

Acme Electronics Corporation and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Review Report

For the Three Months Ended March 31, 2024 and 2023

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 jurisdiction s. 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 a companying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese language independent auditors' review report and consolidated financial statements shall prevail.

§TABLE OF CONTENT§

ITEM	PAGE	FINANCIAL STATEMENTS NOTES NO.
I. Cover	1	-
II. Table of Content	2	-
III. Independent Auditors' Review Report	3-4	-
IV. Consolidated Balance Sheets	5	-
V. Consolidated Statements of Comprehensive Income	6-7	-
VI. Consolidated Statements of Changes in Equity	8	-
VII. Consolidated Statements of Cash Flows	9-10	-
VIII. Notes to Consolidated Financial Statements		
(I) Company History	11	1
(II) Date and Procedure for the Approval of Financial Statements	11	2
(III) Application of New, Amended and Revised Standards and Interpretations	11-13	3
(IV) Summary of Significant Accounting Policies	13-15	4
(V) Critical Accounting Judgments and Key Sources of Estimation Uncertainty	15	5
(VI) Information on Important Accounting Items	15-41	6-23
(VII) Related Party Transactions	41-44	24
(VIII) Collateralized Assets	44	25
(IX) Significant Contingent Liability and Unrecognized Contractual Commitments	44	26
(X) Significant Disaster Loss	-	-
(XI) Significant Events After the Balance Sheet Date	-	-
(XII) Others	44-46	27
(XIII) Disclosure Items		-
1. Information on Significant Transactions	46-47, 49-51, 54-55	28
2. Information on Reinvestment	47, 52	28
3. Information on Investments in Mainland China	47, 49-50, 53-55	28
4. Information on Major Shareholders	47, 56	28
(XIV) Segment Information	47-48	29

Independent Auditors' Review Report

To: Acme Electronics Corporation

Preface

We have reviewed the Consolidated Balance Sheets of Acme Electronics Corporation and its subsidiaries (hereinafter the “Group”) as of March 31, 2024 and 2023, the Consolidated Statements of Comprehensive Income, the Consolidated Statements of Changes in Equity, the Consolidated Statements of Cash Flows, and Notes to the Consolidated Financial Statements (including the summary of significant accounting policies) for the three months from January 1 to March 31, 2024 and 2023. 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\$15,781 thousand and NT\$20,824 thousand as of March 31, 2024 and 2023, respectively, and the shares of losses of affiliates accounted for under the equity method amounted to NT\$2,415 thousand and NT\$1,915 thousand

from January 1 to March 31, 2024 and 2023, respectively, based on the unreviewed financial statements of these investees for the same periods.

Qualified conclusion

According to the results of our review, except the influence of the financial statements of the investees that have been reviewed by the auditor in the section of the Basis for Conclusions, we have not found any material aspects of the above consolidated financial statements that have not been prepared according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission and issued in effect, which may lead to the inability to fairly express the consolidated financial positions of Acme Electronics Corporation and its subsidiaries as of March 31, 2024 and 2023, and the consolidated financial performance and consolidated cash flows of Acme Electronics Corporation and its subsidiaries from January 1 to March 31, 2024 and 2023.

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

May 2, 2024

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 jurisdiction s. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese language independent auditors' review report and consolidated financial statements shall prevail.

Acme Electronics Corporation and Subsidiaries
Consolidated Balance Sheets
March 31, 2024 and December 31 and March 31, 2023

Unit: In Thousands of New Taiwan Dollars

Code	Assets	March 31, 2024		December 31, 2023		March 31, 2023	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 6)	\$ 574,325	12	\$ 456,723	10	\$ 472,575	10
1110	Financial assets at fair value through profit or loss (FVTPL)						
	- current (Note 7)	118	-	142	-	491	-
1136	Financial assets at amortized cost - current (Notes 8 and 25)	20,394	-	20,189	1	15,439	1
1150	Notes receivable (Note 9)	53,419	1	56,452	1	87,913	2
1170	Accounts receivable, net (Notes 9 and 24)	756,475	16	680,977	15	641,410	14
1200	Other receivables (Note 24)	16,986	-	11,336	-	13,616	-
1220	Current tax assets (Notes 4 and 20)	9,579	-	9,485	-	7,838	-
130X	Inventories (Note 10)	675,245	14	669,164	15	914,566	19
1470	Other current assets	88,860	2	48,845	1	58,104	1
11XX	Total current assets	<u>2,195,401</u>	<u>45</u>	<u>1,953,313</u>	<u>43</u>	<u>2,211,952</u>	<u>47</u>
	Non-current assets						
1550	Investments accounted for using equity method (Note 12)	15,781	-	18,196	-	20,824	-
1600	Property, plant and equipment (Notes 13 and 25)	2,155,458	44	2,048,409	45	1,783,453	38
1755	Right-of-use assets (Notes 14 and 25)	170,635	4	169,178	4	187,092	4
1780	Intangible assets	4,054	-	4,220	-	5,514	-
1840	Deferred tax assets (Notes 4 and 20)	85,329	2	97,137	2	92,298	2
1915	Prepayments for equipment	231,874	5	277,851	6	422,309	9
1920	Refundable deposits (Note 25)	11,339	-	11,140	-	9,010	-
15XX	Total non-current assets	<u>2,674,470</u>	<u>55</u>	<u>2,626,131</u>	<u>57</u>	<u>2,520,500</u>	<u>53</u>
1XXX	Total Assets	<u>\$ 4,869,871</u>	<u>100</u>	<u>\$ 4,579,444</u>	<u>100</u>	<u>\$ 4,732,452</u>	<u>100</u>
	Liabilities and Equity						
	Current liabilities						
2100	Short-term borrowings (Notes 15 and 25)	\$ 292,355	6	\$ 357,357	8	\$ 575,109	12
2110	Short-term notes payable, net (Note 15)	-	-	-	-	39,963	1
2120	Financial liabilities at fair value through profit or loss (FVTPL) - current (Note 7)	485	-	33	-	58	-
2170	Notes payable and accounts payable (Note 24)	76,459	2	61,477	2	90,936	2
2200	Other payables (Note 24)	190,103	4	274,117	6	216,960	5
2230	Current tax liabilities (Notes 4 and 20)	-	-	-	-	6,036	-
2280	Lease liabilities - current (Note 14)	14,814	-	14,104	-	14,367	-
2320	Long-term borrowings due within one year (Notes 15 and 25)	131,835	3	1,047	-	-	-
2399	Other current liabilities	9,460	-	12,988	-	10,985	-
21XX	Total current liabilities	<u>715,511</u>	<u>15</u>	<u>721,123</u>	<u>16</u>	<u>954,414</u>	<u>20</u>
	Non-current liabilities						
2540	Long-term borrowings (Notes 15 and 25)	1,432,918	29	1,332,892	29	1,025,100	22
2570	Deferred tax liabilities (Notes 4 and 20)	108,566	2	106,086	2	136,103	3
2580	Lease liabilities - non-current (Note 14)	42,504	1	44,212	1	56,007	1
2630	Long-term deferred incomes (Note 15 and 17)	39,737	1	34,822	1	31,772	1
2640	Net defined benefit liabilities - non-current (Notes 4 and 16)	10,274	-	15,118	-	15,115	-
2645	Guarantee deposits received	498	-	612	-	24	-
25XX	Total non-current liabilities	<u>1,634,497</u>	<u>33</u>	<u>1,533,742</u>	<u>33</u>	<u>1,264,121</u>	<u>27</u>
2XXX	Total liabilities	<u>2,350,008</u>	<u>48</u>	<u>2,254,865</u>	<u>49</u>	<u>2,218,535</u>	<u>47</u>
	Equity attributable to owners of the Company (Notes 18)						
3110	Ordinary share capital	2,129,937	44	2,129,937	46	2,129,937	45
3200	Capital surplus	299,942	6	299,942	7	299,938	6
3350	Accumulated deficit	(422,208)	(8)	(478,030)	(10)	(367,289)	(8)
	Other equity						
3410	Exchange differences on translating the financial statements of foreign operations	(131,583)	(3)	(182,384)	(4)	(146,205)	(3)
31XX	Total equity attributable to owners of the Company	<u>1,876,088</u>	<u>39</u>	<u>1,769,465</u>	<u>39</u>	<u>1,916,381</u>	<u>40</u>
36XX	Non-controlling interests (Note 11)	<u>643,775</u>	<u>13</u>	<u>555,114</u>	<u>12</u>	<u>597,536</u>	<u>13</u>
3XXX	Total equity	<u>2,519,863</u>	<u>52</u>	<u>2,324,579</u>	<u>51</u>	<u>2,513,917</u>	<u>53</u>
	Total liabilities and equity	<u>\$ 4,869,871</u>	<u>100</u>	<u>\$ 4,579,444</u>	<u>100</u>	<u>\$ 4,732,452</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 May 2, 2024)

