Note 11)	Total equity
Code		Number of shares 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
C17	Exercise of disgorgement	-	-	17	-	-	17	-	17
D1	Net profit (loss) from January 1 to September 30, 2022	-	-	-	30,131	-	30,131	(8,743)	21,388
D3	Other comprehensive income (loss) from January 1 to September 30, 2022	-	-	-	-	30,434	30,434	7,921	38,355
D5	Total comprehensive income from January 1 to September 30, 2022	-	-	-	30,131	30,434	60,565	(822)	59,743
Z1	Balance as of September 30, 2022	<u>182,993,743</u>	<u>\$ 1,829,937</u>	<u>\$ 17</u>	<u>(\$ 293,527)</u>	<u>(\$ 140,804)</u>	<u>\$ 1,395,623</u>	<u>\$ 599,279</u>	<u>\$ 1,994,902</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
C17	Exercise of disgorgement	-	-	4	-	-	4	-	4
E1	Capital increase in cash	30,000,000	300,000	297,799	-	-	597,799	-	597,799
M7	Changes in ownership interests in subsidiaries	-	-	-	(1,518)	-	(1,518)	1,518	-
D1	Net loss from January 1 to September 30, 2023	-	-	-	(157,178)	-	(157,178)	(33,760)	(190,938)
D3	Other comprehensive income (loss) from January 1 to September 30, 2023	-	-	-	-	16,185	16,185	1,275	17,460
D5	Total comprehensive income (loss) from January 1 to September 30, 2023	-	-	-	(157,178)	16,185	(140,993)	(32,485)	(173,478)
Z1	Balance as of September 30, 2023	<u>212,993,743</u>	<u>\$ 2,129,937</u>	<u>\$ 299,942</u>	<u>(\$ 463,715)</u>	<u>(\$ 133,169)</u>	<u>\$ 1,832,995</u>	<u>\$ 579,409</u>	<u>\$ 2,412,404</u>

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Chairman of the Board: Wu, Yi-Gui

President: Wu, Wen-Hao

Accounting Manager: Chang, Sheng-Chuang

Acme Electronics Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the nine months ended September 30, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

Code		From January 1 to September 30, 2023	From January 1 to September 30, 2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Net (loss) profit before tax for the period	(\$ 223,233)	\$ 58,125
A20010	Income (expenses) items		
A20100	Depreciation expenses	205,120	169,624
A20200	Amortization expense	1,404	1,390
A20300	Provision (reversal of provision) for bad debt expense	60	716
A20400	Net Loss of Financial Instruments at fair value through profit or loss	1,008	1,731
A20900	Finance costs	36,555	20,937
A21200	Interest income	(9,844)	(5,685)
A22300	Share of profit (loss) of associates accounted for using the equity method	3,956	7,712
A22500	Loss of disposal and scrapping of property, plant and equipment	4,927	132
A23700	Loss on (gain on reversal of) write-down of inventories	(34,955)	74,008
A24100	Loss from foreign currency exchange	5,172	27,279
A29900	Deferred and other incomes	(2,137)	(1,764)
A30000	Change in operating assets and liabilities		
A31130	Notes receivable	(7,997)	(36,841)
A31150	Accounts receivable (including related parties)	118,007	9,123
A31180	Other receivables (including related parties)	(7,709)	(287)
A31200	Inventories	283,214	(425,829)
A31240	Other current assets	13,391	(16,704)
A32150	Notes and accounts payable (including related parties)	(14,303)	(28,376)
A32180	Other payables (including related parties)	215	(52,935)
A32230	Other current liabilities	548	(7,002)
A32240	Net defined benefit liabilities	(1,232)	(2,327)
A33000	Cash flows generated from operations	372,167	(206,973)
A33100	Interest received	9,697	5,836
A33300	Interest paid	(38,139)	(18,592)
A33500	Income tax paid	(9,328)	(13,882)
AAAA	Net cash flows generated from operating activities	<u>334,397</u>	<u>(233,611)</u>

(Continued)

(Continued)

<u>Code</u>		<u>From January 1 to September 30, 2023</u>	<u>From January 1 to September 30, 2022</u>
	Cash flows from investing activities		
B00040	Purchase of financial assets at amortized cost	(\$ 5,128)	(\$ 172)
B02700	Acquisition cost of property, plant, and equipment	(319,653)	(463,211)
B02800	Proceeds from disposal of property, plant and equipment	206	3,561
B03800	Increase in refundable deposits	(95)	-
B04500	Purchase of intangible assets	-	(215)
B09900	Increase in long-term deferred incomes	6,090	-
BBBB	Net cash used in investing activities	(<u>318,580</u>)	(<u>460,037</u>)
	Cash flows from financing activities		
C00100	(Decrease) increase in short-term borrowings	(377,344)	194,933
C00600	Decrease in short-term notes payable	-	(74,000)
C01600	Proceeds from long-term borrowings	718,356	2,435,000
C01700	Repayments of long-term borrowings	(816,850)	(2,075,000)
C04020	Repayments of the principal portion of lease liabilities	(10,709)	(10,648)
C04600	Capital increase in cash	600,000	-
C09900	Payment of stock issuance costs	(2,201)	-
C09900	Exercise of disgorgement	4	17
CCCC	Net cash provided by financing activities	<u>111,256</u>	<u>470,302</u>
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	<u>10,943</u>	<u>9,014</u>
EEEE	Increase (decrease) in cash and cash equivalents for the period	138,016	(214,332)
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>\$ 628,235</u>	<u>\$ 462,505</u>

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

(Please refer to the Review Report issued by Deloitte & Touche on November 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 September 30, 2023 and 2022
(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 November 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) The Financial Supervisory Commission (FSC) approved IFRSs applicable for the year 2024.

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “Lease Liability in Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-Current”	January 1, 2024
Amendments to IAS 1 “Non-current liabilities with contractual provisions”	January 1, 2024
IAS 7 and amendments to IFRS 7 "Supplier Finance Arrangement"	January 1, 2024 (Note 3)

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

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

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

As of the date of issuance of this consolidated financial report, the consolidated company has assessed that the amendments to the aforementioned standards and interpretations, as applicable, have no significant impact on the consolidated financial condition and performance of the consolidated company.

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

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture”	Yet to be decided
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendment to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: Applicable for annual reporting periods beginning on or after January 1, 2025. The initial application of this amendment will affect the amounts recognized in retained earnings as of the initial application date. When the consolidated company uses a non-functional currency as the reporting currency, the adjustment will affect the revaluation of exchange differences of foreign operations under equity on the initial application date.

