

Acme Electronics Corporation and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Review Report For the Three Months Ended March 31, 2025 and 2024

Address: 8th Floor, No. 39, Jihu Road, Neihu District, Taipei
City
Tel.: (02)2798-0337

Notices to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.

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

§TABLE OF CONTENT§

ITEM	PAGE	FINANCIAL STATEMENTS NOTES NO.
I. Cover	1	-
II. Table of Content	2	-
III. Independent Auditors' Review Report	3-4	-
IV. Consolidated Balance Sheets	5	-
V. Consolidated Statements of Comprehensive Income	6-7	-
VI. Consolidated Statements of Changes in Equity	8	-
VII. Consolidated Statements of Cash Flows	9-10	-
VIII. Notes to Consolidated Financial Statements		
(I) Company History	11	1
(II) Date and Procedure for the Approval of Financial Statements	11	2
(III) Application of Newly Issued and Revised Standards and Interpretations	11-13	3
(IV) Summary of Significant Accounting Policies	13-15	4
(V) Critical Accounting Judgments and Key Sources of Estimation Uncertainty	15	5
(VI) Information on Important Accounting Items	15-41	6-23
(VII) Related Party Transactions	42-45	24
(VIII) Collateralized Assets	45	25
(IX) Significant Contingent Liability and Unrecognized Contractual Commitments	45	26
(X) Significant Disaster Loss	-	-
(XI) Significant Events After the Balance Sheet Date	-	-
(XII) Others	45-47	27
(XIII) Disclosure Items		
1. Information on Significant Transactions	47, 49-50, 53-54	28
2. Information on Reinvestment	47, 51	28
3. Information on Investments in Mainland China	47-48, 49-50, 52-54	28
(XIV) Segment Information	48	29

Independent Auditors' Review Report

To: Acme Electronics Corporation

Preface

We have reviewed the Consolidated balance sheets of Acme Electronics Corporation and its subsidiaries (the “Group”) as of March 31, 2025 and 2024 and the Statements of Comprehensive Income, Statements of Changes in Equity, and Statements of Cash Flows for January 1 to March 31, 2025 and 2024, and the accompanying Notes to the Financial Statements (including the Summary of Significant Accounting Policies). It is the responsibility of management to prepare consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, "Interim Financial Reporting", as endorsed by the Financial Supervisory Commission and issued in effect. Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

Scope

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

Basis for qualified conclusion

As stated in Note 12 to the consolidated financial statements, the balances of investments accounted for under the equity method amounted to NT\$9,652 thousand and NT\$15,781 thousand as of March 31, 2025 and 2024, respectively, and the shares of losses of affiliates accounted for under the equity method amounted to NT\$988 thousand and NT\$2,415 thousand from January 1

to March 31, 2025 and 2024, respectively, based on the unreviewed financial statements of these investees for the same periods.

Qualified conclusion

According to the results of our review, except the influence of the financial statements of the investees that have been reviewed by the auditor in the section of the Basis for Conclusions, we have not found any material aspects of the above consolidated financial statements that have not been prepared according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission and issued in effect, which may lead to the inability to fairly express the consolidated financial positions of Acme Electronics Corporation and its subsidiaries as of March 31, 2025 and 2024, and the consolidated financial performance and consolidated cash flows of Acme Electronics Corporation and its subsidiaries from January 1 to March 31, 2025 and 2024.

Deloitte Taiwan

CPA Chang, Cheng-Hsiu

CPA Chiu, Cheng-Chun

Financial Supervisory Commission Approved
Document No.

Jin Guan Zheng Shen Zi No. 1120349008

Financial Supervisory Commission Approved
Document No.

Jin Guan Zheng Liu Zi No. 0930160267

May 2, 2025

Notices to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.

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

Acme Electronics Corporation and Subsidiaries
Consolidated Balance Sheets
March 31, 2025 and December 31 and March 31, 2024

Unit: In Thousands of New Taiwan Dollars

Code	Assets	March 31, 2025		December 31, 2024		March 31, 2024	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 6)	\$ 677,130	12	\$ 727,586	13	\$ 574,325	12
1110	Financial assets at fair value through profit or loss (FVTPL)						
	- current (Note 7)	277	-	44	-	118	-
1136	Financial assets at amortized cost - current (Notes 8 and 25)	22,445	-	22,090	-	20,394	-
1150	Notes receivable (Note 9)	84,519	2	65,596	1	53,419	1
1170	Accounts receivable, net (Notes 9 and 24)	677,153	12	721,749	13	756,475	16
1200	Other receivables (Note 24)	14,238	-	8,396	-	16,986	-
1220	Current tax assets (Notes 4 and 20)	13,099	-	10,752	-	9,579	-
130X	Inventories (Note 10)	847,404	16	871,843	16	675,245	14
1470	Other current assets	41,415	1	62,271	1	88,860	2
11XX	Total current assets	2,377,680	43	2,490,327	44	2,195,401	45
	Non-current assets						
1550	Investments accounted for using equity method (Note 12)	9,652	-	10,640	-	15,781	-
1600	Property, plant and equipment (Notes 13 and 25)	2,697,772	49	2,614,704	47	2,155,458	44
1755	Right-of-use assets (Notes 14 and 25)	162,241	3	164,599	3	170,635	4
1780	Intangible assets	3,901	-	4,281	-	4,054	-
1840	Deferred tax assets (Notes 4 and 20)	81,223	2	82,779	2	85,329	2
1915	Prepayments for equipment	148,086	3	227,324	4	231,874	5
1920	Refundable deposits (Note 25)	13,594	-	15,762	-	11,339	-
15XX	Total non-current assets	3,116,469	57	3,120,089	56	2,674,470	55
1XXX	Total Assets	\$ 5,494,149	100	\$ 5,610,416	100	\$ 4,869,871	100
	Liabilities and Equity						
	Current liabilities						
2100	Short-term borrowings (Notes 15 and 25)	\$ 493,340	9	\$ 457,886	8	\$ 292,355	6
2110	Short-term notes payable, net (Note 15)	179,899	3	69,992	1	-	-
2120	Financial liabilities at fair value through profit or loss (FVTPL) - current (Note 7)	71	-	1,282	-	485	-
2170	Notes payable and accounts payable (Note 24)	74,654	2	113,670	2	76,459	2
2200	Other payables (Note 24)	204,097	4	315,271	6	190,103	4
2230	Current tax liabilities (Notes 4 and 20)	362	-	259	-	-	-
2280	Lease liabilities - current (Note 14)	15,790	-	15,624	1	14,814	-
2320	Long-term borrowings due within one year (Notes 15 and 25)	2,322	-	172,248	3	131,835	3
2399	Other current liabilities	7,680	-	7,393	-	9,460	-
21XX	Total current liabilities	978,215	18	1,153,625	21	715,511	15
	Non-current liabilities						
2540	Long-term borrowings (Notes 15 and 25)	1,541,359	28	1,503,369	27	1,432,918	29
2570	Deferred tax liabilities (Notes 4 and 20)	119,278	2	116,455	2	108,566	2
2580	Lease liabilities - non-current (Note 14)	31,071	1	34,513	-	42,504	1
2630	Long-term deferred incomes (Note 15 and 17)	51,686	1	40,014	1	39,737	1
2640	Net defined benefit liabilities, non-current (Notes 4 and 16)	11,837	-	12,046	-	10,274	-
2645	Guarantee deposits received	3,286	-	3,696	-	498	-
25XX	Total non-current liabilities	1,758,517	32	1,710,093	30	1,634,497	33
2XXX	Total liabilities	2,736,732	50	2,863,718	51	2,350,008	48
	Equity attributable to owners of the Company (Notes 18)						
3110	Ordinary share capital	2,129,937	39	2,129,937	38	2,129,937	44
3200	Capital surplus	50	-	50	-	299,942	6
3350	Accumulated deficit	(42,574)	(1)	(20,755)	-	(422,208)	(8)
	Other equity						
3410	Exchange differences on translating the financial statements of foreign operations	(60,576)	(1)	(88,649)	(2)	(131,583)	(3)
31XX	Total equity attributable to owners of the Company	2,026,837	37	2,020,583	36	1,876,088	39
36XX	Non-controlling interests (Note 11)	730,580	13	726,115	13	643,775	13
3XXX	Total equity	2,757,417	50	2,746,698	49	2,519,863	52
	Total liabilities and equity	\$ 5,494,149	100	\$ 5,610,416	100	\$ 4,869,871	100

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

(Please refer to the Review Report issued by Deloitte Taiwan on May 2, 2025)

Acme Electronics Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
From January 1 to March 31, 2025 and 2024

