

Acme Electronics Corporation

Parent Company Only Financial Statements and
Independent Auditors' Report
For the Years Ended December 31, 2025 and 2024

INDEPENDENT AUDITORS’ REPORT

The Board of Directors and Shareholders
Acme Electronics Corporation

Opinion

We have audited the accompanying parent company only financial statement of Acme Electronics Corporation (the “Company”), which comprise the parent company only balance sheets as of December 31, 2025 and 2024 and the parent company only statements of comprehensive Income, changes in equity cash flows for the years then end, and notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the “parent company only financial statement”).

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2025 and 2024, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. and are sufficient to give a fair representation of the financial position of the Company as of December 31, 2025 and 2024, and the financial performance and cash flows from January 1 to December 31, 2025 and 2024.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing the Audit and Attestation Engagement of Certified Public Accountants and Standards of Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of the most significance in our audit of the parent company only financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2025 are stated as follows:

Revenue from Sales of Specific Products

In 2025, the Company's revenue from sales of specific products has a significant impact on the Company's operations. Therefore, the auditor has listed the authenticity of the aforementioned sales revenue as a key audit matter.

Please consult Note 4 of the Parent Company Only Financial Statements for accounting policies and relevant information concerning sales revenue.

Audit Procedures:

1. Obtain a comprehensive understanding of the operational procedures and internal controls associated with the Company's sales transactions and test the design and implementation of such controls.
2. Obtain specific sales revenue details and carefully review the relevant original orders, shipping documents, and other certificates associated with the recognition of sales revenue, as well as the actual receipt of payments to confirm the authenticity of sales revenue.
3. Review sales returns and discounts after the period to confirm whether there are any abnormalities.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as the management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern, and using the going concern basis of accounting unless management

either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit and Risk Committee) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Standards of Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures and, whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2025 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chang Cheng Hsiu and Chiu Cheng Chun.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 4, 2026

Notices to Readers

The accompanying parent company only financial statements are intended only to present the 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 audit such parent company only financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying parent company only 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' report and parent company only financial statements shall prevail.

Acme Electronics Corporation
Parent Company Only Balance Sheets
December 31, 2025 and 2024

Unit: NT\$ thousands

Code	Assets	December 31, 2025		December 31, 2024	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 146,129	3	\$ 96,381	2
1110	Financial assets at fair value through profit or loss, current (Notes 4 and 7)	18	-	-	-
1136	Financial assets at amortized cost, current (Notes 4, 8 and 23)	-	-	5,800	-
1150	Notes receivable (Notes 4 and 9)	114	-	12	-
1170	Accounts receivable, net (Notes 4 and 9)	348,863	8	261,453	6
1180	Accounts receivable, net of related parties (Notes 4 and 22)	67,045	2	55,362	2
1200	Other receivables (Note 4)	154	-	345	-
1210	Other receivables, related parties (Notes 4 and 22)	44,633	1	26,751	1
1220	Current tax assets (Notes 4 and 18)	464	-	542	-
130X	Inventories (Notes 4, 5 and 10)	366,404	8	397,995	9
1470	Other current assets (Note 22)	74,036	2	39,808	1
11XX	Total current assets	<u>1,047,860</u>	<u>24</u>	<u>884,449</u>	<u>21</u>
	Non-current assets				
1550	Investments accounted for under the equity method (Notes 4 and 11)	2,116,939	48	2,126,992	49
1600	Property, plant and equipment (Notes 4, 12 and 23)	1,117,087	25	1,137,787	26
1755	Right-of-use assets (Notes 4 and 13)	1,925	-	457	-
1780	Intangible assets (Note 4)	208	-	627	-
1840	Deferred tax assets (Notes 4 and 18)	41,776	1	41,915	1
1915	Prepayments for equipment (Note 22)	90,175	2	107,134	3
1920	Refundable deposits (Note 23)	7,824	-	7,824	-
15XX	Total non-current assets	<u>3,375,934</u>	<u>76</u>	<u>3,422,736</u>	<u>79</u>
1XXX	Total Assets	<u>\$ 4,423,794</u>	<u>100</u>	<u>\$ 4,307,185</u>	<u>100</u>
	Liabilities and Equity				
	Current liabilities				
2100	Short-term borrowings (Note 14)	\$ 304,650	7	\$ 280,000	6
2110	Short-term notes payable, net (Note 14)	79,973	2	69,992	2
2120	Financial liabilities at fair value through profit or loss, current (Notes 4 and 7)	3,504	-	-	-
2170	Notes and accounts payable	42,096	1	47,544	1
2180	Accounts payable, related parties (Note 22)	108,797	2	86,253	2
2200	Other payables (Note 22)	73,751	2	89,609	2
2280	Lease liabilities, current (Notes 4 and 13)	499	-	346	-
2320	Long-term borrowings due within one year (Notes 14 and 23)	-	-	170,000	4
2399	Other current liabilities	1,817	-	1,857	-
21XX	Total current liabilities	<u>615,087</u>	<u>14</u>	<u>745,601</u>	<u>17</u>
	Non-current liabilities				
2540	Long-term borrowings (Notes 14 and 23)	1,747,850	40	1,444,680	34
2570	Deferred tax liabilities (Notes 4 and 18)	76,526	2	77,543	2
2580	Lease liabilities, non-current (Notes 4 and 13)	1,435	-	118	-
2630	Long-term deferred incomes (Note 14)	5,553	-	6,590	-
2640	Net defined benefit liabilities, non-current (Notes 4 and 15)	13,643	-	12,046	-
2645	Guarantee deposits received	24	-	24	-
25XX	Total non-current liabilities	<u>1,845,031</u>	<u>42</u>	<u>1,541,001</u>	<u>36</u>
2XXX	Total liabilities	<u>2,460,118</u>	<u>56</u>	<u>2,286,602</u>	<u>53</u>
	Equity (Notes 4, 15 and 16)				
3110	Ordinary share capital	2,129,937	48	2,129,937	49
3200	Capital surplus	54	-	50	-
3350	Accumulated deficit	(86,859)	(2)	(20,755)	-
	Other equity				
3410	Exchange differences on translating the financial statements of foreign operations	(79,456)	(2)	(88,649)	(2)
3XXX	Total equity	<u>1,963,676</u>	<u>44</u>	<u>2,020,583</u>	<u>47</u>
	Total liabilities and equity	<u>\$ 4,423,794</u>	<u>100</u>	<u>\$ 4,307,185</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.

Acme Electronics Corporation
Parent Company Only Statements of Comprehensive Income
For the Years Ended December 31, 2025 and 2024

Unit: NT\$ thousands, Except for Earnings
Per Share in New Taiwan Dollars

Code		2025		2024	
		Amount	%	Amount	%
	Operating revenue				
4110	Sales revenue (Notes 4 and 22)	\$ 1,488,686	104	\$ 1,632,110	100
4170	Less: Sales returns and allowances (Note 4)	<u>58,260</u>	<u>4</u>	<u>1,743</u>	<u>-</u>
4000	Total operating revenue	1,430,426	100	1,630,367	100
	Operating costs				
5110	Cost of goods sold (Notes 4, 10, 15, 17 and 22)	<u>1,177,653</u>	<u>82</u>	<u>1,207,814</u>	<u>74</u>
5900	Gross profit	252,773	18	422,553	26
5910	Realized losses (gains) from sales (Notes 4 and 22)	(<u>4,992</u>)	<u>-</u>	<u>10,718</u>	<u>1</u>
5950	Realized gross profit	<u>257,765</u>	<u>18</u>	<u>411,835</u>	<u>25</u>
	Operating expenses (Notes 4, 9, 15, 17 and 22)				
6100	Selling and marketing expenses	52,810	4	45,561	3
6200	Administrative expenses	93,270	6	95,716	6
6300	Research and development expenses	157,648	11	132,004	8
6450	Expected reversal of impairment loss	<u>-</u>	<u>-</u>	(<u>2,388</u>)	<u>-</u>
6000	Total operating expenses	<u>303,728</u>	<u>21</u>	<u>270,893</u>	<u>17</u>
6500	Other gains and losses (Note 12)	(<u>6,596</u>)	(<u>1</u>)	<u>-</u>	<u>-</u>
6900	Net operating (loss) profit	(<u>52,559</u>)	(<u>4</u>)	<u>140,942</u>	<u>8</u>
	Non-operating income and expenses				
7100	Interest income	2,183	-	4,014	-
7010	Other income (Notes 4, 17 and 22)	51,190	4	40,401	3
7020	Other gains and losses (Notes 4 and 17)	(<u>4,381</u>)	<u>-</u>	(<u>971</u>)	<u>-</u>

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Code		2025		2024	
		Amount	%	Amount	%
7050	Finance costs (Note 17)	(\$ 37,751)	(3)	(\$ 31,697)	(2)
7230	Foreign exchange gains (Notes 4 and 17)	776	-	27,871	2
7060	Share of profit or loss of subsidiaries and associates (Notes 4 and 11)	(26,536)	(2)	(27,353)	(2)
7000	Total non-operating income and expenses	(14,519)	(1)	12,265	1
7900	Net profit (loss) before tax	(67,078)	(5)	153,207	9
7950	Income tax benefit (Notes 4 and 18)	696	-	2,091	-
8200	Net profit (loss) for the year	(66,382)	(5)	155,298	9
	Other comprehensive income (net)				
8310	Items not reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans (Notes 4 and 15)	347	-	2,544	-
8349	Income tax relating to items not reclassified subsequently to profit or loss (Notes 4 and 18)	(69)	-	(509)	-
		278	-	2,035	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences arising on translation of foreign operations (Note 4)	11,491	1	117,168	7
8399	Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 18)	(2,298)	-	(23,433)	(1)
		9,193	1	93,735	6
8300	Total other comprehensive income (net) for the fiscal year	9,471	1	95,770	6
8500	Total comprehensive income for the period	(\$ 56,911)	(4)	\$ 251,068	15
	Earnings (losses) per share (Note 19)				
9750	Basic	(\$ 0.31)		\$ 0.73	
9850	Diluted	(\$ 0.31)		\$ 0.73	

The accompanying notes are an integral part of the parent company only financial statements.