As of the date 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 3, and Table 4 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

	September 30, 2023	December 31, 2022	September 30, 2022
Petty cash and cash on hand	\$ 694	\$ 2,210	\$ 1,774
Checks and demand deposits in banks	371,236	311,490	258,913
Cash equivalents			
Time deposits	157,516	149,885	173,773
Reserve repurchase agreements collateralized by bonds	98,789	26,634	28,045
	<u>\$ 628,235</u>	<u>\$ 490,219</u>	<u>\$ 462,505</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Demand deposits	0.001%~4.30%	0.001%~3.30%	0.001%~1.70%
Time deposits	2.60%~5.40%	1.25%~4.53%	2.00%~3.27%
Reserve repurchase agreements collateralized by bonds	2.20%~5.38%	1.85%~4.23%	1.70%~2.80%

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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets - current</u>			
Mandatorily measured at fair value through profit or loss			
Derivatives (not under hedge accounting)			
-Foreign exchange forward contracts	\$ -	\$ 450	\$ 1
<u>Financial liabilities - current</u>			
Held for trading			
Derivatives (not under hedge accounting)			
-Foreign exchange forward contracts	\$ 558	\$ -	\$ 735

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

	Currency	Maturity Date	Contract Amount (In Thousands)		
<u>September 30, 2023</u>					
Sell	USD/MYR	2023.10.24~2024.3.13	USD	1,400/ MYR	6,383
<u>December 31, 2022</u>					
Sell	USD/MYR	2023.3.13	USD	100/ MYR	440
Sell	EUR/MYR	2023.3.17~2023.3.31	EUR	270/ MYR	1,254
<u>September 30, 2022</u>					
Sell	USD/MYR	2022.11.30~2023.1.27	USD	1,150/ MYR	4,914
Sell	EUR/MYR	2023.1.31	EUR	300/ MYR	1,342

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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Pledge and mortgage</u>			
Time deposits with original maturity over 3 months	<u>\$ 20,555</u>	<u>\$ 15,557</u>	<u>\$ 15,407</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Time deposits with original maturity over 3 months	1.45%~2.80%	0.79%~2.60%	0.79%~2.60%

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

IX. Notes and accounts receivable

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Notes receivable</u>			
Measured at amortized cost			
Gross carrying amount	<u>\$ 54,746</u>	<u>\$ 46,749</u>	<u>\$ 72,949</u>
<u>Accounts receivable</u>			
Measured at amortized cost			
Gross carrying amount	\$ 639,994	\$ 758,002	\$ 820,612
Less: allowance for loss	(<u>10,774</u>)	(<u>10,611</u>)	(<u>11,497</u>)
	<u>\$ 629,220</u>	<u>\$ 747,391</u>	<u>\$ 809,115</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 duration of expected credit losses are estimated after using an allowance matrix by reference to past default experience with the customers and their current financial positions, economic conditions of the industry, and outlook. Due to the

fact that the historical experience of the Group in evaluating credit losses shows no significant differences in the loss patterns of different customer groups, the provision matrix does not further differentiate between customer groups, and only calculates the expected credit loss rate based on the number of overdue days of accounts receivable.

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

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

September 30, 2023

	<u>Not past due</u>	<u>Up to 60 Days</u>	<u>61~90 Days</u>	<u>Over 91 Days</u>	<u>Total</u>
Expected credit loss rate	1.06%	0.52%	16.19%	100%	
Gross carrying amount	\$ 665,259	\$ 24,986	\$ 1,050	\$ 3,445	\$ 694,740
Loss allowance (Lifetime ECLs)	(<u>7,028</u>)	(<u>131</u>)	(<u>170</u>)	(<u>3,445</u>)	(<u>10,774</u>)
Amortized cost	<u>\$ 658,231</u>	<u>\$ 24,855</u>	<u>\$ 880</u>	<u>\$ -</u>	<u>\$ 683,966</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>Total</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>

September 30, 2022

	<u>Not past due</u>	<u>Up to 60 Days</u>	<u>61~90 Days</u>	<u>Over 91 Days</u>	<u>Total</u>
Expected credit loss rate	0.96%	0.49%	-	75.96%	
Gross carrying amount	\$ 850,423	\$ 37,224	\$ 1,777	\$ 4,137	\$ 893,561
Loss allowance (Lifetime ECLs)	(<u>8,174</u>)	(<u>181</u>)	<u>-</u>	(<u>3,142</u>)	(<u>11,497</u>)
Amortized cost	<u>\$ 842,249</u>	<u>\$ 37,043</u>	<u>\$ 1,777</u>	<u>\$ 995</u>	<u>\$ 882,064</u>

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

	<u>From January 1 to September 30, 2023</u>	<u>From January 1 to September 30, 2022</u>
Beginning balance	\$ 10,611	\$ 10,534
Provision for impairment losses in the current period	60	716
Foreign exchange translation gains and losses	<u>103</u>	<u>247</u>
Ending balance	<u>\$ 10,774</u>	<u>\$ 11,497</u>

X. Inventories

	September 30, 2023	December 31, 2022	September 30, 2022
Finished goods	\$ 319,877	\$ 421,399	\$ 441,900
Work in progress	265,042	335,637	372,484
Raw materials and Supplies	148,465	224,844	269,305
	<u>\$ 733,384</u>	<u>\$ 981,880</u>	<u>\$ 1,083,689</u>

The costs of inventories recognized as cost of goods sold from July 1 to September 30, 2023 and 2022, from January 1 to September 30, 2023 and 2022 were NT\$571,264 thousand, NT\$650,338 thousand, NT\$1,729,692 thousand, and NT\$1,918,440 thousand, respectively.

The cost of goods sold from July 1 to September 30, 2023, and from January 1 to September 30, 2023 included a recovery benefit of NT\$1,001 thousand and NT\$34,955 thousand in net realized value of inventory, respectively.

The cost of goods sold from July 1 to September 30, 2022, and from January 1 to September 30, 2022 included an impairment loss of inventory of NT\$17,914 thousand and NT\$74,008 thousand, 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
			September 30, 2023	December 31, 2022	September 30, 2022	
The Company	ACME Electronics (Cayman) Corp. (ACME (Cayman))	Corporate investments	60.10%	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). In addition, in April 2023, ACME (Cayman) made a capital increase of US\$9,000 thousand in cash, all of which was subscribed by the Company, resulting in an increase in the shareholding ratio to 60.10%. As the above transaction did not change the control of the Group over its subsidiaries, which the Group treated as an equity transaction and adjusted to increase the accumulated deficits by NT\$1,518 thousand.

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

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

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

Subsidiary	Profit (Loss) Allocated to Non-controlling Interests				Non-controlling Interests		
	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022	September 30, 2023	December 31, 2022	September 30, 2022
ACME (Cayman) and its subsidiaries	(\$ 13,571)	(\$ 7,838)	(\$ 33,760)	(\$ 8,743)	\$ 579,409	\$ 610,376	\$ 599,279

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

	September 30, 2023	December 31, 2022	September 30, 2022
Current assets	\$ 884,866	\$ 991,610	\$ 1,071,631
Non-current assets	1,143,507	1,121,299	1,084,133
Current liabilities	(456,528)	(791,632)	(855,121)
Non-current liabilities	(122,125)	(71,817)	(73,661)
Equity	\$ 1,449,720	\$ 1,249,460	\$ 1,226,982
Equity attributable to:			
Owners of the Company	\$ 871,280	\$ 640,644	\$ 629,118
Non-controlling Interests	578,440	608,816	597,864
	\$ 1,449,720	\$ 1,249,460	\$ 1,226,982

