

Acme Electronics Corporation and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Review Report

For the Nine Months Ended September 30, 2024 and 2023

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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.

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Independent Auditors' Review Report

To: Acme Electronics Corporation

Introduction

We have reviewed the Consolidated Balance Sheet of Acme Electronics Corporation and its subsidiaries (hereinafter collectively the “Group”) as of September 30, 2024 and 2023, the Consolidated Statements of Comprehensive Income for the three months ended September 30, 2024 and 2023, and for the nine months ended September 30, 2024 and 2023, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to the Consolidated Financial Statements (including the summary of significant accounting policies) for the nine months from January 1 to September 30, 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 of Review

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\$12,421 thousand and NT\$18,783 thousand as of September 30, 2024 and 2023, respectively, the net losses of affiliates accounted

for under the equity method amounted to NT\$2,067 thousand and NT\$512 thousand from July 1 to September 30, 2024 and 2023, respectively, the net losses of affiliates accounted for under the equity method amounted to NT\$5,775 thousand and NT\$3,956 thousand from January 1 to September 30, 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 the Group as of September 30, 2024 and 2023, and the consolidated financial performance of the Group from July 1 to September 30, 2024 and 2023, and the consolidated financial performance and consolidated cash flows of the Group from January 1 to September 30, 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

November 4, 2024

Notices to Readers

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Acme Electronics Corporation and Subsidiaries
Consolidated Balance Sheets
September 30, 2024, December 31 and September 30, 2023

Unit: In Thousands of New Taiwan Dollars

Code	Assets	September 30, 2024		December 31, 2023		September 30, 2023	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 6)	\$ 564,214	11	\$ 456,723	10	\$ 628,235	13
1110	Financial assets at fair value through profit or loss (FVTPL) - current (Note 7)	5,968	-	142	-	-	-
1136	Financial assets at amortized cost - current (Notes 8 and 25)	22,908	1	20,189	1	20,555	1
1150	Notes receivable (Note 9)	70,897	1	56,452	1	54,746	1
1170	Accounts receivable, net (Notes 9 and 24)	799,298	15	680,977	15	629,220	13
1200	Other receivables (Note 24)	18,508	-	11,336	-	15,723	-
1220	Current tax assets (Notes 4 and 20)	13,495	-	9,485	-	5,137	-
130X	Inventories (Note 10)	870,175	16	669,164	15	733,384	16
1470	Other current assets	62,996	1	48,845	1	49,024	1
11XX	Total current assets	<u>2,428,459</u>	<u>45</u>	<u>1,953,313</u>	<u>43</u>	<u>2,136,024</u>	<u>45</u>
	Non-current assets						
1550	Investments accounted for using equity method (Note 12)	12,421	-	18,196	-	18,783	1
1600	Property, plant and equipment (Notes 13 and 25)	2,451,996	45	2,048,409	45	2,068,730	44
1755	Right-of-use assets (Notes 14 and 25)	166,796	3	169,178	4	179,599	4
1780	Intangible assets	4,781	-	4,220	-	4,682	-
1840	Deferred tax assets (Notes 4 and 20)	72,013	1	97,137	2	87,354	2
1915	Prepayments for equipment	286,238	5	277,851	6	193,840	4
1920	Refundable deposits (Note 25)	17,788	1	11,140	-	9,073	-
15XX	Total non-current assets	<u>3,012,033</u>	<u>55</u>	<u>2,626,131</u>	<u>57</u>	<u>2,562,061</u>	<u>55</u>
1XXX	Total Assets	<u>\$ 5,440,492</u>	<u>100</u>	<u>\$ 4,579,444</u>	<u>100</u>	<u>\$ 4,698,085</u>	<u>100</u>
	Liabilities and Equity						
	Current liabilities						
2100	Short-term borrowings (Notes 15 and 25)	\$ 346,604	6	\$ 357,357	8	\$ 364,780	8
2110	Short-term notes payable, net (Note 15)	99,990	2	-	-	79,992	2
2120	Financial liabilities at fair value through profit or loss (FVTPL) - current (Note 7)	28	-	33	-	558	-
2170	Notes payable and accounts payable (Note 24)	85,804	2	61,477	2	65,221	1
2200	Other payables (Note 24)	268,012	5	274,117	6	266,289	6
2230	Current tax liabilities (Notes 4 and 20)	1,184	-	-	-	-	-
2280	Lease liabilities - current (Note 14)	14,851	-	14,104	-	14,594	-
2320	Long-term borrowings due within one year (Notes 15 and 25)	132,345	2	1,047	-	610	-
2399	Other current liabilities	10,475	-	12,988	-	8,765	-
21XX	Total current liabilities	<u>959,293</u>	<u>17</u>	<u>721,123</u>	<u>16</u>	<u>800,809</u>	<u>17</u>
	Non-current liabilities						
2540	Long-term borrowings (Notes 15 and 25)	1,533,312	28	1,332,892	29	1,270,413	27
2570	Deferred tax liabilities (Notes 4 and 20)	109,763	2	106,086	2	113,124	3
2580	Lease liabilities - non-current (Note 14)	35,151	1	44,212	1	49,497	1
2630	Long-term deferred incomes (Note 15 and 17)	41,072	1	34,822	1	36,893	1
2640	Net defined benefit liabilities, non-current (Notes 4 and 16)	9,911	-	15,118	-	14,921	-
2645	Guarantee deposits received	3,660	-	612	-	24	-
25XX	Total non-current liabilities	<u>1,732,869</u>	<u>32</u>	<u>1,533,742</u>	<u>33</u>	<u>1,484,872</u>	<u>32</u>
2XXX	Total liabilities	<u>2,692,162</u>	<u>49</u>	<u>2,254,865</u>	<u>49</u>	<u>2,285,681</u>	<u>49</u>
	Equity attributable to owners of the Company (Notes 18)						
3110	Ordinary share capital	2,129,937	39	2,129,937	46	2,129,937	45
3280	Capital surplus	-	-	299,942	7	299,942	7
3350	Retained earnings (Accumulated deficit)	10,030	-	(478,030)	(10)	(463,715)	(10)
3410	Other equity						
	Exchange differences on translating the financial statements of foreign operations	(75,678)	(1)	(182,384)	(4)	(133,169)	(3)
31XX	Total equity attributable to owners of the Company	<u>2,064,289</u>	<u>38</u>	<u>1,769,465</u>	<u>39</u>	<u>1,832,995</u>	<u>39</u>
36XX	Non-controlling interests (Note 11)	<u>684,041</u>	<u>13</u>	<u>555,114</u>	<u>12</u>	<u>579,409</u>	<u>12</u>
3XXX	Total equity	<u>2,748,330</u>	<u>51</u>	<u>2,324,579</u>	<u>51</u>	<u>2,412,404</u>	<u>51</u>
	Total liabilities and equity	<u>\$ 5,440,492</u>	<u>100</u>	<u>\$ 4,579,444</u>	<u>100</u>	<u>\$ 4,698,085</u>	<u>100</u>

The accompanying notes are an integral part of the Consolidated Financial Statements.
(Please refer to the Review Report issued by Deloitte & Touche on November 4, 2024)

Acme Electronics Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income

For the Three Months Ended September 30, 2024 and 2023, and for the Nine Months Ended September 30, 2024 and 2023