Acme Electronics Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Three Month Ended March 31, 2024 and 2023

		Unit: In Thousands of New Taiwan Dollars, Except for Earnings (Losses) Per Share in New Taiwan Dollars			
		From January 1 to March 31, 2024		From January 1 to March 31, 2023	
Code		Amount	%	Amount	%
	Operating revenue				
4110	Sales revenue (Note 24)	\$ 718,667	100	\$ 636,236	100
4170	Less: Sales returns and allowances	<u>674</u>	<u>-</u>	<u>1,649</u>	<u>-</u>
4000	Total operating revenue	717,993	100	634,587	100
	Operating costs				
5110	Cost of goods sold (Notes 10, 16, 19, and 24)	<u>559,661</u>	<u>78</u>	<u>591,833</u>	<u>93</u>
5900	Gross profit	<u>158,332</u>	<u>22</u>	<u>42,754</u>	<u>7</u>
	Operating expenses (Notes 9, 16, 19, and 24)				
6100	Selling and marketing expenses	33,101	4	31,485	5
6200	Administrative expenses	47,999	7	48,001	7
6300	Research and development expenses	42,946	6	42,293	7
6450	Provision (reversal of provision) for bad debt expense	<u>212</u>	<u>-</u>	<u>60</u>	<u>-</u>
6000	Total operating expenses	<u>124,258</u>	<u>17</u>	<u>121,839</u>	<u>19</u>
6900	Net operating income (loss)	<u>34,074</u>	<u>5</u>	(<u>79,085</u>)	(<u>12</u>)
	Non-operating income and expenses				
7100	Interest income	4,179	-	2,453	-
7010	Other incomes (Notes 17, 19 and 24)	14,183	2	8,275	1
7230	Gains (losses) from foreign exchange (Note 19)	15,918	2	(3,275)	-
7020	Other gains and losses (Notes 7 and 19)	1,658	-	61	-
7050	Finance costs (Note 19)	(8,923)	(1)	(14,170)	(2)
7060	Share of profit or loss of affiliates accounted for using equity method (Note 12)	(<u>2,415</u>)	<u>-</u>	(<u>1,915</u>)	<u>-</u>
7000	Total non-operating income and expenses	<u>24,600</u>	<u>3</u>	(<u>8,571</u>)	(<u>1</u>)

(Continued)

(Continued)

Code		From January 1 to March 31, 2024		From January 1 to March 31, 2023	
		Amount	%	Amount	%
7900	Net profit (loss) before tax	\$ 58,674	8	(\$ 87,656)	(13)
7950	Income tax benefit (expense) (Notes 4 and 20)	(5,614)	-	13,747	2
8200	Net profit (loss) for the period	53,060	8	(73,909)	(11)
	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	79,944	11	2,735	-
8399	Income tax relating to items that may be reclassified to profit or loss (Note 20)	(12,700)	(2)	(787)	-
8300	Total other comprehensive income (net)	67,244	9	1,948	-
8500	Total comprehensive income for the period	\$ 120,304	17	(\$ 71,961)	(11)
	Net (loss) profit attributable to:				
8610	Owners of parent company	\$ 55,822	8	(\$ 62,270)	(10)
8620	Non-controlling Interests	(2,762)	(1)	(11,639)	(2)
8600		\$ 53,060	7	(\$ 73,909)	(12)
	Total comprehensive income attributable to:				
8710	Owners of parent company	\$ 106,623	15	(\$ 59,121)	(9)
8720	Non-controlling interests	13,681	2	(12,840)	(2)
8700		\$ 120,304	17	(\$ 71,961)	(11)
	Earnings (losses) per share (Note 21)				
9750	Basic	\$ 0.26		(\$ 0.30)	
9850	Diluted	\$ 0.26		(\$ 0.30)	

The accompanying notes are an integral part of the Consolidated Financial Statements.
(Please refer to the Review Report issued by Deloitte & Touche on May 2, 2024)

Acme Electronics Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the Three Month Ended March 31, 2024 and 2023

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

		Equity attributable to owners of the Company							
		Share capital (Note 18)			Accumulated deficit (Note 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	Capital surplus (Note 18)					
A1	Balance as of January 1, 2023	182,993,743	\$ 1,829,937	\$ 2,139	(\$ 305,019)	(\$ 149,354)	\$ 1,377,703	\$ 610,376	\$ 1,988,079
E1	Capital increase in cash	30,000,000	300,000	297,799	-	-	597,799	-	597,799
D1	Net loss from January 1 to March 31, 2023	-	-	-	(62,270)	-	(62,270)	(11,639)	(73,909)
D3	Other comprehensive income (loss) from January 1 to March 31, 2023	-	-	-	-	3,149	3,149	(1,201)	1,948
D5	Total comprehensive income (loss) from January 1 to March 31, 2023	-	-	-	(62,270)	3,149	(59,121)	(12,840)	(71,961)
Z1	Balance as of March 31, 2023	<u>212,993,743</u>	<u>\$ 2,129,937</u>	<u>\$ 299,938</u>	<u>(\$ 367,289)</u>	<u>(\$ 146,205)</u>	<u>\$ 1,916,381</u>	<u>\$ 597,536</u>	<u>\$ 2,513,917</u>
A1	Balance as of January 1, 2024	212,993,743	\$ 2,129,937	\$ 299,942	(\$ 478,030)	(\$ 182,384)	\$ 1,769,465	\$ 555,114	\$ 2,324,579
D1	Net Income from January 1 to March 31, 2024	-	-	-	55,822	-	55,822	(2,762)	53,060
D3	Other comprehensive income (loss) from January 1 to March 31, 2024	-	-	-	-	50,801	50,801	16,443	67,244
D5	Total comprehensive income (loss) from January 1 to March 31, 2024	-	-	-	55,822	50,801	106,623	13,681	120,304
O1	Non-controlling interests	-	-	-	-	-	-	74,980	74,980
Z1	Balance as of March 31, 2024	<u>212,993,743</u>	<u>\$ 2,129,937</u>	<u>\$ 299,942</u>	<u>(\$ 422,208)</u>	<u>(\$ 131,583)</u>	<u>\$ 1,876,088</u>	<u>\$ 643,775</u>	<u>\$ 2,519,863</u>

The accompanying notes are an integral part of the Consolidated Financial Statements.

(Please refer to the Review Report issued by Deloitte & Touche on May 2, 2024)

Acme Electronics Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the Three Month Ended March 31, 2024 and 2023

Unit: In Thousands of New Taiwan Dollars

Code		From January 1 to March 31, 2024	From January 1 to March 31, 2023
	Cash flows from operating activities		
A10000	Net (loss) profit before tax for the period	\$ 58,674	(\$ 87,656)
A20010	Income (expenses) items		
A20100	Depreciation expenses	75,311	67,372
A20200	Amortization expense	307	520
A20300	Provision (reversal of provision) for bad debt expense	212	60
A20400	Net Loss of Financial Instruments at fair value through profit or loss	476	17
A20900	Finance costs	8,923	14,170
A21200	Interest income	(4,179)	(2,453)
A22300	Share of profit (loss) of associates accounted for using the equity method	2,415	1,915
A22500	Loss (profit) of disposal and scrapping of property, plant and equipment	(40)	236
A23700	Loss on (gain on reversal of) write-down of inventories	1,551	(20,565)
A24100	Gains from foreign exchange	-	(3,205)
A29900	Deferred and other income	(922)	(589)
A30000	Change in operating assets and liabilities		
A31130	Notes receivable	3,033	(41,164)
A31150	Accounts receivables (including related parties)	(76,013)	105,905
A31180	Other receivables (including related parties)	(5,678)	(5,533)
A31200	Inventories	(8,759)	87,881
A31240	Other current assets	(40,015)	4,311
A32150	Notes and accounts payable (including related parties)	14,982	11,412
A32180	Other payables (including related parties)	(34,246)	(44,888)
A32230	Other current liabilities	(3,528)	2,768
A32240	Net defined benefit liabilities	(4,844)	(1,038)
A33000	Cash flows generated from operations	(12,340)	89,476
A33100	Interest received	4,207	2,237
A33300	Interest paid	(9,095)	(14,263)
A33500	Income tax paid	(3,349)	(3,650)
AAAA	Net cash flows generated from operating activities	(20,577)	73,800

(Continued)

(Continued)