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Operating revenue	<u>\$ 285,490</u>	<u>\$ 410,621</u>	<u>\$ 896,016</u>	<u>\$1,139,706</u>
Net loss for the period	(\$ 33,348)	(\$ 15,359)	(\$ 77,541)	(\$ 20,258)
Other comprehensive income (loss)	<u>51,751</u>	<u>4,162</u>	<u>2,564</u>	<u>16,255</u>
Total comprehensive income (loss)	<u>\$ 18,403</u>	<u>(\$ 11,197)</u>	<u>(\$ 74,977)</u>	<u>(\$ 4,003)</u>
Net loss attributable to:				
Owners of the Company	(\$ 20,042)	(\$ 7,875)	(\$ 44,372)	(\$ 10,387)
Non-controlling Interests	(<u>13,306</u>)	(<u>7,484</u>)	(<u>33,169</u>)	(<u>9,871</u>)
	(<u>\$ 33,348</u>)	(<u>\$ 15,359</u>)	(<u>\$ 77,541</u>)	(<u>\$ 20,258</u>)
Total comprehensive income (loss) attributable to:				
Owners of the Company	\$ 11,058	(\$ 5,741)	(\$ 43,083)	(\$ 2,052)
Non-controlling Interests	<u>7,345</u>	(<u>5,456</u>)	(<u>31,894</u>)	(<u>1,951</u>)
	<u>\$ 18,403</u>	(<u>\$ 11,197</u>)	(<u>\$ 74,977</u>)	(<u>\$ 4,003</u>)
Cash flow				
Operating activities	\$ 40,847	\$ 40,070	\$ 170,162	\$ 20,297
Investing activities	(16,982)	(91,468)	(127,810)	(195,483)
Financing activities	(59,968)	-	28,757	44,360
Effects of exchange rate changes	<u>3,164</u>	<u>3,789</u>	(<u>5,172</u>)	<u>10,197</u>
Net cash inflow (outflow)	(<u>\$ 32,939</u>)	(<u>\$ 47,609</u>)	<u>\$ 65,937</u>	(<u>\$ 120,629</u>)

XII. Investments accounted for using equity method

	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	Shareholding	Amount	Shareholding	Amount	Shareholding
Significant associates						
USIO	<u>\$ 18,783</u>	34%	<u>\$ 22,739</u>	34%	<u>\$ 24,494</u>	34%

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

Under the equity method, the Company's shares of the profit or loss and other comprehensive income of the associates from January 1 to September 30, 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

	September 30, 2023	December 31, 2022	September 30, 2022
Current assets	\$ 35,498	\$ 44,647	\$ 46,820
Non-current assets	23,985	27,905	30,877
Current liabilities	(4,232)	(5,667)	(5,648)
Equity	55,251	66,885	72,049
The Company's shareholding ratio (%)	34%	34%	34%
Equity attributable to the Group	<u>\$ 18,783</u>	<u>\$ 22,739</u>	<u>\$ 24,494</u>
Carrying amount of investment	<u>\$ 18,783</u>	<u>\$ 22,739</u>	<u>\$ 24,494</u>

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Operating revenue	<u>\$ 1,203</u>	<u>\$ 3,270</u>	<u>\$ 3,943</u>	<u>\$ 7,488</u>
Net loss for the period	(<u>\$ 1,503</u>)	(<u>\$ 5,389</u>)	(<u>\$ 11,634</u>)	(<u>\$ 22,684</u>)
Total comprehensive income (loss)	(<u>\$ 1,503</u>)	(<u>\$ 5,389</u>)	(<u>\$ 11,634</u>)	(<u>\$ 22,684</u>)

XIII. Property, plant and equipment

	From January 1 to September 30, 2023					
	Beginning balance	Increase during the period	Decrease during the period	Internal transfer	Effects of exchange rate	Ending balance
<u>Cost</u>						
Land	\$ 82,657	\$ -	\$ -	\$ -	\$ -	\$ 82,657
Land improvement	9,329	-	(1,333)	-	-	7,996
Building and equipment	1,288,837	1,057	(5,289)	107,642	15,149	1,407,396
Machinery and equipment	2,985,032	54,656	(61,740)	241,704	32,431	3,252,083
Transportation and Communication Equipment	15,343	1,487	(634)	-	(15)	16,181
Other equipment	402,189	5,344	(9,595)	20,272	3,631	421,841
Construction in progress	-	24,376	-	(22,979)	(1,397)	-
Total cost	<u>4,783,387</u>	<u>\$ 86,920</u>	<u>(\$ 78,591)</u>	<u>\$ 346,639</u>	<u>\$ 49,799</u>	<u>5,188,154</u>
<u>Accumulated depreciation and impairment</u>						
Land improvement	8,699	\$ 126	(\$ 1,333)	\$ -	\$ -	7,492
Building and equipment	762,476	43,205	(3,025)	-	9,951	812,607
Machinery and equipment	1,857,838	124,871	(58,920)	-	18,228	1,942,017
Transportation and Communication Equipment	13,042	752	(615)	-	(26)	13,153
Other equipment	<u>325,574</u>	<u>22,428</u>	<u>(9,565)</u>	<u>-</u>	<u>5,718</u>	<u>344,155</u>
Total accumulated depreciation and impairment	<u>2,967,629</u>	<u>\$ 191,382</u>	<u>(\$ 73,458)</u>	<u>\$ -</u>	<u>\$ 33,871</u>	<u>3,119,424</u>
Net	<u>\$ 1,815,758</u>					<u>\$ 2,068,730</u>

	From January 1 to September 30, 2022					
	Beginning balance	Increase during the period	Decrease during the period	Internal transfer	Effects of exchange rate	Ending balance
Cost						
Land	\$ 82,657	\$ -	\$ -	\$ -	\$ -	\$ 82,657
Land improvement	9,329	-	-	-	-	9,329
Building and equipment	1,206,896	1,482	(3,225)	57,376	28,446	1,290,975
Machinery and equipment	2,598,796	86,093	(138,845)	217,515	67,100	2,830,659
Transportation and Communication Equipment	14,255	576	-	-	483	15,314
Other equipment	372,833	9,361	(4,620)	14,451	10,373	402,398
Total cost	4,284,766	\$ 97,512	(\$ 146,690)	\$ 289,342	\$ 106,402	4,631,332

(Continued)

(Continued)

	From January 1 to September 30, 2022					Ending balance
	Beginning balance	Increase during the period	Decrease during the period	Internal transfer	Effects of exchange rate	
<u>Accumulated depreciation and impairment</u>						
Land improvement	8,531	\$ 126	\$ -	\$ -	\$ -	8,657
Building and equipment	716,295	39,184	(2,344)	(87)	15,308	768,356
Machinery and equipment	1,831,147	93,073	(136,107)	4,052	47,042	1,839,207
Transportation and Communication Equipment	11,605	773	-	-	391	12,769
Other equipment	<u>301,297</u>	<u>22,679</u>	<u>(4,546)</u>	<u>(3,965)</u>	<u>8,136</u>	<u>323,601</u>
Total accumulated depreciation and impairment	<u>2,868,875</u>	<u>\$ 155,835</u>	<u>(\$ 142,997)</u>	<u>\$ -</u>	<u>\$ 70,877</u>	<u>2,952,590</u>
Net	<u>\$1,415,891</u>					<u>\$1,678,742</u>