		Unit: In Thousands of New Taiwan Dollars, Except for Earnings (Losses) Per Share in New Taiwan Dollars			
		From January 1 to March 31, 2025		From January 1 to March 31, 2024	
Code		Amount	%	Amount	%
	Operating revenue				
4110	Sales revenue (Note 24)	\$ 720,076	100	\$ 718,667	100
4170	Less: Sales returns and allowances	<u>794</u>	<u>-</u>	<u>674</u>	<u>-</u>
4000	Total operating revenue	719,282	100	717,993	100
	Operating costs				
5110	Cost of goods sold (Notes 10, 16, 19, and 24)	<u>610,075</u>	<u>85</u>	<u>559,661</u>	<u>78</u>
5900	Gross profit	<u>109,207</u>	<u>15</u>	<u>158,332</u>	<u>22</u>
	Operating expenses (Notes 9, 16, 19, and 24)				
6100	Selling and marketing expenses	35,473	5	33,101	4
6200	Administrative expenses	54,036	8	47,999	7
6300	Research and development expenses	58,388	8	42,946	6
6450	Expected Credit Loss	<u>138</u>	<u>-</u>	<u>212</u>	<u>-</u>
6000	Total operating expenses	<u>148,035</u>	<u>21</u>	<u>124,258</u>	<u>17</u>
6900	Net operating (loss) profit	(<u>38,828</u>)	(<u>6</u>)	<u>34,074</u>	<u>5</u>
	Non-operating income and expenses				
7100	Interest income	4,246	1	4,179	-
7010	Other incomes (Notes 17, 19 and 24)	8,041	1	14,183	2
7230	Gains (losses) from foreign exchange (Note 19)	3,986	1	15,918	2
7020	Other gains and losses (Note 19)	1,951	-	1,658	-
7050	Finance costs (Note 19)	(11,313)	(2)	(8,923)	(1)
7060	Share of profit or loss of affiliates accounted for using equity method (Note 12)	(<u>988</u>)	<u>-</u>	(<u>2,415</u>)	<u>-</u>
7000	Total non-operating income and expenses	<u>5,923</u>	<u>1</u>	<u>24,600</u>	<u>3</u>

(Continued)

(Continued from the previous page)

Code		From January 1 to March 31, 2025		From January 1 to March 31, 2024	
		Amount	%	Amount	%
7900	Net profit (loss) before tax	(\$ 32,905)	(5)	\$ 58,674	8
7950	Income tax benefit (expense) (Notes 4 and 20)	1,880	-	(5,614)	-
8200	Net (loss) profit for the period	(31,025)	(5)	53,060	8
	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	48,762	7	79,944	11
8399	Income tax relating to items that may be reclassified to profit or loss (Note 20)	(7,018)	(1)	(12,700)	(2)
8300	Total other comprehensive income (net)	41,744	6	67,244	9
8500	Total comprehensive income for the period	\$ 10,719	1	\$ 120,304	17
	Net (loss) profit attributable to:				
8610	Owners of parent company	(\$ 21,819)	(3)	\$ 55,822	8
8620	Non-controlling interests	(9,206)	(1)	(2,762)	(1)
8600		(\$ 31,025)	(4)	\$ 53,060	7
	Total comprehensive income attributable to:				
8710	Owners of parent company	\$ 6,254	1	\$ 106,623	15
8720	Non-controlling interests	4,465	-	13,681	2
8700		\$ 10,719	1	\$ 120,304	17
	Earnings (losses) per share (Note 21)				
9750	Basic	(\$ 0.10)		\$ 0.26	
9850	Diluted	(\$ 0.10)		\$ 0.26	

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

(Please refer to the Review Report issued by Deloitte Taiwan on May 2, 2025)

Acme Electronics Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
From January 1 to March 31, 2025 and 2024

Unit: NT\$ thousands,
unless stated otherwise

		Equity attributable to owners of the Company							
Code		Share capital (Note 18)		Capital surplus (Note 18)	Accumulated deficit (Note 18)	Exchange differences on translating the financial statements of foreign operations	Total	Non-controlling interests (Note 11)	Total equity
		Number of shares issued	Amount						
A1	Balance as of January 1, 2024	212,993,743	\$ 2,129,937	\$ 299,942	(\$ 478,030)	(\$ 182,384)	\$ 1,769,465	\$ 555,114	\$ 2,324,579
D1	Net Income from January 1 to March 31, 2024		-	-	55,822	-	55,822	(2,762)	53,060
D3	Other comprehensive income (loss) from January 1 to March 31, 2024	-	-	-	-	50,801	50,801	16,443	67,244
D5	Total comprehensive income (loss) from January 1 to March 31, 2024	-	-	-	55,822	50,801	106,623	13,681	120,304
O1	Non-controlling interests	-	-	-	-	-	-	74,980	74,980
Z1	Balance as of March 31, 2024	<u>212,993,743</u>	<u>\$ 2,129,937</u>	<u>\$ 299,942</u>	<u>(\$ 422,208)</u>	<u>(\$ 131,583)</u>	<u>\$ 1,876,088</u>	<u>\$ 643,775</u>	<u>\$ 2,519,863</u>
A1	Balance as of January 1, 2025	212,993,743	\$ 2,129,937	\$ 50	(\$ 20,755)	(\$ 88,649)	\$ 2,020,583	\$ 726,115	\$ 2,746,698
D1	Net loss from January 1 to March 31, 2025	-	-	-	(21,819)	-	(21,819)	(9,206)	(31,025)
D3	Other comprehensive income (loss) from January 1 to March 31, 2025	-	-	-	-	28,073	28,073	13,671	41,744
D5	Total comprehensive income (loss) from January 1 to March 31, 2025	-	-	-	(21,819)	28,073	6,254	4,465	10,719
Z1	Balance as of March 31, 2025	<u>212,993,743</u>	<u>\$ 2,129,937</u>	<u>\$ 50</u>	<u>(\$ 42,574)</u>	<u>(\$ 60,576)</u>	<u>\$ 2,026,837</u>	<u>\$ 730,580</u>	<u>\$ 2,757,417</u>

The accompanying notes are an integral part of the Consolidated Financial Statements.
(Please refer to the Review Report issued by Deloitte Taiwan on May 2, 2025)

Acme Electronics Corporation and Subsidiaries

Consolidated Statements of Cash Flows

From January 1 to March 31, 2025 and 2024

Unit: In Thousands of New Taiwan Dollars

Code		From January 1 to March 31, 2025	From January 1 to March 31, 2024
	Cash flows from operating activities		
A10000	Net (loss) profit before tax for the period	(\$ 32,905)	\$ 58,674
A20010	Income (expenses) items		
A20100	Depreciation expenses	91,536	75,311
A20200	Amortization expense	607	307
A20300	Expected Credit Loss	138	212
A20400	Net (profit) loss of financial instruments at fair value through profit or loss	(2,150)	(1,939)
A20900	Finance costs	11,313	8,923
A21200	Interest income	(4,246)	(4,179)
A22300	Share of profit or loss of associates accounted for using the equity method	988	2,415
A22500	Loss of disposal and scrapping of property, plant and equipment	(132)	(40)
A23700	Loss on write-down of inventories	51	1,551
A29900	Deferred and other income	(1,165)	(922)
A30000	Change in operating assets and liabilities		
A31115	Financial assets mandatorily measured at fair value through profit or loss	706	2,415
A31130	Notes receivable	(18,923)	3,033
A31150	Accounts receivable (including related parties)	44,341	(76,013)
A31180	Other receivables (including related parties)	(6,454)	(5,678)
A31200	Inventories	23,266	(8,759)
A31240	Other current assets	20,856	(40,015)
A32150	Notes and accounts payable (including related parties)	(39,016)	14,982
A32180	Other payables (including related parties)	(84,327)	(34,246)
A32230	Other current liabilities	287	(3,528)
A32240	Net defined benefit liabilities	(209)	(4,844)
A33000	Cash flows generated from operations	4,562	(12,340)
A33100	Interest received	4,858	4,207
A33300	Interest paid	(11,287)	(9,095)
A33500	Income tax paid	(2,884)	(3,349)
AAAA	Net cash outflows generated from operating activities	(4,751)	(20,577)

(Continued)

(Continued from the previous page)