<u>Code</u>		<u>From January 1 to March 31, 2024</u>	<u>From January 1 to March 31, 2023</u>
	Cash flows from investing activities		
B00040	Purchase of financial assets at amortized cost	(\$ 14)	\$ -
B02700	Acquisition cost of property, plant and equipment	(136,372)	(147,553)
B02800	Proceeds from disposal of property, plant and equipment	271	134
B03700	Increase in refundable deposits	(5)	(67)
BBBB	Net cash used in investing activities	(136,120)	(147,486)
	Cash flows from financing activities		
C00100	Decrease in short-term borrowings	(69,437)	(153,612)
C00500	Decrease in short-term notes payable	-	(40,000)
C01600	Proceeds from long-term borrowings	529,100	250,100
C01700	Repayments of long-term borrowings	(295,100)	(594,000)
C03100	Decrease in guarantee deposits received	(135)	-
C04020	Repayments of the principal portion of lease liabilities	(3,612)	(3,582)
C04600	Capital increase in cash	-	600,000
C05800	Change in non-controlling interests	74,980	-
C09900	Payment of stock issuance costs	-	(2,201)
CCCC	Net cash provided by financing activities	<u>235,796</u>	<u>56,705</u>
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	<u>38,503</u>	(663)
EEEE	Increase (decrease) in cash and cash equivalents for the period	117,602	(17,644)
E00100	Beginning balance of cash and cash equivalents	<u>456,723</u>	<u>490,219</u>
E00200	Ending balance of cash and cash equivalents	<u>\$ 574,325</u>	<u>\$ 472,575</u>

The accompanying notes are an integral part of the Consolidated Financial Statements.

(Please refer to the Review Report issued by Deloitte & Touche on May 2, 2024)

Acme Electronics Corporation and Subsidiaries
Notes to Consolidated Financial Statements
From January 1 to March 31, 2024 and 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

I. Company History

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

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

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

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

II. Date and Procedure for the Approval of Financial Statements

The consolidated financial statements were approved for issue by the Company's Board of Directors on May 2, 2024.

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

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

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

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

New/Revised/Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture” IFRS 17 “Insurance Contracts”	Yet to be decided January 1, 2023

(Continued)

(Continued)

New/Revised/Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosure of Financial Statements"	January 1, 2027
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. When applying the amendment for the first time, the comparative period should not be restated. Instead, the impact amounts should be recognized in the retained earnings or equity under the foreign operating organization exchange differences on the initial application date, as well as the related affected assets and liabilities.

IFRS 18 "Presentation and Disclosure of Financial Statements"

IFRS 18 will replace IAS 1 "Presentation of Financial Statements". The main changes in this standard are as follows:

- The income statement should categorize revenue and expense items into operating, investing, financing, income tax, and discontinued operations.
- The income statement should include the reporting of operating income, financing and pre-tax income, as well as subtotals and totals of income.
- Guidelines for strengthening consolidation and subdivision provisions: When merging companies, it is important to identify and classify assets, liabilities, equity, income, expenses, and cash flows from individual transactions or other matters based on common characteristics. This ensures that each line item reported in the main financial statements shares at least one similar characteristic. Projects with varying characteristics should be classified in the primary financial statements and accompanying notes. When the Group is unable to find a more descriptive name, it will categorize such items as 'Others'.
- Disclosure of performance measures defining management levels: When the Group communicates the perspective of management levels on the overall

financial performance in public communications outside of financial statements, relevant information regarding the disclosure of performance measures defining management levels should be included in a single note of the financial statements. This note should include the description of the measures, their calculation method, adjustments to subtotals or totals as defined by IFRS Financial Reporting Standards, and the impact of income tax and non-controlling interests related to the adjustments.

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

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The 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) Basic 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.

When the Group changes its ownership interests in a subsidiary without losing control, it is considered an equity transaction. The book values of the Group and non-controlling interests have been adjusted to account for the changes in their respective equity in the subsidiary. The difference between the adjustment amount of non-controlling interests and the fair value of the consideration paid or received is recognized as equity and attributed directly to the owners of the Company.

Please refer to Note 11 and Table 4, and Table 5 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, 2023.

1. Criteria classifying current/non-current assets and liabilities

Current assets include:

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

Current liabilities include:

- (1) Liabilities held primarily for the purpose of trading;
- (2) Liabilities due for repayment within 12 months after the balance sheet date, and

- (3) Liabilities that do not have significant rights to postpone the repayment period for at least 12 months after the balance sheet date.

Assets or liabilities that do not fall under the aforementioned current assets or current liabilities are classified as non-current assets or non-current liabilities.

2. 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.

3. 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 2023.

VI. Cash and cash equivalents

	March 31, 2024	December 31, 2023	March 31, 2023
Petty cash and cash on hand	\$ 766	\$ 532	\$ 1,463
Checks and demand deposits in banks	158,601	231,069	318,077
Cash equivalents			
Time deposits	312,338	131,123	112,500
Reserve repurchase agreements collateralized by bonds	102,620	93,999	40,535
	<u>\$ 574,325</u>	<u>\$ 456,723</u>	<u>\$ 472,575</u>

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
		0.00007%~	
Demand deposits	0.001%~4.40%	4.40%	0.001%~3.70%
Time deposits	2.55%~5.15%	3.50%~5.33%	2.45%~4.83%
Bonds with resale	2.20%~5.28%	2.15%~5.50%	1.95%~4.40%

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Financial assets - current</u>			
Mandatorily measured at fair value through profit or loss			
Derivatives (not under hedge accounting)			
— Foreign exchange forward contracts	<u>\$ 118</u>	<u>\$ 142</u>	<u>\$ 491</u>
<u>Financial liabilities - current</u>			
Held for trading			
Derivatives (not under hedge accounting)			
— Foreign exchange forward contracts	<u>\$ 485</u>	<u>\$ 33</u>	<u>\$ 58</u>

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>March 31, 2024</u>					
Sell	USD/MYR	2024.4.12~ 2024.12.16	USD	2,800/ MYR	13,020
<u>December 31, 2023</u>					
Sell	USD/MYR	2024.1.8~2024.7.11	USD	1,800/ MYR	8,281
<u>March 31, 2023</u>					
Sell	USD/MYR	2023.5.26~ 2023.9.18	USD	1,200/ MYR	5,258

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 at amortized cost - current

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Pledge and mortgage</u>			
Time deposits with original maturity over 3 months	<u>\$ 20,394</u>	<u>\$ 20,189</u>	<u>\$ 15,439</u>

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Time deposits with original maturity over 3 months	1.575%~2.75%	1.45%~2.80%	1.45%~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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Notes receivable			
Measured at amortized cost			
Gross carrying amount	<u>\$ 53,419</u>	<u>\$ 56,452</u>	<u>\$ 87,913</u>
Accounts receivable			
Measured at amortized cost			
Gross carrying amount	\$ 768,348	\$ 692,334	\$ 652,097
Less: allowance for loss	(<u>11,873</u>)	(<u>11,357</u>)	(<u>10,687</u>)
	<u>\$ 756,475</u>	<u>\$ 680,977</u>	<u>\$ 641,410</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.

March 31, 2024

	<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	0.75%	5.46%	87.92%	100%	
Gross carrying amount	\$ 763,498	\$ 55,000	\$ 869	\$ 2,400	\$ 821,767
Loss allowance (Lifetime ECLs)	(<u>5,707</u>)	(<u>3,002</u>)	(<u>764</u>)	(<u>2,400</u>)	(<u>11,873</u>)
Amortized cost	<u>\$ 757,791</u>	<u>\$ 51,998</u>	<u>\$ 105</u>	<u>\$ -</u>	<u>\$ 809,894</u>

December 31, 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	0.93%	4.95%	100%	100%	
Gross carrying amount	\$ 694,153	\$ 52,296	\$ 60	\$ 2,277	\$ 748,786
Loss allowance (Lifetime ECLs)	(<u>6,429</u>)	(<u>2,591</u>)	(<u>60</u>)	(<u>2,277</u>)	(<u>11,357</u>)
Amortized cost	<u>\$ 687,724</u>	<u>\$ 49,705</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 737,429</u>

March 31, 2023

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

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

	<u>From January 1 to March 31, 2024</u>	<u>From January 1 to March 31, 2023</u>
Beginning balance	\$ 11,357	\$ 10,611
Provision for impairment losses in the current period	212	60
Foreign exchange translation gains and losses	<u>304</u>	<u>16</u>
Ending balance	<u>\$ 11,873</u>	<u>\$ 10,687</u>

X. Inventories

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Finished goods	\$ 305,802	\$ 286,838	\$ 399,009
Work in progress	262,582	254,777	303,196
Raw materials and supplies	<u>106,861</u>	<u>127,549</u>	<u>212,361</u>
	<u>\$ 675,245</u>	<u>\$ 669,164</u>	<u>\$ 914,566</u>

The costs of inventories recognized as cost of goods sold from January 1 to March 31, 2024 and 2023 were NT\$559,661 thousand and NT\$591,833 thousand, respectively.