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

Code		From July 1 to September 30, 2024		From July 1 to September 30, 2023		From January 1 to September 30, 2024		From January 1 to September 30, 2023	
		Amount	%	Amount	%	Amount	%	Amount	%
	Operating revenue								
4110	Sales revenue (Note 24)	\$ 846,663	100	\$ 622,123	100	\$ 2,387,949	100	\$ 1,871,480	100
4170	Less: Sales returns and allowances	<u>2,300</u>	<u>-</u>	<u>1,442</u>	<u>-</u>	<u>4,806</u>	<u>-</u>	<u>4,289</u>	<u>-</u>
4000	Total operating revenue	844,363	100	620,681	100	2,383,143	100	1,867,191	100
	Operating costs								
5110	Cost of goods sold (Notes 10, 16, 19, and 24)	<u>648,734</u>	<u>77</u>	<u>571,264</u>	<u>92</u>	<u>1,823,828</u>	<u>77</u>	<u>1,729,692</u>	<u>93</u>
5900	Gross profit	<u>195,629</u>	<u>23</u>	<u>49,417</u>	<u>8</u>	<u>559,315</u>	<u>23</u>	<u>137,499</u>	<u>7</u>
	Operating expenses (Notes 9, 16, 17, 19 and 24)								
6100	Selling and marketing expenses	37,716	4	31,928	5	107,574	4	94,666	5
6200	Administrative expenses	49,206	6	47,125	8	144,140	6	141,814	7
6300	Research and development expenses	50,846	6	40,699	7	139,658	6	128,835	7
6450	Provision (reversal of provision) for bad debt expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>212</u>	<u>-</u>	<u>60</u>	<u>-</u>
6000	Total operating expenses	<u>137,768</u>	<u>16</u>	<u>119,752</u>	<u>20</u>	<u>391,584</u>	<u>16</u>	<u>365,375</u>	<u>19</u>
6500	Other operating expenses (Note 13)	(<u>1,091</u>)	-	-	-	(<u>2,073</u>)	-	-	-
6900	Net operating income (loss)	<u>56,770</u>	<u>7</u>	(<u>70,335</u>)	(<u>12</u>)	<u>165,658</u>	<u>7</u>	(<u>227,876</u>)	(<u>12</u>)
	Non-operating income and expenses								
7100	Interest income	4,509	-	3,733	1	14,075	1	9,844	-
7010	Other incomes (Notes 17, 19 and 24)	7,929	1	9,225	1	30,820	1	22,745	1
7230	Gains (losses) from foreign exchange (Note 19)	(24,669)	(3)	17,967	3	2,059	-	16,807	1
7020	Other gains and losses (Note 19)	7,553	1	(2,503)	-	11,833	-	(4,242)	-
7050	Finance costs (Note 19)	(10,338)	(1)	(10,563)	(2)	(28,581)	(1)	(36,555)	(2)
7060	Share of profit or loss of affiliates accounted for using equity method (Note 12)	(<u>2,067</u>)	-	(<u>512</u>)	-	(<u>5,775</u>)	-	(<u>3,956</u>)	-
7000	Total non-operating income and expenses	(<u>17,083</u>)	(<u>2</u>)	<u>17,347</u>	<u>3</u>	<u>24,431</u>	<u>1</u>	<u>4,643</u>	-
7900	Net profit (loss) before tax	39,687	5	(52,988)	(9)	190,089	8	(223,233)	(12)
7950	Income tax benefit (expense) (Notes 4 and 20)	(<u>1,303</u>)	-	<u>10,190</u>	<u>2</u>	(<u>9,955</u>)	-	<u>32,295</u>	<u>2</u>
8200	Net profit (loss) for the period	<u>38,384</u>	<u>5</u>	(<u>42,798</u>)	(<u>7</u>)	<u>180,134</u>	<u>8</u>	(<u>190,938</u>)	(<u>10</u>)
	Other comprehensive income (net)								
8360	Items that may be reclassified subsequently to profit or loss								
8361	Exchange differences on translating the financial statements of foreign operations	99,641	12	93,680	15	195,313	8	21,507	1
8399	Income tax relating to items that may be reclassified to profit or loss (Note 20)	(<u>11,325</u>)	(<u>2</u>)	(<u>14,606</u>)	(<u>2</u>)	(<u>26,676</u>)	(<u>1</u>)	(<u>4,047</u>)	-
8300	Total other comprehensive income (net)	<u>88,316</u>	<u>10</u>	<u>79,074</u>	<u>13</u>	<u>168,637</u>	<u>7</u>	<u>17,460</u>	<u>1</u>
8500	Total comprehensive income for the period	<u>\$ 126,700</u>	<u>15</u>	<u>\$ 36,276</u>	<u>6</u>	<u>\$ 348,771</u>	<u>15</u>	(<u>\$ 173,478</u>)	(<u>9</u>)
	Net (loss) profit attributable to:								
8610	Owners of parent company	\$ 49,053	6	(\$ 29,227)	(5)	\$ 188,118	8	(\$ 157,178)	(8)
8620	Non-controlling interests	(<u>10,669</u>)	(<u>1</u>)	(<u>13,571</u>)	(<u>2</u>)	(<u>7,984</u>)	-	(<u>33,760</u>)	(<u>2</u>)
8600		<u>\$ 38,384</u>	<u>5</u>	(<u>\$ 42,798</u>)	(<u>7</u>)	<u>\$ 180,134</u>	<u>8</u>	(<u>\$ 190,938</u>)	(<u>10</u>)
	Total comprehensive income attributable to:								
8710	Owners of parent company	\$ 94,358	11	\$ 29,196	5	\$ 294,824	13	(\$ 140,993)	(7)
8720	Non-controlling interests	<u>32,342</u>	<u>4</u>	<u>7,080</u>	<u>1</u>	<u>53,947</u>	<u>2</u>	(<u>32,485</u>)	(<u>2</u>)
8700		<u>\$ 126,700</u>	<u>15</u>	<u>\$ 36,276</u>	<u>6</u>	<u>\$ 348,771</u>	<u>15</u>	(<u>\$ 173,478</u>)	(<u>9</u>)
	Earnings (losses) per share (Note 21)								
9750	Basic	<u>\$ 0.23</u>		(<u>\$ 0.14</u>)		<u>\$ 0.88</u>		(<u>\$ 0.74</u>)	
9850	Diluted	<u>\$ 0.23</u>		(<u>\$ 0.14</u>)		<u>\$ 0.88</u>		(<u>\$ 0.74</u>)	

The accompanying notes are an integral part of the Consolidated Financial Statements.
(Please refer to the Review Report issued by Deloitte & Touche on November 4, 2024)

Acme Electronics Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the Nine Months Ended September 30, 2024 and 2023

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

		Equity attributable to owners of the Company							
		Share capital (Note 18)		Capital surplus (Note 18)	Retained earnings (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						
A1	Balance as of January 1, 2023	182,993,743	\$ 1,829,937	\$ 2,139	(\$ 305,019)	(\$ 149,354)	\$ 1,377,703	\$ 610,376	\$ 1,988,079
C17	Exercise of disgorgement	-	-	4	-	-	4	-	4
E1	Capital increase in cash	30,000,000	300,000	297,799	-	-	597,799	-	597,799
M7	Changes in ownership interests in subsidiaries	-	-	-	(1,518)	-	(1,518)	1,518	-
D1	Net loss from January 1 to September 30, 2023	-	-	-	(157,178)	-	(157,178)	(33,760)	(190,938)
D3	Other comprehensive income (loss) from January 1 to September 30, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,185</u>	<u>16,185</u>	<u>1,275</u>	<u>17,460</u>
D5	Total comprehensive income (loss) from January 1 to September 30, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>(157,178)</u>	<u>16,185</u>	<u>(140,993)</u>	<u>(32,485)</u>	<u>(173,478)</u>
Z1	Balance as of September 30, 2023	<u>212,993,743</u>	<u>\$ 2,129,937</u>	<u>\$ 299,942</u>	<u>(\$ 463,715)</u>	<u>(\$ 133,169)</u>	<u>\$ 1,832,995</u>	<u>\$ 579,409</u>	<u>\$ 2,412,404</u>
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
C11	Capital surplus to offset deficit	-	-	(299,942)	299,942	-	-	-	-
D1	Net Income (loss) from January 1 to September 30, 2024	-	-	-	188,118	-	188,118	(7,984)	180,134
D3	Other comprehensive income (loss) from January 1 to September 30, 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,706</u>	<u>106,706</u>	<u>61,931</u>	<u>168,637</u>
D5	Total comprehensive income (loss) from January 1 to September 30, 2024	-	-	-	188,118	106,706	294,824	53,947	348,771
O1	Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,980</u>	<u>74,980</u>
Z1	Balance as of September 30, 2024	<u>212,993,743</u>	<u>\$ 2,129,937</u>	<u>\$ -</u>	<u>\$ 10,030</u>	<u>(\$ 75,678)</u>	<u>\$ 2,064,289</u>	<u>\$ 684,041</u>	<u>\$ 2,748,330</u>

The accompanying notes are an integral part of the Consolidated Financial Statements.
(Please refer to the Review Report issued by Deloitte & Touche on November 4, 2024)

Acme Electronics Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2024 and 2023