Code		From January 1 to March 31, 2025	From January 1 to March 31, 2024
	Cash flows from investing activities		
B00040	Purchase of financial assets at amortized cost	\$ -	(\$ 14)
B02700	Acquisition cost of property, plant and equipment	(99,580)	(136,372)
B02800	Proceeds from disposal of property, plant and equipment	8,604	271
B03700	Increase in refundable deposits	-	(5)
B03800	Decrease in refundable deposits	2,265	-
B09900	Increase in long-term deferred income	12,259	-
BBBB	Net cash used in investing activities	(<u>76,452</u>)	(<u>136,120</u>)
	Cash flows from financing activities		
C00100	Increase (decrease) in short-term borrowings	32,886	(69,437)
C00500	Increase in short-term notes payable	110,000	-
C01600	Proceeds from long-term borrowings	247,000	529,100
C01700	Repayments of long-term borrowings	(380,767)	(295,100)
C03100	Decrease in guarantee deposits received	(458)	(135)
C04020	Repayments of the principal portion of lease liabilities	(3,949)	(3,612)
C05800	Change in non-controlling interests	-	74,980
CCCC	Net cash from financing activities	<u>4,712</u>	<u>235,796</u>
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	<u>26,035</u>	<u>38,503</u>
EEEE	Increase (decrease) in cash and cash equivalents for the period	(50,456)	117,602
E00100	Beginning balance of cash and cash equivalents	<u>727,586</u>	<u>456,723</u>
E00200	Ending balance of cash and cash equivalents	<u>\$ 677,130</u>	<u>\$ 574,325</u>

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

(Please refer to the Review Report issued by Deloitte Taiwan on May 2, 2025)

Acme Electronics Corporation and Subsidiaries
Notes to Consolidated Financial Statements
From January 1 to March 31, 2025 and 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

I. Company History

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

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

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

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

II. Date and Procedure for the Approval of Financial Statements

The consolidated financial statements were approved for issue by the Company's Board of Directors on May 2, 2025.

III. Application of Newly Issued and Revised Standards and Interpretations

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

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

(II) IFRS Accounting Standards endorsed by the FSC that are applicable in 2026

Newly issued/Revised/Amended Standards and Interpretations	Effective Date Announced by the IASB
Amendments to IFRS 9 and IFRS 7 "Classification and Measurement of Financial Instruments" concerning the Application Guidelines on the Classification of Financial Assets	January 1, 2026 (Note 1)

Note 1: Applicable for annual reporting periods beginning on or after January 1, 2026. Entities may also choose to early adopt it from January 1, 2025.

As of the date of issuance of this consolidated financial report, the Group continues to assess the impact of the amendments on the Group's financial condition and performance.

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

Newly issued/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" concerning the Application Guidelines on the Classification of Derecognition of Financial Liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Involving Contracts Dependent on Natural Power"	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 Newly issued/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 present operating profit, profit before tax from financing activities, subtotals, and totals of profit and loss.

- Guidelines for strengthening consolidation and subdivision provisions: The Group should 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) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on measurement day.
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices).
3. Level 3 inputs are unobservable inputs for an asset or liability.

(III) Basis of consolidation

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

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

Please refer to Note 11 and Table 3, 4 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

(IV) Other significant accounting policies

Except for the following, please refer to the summary of significant accounting policies in the consolidated financial statements for the year ended December 31, 2024.

1. Defined benefit post-employment benefits

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

2. Income tax expense

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

V. Significant 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 2024.

VI. Cash and Cash Equivalents

	March 31, 2025	December 31, 2024	March 31, 2024
Petty cash and cash on hand	\$ 839	\$ 962	\$ 766
Checks and demand deposits in banks	302,301	269,927	158,601
Cash equivalents			
Time deposits	212,701	173,965	312,338
Reserve repurchase agreements collateralized by bonds	161,289	282,732	102,620
	<u>\$ 677,130</u>	<u>\$ 727,586</u>	<u>\$ 574,325</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:

	March 31, 2025	December 31, 2024	March 31, 2024
Demand deposits	0.001%~3.70%	0.001%~4.10%	0.001%~4.40%
Time deposits	1.66%~4.35%	3.00%~4.75%	2.55%~5.15%
Reserve repurchase agreements collateralized by bonds	2.55%~4.35%	2.50%~4.40%	2.20%~5.28%

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

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Financial assets - current</u>			
Mandatorily measured at fair value through profit or loss			
Derivatives (not under hedge accounting)			
— Foreign exchange forward contracts	<u>\$ 277</u>	<u>\$ 44</u>	<u>\$ 118</u>
<u>Financial liabilities - current</u>			
Held for trading			
Derivatives (not under hedge accounting)			
— Foreign exchange forward contracts	<u>\$ 71</u>	<u>\$ 1,282</u>	<u>\$ 485</u>

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

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>March 31, 2025</u>			
Sell	USD/MYR	2025.4.18~2025.9.18	USD 1,800/ MYR 7,882
Sell	EUR/MYR	2025.5.9~2025.6.30	EUR 220/ MYR 1,034
<u>December 31, 2024</u>			
Sell	USD/MYR	2025.1.16~2025.6.23	USD 2,600/ MYR 11,208
<u>March 31, 2024</u>			
Sell	USD/MYR	2024.4.12~2024.12.16	USD 2,800/ MYR 13,020

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness, and therefore, the Group did not apply hedge accounting treatments for derivative contracts.

VIII. Financial assets at amortized cost - current

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
<u>Pledge and mortgage</u>			
Time deposits with original maturity over 3 months	<u>\$ 22,445</u>	<u>\$ 22,090</u>	<u>\$ 20,394</u>

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

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Time deposits with original maturity over 3 months	1.700%~2.60%	1.575%~2.60%	1.575%~2.75%

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

IX. Notes and Accounts Receivable

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
<u>Notes receivable</u>			
Measured at amortized cost			
Gross carrying amount	<u>\$ 84,519</u>	<u>\$ 65,596</u>	<u>\$ 53,419</u>
<u>Accounts receivable</u>			
Measured at amortized cost			
Gross carrying amount	\$ 684,528	\$ 728,869	\$ 768,348
Less: allowance for loss	(7,375)	(7,120)	(11,873)
	<u>\$ 677,153</u>	<u>\$ 721,749</u>	<u>\$ 756,475</u>

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

In order to control credit risk, the Group assesses the credit quality of individual customers and determines the credit limit through the internal credit rating system, and regularly reviews based on individual customers' historical transaction records and financial status every year. In addition, the Group reviews the recoverable amount of accounts receivable one by one on each balance sheet date to ensure that the accounts

receivable that may incur credit risk have been provided with appropriate impairment losses.

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

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

Where recoveries are made, they are recognized in profit or loss.

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

March 31, 2025

	<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	0.30%	1.82%	26.76%	100%	
Gross carrying amount	\$ 735,950	\$ 27,051	\$ 1,865	\$ 4,181	\$ 769,047
Loss allowance (Lifetime ECLs)	(<u>2,203</u>)	(<u>492</u>)	(<u>499</u>)	(<u>4,181</u>)	(<u>7,375</u>)
Amortized cost	<u>\$ 733,747</u>	<u>\$ 26,559</u>	<u>\$ 1,366</u>	<u>\$ -</u>	<u>\$ 761,672</u>

December 31, 2024

	<u>Not past due</u>	<u>Up to 60 Days</u>	<u>61-90 Days</u>	<u>Over 91 Days</u>	<u>Total</u>
Expected credit loss rate	0.22%	0.35%	62.70%	100%	
Gross carrying amount	\$ 748,193	\$ 40,552	\$ 1,083	\$ 4,637	\$ 794,465
Loss allowance (Lifetime ECLs)	(<u>1,663</u>)	(<u>141</u>)	(<u>679</u>)	(<u>4,637</u>)	(<u>7,120</u>)
Amortized cost	<u>\$ 746,530</u>	<u>\$ 40,411</u>	<u>\$ 404</u>	<u>\$ -</u>	<u>\$ 787,345</u>

March 31, 2024

	<u>Not past due</u>	<u>Up to 60 Days</u>	<u>61-90 Days</u>	<u>Over 91 Days</u>	<u>Total</u>
Expected credit loss rate	0.75%	5.46%	87.92%	100%	
Gross carrying amount	\$ 763,498	\$ 55,000	\$ 869	\$ 2,400	\$ 821,767
Loss allowance (Lifetime ECLs)	(<u>5,707</u>)	(<u>3,002</u>)	(<u>764</u>)	(<u>2,400</u>)	(<u>11,873</u>)
Amortized cost	<u>\$ 757,791</u>	<u>\$ 51,998</u>	<u>\$ 105</u>	<u>\$ -</u>	<u>\$ 809,894</u>

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

	<u>From January 1 to March 31, 2025</u>	<u>From January 1 to March 31, 2024</u>
Beginning balance	\$ 7,120	\$ 11,357
Provision for impairment losses in the current period	138	212
Foreign exchange translation gains and losses	<u>117</u>	<u>304</u>
Ending balance	<u>\$ 7,375</u>	<u>\$ 11,873</u>

X. Inventories

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Finished goods	\$ 315,648	\$ 318,819	\$ 305,802
Work in progress	281,375	274,271	262,582
Raw materials and Supplies	<u>250,381</u>	<u>278,753</u>	<u>106,861</u>
	<u>\$ 847,404</u>	<u>\$ 871,843</u>	<u>\$ 675,245</u>

The costs of inventories recognized as cost of goods sold from January 1 to March 31, 2025 and 2024 were NT\$610,075 thousand and NT\$559,661 thousand, respectively.