There were no impairment losses on assessed property, plant and equipment from January 1 to September 30, 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

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amount of right-of-use assets			
Land	\$ 117,006	\$ 119,253	\$ 120,717
Buildings	26	104	130
Machinery and equipment	61,864	71,104	75,634
Transportation equipment	<u>703</u>	<u>991</u>	<u>1,087</u>
	<u>\$ 179,599</u>	<u>\$ 191,452</u>	<u>\$ 197,568</u>

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Addition for right-of-use assets			\$ -	\$ 12,344
Depreciation expense of right-of-use assets				
Land	\$ 984	\$ 985	\$ 2,950	\$ 2,942
Buildings	26	26	78	78
Machinery and equipment	3,476	3,504	10,422	10,481
Transportation equipment	96	96	288	288
	<u>\$ 4,582</u>	<u>\$ 4,611</u>	<u>\$ 13,738</u>	<u>\$ 13,789</u>

(II) Lease liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amount of lease liabilities			
Current	<u>\$ 14,594</u>	<u>\$ 14,285</u>	<u>\$ 14,441</u>
Non-current	<u>\$ 49,497</u>	<u>\$ 59,304</u>	<u>\$ 63,772</u>

As of September 30, 2023 and December 31 and September 30, 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.

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

(IV) Other lease information

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Expenses relating to short-term leases	<u>\$ 1,726</u>	<u>\$ 1,618</u>	<u>\$ 5,173</u>	<u>\$ 4,847</u>
Total cash flows on lease	<u>(\$ 5,491)</u>	<u>(\$ 5,411)</u>	<u>(\$ 16,457)</u>	<u>(\$ 16,192)</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 estimated payouts within one year for short-term lease commitments subject to recognition exemption were NT\$3,583 thousand and NT\$3,754 thousand respectively on September 30, 2023 and 2022.

XV. Borrowings

(I) Short-term borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured borrowings	<u>\$ 364,780</u>	<u>\$ 731,926</u>	<u>\$ 951,253</u>

The interest rates of short-term loan were 1.70% ~ 7.50592%, 1.61078% ~ 7.62412% and 1.18%~5.45% respectively as of September 30, 2023 and December 31 and September 30, 2022, respectively.

(II) Short-term notes payable

	September 30, 2023	December 31, 2022	September 30, 2022
Commercial note payable	\$ 80,000	\$ 80,000	\$ 206,000
Less: Discount on commercial note payable	(<u>8</u>)	(<u>49</u>)	(<u>178</u>)
	<u>\$ 79,992</u>	<u>\$ 79,951</u>	<u>\$ 205,822</u>

The interest rates on short-term notes payable were 1.758%, 1.848% and 1.438%~1.448% as of September 30, 2023 and December 31 and September 30, 2022, respectively.

(III) Long-term borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
Secured bank loans	\$ 1,057,873	\$ 1,369,000	\$ 1,000,000
Unsecured bank loans	<u>213,150</u>	<u>-</u>	<u>-</u>
	1,271,023	1,369,000	1,000,000
Long-term borrowings due within one year	(<u>610</u>)	<u>-</u>	<u>-</u>
	<u>\$ 1,270,413</u>	<u>\$ 1,369,000</u>	<u>\$ 1,000,000</u>
Maturity year	113~133	114~116	114~116
Range of interest rates	1.66~4.35%	1.45~1.85%	1.19%

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 July 1 to September 30, 2023 and 2022, and from January 1 to September 30, 2023 and 2022, was calculated using the actuarially determined pension cost rates as of December 31, 2022 and 2021, amounting to NT\$106 thousand, NT\$87 thousand, NT\$318 thousand, and NT\$260 thousand, respectively.

XVII. Government subsidy

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

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

As of September 30, 2023, December 31 and September 30, 2022, due to the above-mentioned circumstances, the Group's unamortized deferred revenue amounted to RMB8,208 thousand (NT\$36,893 thousand), RMB7,303 thousand (NT\$32,201 thousand) and RMB7,435 thousand (NT\$33,250 thousand), respectively.

The Company applied for the Industrial Upgrading Innovation Platform Guidance Program subsidy from the Taiwanese government. For the periods from July 1 to September 30, 2023 and 2022, and from January 1 to September 30, 2023 and 2022, expenses related to the subsidy were recognized as deductions from operating expenses, amounting to NT\$6,900 thousand, NT\$5,500 thousand, NT\$6,900 thousand and NT\$5,500 thousand, respectively.

The Group recognized NT\$4,755 thousand, NT\$612 thousand, NT\$7,605 thousand, and NT\$6,853 thousand of government subsidies as other income from July 1 to September 30, 2023 and 2022, and from January 1 to September 30, 2023 and 2022, respectively, due to the above-mentioned circumstances and other subsidies.

XVIII. Equity

(I) Ordinary share capital

	September 30, 2023	December 31, 2022	September 30, 2022
Number of shares authorized (in thousands)	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
Share capital authorized	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
Number of shares issued and fully paid (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 30,000 thousand of new shares with a par value of NT\$10 per share. The above cash capital increase plan was declared effective by the FSC on July 22, 2022, of which 15% was reserved for subscription by qualified employees of the Company and affiliates. The related issuance price was NT\$20 per share, and the record date of the capital increase was January 16, 2023, and the cost of issuing new shares was NT\$2,201 thousand as a reduction of capital surplus.

(II) Capital surplus

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Used to offset deficits, pay cash dividends or capitalize capital(1)</u>			
Stock issuance premium	\$ 299,866	\$ 2,067	\$ -
<u>May only be used to offset deficits</u>			
Disgorgement	<u>76</u>	<u>72</u>	<u>17</u>
	<u>\$ 299,942</u>	<u>\$ 2,139</u>	<u>\$ 17</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' meetings on May 26, 2023, and May 30, 2022, and decided not to distribute earnings due to the need to make up for losses.

XIX. Net (loss) profit for the period

(I) Depreciation and amortization

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Property, plant and equipment	\$ 66,036	\$ 55,447	\$ 191,382	\$ 155,835
Right-of-use assets	4,582	4,611	13,738	13,789
Other intangible assets	<u>385</u>	<u>500</u>	<u>1,404</u>	<u>1,390</u>
Total	<u>\$ 71,003</u>	<u>\$ 60,558</u>	<u>\$ 206,524</u>	<u>\$ 171,014</u>
Summary of depreciation by function				
Operating costs	\$ 59,963	\$ 51,923	\$ 176,248	\$ 145,250
Operating expenses	<u>10,655</u>	<u>8,135</u>	<u>28,872</u>	<u>24,374</u>
	<u>\$ 70,618</u>	<u>\$ 60,058</u>	<u>\$ 205,120</u>	<u>\$ 169,624</u>
Summary of amortization by function				
Operating costs	\$ 205	\$ 120	\$ 535	\$ 366
Administrative expenses	156	380	797	1,024
Research and development expenses	<u>24</u>	<u>-</u>	<u>72</u>	<u>-</u>
	<u>\$ 385</u>	<u>\$ 500</u>	<u>\$ 1,404</u>	<u>\$ 1,390</u>