Unit: In Thousands of New Taiwan Dollars

<u>Code</u>		<u>From January 1 to September 30, 2024</u>	<u>From January 1 to September 30, 2023</u>
	Cash flows from operating activities		
A10000	Net (loss) profit before tax for the period	\$ 190,089	(\$ 223,233)
A20010	Income (expenses) items		
A20100	Depreciation expenses	237,455	205,120
A20200	Amortization expense	1,123	1,404
A20300	Provision (reversal of provision) for bad debt expense	212	60
A20400	Net (profit) loss of financial instruments at fair value through profit or loss	(12,914)	(2,735)
A20900	Finance costs	28,581	36,555
A21200	Interest income	(14,075)	(9,844)
A22300	Share of profit or loss of associates accounted for using the equity method	5,775	3,956
A22500	Loss (profit) of disposal and scrapping of property, plant and equipment	(347)	4,927
A23700	Loss on (gain on reversal of) write- down of inventories	7,584	(34,955)
A29900	Impairment losses	2,073	-
A24100	Foreign exchange losses	-	5,172
A29900	Deferred and other income	(2,907)	(2,137)
A30000	Change in operating assets and liabilities		
A31115	Financial assets mandatorily measured at fair value through profit or loss	7,083	3,743
A31130	Notes receivable	(14,445)	(7,997)
A31150	Accounts receivable (including related parties)	(119,207)	118,007
A31180	Other receivables (including related parties)	(6,717)	(7,709)
A31200	Inventories	(212,320)	283,214
A31240	Other current assets	(14,151)	13,391
A32150	Notes and accounts payable (including related parties)	24,327	(14,303)
A32180	Other payables (including related parties)	28,214	215
A32230	Other current liabilities	(2,513)	548
A32240	Net defined benefit liabilities	(5,207)	(1,232)
A33000	Cash flows generated from operations	127,713	372,167
A33100	Interest received	13,620	9,697

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<u>Code</u>		<u>From January 1 to September 30, 2024</u>	<u>From January 1 to September 30, 2023</u>
A33300	Interest paid	(\$ 27,659)	(\$ 38,139)
A33500	Income tax paid	(10,526)	(9,328)
AAAA	Net cash flows generated from operating activities	<u>103,148</u>	<u>334,397</u>
	Cash flows from investing activities		
B00040	Purchase of financial assets at amortized cost	(418)	(5,128)
B02700	Acquisition of property, plant and equipment	(574,606)	(319,653)
B02800	Proceeds from disposal of property, plant and equipment	1,253	206
B03800	Increase in refundable deposits	(6,415)	(95)
B04500	Purchase of Intangible assets	(1,540)	-
B09900	Increase in long-term deferred income	<u>362</u>	<u>6,090</u>
BBBB	Net cash used in investing activities	(<u>581,364</u>)	(<u>318,580</u>)
	Cash flows from financing activities		
C00100	Decrease in short-term borrowings	(15,661)	(377,344)
C00600	Increase in short-term notes payable	99,990	-
C01600	Proceeds from long-term borrowings	1,552,600	718,356
C01700	Repayments of long-term borrowings	(1,223,795)	(816,850)
C03000	Increase in guarantee deposits	3,050	-
C04020	Repayments of the principal portion of lease liabilities	(11,055)	(10,709)
C04600	Capital increase in cash	-	600,000
C05800	Change in non-controlling interests	74,980	-
C09900	Payment of stock issuance costs	-	(2,201)
C09900	Exercise of disgorgement	<u>-</u>	<u>4</u>
CCCC	Net cash from financing activities	<u>480,109</u>	<u>111,256</u>
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	<u>105,598</u>	<u>10,943</u>
EEEE	Increase in cash and cash equivalents for the period	107,491	138,016
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>\$ 564,214</u>	<u>\$ 628,235</u>

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

(Please refer to the Review Report issued by Deloitte & Touche on November 4, 2024)

Acme Electronics Corporation and Subsidiaries
Notes to Consolidated Financial Statements
From January 1 to September 30, 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 November 4, 2024.

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

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

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

(II) Applicable IFRS Accounting Standards endorsed by the FSC for 2025

New/Revised/Amended Standards and Interpretations	Effective Date Announced by International Accounting Standards Board (IASB)
Amendment to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 1)

Note 1: 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.

The consolidated company has assessed that the impact of the amendments to the aforementioned standards and interpretations on the financial condition and performance is not material.

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

New/Revised/Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
"Annual Improvements to IFRS Accounting Standards — Volume 11"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture"	Yet to be decided
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosure of Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

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.

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.

In addition to the impacts mentioned above, 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 IFRS Financial Reporting Standards 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, Table 5 and Table 6 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

	September 30, 2024	December 31, 2023	September 30, 2023
Petty cash and cash on hand	\$ 952	\$ 532	\$ 694
Checks and demand deposits in banks	130,472	231,069	371,236
Cash equivalents			
Time deposits	166,512	131,123	157,516
Reserve repurchase agreements collateralized by bonds	<u>266,278</u>	<u>93,999</u>	<u>98,789</u>
	<u>\$ 564,214</u>	<u>\$ 456,723</u>	<u>\$ 628,235</u>

At the end of the balance sheet date, the ranges of the market interest rates for bank deposits and reserve repurchase agreements collateralized by bonds were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Demand deposits	0.001%~4.40%	0.00007%~ 4.40%	0.001%~4.30%
Time deposits	3.15%~4.85%	3.50%~5.33%	2.60%~5.40%
Reserve repurchase agreements collateralized by bonds	2.55%~5.50%	2.15%~5.50%	2.20%~5.38%

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

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets - current</u>			
Mandatorily measured at fair value through profit or loss			
Derivatives (not under hedge accounting)			
— Foreign exchange forward contracts	\$ 5,968	\$ 142	\$ -
<u>Financial liabilities - current</u>			
Held for trading			
Derivatives (not under hedge accounting)			
— Foreign exchange forward contracts	\$ 28	\$ 33	\$ 558

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

	Currency	Maturity Date	Contract Amount (In Thousands)		
<u>September 30, 2024</u>					
Sell	USD/MYR	2024.10.11~2025.1.17	USD	1,600/ MYR	7,362
Sell	EUR/MYR	2024.10.21~2024.12.20	EUR	309/ MYR	1,538
<u>December 31, 2023</u>					
Sell	USD/MYR	2024.1.8~2024.7.11	USD	1,800/ MYR	8,281
<u>September 30, 2023</u>					
Sell	USD/MYR	2023.10.24~2024.3.13	USD	1,400/ MYR	6,383

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

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Pledge and mortgage</u>			
Time deposits with original maturity over 3 months	<u>\$ 22,908</u>	<u>\$ 20,189</u>	<u>\$ 20,555</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
Time deposits with original maturity over 3 months	1.575%~2.60%	1.45%~2.80%	1.45%~2.80%

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

IX. Notes and Accounts Receivable

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Notes receivable</u>			
Measured at amortized cost			
Gross carrying amount	<u>\$ 70,897</u>	<u>\$ 56,452</u>	<u>\$ 54,746</u>
<u>Accounts receivable</u>			
Measured at amortized cost			
Gross carrying amount	\$ 811,542	\$ 692,334	\$ 639,994
Less: allowance for loss	(<u>12,244</u>)	(<u>11,357</u>)	(<u>10,774</u>)
	<u>\$ 799,298</u>	<u>\$ 680,977</u>	<u>\$ 629,220</u>

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

In order to control credit risk, the Group assesses the credit quality of individual customers and determines the credit limit through the internal credit rating system, and regularly reviews based on individual customers' historical transaction records and financial status every year. In addition, the Group reviews the recoverable amount of

accounts receivable one by one on each balance sheet date to ensure that the accounts receivable that may incur credit risk have been provided with appropriate impairment losses.

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

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

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

September 30, 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	0.66%	0.47%	7.50%	85.38%	
Gross carrying amount	\$ 838,695	\$ 33,765	\$ 2,481	\$ 7,498	\$ 882,439
Loss allowance (Lifetime ECLs)	(<u>5,498</u>)	(<u>158</u>)	(<u>186</u>)	(<u>6,402</u>)	(<u>12,244</u>)
Amortized cost	<u>\$ 833,197</u>	<u>\$ 33,607</u>	<u>\$ 2,295</u>	<u>\$ 1,096</u>	<u>\$ 870,195</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>

September 30, 2023

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

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

	<u>From January 1 to September 30, 2024</u>	<u>From January 1 to September 30, 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>675</u>	<u>103</u>
Ending balance	<u>\$ 12,244</u>	<u>\$ 10,774</u>

X. Inventories

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Finished goods	\$ 374,345	\$ 286,838	\$ 319,877
Work in progress	262,211	254,777	265,042
Raw materials and supplies	<u>233,619</u>	<u>127,549</u>	<u>148,465</u>
	<u>\$ 870,175</u>	<u>\$ 669,164</u>	<u>\$ 733,384</u>

The costs of inventories recognized as cost of goods sold from July 1 to September 30, 2024 and 2023, from January 1 to September 30, 2024 and 2023 were NT\$648,734 thousand, NT\$571,264 thousand, NT\$1,823,828 thousand, and NT\$1,729,692 thousand, respectively.

The cost of goods sold from July 1 to September 30, 2024, and from January 1 to September 30, 2024 included losses from decrease of net realizable value of NT\$6,793 thousand and NT\$7,584 thousand, respectively.