Cost of goods sold for the periods from January 1 to March 31, 2025 and 2024 included inventory write-downs of NT\$51 thousand and NT\$1,551 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
			March 31, 2025	December 31, 2024	March 31, 2024	
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%	100.00%	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). ACME (Cayman) conducted a cash capital increase of both US\$6,000 thousand in February and December 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 3 for information on the main business premises and countries of registration.

Subsidiary	Profit (Loss) Allocated to Non-controlling Interests		Non-controlling Interests		
	From January 1 to March 31, 2025	From January 1 to March 31, 2024	March 31, 2025	December 31, 2024	March 31, 2024
ACME (Cayman) and its subsidiaries	(\$ 9,206)	(\$ 2,762)	\$ 730,580	\$ 726,115	\$ 643,775

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

ACME (Cayman) and its subsidiaries

	March 31, 2025	December 31, 2024	March 31, 2024
Current assets	\$ 1,067,831	\$ 1,131,363	\$ 1,108,451
Non-current assets	1,329,858	1,333,636	1,105,584
Current liabilities	(442,657)	(520,327)	(480,670)
Non-current liabilities	(124,011)	(124,842)	(120,508)
Equity	<u>\$ 1,831,021</u>	<u>\$ 1,819,830</u>	<u>\$ 1,612,857</u>
Equity attributable to:			
Owners of the			
Company	\$ 1,100,441	\$ 1,093,715	\$ 969,324
Non-controlling			
interests	<u>730,580</u>	<u>726,115</u>	<u>643,533</u>
	<u>\$ 1,831,021</u>	<u>\$ 1,819,830</u>	<u>\$ 1,612,857</u>

	From January 1 to March 31, 2025	From January 1 to March 31, 2024
Operating revenue	<u>\$ 348,351</u>	<u>\$ 321,579</u>
Net loss for the period	(\$ 23,071)	(\$ 5,088)
Other comprehensive income (loss)	<u>34,262</u>	<u>41,210</u>
Total comprehensive income	<u>\$ 11,191</u>	<u>\$ 36,122</u>
Net loss attributable to:		
Owners of the Company	(\$ 13,865)	(\$ 3,058)
Non-controlling interests	<u>(9,206)</u>	<u>(2,030)</u>
	<u>(\$ 23,071)</u>	<u>(\$ 5,088)</u>
Total comprehensive income attributable to:		
Owners of the Company	\$ 6,726	\$ 21,709
Non-controlling interests	<u>4,465</u>	<u>14,413</u>
	<u>\$ 11,191</u>	<u>\$ 36,122</u>
Cash flow		
Operating activities	\$ 57,863	(\$ 2,809)
Investing activities	(130,601)	21,200
Financing activities	(9,168)	153,506
Effects of exchange rate changes	<u>7,834</u>	<u>8,443</u>
Net cash inflow (outflow)	<u>(\$ 74,072)</u>	<u>\$ 180,340</u>

XII. Investments Accounted for Using Equity Method

<u>Company Name</u>	March 31, 2025		December 31, 2024		March 31, 2024	
	<u>Amount</u>	<u>Shareholding</u>	<u>Amount</u>	<u>Shareholding</u>	<u>Amount</u>	<u>Shareholding</u>
USI Optronics Corporation (USIO)	<u>\$ 9,652</u>	34%	<u>\$ 10,640</u>	34%	<u>\$ 15,781</u>	34%

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

Under the equity method, the Company's shares of the profit or loss and other comprehensive income of the associates from January 1 to March 31, 2025 and 2024 are recognized based on the unreviewed financial statements of each associates during the same period.

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

USIO

	March 31, 2025	December 31, 2024	March 31, 2024
Current assets	\$ 19,243	\$ 22,974	\$ 29,318
Non-current assets	12,999	14,238	21,838
Current liabilities	(3,850)	(5,914)	(4,733)
Equity	28,392	31,298	46,423
The Company's shareholding ratio	34%	34%	34%
Equity attributable to the Group	\$ 9,652	\$ 10,640	\$ 15,781
Carrying amount of investment	\$ 9,652	\$ 10,640	\$ 15,781
	From January 1 to March 31, 2025	From January 1 to March 31, 2024	
Operating revenue	\$ 1,029	\$ 1,759	
Net loss for the period	(\$ 2,905)	(\$ 7,100)	
Total comprehensive income	(\$ 2,905)	(\$ 7,100)	

XIII. Property, Plant and Equipment

	From January 1 to March 31, 2025					
	Changes during this period					
	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	7,996	-	-	-	-	7,996
Building and equipment	1,508,736	-	-	69,716	16,925	1,595,377
Machinery and equipment	3,775,281	88,522	(15,155)	38,797	42,315	3,929,760
Transportation equipment	16,832	-	-	-	304	17,136
Other equipment	357,857	2,029	(3,181)	5,209	5,064	366,978
Construction in progress	234,240	20,426	-	(72,337)	2,935	185,264
Total cost	5,983,599	\$ 110,977	(\$ 18,336)	\$ 41,385	\$ 67,543	6,185,168
<u>Accumulated depreciation and impairment</u>						
Land improvement	7,703	\$ 42	\$ -	\$ -	\$ -	7,745
Building and equipment	907,966	18,049	-	-	9,874	935,889
Machinery and equipment	2,172,205	62,292	(6,717)	4	28,084	2,255,868
Transportation equipment	12,651	262	-	-	224	13,137
Other equipment	268,370	5,937	(3,147)	(4)	3,601	274,757
Total accumulated depreciation and impairment	3,368,895	\$ 86,582	(\$ 9,864)	\$ -	\$ 41,783	3,487,396
Net	\$ 2,614,704					\$ 2,697,772

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

There were no impairment losses on assessed property, plant and equipment from January 1 to March 31, 2025 and 2024.

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

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

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

XIV. Lease Arrangements

(I) Right-of-use assets

	March 31, 2025	December 31, 2024	March 31, 2024
Carrying amount of right-of-use assets			
Land	\$ 116,836	\$ 115,931	\$ 114,825
Buildings	3,455	3,620	320
Machinery and equipment	41,823	44,825	54,978
Transportation equipment	127	223	512
	<u>\$ 162,241</u>	<u>\$ 164,599</u>	<u>\$ 170,635</u>

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

	From January 1 to March 31, 2025	From January 1 to March 31, 2024
Addition for right-of-use assets	<u>\$ -</u>	<u>\$ 349</u>
Depreciation expense of right-of-use assets		
Land	\$ 1,039	\$ 974
Buildings	211	29
Machinery and equipment	3,608	3,485
Transportation equipment	<u>96</u>	<u>96</u>
	<u>\$ 4,954</u>	<u>\$ 4,584</u>

In addition to the aforementioned additions and recognition of depreciation expenses, there were no significant subleasing or impairment situations for the consolidated company's right-of-use assets from January 1, 2024 to March 31, 2025.

(II) Lease liabilities

As of March 31, 2025 and December 31 and March 31, 2024, the discount rates of lease liabilities were 1.11%-3.00%, 1.11%-3.00% and 1.11%-1.67%.

(III) Material lease-in activities and terms

The Group has leased several buildings, machinery and transportation equipment for manufacturing and operational purposes, with a lease term of 3-10 years.

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

(IV) Other lease information

	From January 1 to March 31, 2025	From January 1 to March 31, 2024
Expenses relating to short-term leases	<u>\$ 2,043</u>	<u>\$ 2,058</u>
Total cash flows on lease	<u>(\$ 6,144)</u>	<u>(\$ 5,834)</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\$3,363 thousand and NT\$3,622 thousand respectively on March 31, 2025 and 2024.

XV. Borrowings

(I) Short-term borrowings

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
<u>Secured borrowings</u> (Note 25)			
Bank loans	\$ 4,560	\$ 4,575	\$ 6,867
<u>Unsecured borrowings</u>			
Credit line loan	<u>488,780</u>	<u>453,311</u>	<u>285,488</u>
	<u>\$ 493,340</u>	<u>\$ 457,886</u>	<u>\$ 292,355</u>

The interest rates of short-term borrowings were 1.90%-4.43%, 1.90%-4.74% and 1.694%-4.41% at March 31, 2025 and December 31 and March 31, 2024, respectively.