(II) Employee benefit expenses

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Post-retirement benefits (Note 16)				
Defined contribution plans	\$ 13,380	\$ 13,469	\$ 42,586	\$ 41,129
Defined benefit plans	<u>106</u>	<u>87</u>	<u>318</u>	<u>260</u>
	13,486	13,556	42,904	41,389
Salary, Bonus, etc.	<u>186,964</u>	<u>194,316</u>	<u>537,632</u>	<u>584,789</u>
Total	<u>\$ 200,450</u>	<u>\$ 207,872</u>	<u>\$ 580,536</u>	<u>\$ 626,178</u>
Summary of employee benefit expenses by function				
Operating costs	\$ 141,425	\$ 149,747	\$ 403,621	\$ 455,338
Operating expenses	<u>59,025</u>	<u>58,125</u>	<u>176,915</u>	<u>170,840</u>
	<u>\$ 200,450</u>	<u>\$ 207,872</u>	<u>\$ 580,536</u>	<u>\$ 626,178</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 September 30, 2023 and 2022, so the remunerations of employees and directors are not estimated and recognized.

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 July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Government subsidy income	\$ 4,755	\$ 612	\$ 7,605	\$ 6,853
Rental income	428	416	1,156	1,144
Management service income	1,962	1,349	7,306	4,443
Others	<u>2,080</u>	<u>3,369</u>	<u>6,678</u>	<u>8,476</u>
	<u>\$ 9,225</u>	<u>\$ 5,746</u>	<u>\$ 22,745</u>	<u>\$ 20,916</u>

(V) Foreign exchange gain (loss)

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Foreign exchange gains	\$ 19,782	\$ 28,888	\$ 46,692	\$ 76,671
Foreign exchange losses	(<u>1,815</u>)	(<u>17,564</u>)	(<u>29,885</u>)	(<u>55,774</u>)
Net profit	<u>\$ 17,967</u>	<u>\$ 11,324</u>	<u>\$ 16,807</u>	<u>\$ 20,897</u>

(VI) Other gain and loss

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Gain (loss) on disposal of property, plant and equipment	(\$ 2,958)	\$ 490	(\$ 4,927)	(\$ 132)
Gain on financial assets at FVTPL	925	1,432	2,735	3,238
Others	(<u>470</u>)	(<u>1,214</u>)	(<u>2,050</u>)	(<u>3,892</u>)
	(<u>\$ 2,503</u>)	<u>\$ 708</u>	(<u>\$ 4,242</u>)	(<u>\$ 786</u>)

(VII) Finance costs

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Interest on lease liabilities	\$ 182	\$ 223	\$ 575	\$ 697
Interest expenses	<u>10,381</u>	<u>9,198</u>	<u>35,980</u>	<u>20,240</u>
	<u>\$ 10,563</u>	<u>\$ 9,421</u>	<u>\$ 36,555</u>	<u>\$ 20,937</u>

XX. Income tax of continuing business units

(I) Income tax recognized as profit or loss

The main components of income tax (benefit) expense are as follows

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Current income tax				
In respect of the current period	\$ 730	\$ 6,897	\$ 6,138	\$ 20,157
Adjustments for previous years	<u>-</u> <u>730</u>	<u>1,454</u> <u>8,351</u>	<u>(1,987)</u> <u>4,151</u>	<u>(6,081)</u> <u>14,076</u>
Deferred income tax				
In respect of the current period	(10,920)	9,836	(25,493)	22,661
Adjustments for previous years	<u>-</u> <u>(10,920)</u>	<u>-</u> <u>9,836</u>	<u>(10,953)</u> <u>(36,446)</u>	<u>-</u> <u>22,661</u>
Income tax (benefit) expense recognized in profit or loss	(\$ 10,190)	\$ 18,187	(\$ 32,295)	\$ 36,737

(II) Income tax recognized in other comprehensive income

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
<u>Deferred income tax</u>				
Income tax (benefits) expenses recognized in other comprehensive income				
- Translation of foreign operations	\$ 14,606	\$ 2,502	\$ 4,047	\$ 7,609

(III) Certification of income tax

The Company's income tax returns through 2021 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 September 30, 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 approval of preferential tax rate for high-tech enterprises on file, the statutory tax rate applicable to it is reduced from 25% to 15%.
3. The statutory tax rate applicable to ACME Electronics (KS) is 25%.
4. The statutory tax rate applicable to ACME (MA) is 24%.

XXI. Earnings (losses) per share

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Basic earnings (losses) per share	(\$ 0.14)	\$ 0.04	(\$ 0.74)	\$ 0.16
Diluted earnings (losses) per share	(\$ 0.14)	\$ 0.04	(\$ 0.74)	\$ 0.16

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

Net (loss) profit for the period

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Net (loss) profit for calculating basic earnings (losses) per share	(\$ 29,227)	\$ 9,064	(\$ 157,178)	\$ 30,131

Number of Shares

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Weighted average number of ordinary shares outstanding used for calculating basic (losses) earnings per share	212,994	182,994	211,327	182,994

Unit: Thousands of shares

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

September 30, 2023

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Derivatives	\$ -	\$ 558	\$ -	\$ 558

December 31, 2022

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

September 30, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivatives	\$ -	\$ 1	\$ -	\$ 1
Financial liabilities at FVTPL				
Derivatives	\$ -	\$ 735	\$ -	\$ 735

There were no transfers between Levels 1 and 2 fair value measurement for the period from July 1 to September 30, 2023 and 2022, and from January 1 to September 30, 2023 and 2022.

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

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

(III) Categories of financial instruments

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets</u>			
Financial assets at FVTPL	\$ -	\$ 450	\$ 1
Measured at amortized cost (Note 1)	1,357,552	1,316,716	1,381,120
<u>Financial liabilities</u>			
Financial liabilities at FVTPL	558	-	735
Measured at amortized cost (Note 2)	2,047,329	2,526,855	2,595,218

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 reports).

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 September 30, 2023 will increase/decrease by NT\$11,884 thousand, and the pre-tax benefit for the period from January 1 to September 30, 2022 will decrease/increase by NT\$5,521 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:

	September 30, 2023	December 31, 2022	September 30, 2022
Fair value interest rate risk			
- Financial assets	\$ 561,609	\$ 420,088	\$ 371,344
- Financial liabilities	283,083	256,540	695,536
Cash flow interest rate risk			
- Financial assets	69,701	68,301	71,022
- Financial liabilities	1,496,803	1,997,926	1,539,752

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\$5,352 thousand from January 1 to September 30, 2023, and decrease/increase the Group's profit before tax by NT\$5,508 thousand from January 1 to September 30, 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 70% of total accounts receivable as of September 30, 2023 and December 31 and September 30, 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.