The cost of goods sold from July 1 to September 30, 2023, and from January 1 to September 30, 2023 included losses from decrease of net realizable value of NT\$1,001 thousand and gains from recovery of net realizable value of NT\$34,955 thousand, respectively.

XI. Subsidiary

(I) Subsidiaries included in the consolidated financial statements

The consolidated financial statements are prepared by the following subjects:

Investor	Subsidiary	Nature of Activities	Proportion of Ownership (%)			Remark
			September 30, 2024	December 31, 2023	September 30, 2023	
The Company	ACME Electronics (Cayman) Corp. (ACME (Cayman))	Corporate investments	60.10%	60.10%	60.10%	(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 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 was established in January 2024, mainly engaged in the production and sales of silicon carbide applied in communication, information, consumer and automotive electronic products.
- (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 5 for information on the main business premises and countries of registration.

Subsidiary	Profit (Loss) Allocated to Non-controlling Interests				Non-controlling Interests		
	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023	September 30, 2024	December 31, 2023	September 30, 2023
ACME (Cayman) and its subsidiaries	<u>(\$ 10,669)</u>	<u>(\$ 13,571)</u>	<u>(\$ 7,984)</u>	<u>(\$ 33,760)</u>	<u>\$ 684,041</u>	<u>\$ 555,114</u>	<u>\$ 579,409</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

	September 30, 2024	December 31, 2023	September 30, 2023
Current assets	\$ 1,048,243	\$ 885,623	\$ 884,866
Non-current assets	1,241,022	1,088,436	1,143,507
Current liabilities	(449,054)	(464,168)	(456,528)
Non-current liabilities	(125,830)	(121,076)	(122,125)
Equity	<u>\$ 1,714,381</u>	<u>\$ 1,388,815</u>	<u>\$ 1,449,720</u>
Equity attributable to:			
Owners of the Company	\$ 1,030,340	\$ 834,675	\$ 871,280
Non-controlling interests	<u>684,041</u>	<u>554,140</u>	<u>578,440</u>
	<u>\$ 1,714,381</u>	<u>\$ 1,388,815</u>	<u>\$ 1,449,720</u>

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Operating revenue	<u>\$ 324,841</u>	<u>\$ 285,490</u>	<u>\$1,004,809</u>	<u>\$ 896,016</u>
Net loss for the period	(\$ 26,739)	(\$ 33,348)	(\$ 17,569)	(\$ 77,541)
Other comprehensive income (loss)	<u>107,796</u>	<u>51,751</u>	<u>155,214</u>	<u>2,564</u>
Total comprehensive income	<u>\$ 81,057</u>	<u>\$ 18,403</u>	<u>\$ 137,645</u>	<u>(\$ 74,977)</u>
Net loss attributable to:				
Owners of the Company	(\$ 16,070)	(\$ 20,042)	(\$ 10,559)	(\$ 44,372)
Non-controlling interests	(<u>10,669</u>)	(<u>13,306</u>)	(<u>7,010</u>)	(<u>33,169</u>)
	<u>(\$ 26,739)</u>	<u>(\$ 33,348)</u>	<u>(\$ 17,569)</u>	<u>(\$ 77,541)</u>
Total comprehensive income attributable to:				
Owners of the Company	\$ 48,716	\$ 11,058	\$ 82,725	(\$ 43,083)
Non-controlling interests	<u>32,341</u>	<u>7,345</u>	<u>54,920</u>	(<u>31,894</u>)
	<u>\$ 81,057</u>	<u>\$ 18,403</u>	<u>\$ 137,645</u>	<u>(\$ 74,977)</u>
Cash flow				
Operating activities	(\$ 56,177)	\$ 40,847	\$ 73,667	\$ 170,162
Investing activities	(59,790)	(16,982)	(234,775)	(127,810)
Financing activities	5,026	(59,968)	162,859	28,757
Effects of exchange rate changes	<u>36,709</u>	<u>3,164</u>	<u>51,894</u>	(<u>5,172</u>)
Net cash inflow (outflow)	<u>(\$ 74,232)</u>	<u>(\$ 32,939)</u>	<u>\$ 53,645</u>	<u>\$ 65,937</u>

XII. Investments Accounted for Using Equity Method

<u>Company Name</u>	<u>September 30, 2024</u>		<u>December 31, 2023</u>		<u>September 30, 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>\$ 12,421</u>	34%	<u>\$ 18,196</u>	34%	<u>\$ 18,783</u>	34%

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

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

USIO

	September 30, 2024	December 31, 2023	September 30, 2023
Current assets	\$ 25,876	\$ 34,113	\$ 35,498
Non-current assets	16,326	24,062	23,985
Current liabilities	(5,665)	(4,652)	(4,232)
Equity	36,537	53,523	55,251
The Company's shareholding ratio (%)	34%	34%	34%
Equity attributable to the Group	\$ 12,421	\$ 18,196	\$ 18,783
Carrying amount of investment	\$ 12,421	\$ 18,196	\$ 18,783

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Operating revenue	\$ 718	\$ 1,203	\$ 5,982	\$ 3,943
Net loss for the period	(\$ 6,079)	(\$ 1,503)	(\$ 16,985)	(\$ 11,634)
Total comprehensive income	(\$ 6,079)	(\$ 1,503)	(\$ 16,985)	(\$ 11,634)

XIII. Property, Plant and Equipment

	From January 1 to September 30, 2024					
	Beginning balance	Increase during the period	Decrease during the period	Internal transfer	Effects of exchange rate	Ending balance
Cost						
Land	\$ 82,657	\$ -	\$ -	\$ -	\$ -	\$ 82,657
Land improvement	7,996	-	-	-	-	7,996
Building and equipment	1,382,495	8,067	(1,272)	42,839	62,671	1,494,800
Machinery and equipment	3,250,312	26,956	(62,191)	277,180	157,598	3,649,855
Transportation and communication equipment	16,055	-	(1,829)	-	1,556	15,782
Other equipment	404,737	27,903	(108,365)	9,009	22,966	356,250
Construction in progress	-	161,541	-	(21,090)	2,420	142,871
Total cost	5,144,252	\$ 224,467	(\$ 173,657)	\$ 307,938	\$ 247,211	5,750,211
Accumulated depreciation and impairment						
Land improvement	7,534	\$ 126	\$ -	\$ -	\$ -	7,660
Building and equipment	808,038	51,023	(1,179)	-	28,821	886,703
Machinery and equipment	1,932,443	155,239	(61,592)	-	103,780	2,129,870
Transportation and communication equipment	13,024	617	(1,829)	-	1,284	13,096
Other equipment	334,804	18,505	(108,151)	-	15,728	260,886
Total accumulated depreciation and impairment	3,095,843	\$ 225,510	(\$ 172,751)	\$ -	\$ 149,613	3,298,215
Net	\$ 2,048,409					\$ 2,451,996

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

The Group recognized an impairment loss of NT\$1,091 thousand and NT\$2,073, respectively, for assets that were idle and did not meet production needs during the period from July 1 to September 1, 2024, and January 1 to September 30, 2024. This loss was classified as other operating expenses. The recoverable value of these assets is determined based on their estimated disposal value, which is classified as Level 3 fair value.

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

	September 30, 2024	December 31, 2023	September 30, 2023
Carrying amount of right-of-use assets			
Land	\$ 118,267	\$ 112,313	\$ 117,006
Buildings	262	-	26
Machinery and equipment	47,947	56,258	61,864
Transportation equipment	<u>320</u>	<u>607</u>	<u>703</u>
	<u>\$ 166,796</u>	<u>\$ 169,178</u>	<u>\$ 179,599</u>

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

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Addition for right-of-use assets			<u>\$ 349</u>	<u>\$ -</u>
Depreciation expense of right-of-use assets				
Land	\$ 1,026	\$ 984	\$ 3,001	\$ 2,950
Buildings	29	26	87	78
Machinery and equipment	3,574	3,476	10,643	10,422
Transportation equipment	<u>95</u>	<u>96</u>	<u>287</u>	<u>288</u>
	<u>\$ 4,724</u>	<u>\$ 4,582</u>	<u>\$ 14,018</u>	<u>\$ 13,738</u>

(II) Lease liabilities

As of September 30, 2024 and December 31 and September 30, 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.

(IV) Other lease information

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Expenses relating to short-term leases	<u>\$ 2,037</u>	<u>\$ 1,726</u>	<u>\$ 5,979</u>	<u>\$ 5,173</u>
Total cash flows on lease	(<u>\$ 5,906</u>)	(<u>\$ 5,491</u>)	(<u>\$ 17,502</u>)	(<u>\$ 16,457</u>)

The Group elects to apply the exemption of recognition to the office and other leases eligible for short-term leases and does not recognize the relevant right to use assets and lease liabilities under such leases. The short-term lease commitments subject to recognition exemption were NT\$3,527 thousand and NT\$3,583 thousand respectively on September 30, 2024 and 2023.