(II) Short-term notes payable (March 31, 2024: None)

	<u>March 31, 2025</u>	<u>December 31, 2024</u>
Commercial note payable	\$ 180,000	\$ 70,000
Less: Discount on commercial note payable	(<u>101</u>)	(<u>8</u>)
	<u>\$ 179,899</u>	<u>\$ 69,992</u>

The interest rates on short-term notes payable were 1.968%-1.998%, and 1.998% as of March 31, 2025 and December 31, 2024, respectively.

(III) Long-term borrowings

	March 31, 2025	December 31, 2024	March 31, 2024
Secured bank loans	\$ 1,388,916	\$ 1,410,617	\$ 1,270,187
Unsecured bank loans	<u>154,765</u>	<u>265,000</u>	<u>294,566</u>
	1,543,681	1,675,617	1,564,753
Long-term borrowings due within one year	(<u>2,322</u>)	(<u>172,248</u>)	(<u>131,835</u>)
	<u>\$ 1,541,359</u>	<u>\$ 1,503,369</u>	<u>\$ 1,432,918</u>
Maturity year	114~133	114~133	113~133
Range of interest rates	1.12%~4.36%	1.12%~4.36%	1.12~4.35%

The Group obtained a low-interest loan facility of NT\$588,000 thousand under the "Incentive Program for Taiwanese Businesses to Return and Invest in Taiwan." The loan is subject to market interest rates, with the government subsidizing the difference between the market rate and the preferential repayment rate. As of March 31, 2025, a total of NT\$346,800 thousand has been utilized.

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

XVI. Post-retirement benefits plans

The pension cost related to defined benefit plans recognized from January 1 to March 31, 2025 and 2024, was calculated using the actuarially determined pension cost rates as of December 31, 2024 and 2023, amounting to NT\$196 thousand, and NT\$46 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 2025 and 2023. Acme Electronics (GZ) recognized the subsidies as long-term deferred income and amortized them together with the use of related assets.

As of March 31, 2025, December 31 and March 31, 2024, due to the above-mentioned circumstances, the Group's unamortized deferred revenue amounted to RMB 9,773 thousand (NT\$45,206 thousand) and RMB 7,329 thousand (NT\$33,424 thousand) and RMB 7,856 thousand (NT\$35,434 thousand), respectively.

Due to the aforementioned circumstances and other subsidies, the Group recorded government subsidy income as other income for the periods from January 1 to March 31, 2025 and 2024, totaling NT\$1,165 thousand and NT\$10,496 thousand, respectively.

XVIII. Equity

(I) Ordinary share capital

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Number of shares authorized (in thousands)	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
Share capital authorized	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>212,994</u>	<u>212,994</u>	<u>212,994</u>
Share capital issued	<u>\$ 2,129,937</u>	<u>\$ 2,129,937</u>	<u>\$ 2,129,937</u>

Fully paid ordinary shares, which have a par value of NT\$10, carry one vote per share and carry a right to dividends.

The share capital reserved for the issuance of the exercise of employee share options was 11,000 thousand shares.

(II) Capital surplus

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
<u>Used to offset</u> <u>deficits, pay cash</u> <u>dividends or</u> <u>capitalize capital</u> (1)			
Stock issuance premium	\$ -	\$ -	\$ 299,866
<u>May only be used to</u> <u>offset deficits</u>			
Disgorgement	<u>50</u>	<u>50</u>	<u>76</u>
	<u>\$ 50</u>	<u>\$ 50</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 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.

The Company still needs to make up for losses as of December 31, 2024. Therefore, the board meeting on March 4, 2025 proposed not to make any surplus distribution, and it is pending a resolution at the annual shareholders' meeting for the year 2025.

XIX. Net (loss) profit for the period

(I) Depreciation and amortization

	From January 1 to March 31, 2025	From January 1 to March 31, 2024
Property, Plant and Equipment	\$ 86,582	\$ 70,727
Right-of-use assets	4,954	4,584
Other intangible assets	607	307
Total	<u>\$ 92,143</u>	<u>\$ 75,618</u>
Summary of depreciation by function		
Operating costs	\$ 72,686	\$ 62,665
Operating expenses	18,850	12,646
	<u>\$ 91,536</u>	<u>\$ 75,311</u>
Summary of amortization by function		
Operating costs	\$ 435	\$ 214
Administrative expenses	127	69
Research and development expenses	45	24
	<u>\$ 607</u>	<u>\$ 307</u>

(II) Employee benefit expenses

	From January 1 to March 31, 2025	From January 1 to March 31, 2024
Post-retirement benefits (Note 16)		
Defined contribution plans	\$ 17,368	\$ 14,183
Defined benefit plans	<u>196</u>	<u>46</u>
	17,564	14,229
Salary, Bonus, etc.	<u>231,086</u>	<u>200,901</u>
Total	<u>\$ 248,650</u>	<u>\$ 215,130</u>
Summary of employee benefit expenses by function		
Operating costs	\$ 178,137	\$ 154,819
Operating expenses	<u>70,513</u>	<u>60,311</u>
	<u>\$ 248,650</u>	<u>\$ 215,130</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. In accordance with the amendments to the Securities and Exchange Act in August 2024, the Company expects to pass amendments to the Articles of Incorporation at the 2025 shareholders' meeting, stipulating that if the Company has profits in any given year, the proportion allocated to entry-level employees shall not be less than forty percent of the total amount of employee compensation distributed. The Company has yet to make up the loss for the period from January 1 to March 31, 2025 and 2024, so the remunerations of employees and directors are not estimated and recognized.

If there is still any change in the amount after the annual consolidated financial statements are authorized for issue, the differences shall be treated as a change in accounting estimates in the following year.

Information on the remunerations of employees and directors proposed by the Company's Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

(IV)	Other income	From January 1 to March 31, 2025	From January 1 to March 31, 2024
	Management service income (Note 24)	\$ 2,901	\$ 2,630
	Government subsidy income	1,165	10,496
	Rental income	436	456
	Others	<u>3,539</u>	<u>601</u>
		<u>\$ 8,041</u>	<u>\$ 14,183</u>
(V)	Foreign exchange gain (loss)	From January 1 to March 31, 2025	From January 1 to March 31, 2024
	Foreign exchange gains	\$ 32,223	\$ 35,926
	Foreign exchange losses	(28,237)	(20,008)
	Net profit	<u>\$ 3,986</u>	<u>\$ 15,918</u>
(VI)	Other gain and loss	From January 1 to March 31, 2025	From January 1 to March 31, 2024
	Gain on disposal of property, plant and equipment	\$ 132	\$ 40
	Gain on financial assets at FVTPL	2,150	1,939
	Others	(331)	(321)
		<u>\$ 1,951</u>	<u>\$ 1,658</u>
(VII)	Finance costs	From January 1 to March 31, 2025	From January 1 to March 31, 2024
	Bank Loan Interest Expense	\$ 11,488	\$ 8,759
	Interest on lease liabilities	152	164
	Reduction: Capitalization of interest (included in work in progress)	(327)	-
		<u>\$ 11,313</u>	<u>\$ 8,923</u>

Capitalization of interest information is as follows (January 1 to March 31, 2024:
None):

	From January 1 to March 31, 2025
Capitalization of interest	\$ 327
Capitalization of interest rate	1.89%

XX. Income tax

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

	<u>From January 1 to March 31, 2025</u>	<u>From January 1 to March 31, 2024</u>
Current income tax		
In respect of the current period	\$ 885	\$ 3,376
Deferred income tax		
In respect of the current period	(<u>2,765</u>)	<u>2,238</u>
Income tax (benefit) expense recognized in profit or loss	(<u>\$ 1,880</u>)	<u>\$ 5,614</u>

- (II) Income tax recognized in other comprehensive income

	<u>From January 1 to March 31, 2025</u>	<u>From January 1 to March 31, 2024</u>
<u>Deferred income tax</u>		
Income tax (benefits) expenses recognized in other comprehensive income		
— Translation the financial statements of foreign operations	<u>\$ 7,018</u>	<u>\$ 12,700</u>

- (III) Certification of income tax

The Company's income tax returns through 2023 have been assessed by the tax authorities.

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

1. ACME (Cayman) and GAEL had no income tax expense for the period from January 1 to March 31, 2025 and 2024 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 January 1 to March 31, 2025	From January 1 to March 31, 2024
Basic earnings (losses) per share	(\$ 0.10)	\$ 0.26
Diluted earnings (losses) per share	(\$ 0.10)	\$ 0.26

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

Net (loss) profit for the period

	From January 1 to March 31, 2025	From January 1 to March 31, 2024
Net (loss) profit for calculating basic and diluted (losses) earnings per share	(\$ 21,819)	\$ 55,822

Number of shares

(Unit: thousand shares)

	From January 1 to March 31, 2025	From January 1 to March 31, 2024
Weighted average number of ordinary shares outstanding used for calculating basic and diluted (losses) earnings per share	212,994	212,994

XXII. Capital Risk Management

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

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

XXIII. Financial instruments

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

Except the derivative instruments are measured at the fair value after the original recognition, the financial assets and financial liabilities of the Group are

measured at the amortized cost and the management of the Group believes that the carrying amounts are close to their fair value.