September 30, 2023

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years	Over 5 years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	-	\$ 236,340	\$ -	\$ -
Lease liabilities	1.22	15,232	50,608	-
Floating interest rate liabilities	2.26	253,492	1,269,195	67,955
Fixed interest rate liabilities	1.74	<u>219,127</u>	<u>-</u>	<u>-</u>
		<u>\$ 724,191</u>	<u>\$ 1,319,803</u>	<u>\$ 67,955</u>

December 31, 2022

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years
<u>Non-derivative financial 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>

September 30, 2022

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing liabilities	-	\$ 317,037	\$ -
Lease liabilities	1.21	15,237	65,513
Floating interest rate liabilities	2.40	560,552	1,038,060
Fixed interest rate liabilities	1.35	<u>617,758</u>	<u>-</u>
		<u>\$ 1,510,584</u>	<u>\$ 1,103,573</u>

(2) Financing facilities

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured banking facilities			
- Amount used	\$ 657,932	\$ 1,180,926	\$ 1,157,253
- Amount unused	<u>2,173,198</u>	<u>2,381,816</u>	<u>1,950,376</u>
	<u>\$ 2,831,130</u>	<u>\$ 3,562,742</u>	<u>\$ 3,107,629</u>
Secured banking facilities			
- Amount used	\$ 1,057,871	\$ 1,000,000	\$ 1,000,000
- Amount unused	<u>617,726</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,675,597</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 September 30, 2023, and December 31 and September 30, 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

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
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 revenue

<u>Related Party Category/Name</u>	<u>From July 1 to September 30, 2023</u>	<u>From July 1 to September 30, 2022</u>	<u>From January 1 to September 30, 2023</u>	<u>From January 1 to September 30, 2022</u>
Associate				
USIO	<u>\$ -</u>	<u>\$ 71</u>	<u>\$ 217</u>	<u>\$ 261</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 July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Associate USIO	\$ 926	\$ 2,288	\$ 3,231	\$ 6,357

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	September 30, 2023	December 31, 2022	September 30, 2022
Accounts receivable - related parties	Associate USIO	\$ -	\$ -	\$ 79
Other receivables from related parties	Fellow subsidiary SPC	\$ 3,083	\$ 3,970	\$ 2,025
	Associate USIO	-	656	385
		\$ 3,083	\$ 4,626	\$ 2,410

(V) Payables to related parties

Accounting Subject	Related Party Category/Name	September 30, 2023	December 31, 2022	September 30, 2022
Accounts payable - related parties	Associate USIO	\$ -	\$ 878	\$ 665
Other payables - related parties	Parent company USI	\$ 1,232	\$ 1,136	\$ 713
	Fellow subsidiary UM	483	33	509
	APC	48	48	48
	SPC	513	1,055	567
	CGPC	1	2	8
		\$ 2,277	\$ 2,274	\$ 1,845

(VI) Acquisition of property, plant, and equipment (For the period from January 1 to September 30, 2022 : None)

Related Party Category/Name	Acquisition cost From January 1 to September 30, 2023
Associate USIO	\$ 3,330

(VII) Other Related Party Transactions

Accounting Subject	Related Party Category/Name	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Management service fee income (Classified as other income)	Fellow subsidiary SPC	\$ 1,962	\$ 1,349	\$ 7,084	\$ 4,076
	Associate USIO	-	-	222	367
		<u>\$ 1,962</u>	<u>\$ 1,349</u>	<u>\$ 7,306</u>	<u>\$ 4,443</u>
Management service fee expenditures (Classified as operating expenses)	Fellow subsidiary UM	\$ 3,332	\$ 2,760	\$ 9,903	\$ 9,743
	SPC	488	-	2,155	-
		<u>\$ 3,820</u>	<u>\$ 2,760</u>	<u>\$ 12,058</u>	<u>\$ 9,743</u>
Rent expenditures (Classified as operating expenses)	Parent company USI	\$ 798	\$ 764	\$ 2,395	\$ 2,304
	Fellow subsidiary APC	69	68	207	206
		<u>\$ 867</u>	<u>\$ 832</u>	<u>\$ 2,602</u>	<u>\$ 2,510</u>
Other expenditures (Classified as operating expenses)	Fellow subsidiary SPC	\$ -	\$ 763	\$ -	\$ 763

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

(VIII) Compensation of key management personnel

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Short-term employee benefits	\$ 3,600	\$ 3,735	\$ 11,269	\$ 11,600
Post-retirement benefits	50	41	153	122
	<u>\$ 3,650</u>	<u>\$ 3,776</u>	<u>\$ 11,422</u>	<u>\$ 11,722</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:

	September 30, 2023	December 31, 2022	September 30, 2022
Time deposit (classified as refundable deposits)	\$ 6,000	\$ 6,000	\$ 6,000
Current deposit (classified as refundable deposits)	2,247	2,205	2,236
Time deposits (classified as financial assets measured at amortized cost)	20,555	15,557	15,407
Property, Plant, and Equipment (Carrying Amount)	302,611	209,507	191,475
Right-of-use assets (Carrying Amount)	24,628	-	-
	<u>\$ 356,041</u>	<u>\$ 233,269</u>	<u>\$ 215,118</u>

XXVI. Significant Contingent Liability and Contractual Commitments

As of December 31 and September 30, 2022, the Group's unused letter of credit due to the purchase of raw materials, machinery, and equipment amounted to NT\$31,195 thousand and NT\$38,376 thousand, respectively (September 30, 2023: None).

In addition, as of September 30, 2023 and December 31 and September 30, 2022, in order to apply to the Taiwan government for the subsidy of Industrial Upgrading Innovation Platform Guidance Program, the Company's performance guarantee provided by the bank was NT\$9,000 thousand, NT\$11,000 thousand and NT\$11,000 thousand, respectively.

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:

	September 30, 2023			
	Foreign currency (NT\$ thousands)	Exchange Rate (NT\$)	Functional Currency (NT\$ thousands)	New Taiwan Dollars (NT\$ thousands)
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 10,472	32,2700 (USD: NTD)	\$ 337,938	\$ 337,938
USD	3,071	7.1797 (USD: RMB)	22,047	99,094
USD	5,342	4.9087 (USD: MYR)	26,224	172,397
RMB	11,213	4.4946 (RMB: NTD)	50,396	50,396
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	908	32.2700 (USD: NTD)	29,288	29,288
USD	4,264	7.1797 (USD: RMB)	30,614	137,599
USD	1,439	4.9087 (USD: MYR)	7,062	46,423
RMB	5,873	4.4946 (RMB: NTD)	26,396	26,396

December 31, 2022				
	Foreign currency (NT\$ thousands)	Exchange Rate (NT\$)	Functional Currency (NT\$ thousands)	New Taiwan Dollars (NT\$ thousands)
<u>Financial assets</u>				
<u>Monetary 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
<u>Financial liabilities</u>				
<u>Monetary 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

September 30, 2022				
	Foreign currency (NT\$ thousands)	Exchange Rate (NT\$)	Functional Currency (NT\$ thousands)	New Taiwan Dollars (NT\$ thousands)
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 12,682	31.7500 (USD: NTD)	\$ 402,665	\$ 402,665
USD	3,856	7.0997 (USD: RMB)	27,373	122,413
USD	4,651	4.8135 (USD: MYR)	22,386	147,657
RMB	8,493	4.4720 (RMB: NTD)	37,982	37,982
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	615	31.7500 (USD: NTD)	19,514	19,514
USD	11,744	7.0997 (USD: RMB)	83,378	372,870
USD	3,033	4.8135 (USD: MYR)	14,602	96,313
RMB	23,653	4.4720 (RMB: NTD)	105,775	105,775

The net foreign exchange gains or losses (realized and unrealized) of the Group from July 1 to September 30, 2023 and 2022, from January 1 to September 30, 2023 and 2022 were a gain of NT\$17,967 thousand, NT\$11,324 thousand, NT\$16,807 thousand, and NT\$20,897 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 NT\$100 million or 20% of paid-in capital or more: Table 2.
8. Receivables from related parties amounting to NT\$100 million or 20% of paid-in capital or more: None.
9. Trading in derivative instruments: Note 7.
10. Others - intercompany relationships and significant intercompany transactions: Table 5.