The cost of goods sold from January 1 to March 31, 2024 and 2023 included an impairment loss of NT\$1,551 thousand and a recovery benefit of NT\$20,565 thousand in net realized value of inventory, respectively.

XI. Subsidiary

(I) Subsidiaries included in the consolidated financial statements

The consolidated financial statements are prepared by the following subjects:

Investor	Subsidiary	Nature of Activities	Proportion of Ownership (%)			Remark
			March 31, 2024	December 31, 2023	March 31, 2023	
The Company	ACME Electronics (Cayman) Corp. (ACME (Cayman))	Corporate investments	60.10%	60.10%	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)
	ACME Advanced Material (ACME Advanced)	Manufacturing and marketing of silicon carbide	100.00%	-	-	(6)
GAEL	Acme Electronics (Guangzhou) Co., Ltd. ("ACME Electronics (GZ)")	Manufacturing and marketing of soft ferrite core	100.00%	100.00%	100.00%	(7)

- (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, April 2023, ACME (Cayman) made a capital increase of US\$9,000 thousand in cash, all of which was subscribed by the Company, resulting in an increase in the shareholding ratio to 60.10%. As the above transaction did not change the control of the Group over its subsidiaries, which the Group treated as an equity transaction and adjusted to increase the accumulated deficits to be offset by NT\$1,518 thousand. In addition, ACME (Cayman) conducted a cash capital increase of US\$6,000 thousand in February 2024, subscribed by the original shareholders in proportion to their holdings. Before and after the capital increase, the company's shareholding percentage remained at 60.10%.
- (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 Advanced completed its registration in January 2024, with its primary business being the production and sale of silicon carbide. The expected investment amount is MYR 27,300 thousand. However, as of March 31, 2024, the capital injection process mentioned above has not yet been completed.
- (7) 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 4 for information on the main business premises and countries of registration.

Subsidiary	Profit (Loss) Allocated to Non-controlling Interests		Non-controlling Interests		
	From January 1 to March 31, 2024	From January 1 to March 31, 2023	March 31, 2024	December 31, 2023	March 31, 2023
ACME (Cayman) and its subsidiaries	<u>(\$ 2,762)</u>	<u>(\$ 11,639)</u>	<u>\$ 643,775</u>	<u>\$ 555,114</u>	<u>\$ 597,536</u>

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

ACME (Cayman) and its subsidiaries

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Current assets	\$ 1,108,451	\$ 885,623	\$ 903,709
Non-current assets	1,105,584	1,088,436	1,112,824
Current liabilities	(480,670)	(464,168)	(725,441)
Non-current liabilities	(120,508)	(121,076)	(69,358)
Equity	<u>\$ 1,612,857</u>	<u>\$ 1,388,815</u>	<u>\$ 1,221,734</u>
Equity attributable to:			
Owners of the Company	\$ 969,324	\$ 834,675	\$ 626,427
Non-controlling interests	<u>643,533</u>	<u>554,140</u>	<u>595,307</u>
	<u>\$ 1,612,857</u>	<u>\$ 1,388,815</u>	<u>\$ 1,221,734</u>
		<u>From January 1 to March 31, 2024</u>	<u>From January 1 to March 31, 2023</u>
Operating revenue		<u>\$ 321,579</u>	<u>\$ 316,234</u>
Net loss for the period		(\$ 5,088)	(\$ 25,261)
Other comprehensive income (loss)		<u>41,210</u>	(<u>2,465</u>)
Total comprehensive income		<u>\$ 36,122</u>	(<u>\$ 27,726</u>)
Net loss attributable to:			
Owners of the Company		(\$ 3,058)	(\$ 12,952)
Non-controlling interests		(<u>2,030</u>)	(<u>12,309</u>)
		(<u>\$ 5,088</u>)	(<u>\$ 25,261</u>)
Total comprehensive income attributable to:			
Owners of the Company		\$ 21,709	(\$ 14,216)
Non-controlling interests		<u>14,413</u>	(<u>13,510</u>)
		<u>\$ 36,122</u>	(<u>\$ 27,726</u>)
Cash flow			
Operating activities		(\$ 2,809)	\$ 63,505
Investing activities		21,200	(35,599)
Financing activities		153,506	(30,831)
Effects of exchange rate changes		<u>8,443</u>	(<u>1,228</u>)
Net cash inflow (outflow)		<u>\$ 180,340</u>	(<u>\$ 4,153</u>)

XII. Investments accounted for using equity method

<u>Company Name</u>	<u>March 31, 2024</u>		<u>December 31, 2023</u>		<u>March 31, 2023</u>	
	<u>Amount</u>	<u>Shareholding</u>	<u>Amount</u>	<u>Shareholding</u>	<u>Amount</u>	<u>Shareholding</u>
USI Optronics Corporation ("USIO")	<u>\$ 15,781</u>	34%	<u>\$ 18,196</u>	34%	<u>\$ 20,824</u>	34%

Please refer to Table 4 for relevant information on associates of the Group on the balance sheet date.

Under the equity method, the Company's shares of the profit or loss and other comprehensive income of the associates from January 1 to March 31, 2024 and 2023 are recognized based on the unreviewed financial statements of each associates during the same period.

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

USIO

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Current assets	\$ 29,318	\$ 34,113	\$ 38,060
Non-current assets	21,838	24,062	26,663
Current liabilities	(4,733)	(4,652)	(3,470)
Equity	46,423	53,523	61,253
The Company's shareholding ratio	<u>34%</u>	<u>34%</u>	<u>34%</u>
Equity attributable to the Group	<u>\$ 15,781</u>	<u>\$ 18,196</u>	<u>\$ 20,824</u>
Carrying amount of investment	<u>\$ 15,781</u>	<u>\$ 18,196</u>	<u>\$ 20,824</u>
	<u>From January 1 to March 31, 2024</u>	<u>From January 1 to March 31, 2023</u>	
Operating revenue	<u>\$ 1,759</u>	<u>\$ 2,066</u>	
Net loss for the period	<u>(\$ 7,100)</u>	<u>(\$ 5,632)</u>	
Total comprehensive income (loss)	<u>(\$ 7,100)</u>	<u>(\$ 5,632)</u>	

XIII. Property, plant and equipment

From January 1 to March 31, 2024						
	Beginning balance	Changes during this period				Ending balance
		Increase during the period	Decrease during the period	Internal transfer	Effects of exchange rate	
<u>Cost</u>						
Land	\$ 82,657	\$ -	\$ -	\$ -	\$ -	\$ 82,657
Land improvement	7,996	-	-	-	-	7,996
Building and equipment	1,382,495	310	(548)	21,370	36,434	1,440,061
Machinery and equipment	3,250,312	4,595	(580)	34,411	86,331	3,375,069
Transportation and communication equipment	16,055	-	(658)	-	378	15,775
Other equipment	404,737	1,891	(100,271)	2,550	10,706	319,613
Construction in progress	-	68,134	-	-	-	68,134
Total cost	<u>5,144,252</u>	<u>\$ 74,930</u>	<u>(\$ 102,057)</u>	<u>\$ 58,331</u>	<u>\$ 133,849</u>	<u>5,309,305</u>
<u>Accumulated depreciation and impairment</u>						
Land improvement	7,534	\$ 42	\$ -	\$ -	\$ -	7,576
Building and equipment	808,038	16,096	(548)	-	22,654	846,240
Machinery and equipment	1,932,443	47,990	(525)	-	57,343	2,037,251
Transportation and communication equipment	13,024	217	(659)	-	304	12,886
Other equipment	334,804	6,382	(100,094)	-	8,802	249,894
Total accumulated depreciation and impairment	<u>3,095,843</u>	<u>\$ 70,727</u>	<u>(\$ 101,826)</u>	<u>\$ -</u>	<u>\$ 89,103</u>	<u>3,153,847</u>
Net	<u>\$ 2,048,409</u>					<u>\$ 2,155,458</u>

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

There were no impairment losses on assessed property, plant and equipment from January 1 to March 31, 2024 and 2023.