Acme Electronics Corporation
Statements of Changes in Equity
For the Years Ended December 31, 2025 and 2024

Unit: NT\$ thousands, unless stated otherwise

Code		Share capital (Note 16)		Capital surplus (Note 16)	Accumulated deficit (Notes 4, 15 and 16)	Foreign currency translation reserve	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
C11	Capital surplus to offset deficit	-	-	(299,942)	299,942	-	-
C17	Exercise of disgorgement	-	-	50	-	-	50
D1	Net profit for 2024	-	-	-	155,298	-	155,298
D3	Other comprehensive gains and losses for 2024	-	-	-	2,035	93,735	95,770
D5	Total comprehensive income for 2024	-	-	-	157,333	93,735	251,068
Z1	Balance as of December 31, 2024	212,993,743	2,129,937	50	(20,755)	(88,649)	2,020,583
C17	Exercise of disgorgement	-	-	4	-	-	4
D1	Net loss for 2025	-	-	-	(66,382)	-	(66,382)
D3	Other comprehensive gains and losses for 2025	-	-	-	278	9,193	9,471
D5	Total comprehensive income for 2025	-	-	-	(66,104)	9,193	(56,911)
Z1	Balance as of December 31, 2025	<u>212,993,743</u>	<u>\$ 2,129,937</u>	<u>\$ 54</u>	<u>(\$ 86,859)</u>	<u>(\$ 79,456)</u>	<u>\$ 1,963,676</u>

The accompanying notes are an integral part of the parent company only financial statements.

Acme Electronics Corporation
Parent Company Only Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

Unit: NT\$ thousands

Code		2025	2024
	Cash flows from operating activities		
A10000	Net profit (loss) before tax	(\$ 67,078)	\$ 153,207
A20010	Income and expenses:		
A20100	Depreciation expenses	148,963	110,511
A20200	Amortization expense	419	412
A20300	Expected reversal of impairment loss	-	(2,388)
A20400	Net loss of financial instruments at fair value through profit or loss	4,438	-
A20900	Finance costs	37,751	31,697
A21200	Interest income	(2,183)	(4,014)
A22300	Share of profit or loss of subsidiaries and associates	26,536	27,353
A22500	Loss (profit) of disposal and scrapping of property, plant and equipment	(108)	47
A23700	Loss on (gain on reversal of) write-down of inventories	(100)	10,000
A23900	Realized (profits) losses from subsidiaries	(4,992)	10,718
A24100	Foreign exchange losses	2,156	14,839
A29900	Impairment losses	6,596	-
A29900	Deferred and other income	(887)	(757)
A30000	Change in operating assets and liabilities		
A31115	Financial assets mandatorily measured at fair value through profit or loss	(952)	-
A31130	Notes receivable	(102)	380
A31150	Accounts receivable (including related parties)	(100,055)	(18,052)
A31180	Other receivables (including related parties)	(18,576)	7,711
A31200	Inventories	31,691	(155,459)
A31240	Other current assets	(34,228)	887
A32150	Notes and accounts payable (including related parties)	16,836	66,376
A32180	Other payables (including related parties)	2,704	1,202
A32230	Other current liabilities	(40)	737
A32240	Net defined benefit liabilities	1,944	(528)
A33000	Cash flows generated from operations	50,733	254,879
A33100	Interest received	2,137	3,990

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<u>Code</u>		<u>2025</u>	<u>2024</u>
A33300	Interest paid	(\$ 35,473)	(\$ 29,379)
A33500	Income tax paid	(2,471)	(2,600)
AAAA	Net cash flows generated from operating activities	<u>14,926</u>	<u>226,890</u>
	Cash flows from investing activities		
B00050	Financial Assets at Amortized Cost	5,800	-
B02200	Cash outflow for capital increase of subsidiaries	-	(228,217)
B02700	Acquisition cost of property, plant and equipment	(136,453)	(443,310)
B02800	Proceeds from disposal of property, plant and equipment	696	56
B04500	Acquisition of purchased intangible assets	-	(423)
B03800	Increase in refundable deposits	<u>-</u>	(1,694)
BBBB	Net cash used in investing activities	(<u>129,957</u>)	(<u>673,588</u>)
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	24,650	80,900
C00600	Increase in short-term notes payable	10,000	70,000
C01600	Proceeds from long-term borrowings	1,926,900	4,580,000
C01700	Repayments of long-term borrowings	(1,796,273)	(4,237,500)
C04020	Repayments of the principal portion of lease liabilities	(502)	(506)
C09900	Exercise of disgorgement	<u>4</u>	<u>50</u>
CCCC	Net cash from financing activities	<u>164,779</u>	<u>492,944</u>
EEEE	Increase in cash and cash equivalents for the fiscal year	49,748	46,246
E00100	Cash and cash equivalents at the beginning of the year	<u>96,381</u>	<u>50,135</u>
E00200	Cash and cash equivalents at the end of the year	<u>\$ 146,129</u>	<u>\$ 96,381</u>

The accompanying notes are an integral part of the parent company only financial statements.

Acme Electronics Corporation
Notes to Parent Company Only Financial Statements
For the Years Ended December 31, 2025 and 2024
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. 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 Parent Company Only Financial Statements are presented in the New Taiwan dollar, the Company’s functional currency.

2. Date and Procedure for the Approval of Financial Statements

The accompanying parent company only financial statements were reported to and issued by the Company’s board of directors on March 4, 2026.

3. Application of New Amended and Revised Standards and Interpretations

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

The initial application of the amendments to the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the accounting policies of the Company.

- (II) IFRS Accounting Standards endorsed by the FSC that are effective from January 1, 2026

New, Amended and Revised Standards and Interpretations	Effective Date Issued by the IASB
Amendments to IFRS 9 and IFRS 7 “Amendments to the classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Annual Improvements to IFRS Accounting Standards — Volume 11	January 1, 2026
IFRS 17 “Insurance Contracts” (including the 2020 and 2021 amendments)	January 1, 2023

As of the date the parent company only financial statements were authorized for issue, the Company is still assessing the impact of the amendments on its financial position and financial performance.

- (III) The IFRS Accounting Standards issued by IASB but not yet endorsed and issued into effect by the FSC

<u>New, Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 18 “Presentation and Disclosure of Financial Statements”	January 1, 2027 (Note 2)
IFRS 19 “Subsidiaries without Public Accountability: Disclosures” (including the 2025 amendments)	January 1, 2027
Amendments to IAS 21 “Translation into a Hyperinflationary Presentation Currency”	January 1, 2027

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

Note 2: On September 25, 2025, the Financial Supervisory Commission announced that IFRS 18 shall be applied by enterprises in Taiwan starting January 1, 2028. Early adoption is permitted once IFRS 18 has been endorsed by the FSC.

IFRS 18 “Presentation and Disclosure of Financial Statements,” and related consequential amendments.

IFRS 18 will replace IAS 1 “Presentation of Financial Statements”. The main changes to comprise:

- The Company is required assess whether it has specific principal operating activities involving investments in particular types of assets or the provision of financing to customers, and to classify income and expense items in the statement of profit or loss into operating, investing, financing, income tax, and discontinued operations categories accordingly.
- The statement of profit or loss shall include the presentation of operating profit or loss, profit or loss before financing and income tax, as well as relevant subtotals and totals.
- Guidance is provided to enhance aggregation and disaggregation requirements. The Company shall identify and classify assets, liabilities, equity, income, expenses, and cash flows arising from individual transactions or other events based on shared characteristics. This ensures that each line item presented in the primary financial statements shares at least one similar characteristic. Items with different characteristics shall be separately presented either in the primary financial statements or in the notes. When the Company is unable to identify a more descriptive label, such items shall be presented as “Other”.
- Additional disclosures are required for management-defined performance measures. When the Company communicates management’s perspective on the overall

financial performance to users of the financial statements through public communications outside the financial statements, information about such management-defined performance measures shall be disclosed in a single note to the financial statements. This note shall include a description of the measures, how they are calculated, reconciliations to the most directly comparable subtotal or total defined by IFRS Accounting Standards, and the effects of income tax and non-controlling interests related to such adjustments.