(II) Information on Reinvestment: Table 3.

(III) Information on Investments in Mainland China:

1. Information on investee company in mainland China, including the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, current profit and loss and recognized investment income or loss, ending carrying amount of the investment, repatriations of investment income, and limit on the amount of investment in mainland China: Table 4.
2. Major transactions with any investee company in mainland China directly or indirectly through a third region, and their prices, payment terms, unrealized gains (losses), and other information:
 - (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 5.
 - (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 5.
 - (3) The amount of property transactions and the amount of the resultant gains or losses: None.
 - (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 1.
 - (5) The maximum balance, ending balance, Interest rate interval and total amount of current interest of financing: None.
 - (6) Other transactions that have a significant effect on the current profit or loss or financial situation, such as the provision or acceptance of services: Table 5.

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

XXIX. Segment Information

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of products provided. In accordance with IFRS 8 “Operating Segments”, the reportable segment information of the Group from January 1 to September 30, 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 1 to September 30, 2023	From January 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Passive components	\$ 1,636,928	\$ 2,197,744	(\$ 221,238)	\$ 73,142
Silicon carbide	230,263	115,022	68,716	39,918
Others	-	-	(3,245)	(3,791)
Total of continuing business units	<u>\$ 1,867,191</u>	<u>\$ 2,312,766</u>	(155,767)	109,269
Headquarters management costs and director compensation			(72,109)	(69,207)
Interest income			9,844	5,685
Foreign exchange gain (loss)			16,807	20,897
Interest expenses			(36,555)	(20,937)
Other non-operating revenue			<u>14,547</u>	<u>12,418</u>
Net profit (loss) before tax			(<u>\$ 223,233</u>)	<u>\$ 58,125</u>

The revenue reported above is generated from transactions with external clients. All interdepartmental transactions from January 1 to September 30, 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, interest expenses and other non-operating incomes. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

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

Acme Electronics Corporation and Subsidiaries
Endorsements/Guarantees Provided for Others
From January 1 to September 30, 2023

Table 1Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Made for Each Party (Note 2)	Maximum Amount Endorsed/Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period (Note 3)	Actual Borrowing Amount (Note 3)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (Note 1)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Made by Parent for Subsidiaries	Endorsement/ Guarantee Made by Subsidiaries for Parent	Endorsement/ Guarantee Made for Companies in Mainland China	Remark
		Company Name	Relationship											
0	The Company	ACME Electronics (KS)	Subsidiary of ACME (Cayman)	\$ 2,749,493	\$ 778,716 (USD18,500 thousand and RMB 49,000 thousand)	\$ 381,585 (USD 5,000 thousand and RMB 49,000 thousand)	\$ 225,779 (USD 2,451 thousand and RMB 32,637 thousand)	None	20.82%	\$ 3,665,990	Y	N	Y	
		Acme Electronics (GZ)	GAEL's Subsidiaries	2,749,493	64,540 (USD 2,000 thousand)	64,540 (USD 2,000 thousand)	-	None	3.52%	3,665,990	Y	N	Y	
		ACME (Cayman)	Subsidiary of the Company	2,749,493	314,200 (USD10,000 thousand)	-	-	None	-	3,665,990	Y	N	N	
1	ACME (MA)	ACME Ferrite	Subsidiaries of ACME(MA)	487,016	115,597 (MYR 17,584 thousand)	115,597 (MYR 17,584 thousand)	57,874 (MYR 8,803 thousand)	None	16.62%	556,589	Y	N	N	

Note 1: The rate was calculated by the equity of ACME as of September 30, 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 September 30, 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 September 30, 2023.

Note 3: The foreign currency amount was calculated based on the spot exchange rate of September 30, 2023.

Acme Electronics Corporation and Subsidiaries
Total purchases from or sales to related parties amounting to at least \$100 million or 20% of the paid-in capital
From January 1 to September 30, 2023

Table 2

Unit: In Thousands of New Taiwan Dollars

Buyer/Seller	Counterparty	Relationship	Transaction Details				Unusual Transaction Terms and Reasons (Note 1)		Notes/Accounts Receivable (Payable)		Remark
			Purchase (Sale)	Amount	Ratio to Total Purchase/Sales	Credit Period	Unit Price	Credit Period	Balance	Ratio to Total Notes or Trade Receivable (payable)	
The Company	Acme Electronics (GZ)	GAEL's Subsidiaries	Purchase (including processing fee)	\$ 174,622	62%	55 days	\$ -	—	(\$ 23,953)	31%	Note 2
Acme Electronics (GZ)	The Company	GAEL's Subsidiaries	Sales (including processing fee)	(174,622)	29%	55 days	-	—	23,953	11%	Note 2
ACME Electronics (KS)	The Company	ACME (Cayman)'s Subsidiaries	Purchase	135,347	79%	55 days	-	—	(57,612)	74%	Note 2
The Company	ACME Electronics (KS)	ACME (Cayman)'s Subsidiaries	Sales	(135,347)	16%	55 days	-	—	57,612	19%	Note 2

Note 1: The terms of payment and receipt of transactions and price between the Company and ACME Electronics (GZ) and ACME Electronics (KS) are not materially different from those of general transactions.

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

Acme Electronics Corporation and Subsidiaries
Name of the invested company, location... and other related information
From January 1 to September 30, 2023

Table 3

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

Investor	Investee	Location	Main Business Activities	Original Investment Amount (Note 2)		Ending Holding			Net Profit (Loss) of Investee for the Period (Note 3)	Investment Profit (Loss) Recognized for the Period (Note 3)	Remark
				September 30, 2023	December 31, 2022	Number of Shares	%	Carrying Amount (Note 2)			
The Company	ACME (Cayman)	Ugland House P.O. Box 309 George Town, Grand Cayman, Cayman Islands	Corporate investments	\$ 880,420	\$ 605,182	36,675,541	60.10%	\$ 883,630	(\$ 77,541) (USD (2,500) thousand)	(\$ 25,157) (USD (798) thousand)	Note 1
	GAEL	CITCO Building, Wickhams Cay Road Town, Tortola, British Virgin Islands	Corporate investments	669,072	669,072	20,800,000	100%	1,008,837	(62,690)	(58,772)	Note 1
	USIO	12F, No. 37, Jihu Rd., Neihsu Dist., Taipei City	Manufacturing and marketing of sapphire single crystal	646,200	646,200	22,064,224	34%	18,783	(11,634)	(3,956)	
ACME (Cayman)	ACME (MA)	Plot 15,Jalan Industri 6 Kawasan Perindustrian Jelapang II (ZPB) Jelapang 30020 Ipoh, Perak, Malaysia.	Corporate investments	383,723 (USD 11,891 thousand)	383,723 (USD 11,891 thousand)	42,600,000	100%	705,133 (USD 21,851 thousand)	9,526 (MYR 1,437 thousand)		Note 1
ACME (MA)	ACME Ferrite	Plot 15,Jalan Industri 6 Kawasan Perindustrian Jelapang II (ZPB) Jelapang 30020 Ipoh, Perak, Malaysia.	Manufacturing and marketing of soft ferrite core	249,575 (MYR 37,964 thousand)	249,575 (MYR37,964 thousand)	9,120,000	100%	696,153 (MYR 105,895 thousand)	9,946 (MYR1,501 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 September 30, 2023.