XV. Borrowings

(I) Short-term borrowings

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Secured borrowings</u> (Note 25)			
Bank loans	\$ 5,629	\$ 6,525	\$ -
<u>Unsecured borrowings</u>			
Credit line loan	<u>340,975</u>	<u>350,832</u>	<u>364,780</u>
	<u>\$ 346,604</u>	<u>\$ 357,357</u>	<u>\$ 364,780</u>

The interest rates of short-term borrowings were 1.94%~4.42%, 1.68%~4.74% and 1.70%~7.50592% respectively as of September 30, 2024 and December 31 and September 30, 2023, respectively.

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

	September 30, 2024	September 30, 2023
Commercial note payable	\$ 100,000	\$ 80,000
Less: Discount on commercial note payable	(<u>10</u>)	(<u>8</u>)
	<u>\$ 99,990</u>	<u>\$ 79,992</u>

The interest rates on short-term notes payable were 1.888%~1.968% and 1.758% as of September 30, 2024 and 2023, respectively.

(III) Long-term borrowings

	September 30, 2024	December 31, 2023	September 30, 2023
Secured bank loans	\$ 1,413,657	\$ 1,235,439	\$ 1,057,873
Unsecured bank loans	<u>252,000</u>	<u>98,500</u>	<u>213,150</u>
	1,665,657	1,333,939	1,271,023
Long-term borrowings due within one year	(<u>132,345</u>)	(<u>1,047</u>)	(<u>610</u>)
	<u>\$ 1,533,312</u>	<u>\$ 1,332,892</u>	<u>\$ 1,270,413</u>
Maturity year	2024~2044	2024~2044	2024~2044
Range of interest rates	1.12~4.35%	0.995~4.35%	1.66~4.35%

The Group received a low-interest loan of NT\$588,000 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 September 30, 2024, a total of NT\$363,000 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 July 1 to September 30, 2024 and 2023, and from January 1 to September 30, 2024 and 2023, was calculated using the actuarially determined pension cost rates as of December 31, 2023 and 2022, amounting to NT\$46 thousand, NT\$106 thousand, NT\$138 thousand, and NT\$318 thousand, respectively.

XVII. Government subsidy

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

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

As of September 30, 2024, December 31 and September 30, 2023, due to the above-mentioned circumstances, the Group's unamortized deferred revenue amounted to RMB 7,583 thousand (NT\$ 34,252 thousand), RMB 8,032 thousand (NT\$ 34,822 thousand) and RMB 8,208 thousand (NT\$ 36,893 thousand), respectively.

The Company applied for the Industrial Upgrade Platform Innovation Guidance Program subsidy from the Taiwanese government. For the periods from July 1 to September 30, 2024 and 2023, and from January 1 to September 30, 2024 and 2023, expenses related to the subsidy were recognized as deductions from operating expenses, amounting to NT\$10,275 thousand, NT\$6,900 thousand, NT\$10,275 thousand and NT\$6,900 thousand, respectively.

The Group recognized NT\$1,673 thousand, NT\$4,755 thousand, NT\$14,967 thousand, and NT\$7,605 thousand of government subsidies as other income from July 1 to

September 30, 2024 and 2023, and from January 1 to September 30, 2024 and 2023, respectively, due to the above-mentioned circumstances and other subsidies.

XVIII. Equity

(I) Ordinary share capital

	September 30, 2024	December 31, 2023	September 30, 2023
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 (September 30, 2024: None)

	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>Used to offset deficits, pay cash</u>		
<u>dividends or capitalize capital (1)</u>		
Stock issuance premium	\$ 299,866	\$ 299,866
<u>May only be used to offset deficits</u>		
Disgorgement	<u>76</u>	<u>76</u>
	<u>\$ 299,942</u>	<u>\$ 299,942</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 held regular shareholders' meeting on May 28, 2024 and resolved to offset the losses with a capital surplus of NT\$299,942 thousand and not distribute any dividends due to the need to make up for losses.

XIX. Net Profit (Loss) for the Period

(I) Depreciation and amortization

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Property, plant and equipment	\$ 79,611	\$ 66,036	\$ 223,437	\$ 191,382
Right-of-use assets	4,724	4,582	14,018	13,738
Intangible assets	<u>452</u>	<u>385</u>	<u>1,123</u>	<u>1,404</u>
Total	<u>\$ 84,787</u>	<u>\$ 71,003</u>	<u>\$ 238,578</u>	<u>\$ 206,524</u>
Summary of depreciation by function				
Operating costs	\$ 69,918	\$ 59,963	\$ 196,988	\$ 176,248
Operating expenses	<u>14,417</u>	<u>10,655</u>	<u>40,467</u>	<u>28,872</u>
	<u>\$ 84,335</u>	<u>\$ 70,618</u>	<u>\$ 237,455</u>	<u>\$ 205,120</u>
Summary of amortization by function				
Operating costs	\$ 339	\$ 205	\$ 829	\$ 535
Administrative expenses	113	156	294	797
Research and development expenses	<u>-</u>	<u>24</u>	<u>-</u>	<u>72</u>
	<u>\$ 452</u>	<u>\$ 385</u>	<u>\$ 1,123</u>	<u>\$ 1,404</u>

(II) Employee benefit expenses

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Post-retirement benefits (Note 16)				
Defined contribution plans	\$ 14,037	\$ 13,380	\$ 42,201	\$ 42,586
Defined benefit plans	<u>46</u>	<u>106</u>	<u>138</u>	<u>318</u>
	14,083	13,486	42,339	42,904
Salary, Bonus, etc.	<u>231,978</u>	<u>186,964</u>	<u>658,080</u>	<u>537,632</u>
Total	<u>\$ 246,061</u>	<u>\$ 200,450</u>	<u>\$ 700,419</u>	<u>\$ 580,536</u>
Summary of employee benefit expenses by function				
Operating costs	\$ 183,014	\$ 141,425	\$ 517,648	\$ 403,621
Operating expenses	<u>63,047</u>	<u>59,025</u>	<u>182,771</u>	<u>176,915</u>
	<u>\$ 246,061</u>	<u>\$ 200,450</u>	<u>\$ 700,419</u>	<u>\$ 580,536</u>

(III) Employees' compensation and remuneration of directors

The Company accrued remuneration of employees and directors at rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The Company has yet to

make up the loss for the period from January 1 to September 30, 2023, so the remunerations of employees and directors are not estimated and recognized. The estimated employee compensation and director remuneration for the periods from July 1 to September 30, 2024, and from January 1 to September 30, 2024, are as follows:

Estimated proportion

	From January 1 to September 30, 2024
	<u>Cash</u>
Employee compensation	1%
Director remuneration	-

Amount

	From July 1 to September 30, 2024	From January 1 to September 30, 2024
Employee compensation	<u>\$ 99</u>	<u>\$ 99</u>
Director remuneration	<u>\$ -</u>	<u>\$ -</u>

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

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Government subsidy income	\$ 1,673	\$ 4,755	\$ 14,967	\$ 7,605
Rental income	413	428	1,233	1,156
Management service income (Note 24)	1,770	1,962	6,971	7,306
Others	<u>4,073</u>	<u>2,080</u>	<u>7,649</u>	<u>6,678</u>
	<u>\$ 7,929</u>	<u>\$ 9,225</u>	<u>\$ 30,820</u>	<u>\$ 22,745</u>

(V) Foreign exchange gain (loss)

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Foreign exchange gains	(\$ 5,709)	\$ 19,782	\$ 42,613	\$ 46,692
Foreign exchange losses	(<u>18,960</u>)	(<u>1,815</u>)	(<u>40,554</u>)	(<u>29,885</u>)
Net profit (loss)	(<u>\$ 24,669</u>)	<u>\$ 17,967</u>	<u>\$ 2,059</u>	<u>\$ 16,807</u>

(VI) Other gain and loss

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Gain (loss) on disposal of property, plant and equipment	\$ 478	(\$ 2,958)	\$ 347	(\$ 4,927)
Gain on financial assets at FVTPL	7,616	925	12,914	2,735
Others	(<u>541</u>)	(<u>470</u>)	(<u>1,428</u>)	(<u>2,050</u>)
	<u>\$ 7,553</u>	(<u>\$ 2,503</u>)	<u>\$ 11,833</u>	(<u>\$ 4,242</u>)

(VII) Finance costs

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Interest on bank loan	\$ 10,191	\$ 10,381	\$ 28,113	\$ 35,980
Interest on lease liabilities	<u>147</u>	<u>182</u>	<u>468</u>	<u>575</u>
	<u>\$ 10,338</u>	<u>\$ 10,563</u>	<u>\$ 28,581</u>	<u>\$ 36,555</u>