In addition, IAS 7 “Statement of Cash Flows” is subject to the following consequential amendments:

- When preparing cash flows from operating activities using the indirect method, the Company shall use operating profit or loss as the starting point for reconciliation.
- Interest and dividends received by the Company shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. Where the Company is assessed to have specific principal operating activities, it shall consider account the classification of dividend income, interest income, and interest expense in the statement of profit or loss when determining the classification of dividends received, interest received, and interest paid in the statement of cash flows. Each of these cash flows shall be classified in only one category of activities in the statement of cash flows.

Except for the above impact, as of the date the accompanying parent company only financial statements were issued, the Company continues in evaluating other impacts of the above amended standards and on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Company completes its evaluation.

4. Summary of Material Accounting Policies Information

For the convenience of readers, the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the R.O.C. 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 parent company only financial statements shall prevail.

(I) Statement of Compliance

The accompanying parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the “Accounting Standards Used in Preparation of the Parent Company Only Financial Statements”).

(II) Basis of Preparation

The parent company only 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.

When preparing parent company only financial statements, the Company applies the equity method to investments in subsidiaries and associates. In order to align profit or loss, other comprehensive income, and equity from the current year presented in the Parent Company Only Financial Statements with those attributable to the owners of the Company presented in the consolidated in the consolidated financial statements, the differences arising from the use of individual and consolidated bases have been adjusted. Such adjustments are recognized in “investments accounted for using the equity method”, share of profit or loss of subsidiaries and associates accounted for using the equity method”, and related equity items.

(III) Criteria classifying current/non-current assets and liabilities

Current assets include:

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

Current liabilities include:

- (1) Liabilities held primarily for the purpose of trading;
- (2) Liabilities that are due for repayment within 12 months after the balance sheet date (current liabilities even if long-term refinancing or rescheduling agreements have been completed between the balance sheet date and the issuance of financial statements), and
- (3) Liabilities that do not have substantive rights to defer settlement for at least 12 months after the balance sheet date.

Assets and liabilities that are not classified as current are classified as non-current.

(IV) Foreign Currency

In the preparation of financial statements, transactions denominated in a currency other than the Company’s functional currency (i.e., foreign currency) are translated into the Company’s functional currency by using the exchange rate at the date of the transaction. Monetary items denominated in foreign currencies are translated at the closing rates on the balance sheet date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the current period.

Non-monetary items denominated in foreign currencies measured at fair value are converted using the exchange rate on the date when the fair value is determined. The

exchange difference is recognized as the current profit and loss. However, if the change of fair value is recognized as other comprehensive income, the exchange difference generated is recognized as other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the rates of exchange prevailing on the transaction dates and are not re-translated.

In the preparation of the parent company only financial statements, the assets and liabilities of foreign operations are translated into the New Taiwan dollar at the closing rate of exchange prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates of each quarter. The resulting currency translation differences are recognized in other comprehensive income.

(V) Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process. Inventory is measured by the lower of cost and net realizable value. When comparing cost and net realizable value, except for similar stock in hand, it is based on individual items. Net realizable value is the balance that the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventory costs are calculated by weighted average method.

(VI) Investment in subsidiaries

The Company applies the equity method to account for its investments in subsidiaries. Subsidiaries refer to entities that are controlled by the Company.

Under the equity method, investments are initially recognized at cost. The carrying amount of the investment is subsequently adjusted for post-acquisition changes in the Company's share of profit or loss, other comprehensive income, and profit distributions of the subsidiaries. In addition, changes in the Company's ownership interests in subsidiaries are recognized based on the ownership proportion. Changes in the Company's ownership interests in a subsidiary that do not result in the Company losing control over the subsidiary are accounted for as equity transactions.

Any difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the acquisition cost exceeds the Company's share of the net fair value of the identifiable assets and liabilities of the subsidiary on the acquisition date, the excess is recognized as goodwill, which is included in the carrying amount of the investment and is not amortized. When the Company's share of the net fair value of the identifiable assets and liabilities of the subsidiary exceeds the acquisition cost, the excess is recognized as current income.

Unrealized profits or losses arising from downstream transactions between the Company and its subsidiaries are eliminated in the parent company only financial statements.

Profits and losses arising from upstream transactions and transactions between subsidiaries are recognized in the parent company only financial statements only to the extent of the Company's ownership interests in the subsidiaries.

(VII) Investment in Associates

An associate is an entity over which the Company has significant influence but which is not a subsidiary. The Company accounts for its investments in associates using the equity method.

Under the equity method, investments in associates are initially recognized at cost and are subsequently adjusted for the post-acquisition changes in the Company's share of profit or loss, share of other comprehensive income, and dividends received from the associates. In addition, changes in the Company's ownership interests in associates are recognized based on the ownership proportion.

When the Company's share of losses of an associate equals or exceeds its interest in the associate (including the carrying amount of the investment accounted for using the equity method and any other long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, constructive obligations, or made payments on behalf of the associate.

In assessing impairment, the carrying amount of the investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss is not allocated to individual assets forming part of the carrying amount of the investment. Reversal of impairment losses is recognized to the extent of subsequent increases in the recoverable amount of the investment.

Profits and losses resulting from downstream and upstream transactions between the Company and associates are recognized in the parent company only financial statements only to the extent of the Company's interests in the associates.

(VIII) Property, Plant and Equipment

Property, plant and equipment are stated at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment in the course of construction are carried at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for self-owned land which is not subject to allowance for depreciation, depreciation of property, plant and equipment are recognized using the straight-line basis during useful life. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When property, plant, and equipment is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in profit or loss.

(IX) Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at the amount of cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis during the useful life. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in the current profit or loss.

(X) Impairment of Property, Plant and Equipment, Right-Of-Use Assets, and Intangible Assets

On each balance sheet date, the Company reviews the carrying amounts of its property, plant, and equipment as well as right-of-use assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually.

The recoverable amount is the higher of fair value less costs of sale and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (less amortization or depreciation) that would have been determined to have no impairment loss recognized on the asset or cash-generating unit in prior years. The reversal of impairment losses is recognized in profit or loss.

(XI) Financial Instruments

“Financial assets and financial liabilities are recognized in the company’s individual balance sheet when the company becomes a party to the terms of the instrument contract.”

When financial assets and financial liabilities are initially measured, in case financial assets and financial liabilities are not measured at FVTPL, they are measured with the fair value added to transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

(1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

1) Measurement categories

Financial assets held by the Company are classified as financial assets at fair value through profit or loss and financial assets at amortized cost.

A. Financial assets at FVTPL

Financial assets mandatorily measured at fair value through profit or loss are financial assets that do not meet the criteria for classification as financial assets measured at amortized cost or financial assets measured at fair value through other comprehensive income. These include equity instrument investments not designated to be measured at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are measured at fair value, and any re-measurement gains or losses (including any dividend income or interests income derived from such financial assets) are recognized in profit or loss. Please refer to Note 21 for the determination fair values.

B. Financial Assets at Amortized Cost

The Company's financial assets are classified as financial assets measured at amortized cost if they meet both of the following criteria:

- a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets measured at amortized cost (including cash and cash equivalents, notes receivable, accounts receivable, other receivables and refundable deposits) are measured at amortized cost using the effective interest method, less any impairment loss. Any foreign exchange gains or losses are recognized in profit or loss.

Cash equivalents include time deposits and repurchase agreements with original maturities of three months or less from the acquisition date, that are highly liquid, readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

2) Impairment of financial assets

On each balance sheet date, the Company recognizes a loss allowance for expected credit losses on financial assets measured at amortized cost (including accounts receivable).

The Company always recognizes lifetime expected credit losses for accounts receivable as loss allowance. Other financial assets are evaluated to determine whether credit risk has increased significantly since initial recognition. If credit risk has not increased significantly, a loss allowance is recognized based on 12-month expected credit losses; if credit risk has increased

significantly, a loss allowance is recognized based on lifetime expected credit losses.

Expected credit losses represent a weighted average of credit losses, with the probability of default occurring used as the weighting factor. The 12-month expected credit losses represent expected credit losses that result from default events that are possible within 12 months after the reporting date. Lifetime expected credit losses represent expected credit losses that result from all possible default events over the expected life of a financial instrument.

The carrying amount of financial assets is reduced through the allowance for impairment.

3) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another party.

Upon derecognition of a financial asset measured at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

(2) Financial liabilities

1) Subsequent measurement

Except for the cases described below, all financial liabilities are subsequently measured at amortized cost using the effective interest method.

Financial liabilities at FVTPL

Financial liabilities at fair value through profit or loss include financial liabilities held for trading.

Financial liabilities held for trading are measured at fair value, and any gains or losses resulting from re-measurement are recognized in profit or loss. Please refer to Note 21 for the methods for determining fair values.