Depreciated on a straight-line basis over their estimated useful lives as follows:

Land improvement	8 to 20 years
Building and equipment	
Office building, laboratory, and their improvements	20 to 50 years
Others	3 to 15 years
Machinery and equipment	3 to 15 years
Transportation and communication equipment	5 years
Other equipment	3 to 25 years

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

XIV. Lease Arrangements

(I) Right-of-use assets

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Carrying amount of right- of-use assets			
Land	\$ 114,825	\$ 112,313	\$ 118,151
Buildings	320	-	78
Machinery and equipment	54,978	56,258	67,968
Transportation equipment	<u>512</u>	<u>607</u>	<u>895</u>
	<u>\$ 170,635</u>	<u>\$ 169,178</u>	<u>\$ 187,092</u>
	<u>From January 1 to March 31, 2024</u>	<u>From January 1 to March 31, 2023</u>	
Addition for right-of-use assets	<u>\$ 349</u>	<u>\$ -</u>	
Depreciation expense of right- of-use assets			
Land	\$ 974	\$ 991	
Buildings	29	26	
Machinery and equipment	3,485	3,497	
Transportation equipment	<u>96</u>	<u>96</u>	
	<u>\$ 4,584</u>	<u>\$ 4,610</u>	

In addition to the aforementioned additions and recognition of depreciation expenses, there were no significant subleasing or impairment situations for the consolidated company's right-of-use assets from January 1, 2023 to March 31, 2024.

(II) Lease liabilities

As of March 31, 2024 and December 31 and March 31, 2023, the discount rates of lease liabilities were 1.11%~1.67%, 1.11%~1.25% and 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 January 1 to March 31, 2024	From January 1 to March 31, 2023
Expenses relating to short-term leases	\$ 2,058	\$ 1,770
Total cash flows on lease	(\$ 5,834)	(\$ 5,555)

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 short-term lease commitments subject to recognition exemption were NT\$3,622 thousand and NT\$3,327 thousand respectively on March 31, 2024 and 2023.

XV. Borrowings

(I) Short-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Secured borrowings</u> (Note 25)			
Bank Loans	\$ 6,867	\$ 6,525	\$ -
<u>Unsecured borrowings</u>			
Credit Line Loan	285,488	350,832	575,109
	<u>\$ 292,355</u>	<u>\$ 357,357</u>	<u>\$ 575,109</u>

The interest rates of short-term borrowings were 1.694%~4.41%, 1.68%~4.74% and 1.55%~7.6478% at March 31, 2024 and December 31 and March 31, 2023, respectively.

(II) Short-term bills payable (March 31, 2024 and December 31, 2023: None)

	<u>March 31, 2023</u>
Commercial note payable	\$ 40,000
Less: Discount on commercial note payable	(<u>37</u>)
	<u>\$ 39,963</u>

The interest rates on short-term bills payable was 1.688% as of March 31, 2023.

(III) Long-term borrowings

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Secured bank loans	\$ 1,270,187	\$ 1,235,439	\$ 1,000,000
Unsecured bank loans	<u>294,566</u>	<u>98,500</u>	<u>25,100</u>
	1,564,753	1,333,939	1,025,100
Long-term borrowings due within one year	(<u>131,835</u>)	(<u>1,047</u>)	<u>-</u>
	<u>\$ 1,432,918</u>	<u>\$ 1,332,892</u>	<u>\$ 1,025,100</u>
Maturity year	2024~2044	2024~2044	2025~2027
Range of interest rates	1.12~4.35%	0.995~4.35%	1.55~1.68%

The Group received a low-interest loan of NT\$560,000 thousand under the " Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan ". The loan is subject to market interest rates, with the government subsidizing the difference between the market rate and the preferential repayment rate. As of March 31, 2024, a total of NT\$213,000 thousand has been utilized.

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

XVI. Post-retirement benefits plans

The pension cost related to defined benefit plans recognized from January 1 to March 31, 2024 and 2023, was calculated using the actuarially determined pension cost rates as of December 31, 2023 and 2022, amounting to NT\$46 thousand, and NT\$106 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 March 31, 2024, December 31 and March 31, 2023, due to the above-mentioned circumstances, the Group's unamortized deferred revenue amounted to RMB7,856 thousand (NT\$35,434 thousand), RMB8,032 thousand (NT\$34,822 thousand) and RMB7,170 thousand (NT\$31,722 thousand), respectively.

Due to the aforementioned circumstances, including preferential interest subsidies and other subsidies, the Group recorded government subsidy income as other income for the periods from January 1 to March 31, 2024 and 2023, totaling NT\$10,496 thousand and NT\$2,057 thousand, respectively.

XVIII. Equity

(I) Ordinary share capital

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
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>212,994</u>	<u>212,994</u>
Share capital issued	<u>\$ 2,129,937</u>	<u>\$ 2,129,937</u>	<u>\$ 2,129,937</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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Used to offset deficits, pay cash dividends or capitalize capital (1)</u>			
Stock issuance premium	\$ 299,866	\$ 299,866	\$ 299,866
<u>May only be used to offset deficits</u>			
Disgorgement	<u>76</u>	<u>76</u>	<u>72</u>
	<u>\$ 299,942</u>	<u>\$ 299,942</u>	<u>\$ 299,938</u>

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

(III) Retained earnings and dividends policy

According to the earnings distribution provisions of the Company's articles of Incorporation, if the Company retains earnings in the current year, it shall allocate the compensation to directors and employees. The compensation to directors shall be no more than 1% of the earnings gained in the current year, while the compensation to employees shall be no less than 1% of the earnings. Notwithstanding, if the Company retains accumulated losses, it shall reserve the amount to be covered in advance. Said compensation to employees may be allocated in the form of shares or in cash, including the employees of the Company's subsidiaries meeting certain specific requirements entitled to receive shares or cash. The specific requirements shall be defined by the Board of Directors. If the Company has net profits after tax according to its annual financial account, the Company may, after making up all past losses, set aside a 10% legal reserve from the remainder, if any. The remaining allocable earnings, if any, plus the accumulated unappropriated earnings for prior years and the balance after provision or reversal of special earnings required by the competent authority, shall be accumulated allocable earnings, which shall be allocated according to the proposal drafted by the Board of Directors and resolution made by a general shareholders' meeting duly. The shareholders' meeting may retain the earnings, in whole or in part, subject to the overview of business.

As the industry which the Company is engaged in refers to a growing phase, when resolving to allocate earnings, in consideration of the future funding needs and financial plan, the shareholders' dividend allocable shall be no less than 10% of the

allocable earnings, including the cash dividend no less than 10% of the whole dividends. Notwithstanding, no dividend shall be allocated, if the allocable earnings per share is less than NT\$0.1. Please refer to Note 19 (3) Remunerations of Employees and Directors for the estimated basis and actual distribution of employee and director remuneration.

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

The Company held regular shareholders' meeting on May 26, 2023, and decided not to distribute surplus due to the need to make up for losses.

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

XIX. Net profit (loss) for the period

(I) Depreciation and amortization

	From January 1 to March 31, 2024	From January 1 to March 31, 2023
Property, plant and equipment	\$ 70,727	\$ 62,762
Right-of-use assets	4,584	4,610
Other intangible assets	<u>307</u>	<u>520</u>
Total	<u>\$ 75,618</u>	<u>\$ 67,892</u>
Summary of depreciation by function		
Operating costs	\$ 62,665	\$ 58,510
Operating expenses	<u>12,646</u>	<u>8,862</u>
	<u>\$ 75,311</u>	<u>\$ 67,372</u>
Summary of amortization by function		
Operating costs	\$ 214	\$ 369
Operating expenses	<u>93</u>	<u>151</u>
	<u>\$ 307</u>	<u>\$ 520</u>

(II) Employee benefit expenses

	<u>From January 1 to March 31, 2024</u>	<u>From January 1 to March 31, 2023</u>
Post-retirement benefits (Note 16)		
Defined contribution plans	\$ 14,183	\$ 15,522
Defined benefit plans	<u>46</u>	<u>106</u>
	14,229	15,628
Salary, Bonus, etc.	<u>200,901</u>	<u>172,117</u>
Total	<u>\$ 215,130</u>	<u>\$ 187,745</u>
Summary of employee benefit expenses by function		
Operating costs	\$ 154,819	\$ 127,216
Operating expenses	<u>60,311</u>	<u>60,529</u>
	<u>\$ 215,130</u>	<u>\$ 187,745</u>

(III) Employees' compensation and remuneration of directors

The Company accrued remuneration of employees and directors at rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The Company has yet to make up the loss for the period from January 1 to March 31, 2024 and 2023, 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, 2024 and 2023 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