XX. Income tax

(I) Income tax recognized in other comprehensive income

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

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Current income tax				
In respect of the current period	\$ 1,967	\$ 730	\$ 9,192	\$ 6,138
Adjustments for previous years	<u>-</u>	<u>-</u>	<u>-</u>	(<u>1,987</u>)
	<u>1,967</u>	<u>730</u>	<u>9,192</u>	<u>4,151</u>
Deferred income tax				
In respect of the current period	(664)	(10,920)	874	(25,493)
Adjustments for previous years	<u>-</u>	<u>-</u>	(<u>111</u>)	(<u>10,953</u>)
	(<u>664</u>)	(<u>10,920</u>)	<u>763</u>	(<u>36,446</u>)
Income tax expense (benefit) recognized in profit or loss	<u>\$ 1,303</u>	(<u>\$ 10,190</u>)	<u>\$ 9,955</u>	(<u>\$ 32,295</u>)

(II) Income tax recognized in other comprehensive income

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Deferred income tax				
Income tax (benefits)				
expenses recognized in other comprehensive income				
— Translation the financial statements of foreign operations	<u>\$ 11,325</u>	<u>\$ 14,606</u>	<u>\$ 26,676</u>	<u>\$ 4,047</u>

(III) Certification of income tax

The Company's income tax returns through 2022 have been assessed by the tax authorities.

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

1. ACME (Cayman) and GAEL had no income tax expense for the period from January 1 to September 30, 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 the approval of preferential tax rate for high-tech enterprises on file, the statutory tax rate applicable to it is reduced from 25% to 15%.
3. The statutory tax rate applicable to ACME Electronics (KS) is 25%.
4. The statutory tax rate applicable to ACME (MA), ACME Ferrite and ACME Advanced is 24%.

XXI. Earnings (Losses) per Share

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Basic earnings (losses) per share	<u>\$ 0.23</u>	<u>(\$ 0.14)</u>	<u>\$ 0.88</u>	<u>(\$ 0.74)</u>
Diluted earnings (losses) per share	<u>\$ 0.23</u>	<u>(\$ 0.14)</u>	<u>\$ 0.88</u>	<u>(\$ 0.74)</u>

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

Net profit (loss) for the period

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Net profit (loss) for calculating basic earnings (losses) per share	<u>\$ 49,053</u>	<u>(\$ 29,227)</u>	<u>\$ 188,118</u>	<u>(\$ 157,178)</u>

Number of Shares

	Unit: Thousands of shares			
	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Weighted average number of ordinary shares outstanding used for calculating basic earnings (losses) per share	212,994	212,994	212,994	212,994
Impact of potential diluted ordinary shares:				
Employee compensation	<u>3</u>	<u>-</u>	<u>3</u>	<u>-</u>
Weighted average number of ordinary shares outstanding used for calculating diluted earnings (losses) per share	<u>212,997</u>	<u>212,994</u>	<u>212,997</u>	<u>212,994</u>

If the consolidated company has the option to distribute employee compensation in the form of either stock or cash, the calculation of diluted earnings per share assumes that employee compensation will be distributed in stock. When such potential ordinary shares have a dilutive effect, they are included in the weighted average number of shares outstanding for the calculation of diluted earnings per share. When calculating diluted earnings per share prior to determining the number of shares to be distributed as employee compensation in the following year, the dilutive effect of such potential ordinary shares is also continuously taken into account.

The consolidated company did not estimate employee compensation for the periods from July 1 to September 30, 2023, and from January 1 to September 30, 2023, due to being in a loss position.

XXII. Capital Risk Management

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

Key management personnel of the Group review the capital structure of the Group irregularly. As part of this review, the key management personnel consider the cost of

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

XXIII. Financial Instruments

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

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

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

1. Fair value hierarchy

September 30, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTPL				
Derivatives	\$ <u>-</u>	\$ <u>5,968</u>	\$ <u>-</u>	\$ <u>5,968</u>
Financial liabilities at FVTPL				
Derivatives	\$ <u>-</u>	\$ <u>28</u>	\$ <u>-</u>	\$ <u>28</u>

December 31, 2023

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

September 30, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial liabilities at FVTPL				
Derivatives	\$ <u>-</u>	\$ <u>558</u>	\$ <u>-</u>	\$ <u>558</u>

There were no transfers between Levels 1 and 2 fair value measurement for the period from July 1 to September 30, 2024 and 2023, and from January 1 to September 30, 2024 and 2023.

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

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

(III) Categories of financial instruments

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>Financial assets</u>			
Financial assets at FVTPL	\$ 5,968	\$ 142	\$ -
Measured at amortized cost (Note 1)	1,493,613	1,236,817	1,357,552
<u>Financial liabilities</u>			
Financial liabilities at FVTPL	28	33	558
Measured at amortized cost (Note 2)	2,469,727	2,027,502	2,047,329

Note 1: The balance refers to financial assets measured at amortized cost, including cash and cash equivalents, pledged bank time deposits, 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 September 30, 2024 will decrease/increase by NT\$20,930 thousand, and the pre-tax loss for the period from January 1 to September 30, 2023 will increase/decrease by NT\$11,884 thousand.

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

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

(2) Interest rate risk

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

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

	September 30, 2024	December 31, 2023	September 30, 2023
Fair value interest rate risk			
— Financial assets	\$ 526,090	\$ 391,181	\$ 561,609
— Financial liabilities	490,964	257,416	283,083
Cash flow interest rate risk			
— Financial assets	62,823	79,926	69,701
— Financial liabilities	1,671,289	1,492,196	1,496,803

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 pre-tax profit by NT\$6,032 thousand from January 1 to September 30, 2024, and increase/decrease the Group's pre-tax loss by NT\$5,352 thousand from January 1 to September 30, 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 64%, 65% and 70% of total

accounts receivable as of September 30, 2024 and December 31 and September 30, 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.

September 30, 2024

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years	Over 5 years
<u>Non-derivative financial liabilities</u>				
Non-interest				
bearing liabilities	-	\$ 259,798	\$ -	\$ -
Lease liabilities	1.11	15,332	35,792	-
Floating interest rate liabilities	1.81	168,202	1,539,764	68,420
Fixed interest rate liabilities	2.17	<u>442,052</u>	<u>-</u>	<u>-</u>
		<u>\$ 885,384</u>	<u>\$1,575,556</u>	<u>\$ 68,420</u>

December 31, 2023

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years	Over 5 years
<u>Non-derivative financial liabilities</u>				
Non-interest				
bearing liabilities	-	\$ 238,483	\$ -	\$ -
Lease liabilities	1.22	14,680	45,155	-
Floating interest rate liabilities	1.96	185,118	1,335,406	65,213
Fixed interest rate liabilities	1.69	<u>199,284</u>	<u>-</u>	<u>-</u>
		<u>\$ 637,565</u>	<u>\$1,380,561</u>	<u>\$ 65,213</u>

September 30, 2023

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

(2) Financing facilities

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Unsecured banking facilities</u>			
— Amount used	\$ 692,975	\$ 449,332	\$ 657,932
— Amount unused	<u>1,639,779</u>	<u>2,099,825</u>	<u>2,173,198</u>
	<u>\$ 2,332,754</u>	<u>\$ 2,549,157</u>	<u>\$ 2,831,130</u>
<u>Secured banking facilities</u>			
— Amount used	\$ 1,425,213	\$ 1,243,272	\$ 1,057,871
— Amount unused	<u>265,277</u>	<u>429,461</u>	<u>617,726</u>
	<u>\$ 1,690,490</u>	<u>\$ 1,672,733</u>	<u>\$ 1,675,597</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 September 30, 2024, and December 31 and September 30, 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 International Corporation (USIIC)	Fellow subsidiary
USI Optronics Corporation (USIO)	Associate

(II) Sales revenue

Related Party Category/Name	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Associate				
USIO	\$ 77	\$ -	\$ 225	\$ 217

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

(III) Purchase

Related Party Category/Name	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Associate				
USIO	\$ 717	\$ 926	\$ 2,511	\$ 3,231

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

(IV) Receivables from related parties

Accounting Subject	Related Party Category/Name	September 30, 2024	December 31, 2023	September 30, 2023
Accounts receivable - related parties	Associate			
	USIO	\$ 79	\$ 77	\$ -
Other receivables - related parties	Fellow subsidiary			
	SPC	\$ 2,882	\$ 4,019	\$ 3,083
	Associate			
	USIO	-	200	-
		\$ 2,882	\$ 4,219	\$ 3,083