2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(3) Derivatives

The derivatives entered into by the Company are mainly forward foreign exchange contracts used to manage the Company's foreign exchange risk.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured at their fair value at the end of each reporting period. The resulting gains or losses are recognized in profit or loss. When the fair value of the derivative is positive, it is classified as a financial asset; when the fair value is negative, it is classified as a financial liability.

(XII) Revenue Recognition

The Company identifies contracts with the customers, allocates the transaction price to the performance obligations in the contracts, and recognizes revenue when performance obligations are satisfied.

For contracts in which the time interval between the transfer of goods or services and the receipt of consideration is one year or less, the Company does not adjust the transaction price for the effects of a significant financing component.

The expected duration of customer contracts of the Company does not exceed one year, and no consideration for customer contracts is not included in the transaction price. Accordingly, the Company applies the practical expedients and is not required to disclose: (1) the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period; and (2) the period over which such amounts are expected to be recognized as revenue. Therefore, practical expediency is applied without the need to disclose (1) the aggregate amount of transaction prices allocated to performance obligations that have not been met or partially met until the end of the reporting period, and (2) when it is expected to be recognized as revenue.

Sales revenue of commodities

Sales of goods are recognized as revenue and accounts receivable when the customer obtains control over the promised asset, that is, when the goods are delivered to the designated location and the performance obligation is satisfied.

Revenue from outsourced processing is not recognized until the customer obtains control over the processed products, as the control of such products has not yet been transferred during the processing stage.

(XIII) Leasing

The Company assesses whether the contract is, or contains, a lease at contract inception.

Where the Company is a lessee:

Except that the lease payments of the low-value underlying assets and short-term leases applicable to the recognition exemption are recognized as expenses on a straight-line basis during the lease term, other leases are recognized as right-of-use assets and lease liabilities on the inception of the lease.

The right-of-use asset is initially measured at cost, which comprises the initial measurement of the lease liability, lease payments made at or before the commencement date less any lease incentives received, initial direct costs, and an estimate of the costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the site on which it is located. The right-of-use asset is subsequently measured at cost less accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of the lease liability. Right-of-use assets are presented as a separate line item on the parent company only balance sheet.

The right-of-use assets shall be depreciated on a straight-line basis from lease commencement date to the end of the useful life or the end of the lease term.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and variable lease payments which depend on an index or a rate.

If the implicit interest rate of lease is easy to determine, the interest rate is used to discount the lease payment. If the interest rate is not easy to determine, the lessee's incremental borrowing rate shall be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in an index or a rate used to determine those payments leading to a change in future lease payments, the Company re-measures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the re-measurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the accompanying parent company only balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

(XIV) Borrowing costs

The borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets are considered part of the cost of those assets until nearly all necessary activities to prepare the asset for its intended use or sale have been completed.

In addition to the aforementioned, all other borrowing costs are recognized as profit or loss in the period in which they are incurred.

(XV) Government subsidy

Government subsidies are recognized only when it is reasonably certain that the Company will comply with the conditions attached to the government subsidies and will receive such subsidies.

Government subsidies related to income are recognized in profit and loss on a systematic basis during the period when the relevant costs that they intend to compensate are recognized as expenses by the Company.

(XVI) Employee benefits

(1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

(2) Post-retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and re-measurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liability (asset) are recognized as employee benefit expenses in the period they occur. Re-measurement (comprising actuarial gains and losses, and the return on plan assets excluding interest) is recognized in other comprehensive income in the period in which it occurs. Re-measurement recognized in other comprehensive

income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) are the deficit (surplus) of the contribution made according to the defined benefit pension plan. Net defined benefit assets may not exceed the present value of refundable contributions from the plan or reductions in future contributions.

(XVII) Employee stock options

(1) Employee stock options granted to employees

Employee share-based payments are measured at the fair value of the equity instruments granted at the grant date and the best estimate of the number of equity instruments expected to vest. The expense is recognized on a straight-line basis over the vesting period, with a corresponding adjustment to capital reserve – employee stock options. If the equity instruments vest immediately on the grant date, the expense is recognized in full at the grant date. Where the Company undertakes a capital increase in cash to retain employee subscriptions, the date on which employees' subscriptions for shares are confirmed is regarded as the grant date for employee stock options.

(2) Equity-settled share-based payment agreement for employees of subsidiaries

Employee stock options settled by the Company's equity instruments and granted by the Company to employees of a subsidiary are regarded as capital contributions to the subsidiary. Such share-based payments are measured at the fair value of the equity instruments at the grant date and are recognized as an increase in the carrying amount of the Company's investment in the subsidiary over the vesting period, with a corresponding credit to capital reserve – employee stock options. If the equity instruments vest immediately on the grant date, the expense is recognized in full at the grant date. Where the Company undertakes a capital increase in cash to retain employee subscriptions of a subsidiary, the date on which the subsidiary employees' subscriptions for shares are confirmed is regarded as the grant date.

(XVIII) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

(1) Current income tax

Income tax on undistributed earnings calculated in accordance with the Income Tax Act of the Republic of China is recognized in the year in which the related resolution is approved by the shareholders' meeting.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

(2) Deferred income tax

Deferred income tax is recognized on temporary differences between the carrying amounts of assets and liabilities and their respective tax bases.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences, tax losses and tax credits can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

(3) Current and deferred income tax for the year

Current and deferred income taxes are recognized in profit or loss, except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the income taxes are recognized in other comprehensive income or directly in equity.

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

When the Company adopts accounting policies, the management must make judgments, estimates and assumptions based on historical experience and other critical factors. Actual results may differ from these estimates.

The management will continuously review the estimates and basic assumptions. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Inventory Valuation

Inventories are stated at the lower of cost and net realizable value. Accordingly, the Company is required to estimate the net realizable value of inventories at the end of the reporting period. Due to rapid technological changes, the Company evaluates inventories at the end of the reporting period for normal wear and tear, obsolescence, or a decline in market selling prices, and writes down the cost of inventories to net realizable value, if necessary. Such inventory valuations are mainly based on expected demand for the products in each period and past experience; therefore, the actual results may differ significantly from the estimates.

6. Cash and Cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Petty cash and cash on hand	\$ 174	\$ 282
Checks and demand deposits in banks	25,987	30,428
Cash equivalents		
Time deposits	49,345	65,671
Reserve repurchase agreements collateralized by bonds	70,623	-
	<u>\$ 146,129</u>	<u>\$ 96,381</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:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Demand deposits	0.001%-3.30%	0.001%-4.10%
Time deposits	3.60%-3.65%	3.00%-4.56%
Reserve repurchase agreements collateralized by bonds	3.85%	-

7. Financial Instruments at Fair Value through Profit or Loss - Current (as of December 31, 2024: None)

	<u>December 31, 2025</u>
<u>Financial assets - current</u>	
Mandatorily measured at fair value through profit or loss	
Derivatives (not under hedge accounting)	
Foreign exchange forward contracts	<u>\$ 18</u>
<u>Financial liabilities - current</u>	
Held for trading	
Derivatives (not under hedge accounting)	
Foreign exchange forward contracts	<u>\$ 3,504</u>

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

<u>December 31,</u> <u>2025</u>	<u>Currency</u>	<u>Maturity Date</u>	<u>Contract Amount (In Thousands)</u>		
Sell	USD/TWD	2026.1.7-2026.3.2	USD	5,700/ NTD	175,324

The Company 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 Company did not apply hedge accounting treatments for derivative contracts.

8. Financial Assets at Amortized Cost

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Pledge and mortgage</u>		
Time deposits with original maturity over 3 months	<u>\$ -</u>	<u>\$ 5,800</u>

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Time deposits with original maturity over 3 months	-	1.575%

Please refer to Note 23 for the information related to financial assets at amortized cost pledged as security of the Company.

9. Notes and accounts receivable - non-related parties

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Notes receivable</u>		
Measured at amortized cost		
Gross carrying amount	<u>\$ 114</u>	<u>\$ 12</u>
<u>Accounts receivable</u>		
Measured at amortized cost		
Gross carrying amount	\$ 348,878	\$ 261,468
Less: allowance for loss	(15)	(15)
	<u>\$ 348,863</u>	<u>\$ 261,453</u>

The Company grants credit terms for sales of goods generally ranging from 30 to 150 days. As the credit period is relatively short, no interest is charged.

The Company manages its credit risk by assessing the credit quality of individual customers through an internal credit rating system and determining credit limits accordingly. The Company also performs periodic reviews at least annually based on customers' historical transaction records and financial condition. In addition, the Company reviews the recoverable amounts of accounts receivable individually at each balance sheet date to ensure that appropriate impairment losses have been recognized for accounts receivable subject to potential credit risk.

The Company measures the loss allowance for accounts receivable at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are estimated using a provision matrix by reference to customers' past default experience, together with current financial conditions and forward-looking information relating to economic and industry conditions. As the Company's historical credit loss experience indicates that there are no significant differences in loss patterns among different customer groups, the provision matrix is not further differentiated by customer segments and is calculated solely based on the aging of accounts receivable.