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

1. Fair value hierarchy

March 31, 2025

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTPL				
Derivatives	<u>\$ -</u>	<u>\$ 277</u>	<u>\$ -</u>	<u>\$ 277</u>
Financial liabilities at FVTPL				
Derivatives	<u>\$ -</u>	<u>\$ 71</u>	<u>\$ -</u>	<u>\$ 71</u>

December 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTPL				
Derivatives	<u>\$ -</u>	<u>\$ 44</u>	<u>\$ -</u>	<u>\$ 44</u>
Financial liabilities at FVTPL				
Derivatives	<u>\$ -</u>	<u>\$ 1,282</u>	<u>\$ -</u>	<u>\$ 1,282</u>

March 31, 2024

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

There were no transfers between Levels 1 and 2 fair value measurement for the period from January 1 to March 31, 2025 and 2024.

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

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

(III) Categories of financial instruments

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
<u>Financial assets</u>			
Financial assets at FVTPL	\$ 277	\$ 44	\$ 118
Measured at amortized cost (Note 1)	1,489,079	1,561,179	1,432,938
<u>Financial liabilities</u>			
Financial liabilities at FVTPL	71	1,282	485
Measured at amortized cost (Note 2)	2,498,957	2,636,132	2,124,168

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 statements).

Sensitivity analysis

The sensitivity analysis of foreign exchange rate risks is mainly computed with respect to foreign currency items on the end date of the financial reporting period. The Group is mainly impacted by the exchange rate fluctuations in USD. If the Group's functional currency appreciated/depreciates 3% against the U.S. dollar, the Group's pre-tax loss for the period from January 1 to March 31, 2025 will increase/decrease by NT\$14,306 thousand, and the pre-tax profit for the period from January 1 to March 31, 2024 will increase/decrease by NT\$16,299 thousand.

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

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

(2) Interest rate risk

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

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

	March 31, 2025	December 31, 2024	March 31, 2024
Fair value interest rate risk			
— Financial assets	\$ 637,054	\$ 556,785	\$ 531,732
— Financial liabilities	715,540	470,636	342,806
Cash flow interest rate risk			
— Financial assets	58,350	197,499	54,511
— Financial liabilities	1,548,241	1,782,996	1,571,620

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 loss by NT\$1,862 thousand from January 1 to March 31, 2025, and increase/decrease the Group's pre-tax profit by NT\$1,896 thousand from January 1 to March 31, 2024.

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 73%, 71% and 59% of total accounts receivable as of March 31, 2025 and December 31, 2024 and March 31, 2024, respectively.

3. Liquidity risk

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

(1) Liquidity and interest rate risk tables

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

March 31, 2025

	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	-	\$ 213,292	\$ -	\$ -
Lease liabilities	1.25	16,286	31,682	-
Floating interest rate liabilities	1.83	35,053	1,587,323	64,199
Fixed interest rate liabilities	2.21	<u>672,287</u>	<u>-</u>	<u>-</u>
		<u>\$ 936,918</u>	<u>\$ 1,619,005</u>	<u>\$ 64,199</u>

December 31, 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	-	\$ 326,062	\$ -	\$ -
Lease liabilities	1.25	16,160	35,220	-
Floating interest rate liabilities	1.88	308,402	1,556,022	64,044
Fixed interest rate liabilities	2.33	423,484	-	-
		<u>\$ 1,074,108</u>	<u>\$ 1,591,242</u>	<u>\$ 64,044</u>

March 31, 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	-	\$ 203,820	\$ -	\$ -
Lease liabilities	1.11	15,377	43,363	-
Floating interest rate liabilities	1.71	164,508	1,441,314	65,006
Fixed interest rate liabilities	2.02	287,741	-	-
		<u>\$ 671,446</u>	<u>\$ 1,484,677</u>	<u>\$ 65,006</u>

(2) Financing facilities

	March 31, 2025	December 31, 2024	March 31, 2024
Unsecured banking facilities			
— Amount used	\$ 842,284	\$ 788,311	\$ 583,988
— Amount unused	<u>1,701,083</u>	<u>1,745,302</u>	<u>2,153,133</u>
	<u>\$ 2,543,367</u>	<u>\$ 2,533,613</u>	<u>\$ 2,737,121</u>
Secured banking facilities			
— Amount used	\$ 1,398,052	\$ 1,420,513	\$ 1,277,054
— Amount unused	<u>288,896</u>	<u>263,727</u>	<u>397,171</u>
	<u>\$ 1,686,948</u>	<u>\$ 1,684,240</u>	<u>\$ 1,674,225</u>

XXIV. Related Party Transactions

USI Corporation has control over the operations of the Company, so USI is the parent company of the Company. As at March 31, 2025, and December 31 and March 31, 2024, 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

<u>Name of Related Party</u>	<u>Relationship with the Group</u>
USI CORPORATION (USI)	Parent company
USI Management Consulting Corporation (UM)	Fellow subsidiary
China General Plastics Corporation (CGPC)	Fellow subsidiary
Asia Polymer Corporation (APC)	Fellow subsidiary
Taita Chemical Company, Ltd. (TTC)	Fellow subsidiary
Swanson Plastics Corporation (SPC)	Fellow subsidiary
Swanson Technologies Corporation (STC)	Fellow subsidiary
USI Optronics Corporation (USIO)	Associate
USI Education Foundation (USIF)	Other related parties

(II) Sales

<u>Related Party Category/Name</u>	<u>From January 1 to March 31, 2025</u>	<u>From January 1 to March 31, 2024</u>
Associate		
USIO	<u>\$ -</u>	<u>\$ 148</u>

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

(III) Purchase

<u>Related Party Category/Name</u>	<u>From January 1 to March 31, 2025</u>	<u>From January 1 to March 31, 2024</u>
Associate		
USIO	<u>\$ 885</u>	<u>\$ 190</u>

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

(IV) Receivables from related parties

Accounting Subject	Related Party Category/Name	March 31, 2025	December 31, 2024	March 31, 2024
Accounts receivable - related parties	Associate USIO	<u>\$ -</u>	<u>\$ 186</u>	<u>\$ 80</u>
Other receivables - related parties	Fellow subsidiary SPC	\$ 6,298	\$ 3,787	\$ 4,941
	Associate USIO	<u>182</u>	<u>246</u>	<u>-</u>
		<u>\$ 6,480</u>	<u>\$ 4,033</u>	<u>\$ 4,941</u>

(V) Payables to related parties

Accounting Subject	Related Party Category/Name	March 31, 2025	December 31, 2024	March 31, 2024
Accounts payable - related parties	Associate USIO	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13</u>
Other payables - related parties	Parent company USI	\$ 423	\$ 975	\$ 930
	Fellow subsidiary SPC	1,733	607	621
	UM	44	2,541	71
	APC	41	83	83
	STC	17	-	-
	CGPC	-	7	-
	Associate USIO	<u>37</u>	<u>23</u>	<u>-</u>
		<u>\$ 2,295</u>	<u>\$ 4,236</u>	<u>\$ 1,705</u>

(VI) Other related party transactions

Accounting Subject	Related Party Category/Name	From January 1 to March 31, 2025	From January 1 to March 31, 2024
Management service fee income (Classified as non-operating income and expenses)	Fellow subsidiary SPC	<u>\$ 2,901</u>	<u>\$ 2,630</u>
Management service fee expenditures (Classified as operating expenses)	Parent company USI	\$ 66	\$ 62
	Fellow subsidiary UM	3,041	3,264
	SPC	<u>1,606</u>	<u>586</u>
		<u>\$ 4,713</u>	<u>\$ 3,912</u>
Rent expenditures (Classified as operating expenses)	Parent company USI	\$ 744	\$ 751
	Fellow subsidiary APC	<u>116</u>	<u>118</u>
		<u>\$ 860</u>	<u>\$ 869</u>

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

Accounting Subject	Related Party Category/Name	From January 1 to March 31, 2025	From January 1 to March 31, 2024
Donation expenses (classified as operating expenses)	Other related parties USIF	<u>\$ 1,000</u>	<u>\$ -</u>
Other expenditures (Classified as operating expenses)	Fellow subsidiary SPC	\$ 109	\$ -
	Associate USIO	<u>35</u>	<u>-</u>
		<u>\$ 144</u>	<u>\$ -</u>
Other income (classified as non-operating income and expenses)	Associate USIO	<u>\$ 46</u>	<u>\$ -</u>