Note 3: The amount is calculated based on the average exchange rate from January 1 to September 30, 2023.

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

Acme Electronics Corporation and Subsidiaries
Information on Investments in Mainland China
From January 1 to September 30, 2023

Table 4Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Investee Company in Mainland China	Main Business Activities	Paid-in Capital (Note 6)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of the Beginning of Period (Note 4)	Amount of Investments Remitted or Repatriated for the Period		Accumulated Outward Remittance for Investment from Taiwan as of the End of the Current Period (Note 4)	Net Profit (Loss) of Investee for the Period (Note 5)	Ownership Percentage of Direct or Indirect Investment	Investment Gain (Loss) Recognized in the Period (Notes 3, 5 and 7)	Carrying Amount at End of Period (Notes 6 and 7)	Accumulated Repatriation of Investment Profit as of the End of the Current Period
					Outflow	Inflow						
ACME Electronics (KS)	Manufacturing and marketing of soft ferrite core	\$ 991,496 (USD 30,725 thousand)	Indirect investment via ACME (Cayman).	\$ 374,188 (USD 11,144 thousand)	\$ -	\$ -	\$ 374,188 (USD 11,144 thousand)	(\$ 79,569) (RMB (18,012) thousand)	60.10%	(\$ 45,131) (RMB (10,220) thousand)	\$ 437,730 (RMB (97,390) thousand)	\$ -
Acme Electronics (GZ)	Manufacturing and marketing of soft ferrite core	619,584 (USD 19,200 thousand)	Indirect investment via GAEL.	619,676 (USD 19,200 thousand)	-	-	619,676 (USD 19,200 thousand)	(62,403) (RMB (14,174) thousand)	100%	(62,403) (RMB (14,174) thousand)	1,004,389 (RMB 223,466 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
\$ 979,201(USD 30,344 thousand) (Notes 2 and 6)	\$ 1,182,147 (USD 36,633 thousand) (Notes 2 and 6)	\$ - (Note 1)

- Note 1: According to the file J.S.Z. No. 09704604680 issued by the Investment Commission, MOEA on August 29, 2008, the Company is an enterprise that has obtained the certificate issued by the Industrial Development Bureau, MOEA for meeting the business scope of the headquarters, so there is no investment limit.
- Note 2: It includes the capital increase transferred from earnings of Acme Electronics (Kunshan) Co., Ltd., and the Company increased the amount of US\$6,289 thousand at its ownership percentage.
- Note 3: The investment gain (loss) recognized for this period are calculated on the basis of financial statements reviewed and approved by CPAs of the parent company in Taiwan.
- Note 4: The calculation was based on the exchange rate of the original investment.
- Note 5: The amount was calculated based on the average exchange rate from January 1 to September 30, 2023.
- Note 6: The foreign currency was calculated based on the spot exchange rate of September 30, 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 September 30, 2023

Table 5

Unit: In Thousands of New Taiwan Dollars

No.	Name of trader	Counterparty	Relationships with trader (Note)	Transactions Details			
				Financial Statement Accounts	Amount	Transaction Terms	% of Total Consolidated Operating Revenue or Total Asset
0	The Company	ACME Electronics (KS)	1	Sales revenue	\$ 135,347	55 days for both purchase and sales	7.25%
0	The Company	Acme Electronics (GZ)	1	Sales revenue	91,551	55 days for both purchase and sales	4.90%
0	The Company	ACME Ferrite	1	Sales revenue	11,722	55 days for both purchase and sales	0.63%
0	The Company	ACME Electronics (KS)	1	Cost of goods sold	28,713	55 days for both purchase and sales	1.54%
0	The Company	Acme Electronics (GZ)	1	Cost of goods sold	1,790	55 days for both purchase and sales	0.10%
0	The Company	Acme Electronics (GZ)	1	Processing costs (classified as cost of goods sold)	172,832	—	9.26%
0	The Company	ACME Electronics (KS)	1	Royalty revenue	16,219	—	0.87%
0	The Company	ACME (Cayman)	1	Endorsement guaranteed income (recognized as non-operating incomes and gains - other)	1,666	—	0.09%
0	The Company	ACME Ferrite	1	Other income	134	—	0.01%
0	The Company	ACME Electronics (KS)	1	Other income	1,632	—	0.09%
0	The Company	ACME Electronics (KS)	1	Accounts receivable - related parties	57,612	55 days for both purchase and sales	1.23%
0	The Company	Acme Electronics (GZ)	1	Accounts receivable - related parties	29,777	55 days for both purchase and sales	0.63%
0	The Company	ACME Ferrite	1	Accounts receivable - related parties	5,073	55 days for both purchase and sales	0.11%
0	The Company	ACME Electronics (KS)	1	Other receivables from related parties	15,228	—	0.32%
0	The Company	Acme Electronics (GZ)	1	Other receivables from related parties	2,288	—	0.05%
0	The Company	Acme Electronics (GZ)	1	Notes and accounts payable—related parties	23,953	55 days for both purchase and sales	0.51%
0	The Company	ACME Electronics (KS)	1	Notes and accounts payable—related parties	19,242	55 days for both purchase and sales	0.41%
0	The Company	Acme Electronics (GZ)	1	Other payables - related parties	283	—	0.01%
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Sales revenue	11,050	55 days for both purchase and sales	0.59%
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Cost of goods sold	16,566	55 days for both purchase and sales	0.89%
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Accounts receivable - related parties	3,393	55 days for both purchase and sales	0.07%
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Notes and accounts payable—related parties	5,037	55 days for both purchase and sales	0.11%
3	ACME Electronics (KS)	ACME Ferrite	3	Sales revenue	74,619	55 days for both purchase and sales	4.00%
3	ACME Electronics (KS)	ACME Ferrite	3	Cost of goods sold	2,371	55 days for both purchase and sales	0.13%
3	ACME Electronics (KS)	ACME Ferrite	3	Accounts receivable - related parties	12,665	55 days for both purchase and sales	0.27%
3	ACME Electronics (KS)	ACME Ferrite	3	Notes and accounts payable—related parties	2,412	55 days for both purchase and sales	0.05%
3	ACME Ferrite	Acme Electronics (GZ)	3	Sales revenue	2,070	55 days for both purchase and sales	0.11%

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
September 30, 2023

Table 6

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

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