The Company writes off accounts receivable when there is evidence indicating that a counterparty is experiencing significant financial difficulty and the Company no longer has a reasonable expectation of recovering the receivables. For accounts receivable that have been written off, the Company continues to undertake enforcement activities. Any subsequent recovery is recognized in profit or loss.

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

December 31, 2025

	<u>Not past due</u>	<u>Up to 60 Days</u>	<u>Total</u>
Expected credit loss rate	0.00%	0.42%	
Gross carrying amount	\$ 345,446	\$ 3,546	\$ 348,992
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(15)</u>	<u>(15)</u>
Amortized cost	<u>\$ 345,446</u>	<u>\$ 3,531</u>	<u>\$ 348,977</u>

December 31, 2024

	<u>Not past due</u>	<u>Up to 60 Days</u>	<u>Total</u>
Expected credit loss rate	0.00%	0.05%	
Gross carrying amount	\$ 237,232	\$ 24,248	\$ 261,480
Loss allowance (Lifetime ECLs)	<u>(4)</u>	<u>(11)</u>	<u>(15)</u>
Amortized cost	<u>\$ 237,228</u>	<u>\$ 24,237</u>	<u>\$ 261,465</u>

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

	<u>Years Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Beginning balance	\$ 15	\$ 2,403
Provision (reversal) for impairment losses in the current year	<u>-</u>	<u>(2,388)</u>
Ending balance	<u>\$ 15</u>	<u>\$ 15</u>

10. Inventories

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Finished goods	\$ 141,577	\$ 138,527
Work in progress	51,551	72,312
Raw materials and supplies	<u>173,276</u>	<u>187,156</u>
	<u>\$ 366,404</u>	<u>\$ 397,995</u>

The costs of inventories recognized as cost of goods sold for the years ended December 31, 2025 and 2024 were NT\$1,177,653 thousand and NT\$1,207,814 thousand, respectively.

Included in cost of goods sold for 2025 and 2024 were a reversal of and a write-down of inventories to net realizable value amounting to NT\$100 thousand and NT\$10,000 thousand, respectively.

11. Investments Accounted for Using Equity Method

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Investment in subsidiaries	\$ 2,111,837	\$ 2,116,352
Investment in associates	<u>5,102</u>	<u>10,640</u>
	<u>\$ 2,116,939</u>	<u>\$ 2,126,992</u>

(I) Investment in subsidiaries

<u>Company Name</u>	<u>December 31, 2025</u>		<u>December 31, 2024</u>	
	<u>Amount</u>	<u>Sharehold ing (%)</u>	<u>Amount</u>	<u>Sharehold ing (%)</u>
ACME Electronics (Cayman) Corp. (ACME (Cayman))	\$ 1,080,588	60.10%	\$ 1,093,358	60.10%
Golden Amber Enterprises Limited (GAEL)	<u>1,031,249</u>	100%	<u>1,022,994</u>	100%
	<u>\$ 2,111,837</u>		<u>\$ 2,116,352</u>	

In February and December 2024, ACME (Cayman) conducted cash capital increases of US\$6,000 thousand and US\$6,000 thousand, respectively. Both capital increases were subscribed by the existing shareholders in proportion to their shareholdings. The Company's shareholding percentage remained unchanged at 60.10% before and after the capital increases.

In August 2001, the Company obtained approval from the Investment Commission of the Ministry of Economic Affairs ("IC, MOEA") to invest in Mainland China and subsequently invested in ACME Electronics (Kunshan) Co., Ltd. ("ACME (KS)") through the establishment of ACME (Cayman). As of the end of 2025, the Company had invested a total of NT\$1,108,637 thousand in ACME (Cayman), of which NT\$374,188 thousand (USD 11,144 thousand) had been used for the investment in ACME (KS). Relevant information relating to investments in Mainland China is set out in Note 26 and Table 5.

In December 2009, the Company acquired 100% equity interest in Acme Components (Malaysia) Sdn. Bhd. ("ACME (MA)") through ACME (Cayman), with the acquisition consideration settled in cash and newly issued shares and funded by the Company's cash capital increase in ACME (Cayman). As of the end of 2025, the Company's cumulative investment in ACME (MA) through ACME (Cayman) amounted to NT\$423,796 thousand (USD 13,301 thousand).

In September 2004, the Company obtained approval from the Investment Commission of the Ministry of Economic Affairs ("IC, MOEA") to make investments in Mainland China and subsequently invested in Acme Electronics (Guang-Zhou) Co., Ltd. ("ACME (GZ)") through GAEL. As of the end of 2025, the Company had invested a total of NT\$669,072 thousand in GAEL, of which NT\$619,676 thousand (USD 19,200 thousand) had been used for the investment in ACME (GZ). For further information relating to investments in Mainland China, please refer to Note 26 and Table 5.

(II) Investment in associates

Company Name	December 31, 2025		December 31, 2024	
	Amount	Shareholding (%)	Amount	Shareholding (%)
USI Optronics Corporation (USIO)	\$ 5,102	34%	\$ 10,640	34%

Please refer to Table 4 for information relating to the Company's associates as of the balance sheet date.

The following summarized financial information has been prepared based on the financial statements of USIO and has been adjusted to reflect the application of the equity method.

USIO

	December 31, 2025	December 31, 2024
Current assets	\$ 41,256	\$ 22,974
Non-current assets	10,571	14,238
Current liabilities	(36,819)	(5,914)
Equity	15,008	31,298
The Company's shareholding ratio (%)	34%	34%
Equity attributable to the Company	\$ 5,102	\$ 10,640
Carrying amount of investment	\$ 5,102	\$ 10,640

	Years ended December 31	
	2025	2024
Operating revenue	\$ 13,140	\$ 9,201
Net loss for the year	(\$ 16,290)	(\$ 22,225)
Total comprehensive income	(\$ 16,290)	(\$ 22,225)

12. Property, Plant and Equipment

	2025				
	Beginning balance	Increase during the year	Decrease during the year	Internal transfer	Ending balance
<u>Cost</u>					
Land	\$ 82,657	\$ -	\$ -	\$ -	\$ 82,657
Land improvement	7,997	-	-	-	7,997
Buildings and equipment	424,235	-	(210)	112,577	536,602
Machinery and equipment	1,129,925	-	(1,882)	92,567	1,220,610
Transportation equipment	607	-	-	-	607
Other equipment	62,298	-	(1,172)	13,883	75,009
Construction in progress	101,051	23,967	-	(114,647)	10,371
Total cost	<u>1,808,770</u>	<u>\$ 23,967</u>	<u>(\$ 3,264)</u>	<u>\$ 104,380</u>	<u>1,933,853</u>
<u>Accumulated depreciation and impairment</u>					
Land improvement	7,703	\$ 140	\$ -	\$ -	7,843
Buildings and equipment	247,719	25,358	(204)	-	272,873
Machinery and equipment	368,928	118,440	(1,766)	-	485,602
Transportation equipment	607	-	-	-	607
Other equipment	46,026	4,521	(706)	-	49,841
Total accumulated depreciation and impairment	<u>670,983</u>	<u>\$ 148,459</u>	<u>(\$ 2,676)</u>	<u>\$ -</u>	<u>816,766</u>
Net	<u>\$ 1,137,787</u>				<u>\$ 1,117,087</u>

	2024				
	Beginning balance	Increase during the year	Decrease during the year	Internal transfer	Ending balance
<u>Cost</u>					
Land	\$ 82,657	\$ -	\$ -	\$ -	\$ 82,657
Land improvement	7,997	-	-	-	7,997
Buildings and equipment	368,567	-	(1,271)	56,939	424,235
Machinery and equipment	753,900	-	(10,574)	386,599	1,129,925
Transportation equipment	607	-	-	-	607
Other equipment	50,723	-	(250)	11,825	62,298
Construction in progress	-	50,672	-	50,379	101,051
Total cost	<u>1,264,451</u>	<u>\$ 50,672</u>	<u>(\$ 12,095)</u>	<u>\$ 505,742</u>	<u>1,808,770</u>
<u>Accumulated depreciation and impairment</u>					
Land improvement	7,534	\$ 169	\$ -	\$ -	7,703
Buildings and equipment	229,763	19,135	(1,179)	-	247,719
Machinery and equipment	291,658	87,833	(10,563)	-	368,928
Transportation equipment	582	25	-	-	607
Other equipment	<u>43,427</u>	<u>2,849</u>	<u>(250)</u>	<u>-</u>	<u>46,026</u>
Total accumulated depreciation and impairment	<u>572,964</u>	<u>\$ 110,011</u>	<u>(\$ 11,992)</u>	<u>\$ -</u>	<u>670,983</u>
Net	<u>\$ 691,487</u>				<u>\$ 1,137,787</u>

In 2025, the Company recognized an impairment loss of NT\$6,576 thousand on prepaid equipment with no recoverable amount, which was recorded under other operating expenses. The above items of property, plant and equipment were depreciated on a straight-line basis over their estimated useful lives as follows:

Land improvement	8 - 20 years
Building and equipment	
Office buildings, laboratories, and their improvements	20 - 50 years
Others	3 - 15 years
Machinery and equipment	3 - 15 years
Transportation and communication equipment	5 years
Other equipment	3 - 25 years

Please refer to Note 23 for the amount of property, plant and equipment pledged as collateral for loans.