(VII) Compensation of key management personnel

	From January 1 to March 31, 2025	From January 1 to March 31, 2024
--	----------------------------------	----------------------------------

Short-term employee benefits	\$ 4,832	\$ 7,828
Post-retirement benefits	88	50
	<u>\$ 4,920</u>	<u>\$ 7,878</u>

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

XXV. Collateralized Assets

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

	March 31, 2025	December 31, 2024	March 31, 2024
Time deposit (classified as refundable deposits)	\$ 7,700	\$ 7,700	\$ 6,000
Current deposit (classified as refundable deposits)	4,626	6,841	4,510
Time deposits (classified as financial assets measured at amortized cost)	22,445	22,090	20,394
Property, plant, and equipment (carrying amount)	800,880	661,531	320,943
Right-of-use assets	<u>25,571</u>	<u>25,266</u>	<u>23,893</u>
	<u>\$ 861,222</u>	<u>\$ 723,428</u>	<u>\$ 375,740</u>

XXVI. Significant Contingent Liability and Contractual Commitments

As of March 31, 2025, in order for the Industrial Upgrade Platform Innovation Guidance Program subsidy and the Large-to-Small Manufacturing Industry Low Carbon and Intelligent Upgrade and Transformation subsidy from the Taiwanese government., the Company's performance guarantee provided by the bank was NT\$14,700 thousand.

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

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

March 31, 2025			
Foreign Currency (NT\$ thousands)	Exchange Rate (NT\$)	Functional Currency (NT\$ thousands)	NT\$ (NT\$ thousands)

<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$	8,491	33.2050 (USD: NTD)	\$ 281,950	\$ 281,950
USD		2,551	7.1782 (USD: RMB)	18,310	84,698
USD		6,064	4.5993 (USD: MYR)	27,890	201,357
RMB		13,829	4.6258 (RMB: NTD)	63,970	63,970

<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD		1,029	33.2050 (USD: NTD)	34,184	34,184
USD		772	7.1782 (USD: RMB)	5,542	25,635
USD		944	4.5993 (USD: MYR)	4,340	31,334
RMB		15,366	4.6258 (RMB: NTD)	71,079	71,079

December 31, 2024

	Foreign currency (NT\$ thousands)		Exchange Rate (NT\$)		Functional Currency (NT\$ thousands)		NT\$ (NT\$ thousands)	
<u>Financial assets</u>								
<u>Monetary items</u>								
USD	\$	10,076	32.7850	(USD: NTD)	\$	330,352	\$	330,352
USD		2,271	7.1884	(USD: RMB)		16,327		74,465
USD		9,812	4.6402	(USD: MYR)		45,530		321,687
RMB		14,733	4.5608	(RMB: NTD)		67,192		67,192
<u>Financial liabilities</u>								
<u>Monetary items</u>								
USD		864	32.7850	(USD: NTD)		28,316		28,316
USD		933	7.1884	(USD: RMB)		6,710		30,603
USD		1,124	4.6402	(USD: MYR)		5,214		36,839
RMB		15,981	4.5608	(RMB: NTD)		72,884		72,884

March 31, 2024

	Foreign currency (NT\$ thousands)			Exchange Rate (NT\$)	Functional Currency (NT\$ thousands)		NT\$ (NT\$ thousands)
<u>Financial assets</u>							
<u>Monetary items</u>							
USD	\$	12,764	32.0000	(USD: NTD)	\$	408,437	\$ 408,437
USD		3,642	7.0950	(USD: RMB)		25,838	116,537
USD		5,720	4,9261	(USD: MYR)		28,175	183,028
RMB		15,461	4.5102	(RMB: NTD)		69,733	69,733
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD		1,212	32.0000	(USD: NTD)		38,771	38,771
USD		2,768	7.0950	(USD: RMB)		19,636	88,561
USD		1,168	4.9261	(USD: MYR)		5,755	37,386
RMB		7,152	4.5102	(RMB: NTD)		32,258	32,258

The net foreign exchange gains or losses (realized and unrealized) of the Group from January 1 to March 31, 2025 and 2024 was gains of NT\$3,986 thousand and NT\$15,918 thousand. Due to the variety of foreign currency transactions and functional currencies of

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

XXVIII. Disclosure Items

(I) Information on Significant Transactions:

1. Financing provided to others: Table 1.
2. Endorsements/guarantees provided for others: Table 2.
3. Significant marketable securities held at the end of the period (excluding investments in subsidiaries, associates and joint ventures): None.
4. Purchases or sales with related parties amounting to \$100 million or 20% of the paid-in capital: None.
5. Receivables from related parties amounting to NT\$100 million or 20% of paid-in capital or more: None.
6. Others - intercompany relationships and material intercompany transactions: Table 5.

(II) Information on Reinvestment: Table 3.

(III) Information on Investments in Mainland China:

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

XXIX. Segment Information

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the operating results generated by the overall business of the electronic materials segment. Consequently, the Group comprises only one operating segment: the electronic materials segment. The Electronic Materials Segment is primarily involved in the production and sale of ferromagnetic cores and powders, and silicon carbide.

The measurement basis for the operating income and expenses of the Group's operating segment is consistent with the basis for the preparation of financial statements. For information regarding the revenue and operating results of the relevant segments, please refer to the consolidated income statement.

Acme Electronics Corporation and Subsidiaries
FINANCING PROVIDED TO OTHERS
From January 1 to March 31, 2025

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)	Remarks
													Name	Value			
1	Acme Electronics (GZ)	ACME Electronics (KS)	Other receivables - related parties	Yes	\$ 185,032 (RMB 40,000 thousand)	\$ 166,529 (RMB 36,000 thousand)	\$ 55,510 (RMB 12,000 thousand)	3.10%	2	\$ -	Business turnover	\$ -	—	—	\$ 411,169	\$ 411,169	

Note 1: The total amount of external funds loaned by Acme Electronics (GZ) must not exceed 40% of the company's net worth. The maximum limit for this loan is determined based on the net worth as of March 31, 2025.

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

(1) Please fill in "1" if there is any business transactions.

(2) Please fill in "2" if there is reason for the need for short-term funding

Note 3: The foreign currency amount was calculated based on the spot exchange rate of March 31, 2025.

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

Acme Electronics Corporation and Subsidiaries
Endorsements/Guarantees Provided for Others
From January 1 to March 31, 2025

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 Secured by Property for Endorsements and Guarantees	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (Note 1)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Made by Parent for Subsidiaries	Endorsement/ Guarantee Made by Subsidiaries for Parent	Endorsement/ Guarantee Made for Companies in Mainland China	Remarks
		Company Name	Relationship											
0	The Company	ACME Electronics (KS)	Subsidiary of ACME (Cayman)	\$ 3,040,255	\$ 166,529 (RMB 36,000 thousand)	\$ 166,529 (RMB 36,000 thousand)	\$ -	None	8.22%	\$ 4,053,673	Y	N	Y	
1	ACME (MA)	ACME Ferrite	Subsidiaries of ACME (MA)	798,522	126,948 (MYR 17,584 thousand)	126,948 (MYR 17,584 thousand)	88,810 (MYR 12,301 thousand)	None	11.13%	912,597	Y	N	N	

Note 1: The rate was calculated by the equity of ACME as of March 31, 2025.

Note 2: The total amount of endorsements/guarantees provided shall not exceed 200% of the Company's net value. The amount of endorsements/guarantees for an individual entity shall not exceed 150% of the Company's net value. The maximum amount of endorsement/guarantee was calculated based on the equity of the endorser/guarantor as of March 31, 2025.

The total amount of ACME (MA)'s endorsement/guarantee shall not exceed 80% of ACME (MA)'s net value. The amount of endorsement/guarantee for an individual entity shall not exceed 70% of ACME (MA)'s net value. The maximum amount of endorsement/guarantee was calculated based on the equity of the endorser/guarantor as of March 31, 2025.

Note 3: The foreign currency amount was calculated based on the spot exchange rate of March 31, 2025.

Acme Electronics Corporation and Subsidiaries
Name of the Invested Company, Location... and Other Related Information
From January 1 to March 31, 2025

Table 3.