	<u>From January 1 to March 31, 2024</u>	<u>From January 1 to March 31, 2023</u>
Government subsidy income	\$ 10,496	\$ 2,057
Rental income	456	376
Management service income	2,630	2,656
Others	<u>601</u>	<u>3,186</u>
	<u>\$ 14,183</u>	<u>\$ 8,275</u>

(V) Foreign exchange gain (loss)

	From January 1 to March 31, 2024	From January 1 to March 31, 2023
Foreign exchange gains	\$ 35,926	\$ 7,170
Foreign exchange losses	(20,008)	(10,445)
Net profit (loss)	<u>\$ 15,918</u>	<u>(\$ 3,275)</u>

(VI) Other gain and loss

	From January 1 to March 31, 2024	From January 1 to March 31, 2023
Gain (loss) on disposal of property, plant and equipment	\$ 40	(\$ 236)
Gain on financial assets at FVTPL	1,939	898
Others	(321)	(601)
	<u>\$ 1,658</u>	<u>\$ 61</u>

(VII) Finance costs

	From January 1 to March 31, 2024	From January 1 to March 31, 2023
Bank loan interest expense	\$ 8,759	\$ 13,967
Interest on lease liabilities	164	203
	<u>\$ 8,923</u>	<u>\$ 14,170</u>

XX. Income tax

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

	From January 1 to March 31, 2024	From January 1 to March 31, 2023
Current income tax		
In respect of the current period	\$ 3,376	\$ 3,771
Adjustments for previous years	<u>-</u>	<u>(1,987)</u>
	<u>3,376</u>	<u>1,784</u>
Deferred income tax		
In respect of the current period	2,238	(4,578)
Adjustments for previous years	<u>-</u>	<u>(10,953)</u>
	<u>2,238</u>	<u>(15,531)</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 5,614</u>	<u>(\$ 13,747)</u>

(II) Income tax recognized in other comprehensive income

	From January 1 to March 31, 2024	From January 1 to March 31, 2023
<u>Deferred income tax</u>		
Income tax (benefits) expenses recognized in other comprehensive income		
— Translating the financial statements of foreign operations	\$ <u>12,700</u>	\$ <u>787</u>

(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 March 31, 2024 and 2023 due to relevant tax exemptions in compliance with the regulations of the location where the entities were established.
2. ACME Electronics (GZ) applies to preferential tax rate for high-tech enterprises 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), ACME Ferrite and ACME Advanced is 24%.

XXI. Earnings (losses) per share

	From January 1 to March 31, 2024	From January 1 to March 31, 2023
Basic earnings (losses) per share	\$ <u>0.26</u>	(\$ <u>0.30</u>)
Diluted earnings (losses) per share	\$ <u>0.26</u>	(\$ <u>0.30</u>)

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

Net profit (loss) for the period

	From January 1 to March 31, 2024	From January 1 to March 31, 2023
Net profit (loss) for calculating basic and diluted earnings (losses) per share	\$ <u>55,822</u>	(\$ <u>62,270</u>)

<u>Number of shares</u>	(Unit: thousand shares)	
	<u>March 31, 2024</u>	<u>March 31, 2023</u>
Weighted average number of ordinary shares outstanding used for calculating basic earnings (losses) per share	<u>212,994</u>	<u>207,994</u>

XXII. Capital Risk Management

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

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

XXIII. Financial instruments

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

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

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

1. Fair value hierarchy

March 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTPL				
Derivatives	<u>\$ -</u>	<u>\$ 118</u>	<u>\$ -</u>	<u>\$ 118</u>
Financial liabilities at FVTPL				
Derivatives	<u>\$ -</u>	<u>\$ 485</u>	<u>\$ -</u>	<u>\$ 485</u>

December 31, 2023

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

March 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivatives	\$ -	\$ 491	\$ -	\$ 491
Financial liabilities at FVTPL				
Derivatives	\$ -	\$ 58	\$ -	\$ 58

There were no transfers between Levels 1 and 2 fair value measurement for the period from January 1 to March 31, 2024 and 2023.

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

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets</u>			
Financial assets at FVTPL	\$ 118	\$ 142	\$ 491
Measured at amortized cost (Note 1)	1,432,938	1,236,817	1,239,963
<u>Financial liabilities</u>			
Financial liabilities at FVTPL	485	33	58
Measured at amortized cost (Note 2)	2,124,168	2,027,502	1,948,092

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 profit for the period from January 1 to March 31, 2024 will decrease/increase by NT\$16,299 thousand, and the pre-tax loss for the period from January 1 to March 31, 2023 will increase/decrease by NT\$5,296 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:

	March 31, 2024	December 31, 2023	March 31, 2023
Fair value interest rate risk			
— Financial assets	\$ 531,732	\$ 391,181	\$ 417,268
— Financial liabilities	342,806	257,416	124,337
Cash flow interest rate risk			
— Financial assets	54,511	79,926	56,207
— Financial liabilities	1,571,620	1,492,196	1,586,209

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 decrease /increase the Group's profit before tax by NT\$1,896 thousand from January 1 to March 31, 2024, and increase/decrease the Group's loss before tax by NT\$1,913 thousand from January 1 to March 31, 2023.

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 59%, 65% and 68% of total accounts receivable as of March 31, 2024 and December 31, 2023 and March 31, 2023, respectively.

3. Liquidity risk

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

(1) Liquidity and interest rate risk tables

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

March 31, 2024

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years
<u>Non-derivative</u> <u>financial</u> <u>liabilities</u>			
Non-interest bearing liabilities	-	\$ 203,820	\$ -
Lease liabilities	1.11	15,377	43,363
Floating interest rate liabilities	1.71	164,508	1,506,320
Fixed interest rate liabilities	2.02	<u>287,741</u>	<u>-</u>
		<u>\$ 671,446</u>	<u>\$ 1,549,683</u>

December 31, 2023

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

March 31, 2023

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

(2) Financing facilities

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Unsecured banking facilities</u>			
— Amount used	\$ 583,988	\$ 449,332	\$ 640,209
— Amount unused	<u>2,153,133</u>	<u>2,099,825</u>	<u>2,868,841</u>
	<u>\$ 2,737,121</u>	<u>\$ 2,549,157</u>	<u>\$ 3,509,050</u>
<u>Secured banking facilities</u>			
— Amount used	\$ 1,277,054	\$ 1,243,272	\$ 1,000,000
— Amount unused	<u>397,171</u>	<u>429,461</u>	<u>-</u>
	<u>\$ 1,674,225</u>	<u>\$ 1,672,733</u>	<u>\$ 1,000,000</u>

XXIV. Related Party Transactions

USI Corporation (“USI”) has control over the operations of the Company, so USI is the parent company of the Company. As at March 31, 2024, and December 31 and March 31, 2023, USI held 46.9% of the ordinary shares of the Company by itself and through its subsidiaries.

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

(I) Names and relationships of related parties

Name of Related Party	Relationship with the Company
USI CORPORATION (USI)	Parent company
USI Management Consulting Corporation (“UM”)	Fellow subsidiary
China General Plastics Corporation (“CGPC”)	Fellow subsidiary
Asia Polymer Corporation (“APC”)	Fellow subsidiary
Taita Chemical Company, Ltd. (TTC)	Fellow subsidiary
Swanson Plastics Corporation (“SPC”)	Fellow subsidiary
USI Optronics Corporation (“USIO”)	Associate

(II) Sales

Accounting Subject	Related Party Category/Name	From January 1 to March 31, 2024	From January 1 to March 31, 2023
Sales revenue	Associate USIO	<u>\$ 148</u>	<u>\$ 72</u>

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

(III) Purchase

Related Party Category/Name	From January 1 to March 31, 2024	From January 1 to March 31, 2023
Associate USIO	<u>\$ 190</u>	<u>\$ 1,843</u>

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

(IV) Receivables from related parties

Accounting Subject	Related Party Category/Name	March 31, 2024	December 31, 2023	March 31, 2023
Accounts receivable - related parties	Associate USIO	<u>\$ 80</u>	<u>\$ 77</u>	<u>\$ 76</u>
Other receivables - related parties	Fellow subsidiary SPC	\$ 4,941	\$ 4,019	\$ 4,968
	Associate USIO	<u>-</u>	<u>200</u>	<u>221</u>
		<u>\$ 4,941</u>	<u>\$ 4,219</u>	<u>\$ 5,189</u>