13. Lease Arrangements

(I) Right-of-use assets

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Carrying amount of right-of- use assets		
Buildings	\$ 117	\$ 234
Transportation equipment	<u>1,808</u>	<u>223</u>
	<u>\$ 1,925</u>	<u>\$ 457</u>

	Years ended December 31	
	2025	2024
Addition for right-of-use assets	<u>\$ 1,972</u>	<u>\$ 350</u>
Depreciation expense of right-of-use assets		
Buildings	\$ 117	\$ 116
Transportation equipment	<u>387</u>	<u>384</u>
	<u>\$ 504</u>	<u>\$ 500</u>

(II) Lease liabilities

As of the years ended December 31, 2025 and 2024, the discount rates of lease liabilities were 1.67%~2.22% and 1.25%~1.67%.

(III) Material lease-in activities and terms

The Company has leased several buildings and transportation equipment for manufacturing and operational purposes, with a lease term of 3-5 years.

(IV) Other lease information

	Years ended December 31	
	2025	2024
Expenses relating to short-term leases	<u>\$ 4,418</u>	<u>\$ 4,373</u>
Total cash flows for lease	<u>\$ 4,942</u>	<u>\$ 4,889</u>

The Company applies the short-term lease recognition exemption and does not recognize right-of-use assets and lease liabilities for such leases. Commitments relating to short-term leases subject to the exemption amounted to NT\$2,025 thousand and NT\$1,880 thousand as of December 31, 2025 and 2024, respectively.

14. Borrowings

(I) Short-term borrowings

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Unsecured borrowings	<u>\$ 304,650</u>	<u>\$ 280,000</u>

The interest rates on short-term borrowings ranged from 0.99% to 2.07% and from 1.90% to 2.04% as of December 31, 2025 and 2024, respectively.

(II) Short-term notes payable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Commercial paper	\$ 80,000	\$ 70,000
Less: Discount on commercial note payable	(<u>27</u>)	(<u>8</u>)
	<u>\$ 79,973</u>	<u>\$ 69,992</u>

The interest rates on short-term notes payable were 2.038% and 1.998% as of December 31, 2025 and 2024, respectively.

(III) Long-term borrowings

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Secured bank loans	\$ 1,329,261	\$ 1,349,680
Unsecured bank loans	<u>418,589</u>	<u>265,000</u>
	1,747,850	1,614,680
Long-term borrowings due within one year	<u>-</u>	(<u>170,000</u>)
	<u>\$ 1,747,850</u>	<u>\$ 1,444,680</u>
Maturity year	2027-2029	2025-2029
Range of Interest Rates	1.12%-2.05%	1.12%-2.40844%

The Company 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 December 31, 2025, a total of NT\$359,700 thousand has been utilized.

Please refer to Note 23 for details of collateralized assets for secured loans.

15. Retirement benefits plans

(I) Defined contribution plans

The Company adopts a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees’ individual pension accounts at 6% of their monthly salaries.

(II) Defined benefit plans

The retirement pension scheme adopted by the Company in accordance with the Labor Standards Act of the R.O.C. is a government-managed defined benefit pension plan. Pension benefits are calculated based on years of service and the average monthly salary during the six months prior to retirement. The Company makes monthly contributions to the pension fund at a rate of 2% of employees’ total monthly salaries. Such contributions are administered by the Pension Fund Supervisory Committee and are deposited into a designated account with the Bank of Taiwan under the name of the Committee.

Before the end of each year, the Company assesses whether the balance in the pension fund is sufficient to cover retirement benefits expected to be paid in the following year to employees who meet the prescribed retirement conditions. If the balance is insufficient, the Company is required to make an additional lump-sum contribution for the shortfall before the end of March of the subsequent year. The pension fund is managed by the Bureau of Labor Funds of the Ministry of Labor, and the Company has no right to influence the investment management strategy of the fund.

The amounts recognized in the parent company’s balance sheet in respect of the defined benefit plan are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Present value of defined benefit obligations	\$ 54,491	\$ 51,194
Fair value of plan assets	(<u>40,848</u>)	(<u>39,148</u>)
Net defined benefit liabilities	<u>\$ 13,643</u>	<u>\$ 12,046</u>

Movements in net defined benefit liabilities were as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Balance as of January 1, 2025	<u>\$ 51,194</u>	<u>(\$ 39,148)</u>	<u>\$ 12,046</u>
Service cost			
Current service cost	1,095	-	1,095
Past service cost	<u>1,590</u>	<u>-</u>	<u>1,590</u>
	<u>2,685</u>	<u>-</u>	<u>2,685</u>
Net interest expenses (income)	<u>768</u>	<u>(594)</u>	<u>174</u>
Recognized in profit or loss	<u>3,453</u>	<u>(594)</u>	<u>2,859</u>
Remeasurement on the net defined benefit liability			
Return on plan assets (excluding amounts included in net interest expense)	-	<u>(2,630)</u>	<u>(2,630)</u>
Actuarial (gain) loss			
Changes in financial assumptions	629	-	629
Experience adjustments	<u>1,654</u>	<u>-</u>	<u>1,654</u>
Recognized in other comprehensive income	<u>2,283</u>	<u>(2,630)</u>	<u>(347)</u>
Contributions from employer	<u>-</u>	<u>(915)</u>	<u>(915)</u>
Benefits paid	<u>(2,439)</u>	<u>2,439</u>	<u>-</u>
Balance at December 31, 2025	<u>\$ 54,491</u>	<u>(\$ 40,848)</u>	<u>\$ 13,643</u>
Balance as of January 1, 2024	<u>\$ 45,556</u>	<u>(\$ 30,438)</u>	<u>\$ 15,118</u>
Service cost			
Past service cost	4,900	-	4,900
Interest expenses (income)	<u>569</u>	<u>(385)</u>	<u>184</u>
Recognized in profit or loss	<u>5,469</u>	<u>(385)</u>	<u>5,084</u>
Remeasurement on the net defined benefit liability			
Return on plan assets (excluding amounts included in net interest expense)	\$ -	<u>(\$ 2,713)</u>	<u>(\$ 2,713)</u>
Actuarial (gain) loss			
Changes in financial assumptions	<u>(1,226)</u>	<u>-</u>	<u>(1,226)</u>
Experience adjustments	<u>1,395</u>	<u>-</u>	<u>1,395</u>
Recognized in other comprehensive income	<u>169</u>	<u>(2,713)</u>	<u>(2,544)</u>
Contributions from employer	<u>-</u>	<u>(5,612)</u>	<u>(5,612)</u>
Balance at December 31, 2024	<u>\$ 51,194</u>	<u>(\$ 39,148)</u>	<u>\$ 12,046</u>

Through the defined benefit pension plan under the R.O.C. Labor Standards laws, the Company is exposed to the following risks:

- (1) Investment risk: The pension fund is invested in domestic and foreign equity securities, debt securities and bank deposits through self-management and mandated management by the Bureau of Labor Funds of the Ministry of Labor. However, the return allocable to the Company from the plan assets is calculated based on a rate not lower than the interest rate on a two-year time deposit with local banks.
- (2) Interest rate risk: A decrease in government bond interest rates will increase the present value of the defined benefit obligation. However, the returns on the debt investments of the plan assets will also increase accordingly, which will partially offset the impact on the net defined benefit liability.
- (3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. Accordingly, an increase in the salaries of plan participants will result in an increase in the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation are performed by independent qualified actuaries. The significant assumptions used as of the measurement date are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Discount rate	1.375%	1.500%
Future salary increase rate	3.000%	3.000%

If reasonably possible changes of the respective significant actuarial assumptions occur, while holding all other assumptions constant, the present value of the defined benefit obligation would (decrease) increase as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Discount rate		
0.25% increase	(<u>\$ 1,248</u>)	(<u>\$ 1,183</u>)
0.25% decrease	<u>\$ 1,295</u>	<u>\$ 1,226</u>
Expected rates of salary		
increase		
0.25% increase	<u>\$ 1,255</u>	<u>\$ 1,188</u>
0.25% decrease	(<u>\$ 1,216</u>)	(<u>\$ 1,152</u>)

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that the changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Expected amount contribution to the plan for next year	<u>\$ 800</u>	<u>\$ 800</u>
Average duration of defined benefit obligation	13.0 years	14.3 years

16. Equity

(I) Share capital

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Shares authorized (in thousands of shares)	<u>300,000</u>	<u>300,000</u>
Share authorized	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
Shares issued and fully paid (in thousands of shares)	<u>212,994</u>	<u>212,994</u>
Share issued	<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 authorized shares include 11,000 thousand shares allocated for the exercise of employee stock options.