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

Investor	Investee	Location	Main Business Activities	Original Investment Amount (Note 2)		Ending Holding			Net Profit (Loss) of Investee for the Period (Note 3)	Investment Profit (Loss) Recognized for the Period (Note 3)	Remarks
				March 31, 2025	December 31, 2024	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	\$ 1,108,637	\$ 1,108,637	43,887,521	60.10%	\$ 1,100,441	(\$ 23,071 thousand) (USD(701) thousand)	(\$ 13,865 thousand) (USD(422) thousand)	
	GAEL	CITCO Building, Wickhams Cay Road Town, Tortola, British Virgin Islands	Corporate investments	669,072	669,072	20,800,000	100%	1,031,863	(11,308)	(11,308)	
	USIO	12F, No. 37, Jihu Rd., Neihs Dist., Taipei City	Manufacturing and marketing of sapphire single crystal	646,200	646,200	22,064,224	34%	9,652	(2,905)	(988)	
ACME (Cayman)	ACME (MA)	Plot 15,Jalan Industri 6 Kawasan Perindustrian Jelapang II(ZPB) Jelapang 30020 Ipoh, Perak, Malaysia.	Corporate investments	793,301 (USD 23,891 thousand)	793,301 (USD 23,891 thousand)	96,808,000	100%	1,150,341 (USD 34,644 thousand)	(15,982) (MYR(2,244)thousand)		
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	274,081 (MYR 37,964 thousand)	274,081 (MYR 37,964 thousand)	9,120,000	100%	780,395 (MYR108,095thousand)	(7,493) (MYR(1,052)thousand)		
	ACME Advanced	Plot 15,Jalan Industri 6 Kawasan Perindustrian Jelapang II(ZPB) Jelapang 30020 Ipoh, Perak, Malaysia.	Manufacturing and marketing of silicon carbide	391,355 (MYR 54,208 thousand)	391,355 (MYR 54,208 thousand)	54,208,000	100%	360,472 (MYR49,930thousand)	(8,322) (MYR(1,169)thousand)		

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

Note 2: The foreign currency amount was calculated based on the spot exchange rate of March 31, 2025.

Note 3: The amount is calculated based on the average exchange rate from January 1 to March 31, 2025.

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

Acme Electronics Corporation and Subsidiaries
Information on Investments in Mainland China
From January 1 to March 31, 2025

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

Investee Company in Mainland China	Main Business Activities	Paid-in Capital (Note 6)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of the Beginning of Period (Note 4)	Amount of Investments Remitted or Repatriated for the Period		Accumulated Outward Remittance for Investment from Taiwan as of the End of the Current Period (Note 4)	Net Profit (Loss) of Investee for the Period (Note 5)	Ownership Percentage of Direct or Indirect Investment	Investment Gain (Loss) Recognized in the Period (Notes 3, 5 and 7)	Carrying Amount at End of Period (Notes 6 and 7)	Accumulated Repatriation of Investment Profit as of the End of the Current Period
					Outflow	Inflow						
ACME Electronics (KS)	Manufacturing and marketing of soft ferrite core	\$ 1,020,224 (USD 30,725 thousand)	Indirect investment via ACME (Cayman).	\$ 374,188 (USD 11,144 thousand)	\$ -	\$ -	\$ 374,188 (USD 11,144 thousand)	(\$ 6,578) (RMB (1,474) thousand)	60.10%	(\$ 4,062) (RMB (886) thousand)	\$ 398,891 (RMB 86,232 thousand)	\$ -
Acme Electronics (GZ)	Manufacturing and marketing of soft ferrite core	637,536 (USD 19,200 thousand)	Indirect investment via GAEL.	619,676 (USD 19,200 thousand)	-	-	619,676 (USD 19,200 thousand)	(11,150) (RMB (2,432) thousand)	100%	(11,150) (RMB (2,432) thousand)	1,027,923 (RMB 222,215 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
\$1,007,573 (USD 30,344,000) (Notes 2 and 6)	\$1,216,399 (USD 36,633,000) (Notes 2 and 6)	\$ (Note 1)

- Note 1: According to the file J.S.Z. No. 09704604680 issued by the Investment Commission, MOEA on August 29, 2008, the Company is an enterprise that has obtained the certificate issued by the Industrial Development Bureau, MOEA for meeting the business scope of the headquarters, so there is no investment limit.
- Note 2: It includes the capital increase transferred from earnings of Acme Electronics (Kunshan) Co., Ltd., and the Company increased the amount of US\$6,289 thousand at its ownership percentage.
- Note 3: The investment gain (loss) recognized for this period are calculated on the basis of financial statements reviewed and approved by CPAs of the parent company in Taiwan.
- Note 4: The calculation was based on the exchange rate of the original investment.
- Note 5: The amount was calculated based on the average exchange rate from January 1 to March 31, 2025.
- Note 6: The amount was calculated based on the spot exchange rate of March 31, 2025.
- 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 Material Intercompany Transactions
From January 1 to March 31, 2025

Table 5.

Unit: In Thousands of New Taiwan Dollars

No.	Name of Trader	Counterparty	Relationships with Trader (Note)	Transactions Details			
				Financial Statement Accounts	Amount	Transaction Terms	% of Total Consolidated Operating Revenue or Total Asset
0	The Company	ACME Electronics (KS)	1	Sales revenue	\$ 28,018	55 days for both purchase and sales	3.89%
0	The Company	Acme Electronics (GZ)	1	Sales revenue	27,507	55 days for both purchase and sales	3.82%
0	The Company	ACME Ferrite	1	Sales revenue	5,255	55 days for both purchase and sales	0.73%
0	The Company	ACME Electronics (KS)	1	Cost of goods sold	37,524	55 days for both purchase and sales	5.21%
0	The Company	Acme Electronics (GZ)	1	Cost of goods sold	1,190	55 days for both purchase and sales	0.17%
0	The Company	ACME Ferrite	1	Cost of goods sold	751	55 days for both purchase and sales	0.10%
0	The Company	Acme Electronics (GZ)	1	Processing costs (classified as cost of goods sold)	81,516	—	11.32%
0	The Company	Acme Electronics (GZ)	1	Other expenditures (classified as cost of goods sold)	166	—	0.02%
0	The Company	ACME Electronics (KS)	1	Royalty revenue	5,901	—	0.82%
0	The Company	Acme Electronics (GZ)	1	Royalty revenue	4,050	—	0.56%
0	The Company	ACME Ferrite	1	Other income (recognized as non-operating incomes and gains - other)	821	—	0.11%
0	The Company	ACME Electronics (KS)	1	Accounts receivable - related parties	25,139	55 days for both purchase and sales	0.46%
0	The Company	Acme Electronics (GZ)	1	Accounts receivable - related parties	17,630	55 days for both purchase and sales	0.32%
0	The Company	ACME Ferrite	1	Accounts receivable - related parties	2,430	55 days for both purchase and sales	0.04%
0	The Company	ACME Electronics (KS)	1	Other receivables - related parties	27,686	—	0.50%
0	The Company	Acme Electronics (GZ)	1	Other receivables from related parties	4,323	—	0.08%
0	The Company	ACME Ferrite	1	Other receivables - related parties	4,634	—	0.08%
0	The Company	Acme Electronics (GZ)	1	Notes and accounts payable—related parties	69,864	55 days for both purchase and sales	1.27%
0	The Company	ACME Electronics (KS)	1	Notes and accounts payable—related parties	32,202	55 days for both purchase and sales	0.59%
0	The Company	ACME Ferrite	1	Notes and accounts payable—related parties	755	55 days for both purchase and sales	0.01%
0	The Company	Acme Electronics (GZ)	1	Other payables - related parties	521	—	0.01%
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Sales revenue	9,065	55 days for both purchase and sales	1.26%
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Cost of goods sold	8,641	55 days for both purchase and sales	1.20%
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Interest expenses	402	—	0.06%
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Accounts receivable - related parties	10,054	55 days for both purchase and sales	0.18%

No.	Name of Trader	Counterparty	Relationships with Trader (Note)	Transactions Details			
				Financial Statement Accounts	Amount	Transaction Terms	% of Total Consolidated Operating Revenue or Total Asset
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Other receivables - related parties	10,060	—	0.18%
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Notes and accounts payable—related parties	5,817	55 days for both purchase and sales	0.11%
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Other payables - related parties	55,753	—	1.01%
3	ACME Electronics (KS)	ACME Ferrite	3	Sales revenue	8,658	55 days for both purchase and sales	1.20%
3	ACME Electronics (KS)	ACME Ferrite	3	Accounts receivable - related parties	12,557	55 days for both purchase and sales	0.23%
3	Acme Electronics (GZ)	ACME Ferrite	3	Other income (recognized as non-operating incomes and gains - other)	105	—	0.01%
3	ACME Ferrite	Acme Electronics (GZ)	3	Sales revenue	8,115	55 days for both purchase and sales	1.13%
3	ACME Ferrite	Acme Electronics (GZ)	3	Accounts receivable - related parties	3,491	55 days for both purchase and sales	0.06%

Note 1: The parent company to its subsidiary.

Note 2: The subsidiary to the parent company.

Note 3: Between subsidiaries.

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