(V) Payables to related parties

Accounting Subject	Related Party Category/Name	March 31, 2024	December 31, 2023	March 31, 2023
Accounts payable - related parties	Associate			
	USIO	<u>\$ 13</u>	<u>\$ -</u>	<u>\$ 913</u>
Other payables - related parties	Parent company			
	USI	\$ 930	\$ 717	\$ 872
	Fellow subsidiary			
	SPC	621	514	1,208
	APC	83	48	46
	UM	71	45	27
	CGPC	<u>-</u>	<u>-</u>	<u>1</u>
		<u>\$ 1,705</u>	<u>\$ 1,324</u>	<u>\$ 2,154</u>

(VI) Other Related Party Transactions

Accounting Subject	Related Party Category/Name	From January 1 to March 31, 2024	From January 1 to March 31, 2023
Management service income (Classified as non-operating income and expenses)	Fellow subsidiary		
	SPC	<u>\$ 2,630</u>	<u>\$ 2,656</u>
Management service fee expenditures (Classified as operating expenses)	Parent company		
	USI	\$ 62	\$ -
	Fellow subsidiary		
	UM	3,264	3,467
	SPC	<u>586</u>	<u>1,150</u>
		<u>\$ 3,912</u>	<u>\$ 4,617</u>
Rent expenditures (Classified as operating expenses)	Parent company		
	USI	\$ 751	\$ 798
	Fellow subsidiary		
	APC	<u>118</u>	<u>69</u>
		<u>\$ 869</u>	<u>\$ 867</u>

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

(VII) Compensation of key management personnel

	From January 1 to March 31, 2024	From January 1 to March 31, 2023
Short-term employee benefits	\$ 7,828	\$ 3,655
Post-retirement benefits	50	50
	<u>\$ 7,878</u>	<u>\$ 3,705</u>

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

XXV. Collateralized Assets

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

	March 31, 2024	December 31, 2023	March 31, 2023
Time deposit (classified as refundable deposits)	\$ 6,000	\$ 6,000	\$ 6,000
Current deposit (classified as refundable deposits)	4,510	4,335	2,216
Time deposits (classified as financial assets measured at amortized cost)	20,394	20,189	15,439
Property, Plant, and Equipment (Carrying Amount)	320,943	303,617	209,910
Right-of-use assets	<u>23,893</u>	<u>23,799</u>	<u>-</u>
	<u>\$ 375,740</u>	<u>\$ 357,940</u>	<u>\$ 233,565</u>

XXVI. Significant Contingent Liability and Contractual Commitments

As of March 31, 2024, 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.

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

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

March 31, 2024						
		Foreign currency (NT\$ thousands)	Exchange Rate (NT\$)		Functional Currency (NT\$ thousands)	NT\$ (NT\$ thousands)
Financial assets						
Monetary items						
USD	\$	12,764	32.0000	(USD: NTD)	\$ 408,437	\$ 408,437
USD		3,642	7.0950	(USD: RMB)	25,838	116,537
USD		5,720	4.9261	(USD: MYR)	28,175	183,028
RMB		15,461	4.5102	(RMB: NTD)	69,733	69,733
Financial liabilities						
Monetary items						
USD		1,212	32.0000	(USD: NTD)	38,771	38,771
USD		2,768	7.0950	(USD: RMB)	19,636	88,561
USD		1,168	4.9261	(USD: MYR)	5,755	37,386
RMB		7,152	4.5102	(RMB: NTD)	32,258	32,258
December 31, 2023						
		Foreign currency (NT\$ thousands)	Exchange Rate (NT\$)		Functional Currency (NT\$ thousands)	NT\$ (NT\$ thousands)
Financial assets						
Monetary items						
USD	\$	10,147	30.7050	(USD: NTD)	\$ 311,566	\$ 311,566
USD		3,000	7.0827	(USD: RMB)	21,247	92,110
USD		5,643	4.7894	(USD: MYR)	27,028	173,279
RMB		13,748	4.3352	(RMB: NTD)	59,599	59,599
Financial liabilities						
Monetary items						
USD		916	30.7050	(USD: NTD)	28,125	28,125
USD		1,721	7.0827	(USD: RMB)	12,190	52,847
USD		1,018	4.7894	(USD: MYR)	4,874	31,248
RMB		13,333	4.3352	(RMB: NTD)	57,800	57,800

March 31, 2023							
	Foreign currency (NT\$ thousands)			Exchange Rate (NT\$)	Functional Currency (NT\$ thousands)		NT\$ (NT\$ thousands)
Financial assets							
Monetary items							
USD	\$	9,724	30.4500	(USD: NTD)	\$	296,100	\$ 296,100
USD		2,828	6.8717	(USD: RMB)		19,434	86,116
USD		4,940	4.6011	(USD: MYR)		22,731	150,430
RMB		11,930	4.4312	(RMB: NTD)		52,865	52,865
Financial liabilities							
Monetary items							
USD		641	30.4500	(USD: NTD)		19,524	19,524
USD		9,836	6.8717	(USD: RMB)		67,589	299,501
USD		1,219	4.6011	(USD: MYR)		5,606	37,103
RMB		8,369	4.4312	(RMB: NTD)		37,083	37,083

The net foreign exchange gains or losses (realized and unrealized) of the Group from January 1 to March 31, 2024 and 2023 was a gain of NT\$15,918 thousand and a loss of NT\$3,275 thousand. Due to the variety of foreign currency transactions and functional currencies of the Group's individual entities, the exchange gains or losses could not be disclosed according to the foreign currencies with significant impact.

XXVIII. Disclosure Items

(I) Significant Transactions:

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

9. Trading in derivative instruments: Note 7.
10. Others - intercompany relationships and significant intercompany transactions: Table 6.

(II) Information on Reinvestment: Table 4.

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

(IV) Information on major shareholders: Name, number of shares held, and shareholding percentage of shareholders with shareholding percentage exceeding 5%: Table 7.

XXIX. Segment Information

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of products provided. In accordance with IFRS 8 “Operating Segments”, the reportable segment information of the Group from January 1 to March 31, 2024 and 2023 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 March 31, 2024	From January 1 to March 31, 2023	From January 1 to March 31, 2024	From January 1 to March 31, 2023
Passive components	\$ 551,536	\$ 565,811	(\$ 18,533)	(\$ 68,922)
Silicon carbide	166,457	68,776	76,877	16,172
Others	-	-	(1,096)	(1,340)
Total of continuing business units	<u>\$ 717,993</u>	<u>\$ 634,587</u>	57,248	(54,090)
Headquarters management costs and director compensation			(23,174)	(24,995)
Interest income			4,179	2,453
Foreign exchange gain (loss)			15,918	(3,275)
Finance costs			(8,923)	(14,170)
Other non-operating income and expenses			<u>13,426</u>	<u>6,421</u>
Net profit (loss) before tax			<u>\$ 58,674</u>	(<u>\$ 87,656</u>)

The revenue reported above is generated from transactions with external clients. All interdepartmental transactions from January 1 to March 31, 2024 and 2023 have been eliminated in the preparation of consolidated financial reports.

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

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

Acme Electronics Corporation and Subsidiaries
Financing provided to others
From January 1 to March 31, 2024

Table 1

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

No.	Lending Company	Lending Party	Transaction Items	Related Party(Yes /No)	Maximum Balance During the Period	Ending balance (Note 3)	Actual Borrowing Amount (Note 3 and 4)	Range of interest rates	Nature of financing provided (Note 2)	Amount of Business Transactions	Reasons for the need for short-term funding	Provision for impairment losses	Collateral		Individual Object Funding Loan Limits (Note 1)	Total Loan Limit (Note 1)	Remark
													Name	Value			
1	Acme Electronics (GZ)	ACME Electronics (KS)	Other receivables - related parties	Yes	\$ 180,408 (RMB 40,000)	\$ 180,408 (RMB 40,000)	\$ 169,133 (RMB 37,500)	3.45%	2	\$ -	Business turnover	\$ -	—	—	\$ 399,325	\$ 399,325	

Note 1: The total amount of external funds loaned by Acme Electronics (GZ) must not exceed 40% of the company's net worth. The maximum limit for this loan is determined based on the net worth as of March 31, 2024.

Note 2: The process for indicating the nature of the loan is as follows:

- (1) Please fill in "1" if there is any business transactions.
- (2) Please fill in "2" if there is reason for the need for short-term funding

Note 3: The foreign currency amount was calculated based on the spot exchange rate of March 31, 2024.

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

Acme Electronics Corporation and Subsidiaries
Endorsements/Guarantees Provided for Others
From January 1 to March 31, 2024

Table 2Unit: 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)	\$ 2,814,132	\$ 381,000 (USD 5,000 thousand and RMB 49,000 thousand)	\$ 381,000 (USD 5,000 thousand and RMB 49,000 thousand)	\$ -	None	20.31%	\$ 3,752,176	Y	N	Y	
1	ACME (MA)	ACME Ferrite	Subsidiaries of ACME(MA)	493,299	114,226 (MYR 17,584 thousand)	114,226 (MYR 17,584 thousand)	64,055 (MYR 9,861 thousand)	None	16.21%	563,770	Y	N	N	

Note 1: The rate was calculated by the equity of ACME as of March 31, 2024.