(II) Capital surplus

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>May only be used to offset deficits</u>		
Disgorgement	<u>\$ 54</u>	<u>\$ 50</u>

(III) Retained earnings and dividends policy

Pursuant to the Company's Articles of Incorporation, if there is profit for the year, the Company shall appropriate remuneration to directors and employees, of which the remuneration to directors shall not exceed 1% of the profits for the year, and the remuneration to employees shall not be less than 1% of the profits for the year. However, if the Company has accumulated losses, such losses shall be offset in advance. The remuneration to employees may be paid in the form of shares or cash. Employees of the Company's subsidiaries who meet certain requirements are also entitled to receive such remuneration, and such requirements shall be determined by the Board of Directors.

If the Company has net profit after tax for an accounting year, it shall first offset any accumulated losses. If there is any remaining amount, 10% of such remaining amount shall be appropriated as legal reserve. The remaining balance, together with the accumulated unappropriated earnings from prior years and the balance after the provision or reversal of any special reserve in accordance with applicable laws and regulations or as required by the competent authorities, shall constitute the accumulated distributable earnings. A proposal for the distribution of earnings shall be prepared by the Board of Directors and submitted to the shareholders' meeting for approval in accordance with applicable laws. The shareholders' meeting may resolve to retain all or part of the earnings depending on the Company's business conditions. In consideration of the Company's industry being in a growth stage, future capital requirements and financial planning, upon the resolution of earnings distribution, dividends payable to shareholders shall not be less than 10% of the distributable earnings for the year, of which cash dividends shall not be less than 10% of the total dividends to be distributed. However, no dividends shall be distributed if the distributable earnings per share for the year are less than NT\$0.1. For

the basis of estimation and actual distribution of directors' and employees' remuneration, please refer to Note 17(3) Remuneration to Employees and Directors.

Appropriations to the legal reserve shall be made until the accumulated balance of the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset accumulated losses. When the Company has no accumulated losses, the portion of the legal reserve in excess of 25% of the paid-in capital may be capitalized or distributed in cash.

At the regular shareholders' meeting held on May 28, 2024, the Company resolved to offset accumulated losses by using capital surplus of NT\$299,942 thousand and not to distribute any earnings.

At the regular shareholders' meeting held on May 27, 2025, the Company resolved not to distribute any earnings due to accumulated losses.

As of December 31, 2025, the Company still had accumulated losses. Accordingly, the Board of Directors resolved on March 4, 2026 to propose not to distribute earnings for the year 2025, subject to approval by the shareholders' meeting to be held in 2026.

17. Net profit (loss) for the year

(I) Depreciation and amortization

	Years ended December 31	
	2025	2024
Property, Plant and Equipment	\$ 148,459	\$ 110,011
Right-of-use assets	504	500
Intangible assets	419	412
Total	<u>\$ 149,382</u>	<u>\$ 110,923</u>
Depreciation by function		
Operating costs	\$ 102,743	\$ 73,986
Operating expenses	46,220	36,525
	<u>\$ 148,963</u>	<u>\$ 110,511</u>
Amortization by function		
Operating costs	\$ 81	\$ 44
Administrative expenses	338	368
	<u>\$ 419</u>	<u>\$ 412</u>

(II) Employee benefit expenses

	Years ended December 31	
	2025	2024
Post-retirement benefits (Note 15)		
Defined contribution plans	\$ 8,776	\$ 8,496
Defined benefit plans	2,859	5,084
	11,635	13,580
Salary, Bonus, etc.	254,445	241,642
Total	<u>\$ 266,080</u>	<u>\$ 255,222</u>

	Years ended December 31	
	2025	2024
Summary of employee benefit expenses by function		
Operating costs	\$ 118,341	\$ 116,472
Operating expenses	<u>147,739</u>	<u>138,750</u>
	<u>\$ 266,080</u>	<u>\$ 255,222</u>

(III) Employees' compensation and remuneration of directors

The Company accrues employee compensation and directors' remuneration at rates of not less than 1% and not more than 1%, respectively, of profit before tax and before the deduction of employee compensation and directors' remuneration for the year. Pursuant to the amendments to the Securities and Exchange Act in August 2024, the Company obtained approval at the shareholders' meeting held in 2025 to amend its Articles of Incorporation, stipulating that if the Company has profits for a fiscal year, not less than 40% of the total employee compensation to be distributed shall be allocated to entry-level employees. As the Company had accumulated losses as of December 31, 2025 and 2024, no employee compensation or directors' remuneration was accrued for those years.

Any subsequent changes in the amounts after the authorization for issue of the annual parent company financial statements are accounted for as changes in accounting estimates and are recognized in the following period.

Information regarding employee compensation and directors' remuneration proposed by the Board of Directors for the years ended December 31, 2025 and 2024 is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(IV) Other income

	Years ended December 31	
	2025	2024
Royalty revenue (Note 22)	\$ 39,770	\$ 23,748
Management service income (Note 22)	9,496	9,337
Others	<u>1,924</u>	<u>7,316</u>
	<u>\$ 51,190</u>	<u>\$ 40,401</u>

(V) Gain or loss on foreign currency exchanges

	Years ended December 31	
	2025	2024
Foreign exchange gains	\$ 64,101	\$ 58,601
Foreign exchange losses	(63,325)	(30,730)
Net profit	<u>\$ 776</u>	<u>\$ 27,871</u>

(VI) Other gain and loss

	Years ended December 31	
	2025	2024
Gain (loss) on disposal of property, plant and equipment	\$ 108	(\$ 47)
Net loss of financial instruments at fair value through profit or loss	(4,438)	-
Others	(51)	(924)
	<u>(\$ 4,381)</u>	<u>(\$ 971)</u>

(VII) Finance costs

	Years ended December 31	
	2025	2024
Interest on bank loan	\$ 38,252	\$ 33,290
Interest on lease liabilities	22	10
Less: Capitalization of interest (included in work in progress)	(523)	(1,603)
	<u>\$ 37,751</u>	<u>\$ 31,697</u>

Capitalization of interest information is as follows:

	Years ended December 31	
	2025	2024
Capitalization of interest	\$ 523	\$ 1,603
Capitalization of interest rate	1.91%	1.80%

18. Income tax

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

	Years ended December 31	
	2025	2024
Current income tax		
Current tax expense recognized in the current year	<u>\$ 2,549</u>	<u>\$ 2,375</u>
Deferred income tax		
Current tax expense recognized in the current year	(3,245)	(4,355)
Income tax adjustments on prior years	-	(111)
	<u>(3,245)</u>	<u>(4,466)</u>
Income tax benefit recognized in profit or loss	<u>(\$ 696)</u>	<u>(\$ 2,091)</u>

A reconciliation of accounting profit and income tax expense (benefit) is as follows:

	Years ended December 31	
	2025	2024
Net profit (loss) before tax	(<u>\$ 67,078</u>)	<u>\$ 153,207</u>
Income tax expense (benefit) calculated at the statutory tax rate	(\$ 13,416)	\$ 30,641
Adjusting items in determining taxable income	1,057	1,521
Unrecognized (utilized) deductible temporary differences and tax losses carried forward	9,113	(36,517)
Current income tax expense from previous years adjusted in the year	-	(111)
Withholding tax on income from royalties	<u>2,550</u>	<u>2,375</u>
Income tax benefit recognized in profit or loss	(<u>\$ 696</u>)	(<u>\$ 2,091</u>)

(II) Income tax recognized in other comprehensive income

	Years ended December 31	
	2025	2024
<u>Deferred income tax</u>		
Income tax (benefits) expenses recognized in other comprehensive income		
Foreign currency translation differences of foreign operations	\$ 2,298	\$ 23,433
Actuarial gain or loss of defined benefits	<u>69</u>	<u>509</u>
	<u>\$ 2,367</u>	<u>\$ 23,942</u>

(III) Current income tax assets

	December 31, 2025	December 31, 2024
Current income tax assets		
Tax refund receivable	<u>\$ 464</u>	<u>\$ 542</u>

(IV) Deferred tax assets and liabilities

2025

	Balance at the beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Balance at the end of the year
<u>Deferred tax assets</u>				
Temporary difference				
Allowance for inventory write-down	\$ 8,527	(\$ 69)	\$ -	\$ 8,458
Accrued vacation pay	1,202	72	-	1,274
Defined benefit pension obligation	6,539	-	(69)	6,470
Unrealized benefit on sales	770	(770)	-	-
Others	<u>-</u>	<u>697</u>	<u>-</u>	<u>697</u>
	17,038	(70)	(69)	16,899
Tax losses carried forward	<u>24,877</u>	<u>-</u>	<u>-</u>	<u>24,877</u>
	<u>\$ 41,915</u>	<u>(\$ 70)</u>	<u>(\$ 69)</u>	<u>\$ 41,776</u>
<u>Deferred tax liabilities</u>				
Temporary difference				
Investments accounted for using the equity method	\$ 62,684	(\$ 4,199)	\$ -	\$ 58,485
Unrealized losses on sales	-	863	-	863
Exchange differences of foreign operations	5,006	-	2,298	7,304
Others	<u>9,853</u>	<u>21</u>	<u>-</u>	<u>9,874</u>
	<u>\$ 77,543</u>	<u>(\$ 3,315)</u>	<u>\$ 2,298</u>	<u>\$ 76,526</u>