(V) Payables to related parties

<u>Accounting Subject</u>	<u>Related Party Category/Name</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Accounts payable - related parties	Associate			
	USIO	\$ 505	\$ -	\$ -
Other payables - related parties	Parent company			
	USI	\$ 1,213	\$ 717	\$ 1,232
	Fellow subsidiary			
	UM	532	45	483
	SPC	419	514	513
	APC	83	48	48
	USIIC	3	-	-
	CGPC	-	-	1
		<u>\$ 2,250</u>	<u>\$ 1,324</u>	<u>\$ 2,277</u>

(VI) Property, plant and equipment acquired

<u>Related Party Category/Name</u>	<u>Acquisition cost From January 1 to September 30, 2024</u>
Associate	
USIO	<u>\$ 600</u>

(VII) Other related party transactions

<u>Accounting Subject</u>	<u>Related Party Category/Name</u>	<u>From July 1 to September 30, 2024</u>	<u>From July 1 to September 30, 2023</u>	<u>From January 1 to September 30, 2024</u>	<u>From January 1 to September 30, 2023</u>
Management service income (Classified as non-operating income and expenses)	Fellow subsidiary				
	SPC	\$ 1,770	\$ 1,962	\$ 6,688	\$ 7,084
	Associate				
	USIO	-	-	283	222
		<u>\$ 1,770</u>	<u>\$ 1,962</u>	<u>\$ 6,971</u>	<u>\$ 7,306</u>
Management service fee expenditures (Classified as operating expenses)	Parent company				
	USI	\$ 62	\$ -	\$ 186	\$ -
	Fellow subsidiary				
	UM	3,292	3,332	9,817	9,903
	SPC	349	488	1,220	2,155
		<u>\$ 3,703</u>	<u>\$ 3,820</u>	<u>\$ 11,223</u>	<u>\$ 12,058</u>
Rent expenditures (Classified as operating expenses)	Parent company				
	USI	\$ 750	\$ 798	\$ 2,251	\$ 2,395
	Fellow subsidiary				
	APC	118	69	354	207
		<u>\$ 868</u>	<u>\$ 867</u>	<u>\$ 2,605</u>	<u>\$ 2,602</u>
Other expenditures (Classified as operating expenses)	Associate				
	USIO	\$ 36	\$ -	\$ 268	\$ -

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

(VIII) Compensation of key management personnel

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Short-term employee benefits	\$ 12,154	\$ 3,600	\$ 28,535	\$ 11,269
Post-retirement benefits	87	50	206	153
	<u>\$ 12,241</u>	<u>\$ 3,650</u>	<u>\$ 28,741</u>	<u>\$ 11,422</u>

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

XXV. Collateralized Assets

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

	September 30, 2024	December 31, 2023	September 30, 2023
Time deposit (classified as refundable deposits)	\$ 7,700	\$ 6,000	\$ 6,000
Current deposit (classified as refundable deposits)	9,033	4,335	2,247
Time deposits (classified as financial assets measured at amortized cost)	22,908	20,189	20,555
Property, plant, and equipment (carrying amount)	668,534	303,617	302,611
Right-of-use assets	<u>26,788</u>	<u>23,799</u>	<u>24,628</u>
	<u>\$ 734,963</u>	<u>\$ 357,940</u>	<u>\$ 356,041</u>

XXVI. Significant Contingent Liability and Contractual Commitments

As of September 30, 2024 and December 31 and September 30, 2023, in order to apply to the Taiwan government for the subsidy of industrial upgrading platform innovation guidance program, the Company's performance guarantee provided by the bank was NT\$13,000 thousand, NT\$9,000 thousand and NT\$9,000 thousand, respectively.

XXVII. Information on Exchange Rate of Foreign Currency-Dominated Financial Assets and Liabilities

The following information is expressed in foreign currencies other than the functional currency of the Group's individual entities, and the exchange rates disclosed refer to the

exchange rates at which these foreign currencies were translated into the functional currency. The foreign currency assets and liabilities with significant effect are as follows:

September 30, 2024						
	Foreign Currency (NT\$ thousands)	Exchange Rate (NT\$)			Functional Currency (NT\$ thousands)	New Taiwan Dollars (NT\$ thousands)
Financial assets						
<u>Monetary items</u>						
USD	\$ 15,981	31.6500	(USD: NTD)	\$ 505,784	\$ 505,784	
USD	2,033	7.0073	(USD: RMB)	14,244	64,334	
USD	7,037	4.2652	(USD: MYR)	30,013	222,714	
RMB	7,940	4.5167	(RMB: NTD)	35,863	35,863	
Financial liabilities						
<u>Monetary items</u>						
USD	1,028	31.6500	(USD: NTD)	32,544	32,544	
USD	929	7.0073	(USD: RMB)	6,509	29,401	
USD	1,049	4.2652	(USD: MYR)	4,475	33,206	
RMB	16,180	4.5167	(RMB: NTD)	73,081	73,081	

December 31, 2023						
	Foreign Currency (NT\$ thousands)	Exchange Rate (NT\$)			Functional Currency (NT\$ thousands)	New Taiwan Dollars (NT\$ thousands)
Financial assets						
<u>Monetary items</u>						
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						
<u>Monetary items</u>						
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	

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

The net foreign exchange gains or losses (realized and unrealized) of the Group from July 1 to September 30, 2024 and 2023, from January 1 to September 30, 2024 and 2023 were a loss of NT\$24,669 thousand, and a gain of NT\$17,967 thousand, NT\$2,059 thousand, and NT\$16,807 thousand respectively. Due to the variety of foreign currency transactions

and functional currencies of the Group's individual entities, the exchange gains or losses could not be disclosed by each significant currencies.

XXVIII. Disclosure Items

(I) Significant Transactions

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

(II) Information on investment: Table 5.

(III) Information on investments in mainland China:

1. Information on investee company in mainland China, including the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, current profit and loss and recognized investment income or loss, ending carrying amount of the investment, repatriations of investment income, and limit on the amount of investment in mainland China: Table 6.
2. Major transactions with any investee company in mainland China directly or indirectly through a third region, and their prices, payment terms, unrealized gains (losses), and other information:
 - (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 7.

- (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 7.
- (3) The amount of property transactions and the amount of the resultant gains or losses: None.
- (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2.
- (5) The 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 7.

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

XXIX. Segment Information

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of products provided. In accordance with IFRS 8 “Operating Segments”, the reportable segment information of the Group from January 1 to September 30, 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 September 30, 2024	From January 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Passive components	\$ 1,847,735	\$ 1,636,928	\$ 25,972	(\$ 221,238)
Silicon carbide	535,408	230,263	210,411	68,716
Others	-	-	(1,574)	(3,245)
Total of continuing business units	<u>\$ 2,383,143</u>	<u>\$ 1,867,191</u>	234,809	(155,767)
Headquarters management costs and director compensation			(69,151)	(72,109)
Interest income			14,075	9,844
Foreign exchange gain (loss)			2,059	16,807
Interest expenses			(28,581)	(36,555)
Other non-operating revenue			<u>36,878</u>	<u>14,547</u>
Net profit (loss) before tax			<u>\$ 190,089</u>	<u>(\$ 223,233)</u>

The revenue reported above is generated from transactions with external clients. All interdepartmental transactions from January 1 to September 30, 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, interest expenses and other non-operating incomes and expenditures. 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 September 30, 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	\$ 184,088 (RMB 40,000 thousand)	\$ 180,668 (RMB 40,000 thousand)	\$ 180,668 (RMB 40,000 thousand)	3.45%	2	\$ -	Business turnover	\$ -	—	—	\$ 405,276	\$ 405,276	

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 September 30, 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 September 30, 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 September 30, 2024

Table 2

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

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/Guarantee Made for Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period (Note 3)	Actual Borrowing Amount (Note 3)	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)	\$ 3,096,434	\$ 389,683 (USD 5,000 thousand and	\$ 158,250 (USD5,000 thousand)	\$ -	None	7.67%	\$ 4,128,578	Y	N	Y	
1	ACME (MA)	ACME Ferrite	Subsidiaries of ACME(MA)	706,983	(RMB 49,000 thousand) 130,482 (MYR 17,584 thousand)	130,482 (MYR 17,584 thousand)	77,135 (MYR 10,395 thousand)	None	12.92%	807,980	Y	N	N	

Note 1: The rate was calculated by the equity of ACME as of September 30, 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 September 30, 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 September 30, 2024.

Note 3: The foreign currency amount was calculated based on the spot exchange rate of September 30, 2024.