Note 2: The total amount of endorsements/guarantees provided shall not exceed 200% of the Company's net value. The amount of endorsements/guarantees for an individual entity shall not exceed 150% of the Company's net value. The maximum amount of endorsement/guarantee was calculated based on the equity of the endorser/guarantor as of March 31, 2024.

The total amount of ACME (MA)'s endorsement/guarantee shall not exceed 80% of ACME (MA)'s net value. The amount of endorsement/guarantee for an individual entity shall not exceed 70% of ACME (MA)'s net value. The maximum amount of endorsement/guarantee was calculated based on the equity of the endorser/guarantor as of March 31, 2024.

Note 3: The foreign currency amount was calculated based on the spot exchange rate of March 31, 2024.

Acme Electronics Corporation and Subsidiaries
Receivables from Related Parties Amounting to NT\$100 Million or 20% of Paid-In Capital or More
March 31, 2024

Table 3 Unit: In Thousands of New Taiwan Dollars

Accounts receivable company	Counterparty	Relationship	Balance of receivables from related parties	Turnover Rate	Overdue receivables from related parties		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Treatment		
Acme Electronics (GZ)	ACME Electronics (KS)	GAEL's Subsidiaries	Other receivables - related parties \$ 170,012	-	\$ -	—	\$ -	Note 1

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

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

Acme Electronics Corporation and Subsidiaries
Name of the Invested Company, Location... and other Related Information
From January 1 to March 31, 2024

Table 4

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
				March 31, 2024	December 31, 2023	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	\$ 993,360	\$ 880,420	40,281,531	60.10%	\$ 971,738	(\$ 5,088) (USD(162) thousand)	(\$ 4,160) (USD(132) thousand)	Note 1
	GAEL	CITCO Building, Wickhams Cay Road Town, Tortola, British Virgin Islands	Corporate investments	669,072	669,072	20,800,000	100%	996,203	6	6	Note 1
	USIO	12F, No. 37, Jihu Rd., Neihu Dist., Taipei City	Manufacturing and marketing of sapphire single crystal	646,200	646,200	22,064,224	34%	15,781	(7,100)	(2,415)	
ACME (Cayman)	ACME (MA)	Plot 15, Jalan Industri 6 Kawasan Perindustrian Jelapang II(ZPB) Jelapang 30020 Ipoh, Perak, Malaysia.	Corporate investments	380,512 (USD 11,891 thousand)	380,512 (USD 11,891 thousand)	42,600,000	100%	713,775 (USD22,305 thousand)	8,621 (MYR1,352 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	246,614 (MYR37,964 thousand)	246,614 (MYR37,964 thousand)	9,120,000	100%	705,203 (MYR108,560 thousand)	8,776 (MYR1,376 thousand)		Note 1
	ACME Advanced	Plot 15, Jalan Industri 6 Kawasan Perindustrian Jelapang II(ZPB) Jelapang 30020 Ipoh, Perak, Malaysia.	Manufacturing and marketing of silicon carbide	Note 4	-	Note 4	Note 4	Note 4	-		

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

Note 2: The foreign currency amount was calculated based on the spot exchange rate of March 31, 2024.

Note 3: The amount is calculated based on the average exchange rate from January 1 to March 31, 2024.

Note 4: The company registration was completed in January 2024. However, as of March 31, 2024, the capital injection process has not yet been completed.

Note 5: Please refer to Table 5 for relevant information on mainland investee companies.

Acme Electronics Corporation and Subsidiaries
Information on Investments in Mainland China
From January 1 to March 31, 2024

Table 5Unit: 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 for the Period (Notes 3, 5 and 7)	Carrying Amount at End of Period (Notes 6 and 7)	Accumulated Repatriation of Investment Profit as of the End of the Current Period
					Outflow	Inflow						
ACME Electronics (KS)	Manufacturing and marketing of soft ferrite core	\$ 983,200 (USD 30,725 thousand)	Indirect investment via ACME (Cayman).	\$ 374,188 (USD 11,144 thousand)	\$ -	\$ -	\$ 374,188 (USD 11,144 thousand)	(\$ 14,069 (RMB (3,178 thousand)	60.10%	(\$ 8,455 (RMB (1,910 thousand)	\$ 415,351 (RMB 92,092 thousand)	\$ -
Acme Electronics (GZ)	Manufacturing and marketing of soft ferrite core	614,400 (USD 19,200 thousand)	Indirect investment via GAEL.	619,676 (USD 19,200 thousand)	-	-	619,676 (USD 19,200 thousand)	6 (RMB 1 thousand)	100%	6 (RMB 1 thousand)	998,312 (RMB 221,345 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
\$ 971,008 (USD 30,344 thousand) (Notes 2 and 6)	\$ 1,172,256 (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 March 31, 2024.

Note 6: The amount was calculated based on the spot exchange rate of March 31, 2024.

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

Acme Electronics Corporation and Subsidiaries
Intercompany Relationships and Significant Intercompany Transactions
From January 1 to March 31, 2024

Table 6

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	\$ 68,927	55 days for both purchase and sales	9.60%
0	The Company	Acme Electronics (GZ)	1	Sales revenue	27,123	55 days for both purchase and sales	3.78%
0	The Company	ACME Ferrite	1	Sales revenue	7,548	55 days for both purchase and sales	1.05%
0	The Company	ACME Electronics (KS)	1	Cost of goods sold	27,530	55 days for both purchase and sales	3.83%
0	The Company	Acme Electronics (GZ)	1	Cost of goods sold	4,491	55 days for both purchase and sales	0.63%
0	The Company	Acme Electronics (GZ)	1	Processing costs (classified as cost of goods sold)	68,683	—	9.57%
0	The Company	ACME Electronics (KS)	1	Royalty revenue	6,043	—	0.84%
0	The Company	ACME (Cayman)	1	Endorsement guaranteed income (recognized as non-operating incomes and gains - other)	89	—	0.01%
0	The Company	ACME Electronics (KS)	1	Accounts receivable - related parties	88,531	55 days for both purchase and sales	1.82%
0	The Company	Acme Electronics (GZ)	1	Accounts receivable - related parties	19,015	55 days for both purchase and sales	0.39%
0	The Company	ACME Ferrite	1	Accounts receivable - related parties	4,137	55 days for both purchase and sales	0.08%
0	The Company	ACME Electronics (KS)	1	Other receivables from related parties	35,939	—	0.74%
0	The Company	ACME Ferrite	1	Other receivables from related parties	1,107	—	0.02%
0	The Company	ACME (Cayman)	1	Other receivables from related parties	477	—	0.01%
0	The Company	GAEL	1	Other receivables from related parties	260	—	0.01%
0	The Company	Acme Electronics (GZ)	1	Notes and accounts payable—related parties	29,375	55 days for both purchase and sales	0.60%
0	The Company	ACME Electronics (KS)	1	Notes and accounts payable—related parties	29,054	55 days for both purchase and sales	0.60%
0	The Company	Acme Electronics (GZ)	1	Other payables - related parties	574	—	0.01%
0	The Company	ACME Electronics (KS)	1	Other payables - related parties	949	—	0.02%
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Sales revenue	5,859	55 days for both purchase and sales	0.82%
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Cost of goods sold	5,339	55 days for both purchase and sales	0.74%
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Interest expenses	1,157	55 days for both purchase and sales	0.16%
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Accounts receivable - related parties	3,268	55 days for both purchase and sales	0.07%
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Notes and accounts payable—related parties	2,398	55 days for both purchase and sales	0.05%

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
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Other payables - related parties	170,012	55 days for both purchase and sales	3.49%
3	ACME Electronics (KS)	ACME Ferrite	3	Sales revenue	17,319	55 days for both purchase and sales	2.41%
3	ACME Electronics (KS)	ACME Ferrite	3	Cost of goods sold	3,393	55 days for both purchase and sales	0.47%
3	ACME Electronics (KS)	ACME Ferrite	3	Accounts receivable - related parties	17,608	55 days for both purchase and sales	0.36%
3	ACME Electronics (KS)	ACME Ferrite	3	Notes and accounts payable—related parties	3,490	55 days for both purchase and sales	0.07%

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

Acme Electronics Corporation
Information on Major Shareholders
March 31, 2024

Table 7

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

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