Acme Electronics Corporation and Subsidiaries
Purchases or Sales with Related Parties Amounting to \$100 Million or 20% of the Paid-in Capital
From January 1 to September 30, 2024

Table 3

Unit: In Thousands of New Taiwan Dollars

Buyer/Seller	Counterparty	Relationship	Transaction Details				Unusual Transaction Terms and Reasons (Note 1)		Notes/Accounts Receivable (Payable)		Remark
			Purchase (Sale)	Amount	Ratio to Total Purchase / Sales	Credit Period	Unit Price	Credit Period	Balance	Ratio to Total Notes or Trade Receivable (payable)	
The Company	Acme Electronics (GZ)	GAEL's Subsidiaries	Purchase (including processing fee)	\$ 279,098	35%	55 days	\$ -	—	(\$ 72,329)	53%	Note 2
Acme Electronics (GZ)	The Company	GAEL's Subsidiaries	Sales (including processing fee)	(279,098)	36%	55 days	-	—	72,329	21%	Note 2
ACME Electronics (KS)	The Company	ACME (Cayman)'s Subsidiaries	Purchase	155,671	73%	55 days	-	—	(29,122)	69%	Note 2
The Company	ACME Electronics (KS)	ACME (Cayman)'s Subsidiaries	Sales	(155,671)	12%	55 days	-	—	29,122	8%	Note 2
The Company	ACME Electronics (KS)	ACME (Cayman)'s Subsidiaries	Purchase	102,943	20%	55 days	-	—	(19,121)	14%	Note 2
ACME Electronics (KS)	The Company	ACME (Cayman)'s Subsidiaries	Sales	(102,943)	16%	55 days	-	—	19,121	9%	Note 2

Note 1: The terms of payment and receipt of purchase and sales transactions between the Company and its subsidiaries are not materially different from those of general transactions. The prices at which the Company sells products to its subsidiaries vary depending on the Group's operating strategy. These prices may differ from those of general transactions.

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

Acme Electronics Corporation and Subsidiaries
Receivables from Related Parties Amounting to NT\$100 million or 20% of Paid-in Capital or More
September 30, 2024

Table 4

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)	Fellow subsidiary	Other receivables - related parties \$181,747	-	\$ -	—	\$ -	Note 1

Note 1: No provision for impairment losses is necessary after assessment.
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 September 30, 2024

Table 5

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

Investor	Investee	Location	Main Business Activities	Original Investment Amount (Note 2)		Ending Holding			Net Profit (Loss) of Investee for the Period (Note 3)	Investment Profit (Loss) Recognized for the Period (Note 3)	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%	\$ 1,030,340	(\$ 17,569)	(\$ 9,515)	Note 1
	GAEL	CITCO Building, Wickhams Cay Road Town, Tortola, British Virgin Islands	Corporate investments	669,072	669,072	20,800,000	100%	1,017,274	(USD (549) thousand)	(USD(299) thousand)	Note 1
	USIO	12F, No. 37, Jihu Rd., Neihsu Dist., Taipei City	Manufacturing and marketing of sapphire single crystal	646,200	646,200	22,064,224	34%	12,421	(16,985)	(5,775)	
ACME (Cayman)	ACME (MA)	Plot 15,Jalan Industri 6 Kawasan Perindustrian Jelapang II (ZPB) Jelapang 30020 Ipoh, Perak, Malaysia.	Corporate investments	(USD 566,250 17,891 thousand)	(USD 11,891 thousand)	69,900,000	100%	(USD 1,020,079 32,230 thousand)	(MYR 9,797 1,640 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	(MYR 281,712 37,964 thousand)	(MYR37,964 thousand)	9,120,000	100%	(MYR814,657 109,785 thousand)	(MYR 16,764 2,601 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	(MYR 191,093 27,301 thousand)	-	27,301,000	100%	(MYR189,556 25,545 thousand)	(MYR 12,750 (1,756) thousand)		Note 1

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

Note 2: The foreign currency amount was calculated based on the spot exchange rate of September 30, 2024.

Note 3: The amount is calculated based on the average exchange rate from January 1 to September 30, 2024.

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

Acme Electronics Corporation and Subsidiaries
Information on Investments in Mainland China
From January 1 to September 30, 2024

Table 6Unit: 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	\$ 972,446 (USD 30,725 thousand)	Indirect investment via ACME (Cayman).	\$ 374,188 (USD 11,144 thousand)	\$ -	\$ -	\$ 374,188 (USD 11,144 thousand)	(\$ 28,355) (RMB (6,325) thousand)	60.10%	(\$ 17,041) (RMB (3,801) thousand)	\$ 407,406 (RMB 90,200 thousand)	\$ -
Acme Electronics (GZ)	Manufacturing and marketing of soft ferrite core	607,680 (USD 19,200 thousand)	Indirect investment via GAEL.	619,676 (USD 19,200 thousand)	-	-	619,676 (USD 19,200 thousand)	13,521 (RMB 2,977 thousand)	100%	13,521 (RMB 2,977 thousand)	1,013,191 (RMB 224,321 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
\$960,388 (USD 30,344 thousand) (Notes 2 and 6)	\$1,159,434 (USD 36,633 thousand) (Notes 2 and 6)	\$ - (Note 1)

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

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

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

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

Note 5: The amount was calculated based on the average exchange rate from January 1 to September 30, 2024.

Note 6: The foreign currency was calculated based on the spot exchange rate of September 30, 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 September 30, 2024

Table 7

Unit: In Thousands of New Taiwan Dollars

No.	Name of Trader	Counterparty	Relationships with Trader (Note)	Transactions Details			
				Financial Statement Accounts	Amount	Transaction Terms	% of Total Consolidated Operating Revenue or Total Asset
0	The Company	ACME Electronics (KS)	1	Sales revenue	\$ 155,671	55 days for both purchase and sales	6.53%
0	The Company	Acme Electronics (GZ)	1	Sales revenue	93,781	55 days for both purchase and sales	3.94%
0	The Company	ACME Ferrite	1	Sales revenue	26,973	55 days for both purchase and sales	1.13%
0	The Company	ACME Electronics (KS)	1	Cost of goods sold	102,943	55 days for both purchase and sales	4.32%
0	The Company	Acme Electronics (GZ)	1	Cost of goods sold	5,864	55 days for both purchase and sales	0.25%
0	The Company	ACME Ferrite	1	Cost of goods sold	603	55 days for both purchase and sales	0.03%
0	The Company	Acme Electronics (GZ)	1	Processing costs (classified as cost of goods sold)	273,234	—	11.47%
0	The Company	ACME Electronics (KS)	1	Royalty revenue	18,373	—	0.77%
0	The Company	ACME Ferrite	1	Other income	534	—	0.02%
0	The Company	ACME Electronics (KS)	1	Accounts receivable - related parties	29,122	55 days for both purchase and sales	0.54%
0	The Company	Acme Electronics (GZ)	1	Accounts receivable - related parties	18,335	55 days for both purchase and sales	0.34%
0	The Company	ACME Ferrite	1	Accounts receivable - related parties	7,508	55 days for both purchase and sales	0.14%
0	The Company	ACME Electronics (KS)	1	Other receivables - related parties	17,019	—	0.31%
0	The Company	Acme Electronics (GZ)	1	Notes and accounts payable—related parties	72,329	55 days for both purchase and sales	1.33%
0	The Company	ACME Electronics (KS)	1	Notes and accounts payable—related parties	19,121	55 days for both purchase and sales	0.35%
0	The Company	ACME Ferrite	1	Notes and accounts payable—related parties	586	55 days for both purchase and sales	0.01%
0	The Company	Acme Electronics (GZ)	1	Other payables - related parties	285	—	0.01%
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Sales revenue	20,877	55 days for both purchase and sales	0.88%
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Cost of goods sold	18,132	55 days for both purchase and sales	0.76%
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Interest expenses	4,273	—	0.18%
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Accounts receivable - related parties	6,771	55 days for both purchase and sales	0.12%
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Notes and accounts payable—related parties	2,418	55 days for both purchase and sales	0.04%
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Other payables - related parties	181,747	—	3.34%
3	ACME Electronics (KS)	ACME Ferrite	3	Sales revenue	49,415	55 days for both purchase and sales	2.07%
3	ACME Electronics (KS)	ACME Ferrite	3	Cost of goods sold	5,765	55 days for both purchase and sales	0.24%
3	ACME Electronics (KS)	ACME Ferrite	3	Accounts receivable - related parties	15,717	55 days for both purchase and sales	0.29%
3	ACME Ferrite	Acme Electronics (GZ)	3	Sales revenue	7,535	55 days for both purchase and sales	0.32%
3	ACME Ferrite	Acme Electronics (GZ)	3	Accounts receivable - related parties	3,431	55 days for both purchase and sales	0.06%

Note:

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

Acme Electronics Corporation
Information on Major Shareholders
September 30, 2024

Table 8

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

Note: 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.