2024

	Balance at the beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Balance at the end of the year
<u>Deferred tax assets</u>				
Temporary difference				
Allowance for inventory write-down	\$ 6,544	\$ 1,983	\$ -	\$ 8,527
Accrued vacation pay	1,708	(506)	-	1,202
Defined benefit pension obligation	7,048	-	(509)	6,539
Unrealized benefit on sales	-	770	-	770
Exchange differences of foreign operations	<u>18,427</u>	<u>-</u>	<u>(18,427)</u>	<u>-</u>
	33,727	2,247	(18,936)	17,038
Tax losses carried forward	<u>24,877</u>	<u>-</u>	<u>-</u>	<u>24,877</u>
	<u>\$ 58,604</u>	<u>\$ 2,247</u>	<u>(\$ 18,936)</u>	<u>\$ 41,915</u>
<u>Deferred tax liabilities</u>				
Temporary difference				
Investments accounted for using the equity method	\$ 66,755	(\$ 4,071)	\$ -	\$ 62,684
Unrealized loss on sales	1,374	(1,374)	-	-
Exchange differences of foreign operations	-	-	5,006	5,006
Others	<u>6,627</u>	<u>3,226</u>	<u>-</u>	<u>9,853</u>
	<u>\$ 74,756</u>	<u>(\$ 2,219)</u>	<u>\$ 5,006</u>	<u>\$ 77,543</u>

- (V) Unused loss carryforwards for which no deferred tax assets have been recognized in the balance sheets

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Tax losses carried forward		
Expiring in 2027	\$ 720,557	\$ 720,824
Expiring in 2029	33,260	33,260
Expiring in 2030	55,004	55,004
Expiring in 2031	19,466	19,466
Expiring in 2032	30,374	30,374
Expiring in 2033	19,844	19,846
Expiring in 2035	<u>45,703</u>	<u>-</u>
	<u>\$ 924,208</u>	<u>\$ 878,774</u>

- (VI) Information on unused tax losses

Information on tax losses carried forward as of December 31, 2025 is as follows:

<u>Unused amount</u>	<u>Approved status</u>	<u>Last available for offset</u>
\$ 844,942	Approved amount	2027
33,260	Approved amount	2029
55,004	Approved amount	2030
19,466	Approved amount	2031
30,374	Approved amount	2032
19,844	Approved amount	2033
<u>45,703</u>	Filed amount	2035
<u>\$ 1,048,593</u>		

- (VII) Income tax assessments

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

19. Earnings (Loss) per share

	<u>Years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Basic earnings (loss) per share	(<u>\$ 0.31</u>)	<u>\$ 0.73</u>
Diluted earnings (loss) per share	(<u>\$ 0.31</u>)	<u>\$ 0.73</u>

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

Net profit (loss) for the year

	<u>Years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Net (loss) profit for calculating basic and diluted (losses) earnings per share	(<u>\$ 66,382</u>)	<u>\$ 155,298</u>

<u>Number of shares</u>	(Unit: thousand shares)	
	<u>Years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Weighted average number of ordinary shares outstanding used for calculating basic and diluted (losses) earnings per share	<u>212,994</u>	<u>212,994</u>

20. Capital Management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing returns to shareholders through the optimization of its debt and equity structure.

The Company's key management reviews the capital structure on an ongoing basis. As part of this review, the key management considers the cost of capital and the risks associated with each class of capital. Based on the recommendations of the key management, the Company balances its overall capital structure through the payment of dividends, the issuance of new shares, share repurchases, and the raising of new borrowings or the repayment of existing borrowings.

21. Financial instruments

(I) Fair value of financial instruments not measured at fair value

With the exception of derivative instruments, which are measured at fair value after initial recognition, the Company's financial assets and financial liabilities are measured at amortized cost. Management believes that the carrying amounts of these financial instruments approximate their fair values.

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

(1) Fair value hierarchy (December 31, 2024: none)

December 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>\$ 18</u>	<u>\$ -</u>	<u>\$ 18</u>
Financial liabilities at FVTPL				
Derivatives	<u>\$ -</u>	<u>\$ 3,504</u>	<u>\$ -</u>	<u>\$ 3,504</u>

There were no transfers between Levels 1 and 2 fair value measurement for the years ended December 31, 2025.

(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 contractual forward rates, and are discounted using a rate that reflects the credit risk of the counterparties

(III) Categories of financial instruments

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets</u>		
Amortized cost (Note 1)	\$ 614,762	\$ 453,928
<u>Financial liabilities</u>		
Amortized cost (Note 2)	2,357,141	2,188,102

Note 1: The balances included financial assets measured at amortized cost, comprising cash and cash equivalents, accounts receivable, other receivables, refundable deposits.

Note 2: The balance includes financial liabilities measured at amortized cost, comprising long-term and short-term loans, short-term notes payable, accounts payable, other accounts payable, and deposits received.

(IV) Financial risk management objectives and policies

The Company's principal financial instruments include cash and cash equivalents, accounts receivable, other receivables, long-term and short-term loans, short-term notes payable, accounts payable, other payables and lease liabilities. The Company's finance department centrally coordinates access to domestic and international financial markets, and monitors and manages the financial risks related to the Company's operations through internal risk reports that analyze exposure by the level and extent of risks. Such risk includes market risk (including foreign exchange risk and interest rate risk), credit risk, and liquidity risk.

(1) Market risks

The Company's operating activities expose it primarily to the market risks arising from fluctuations in foreign exchange rates (see (1) below) and the changes in interest rates (see (2) below).

1) Foreign exchange risk

The Company enters into sales and purchases denominated in foreign currencies, which exposes the Company to foreign exchange rate risk. Within the scope permitted by its policies, the Company manages its foreign exchange rate exposure by using foreign exchange forward contracts to hedge its net foreign currency position.

For the carrying amounts of the Company's monetary assets and monetary liabilities denominated in currencies other than the functional currency as of the balance sheet date, please refer to Note 25.

Sensitivity analysis

The sensitivity analysis of foreign exchange rate risk is primarily based on the foreign currency denominated monetary items outstanding at the end of the reporting period. The Company is mainly exposed to fluctuations in U.S. dollar exchange rates. If the Company's functional currency had appreciated or depreciated by 3% against the U.S. dollar, the Company's loss before tax for the year ended December 31, 2025 would have increased or decreased by NT\$13,678 thousand, respectively. For the year ended December 31, 2024, the Company's profit before tax would have decreased or increased by NT\$9,061 thousand, respectively.

The foreign exchange differences mainly arose from the Company's U.S. dollar-denominated cash and cash equivalents, receivables and payables that were outstanding and unhedged as of the balance sheet date.

As the above sensitivity analysis is based on the foreign currency exposure as of the balance sheet date, management believes that it does not reflect the foreign currency exposure during the interim periods.

2) Interest rate risk

The Company is exposed to fair value interest rate risk arising from financial assets and financial liabilities bearing fixed interest rates, and to cash flow interest rate risk arising from financial assets and financial liabilities bearing floating interest rates. The Company's management regularly monitors changes in market interest rates and manages such risks by adjusting the level of floating-rate financial liabilities, so as to align the Company's interest rates more closely with market rates in response to changes in market interest rates. The carrying amounts of the Company's financial assets and financial liabilities exposed to interest rate risk as of the balance sheet date are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Fair value interest rate risk		
Financial assets	\$ 127,668	\$ 79,171
Financial liabilities	577,557	270,456
Cash flow interest rate risk		
Financial assets	19,772	25,638
Financial liabilities	1,556,850	1,694,680

Sensitivity analysis

Fixed-rate financial assets and financial liabilities held by the Company are excluded from the sensitivity analysis as they are measured at amortized cost. For floating-rate financial assets and financial liabilities, the sensitivity

analysis is prepared on the assumption that the amounts outstanding at the balance sheet date were outstanding for the entire reporting period. The rate of change used internally by the Company in reporting interest rates to key management is an increase or decrease of 0.5%, which also represents management's assessment of the reasonably possible range of changes in interest rates.

With all other variables held constant, a 0.5% increase or decrease in market interest rates would have increased or decreased the Company's loss before tax by NT\$7,685 thousand for the year ended December 31, 2025, respectively, and would have decreased or increased the Company's profit before tax by NT\$8,345 thousand for the year ended December 31, 2024, respectively.

(2) Credit risk

Credit risk is the risk of financial loss to the Company arising from a counterparty's failure to meet its contractual obligations. As of the balance sheet date, the Company's maximum exposure to credit risk arising from counterparties' failure to fulfill their obligations primarily relates to the carrying amounts of financial assets recognized in the parent company's balance sheet.

The Company's policy is to conduct business only with creditworthy counterparties and, where appropriate, to obtain sufficient collateral to mitigate the risk of financial loss arising from defaults. The Company assesses the credit quality of major customers by using publicly available financial information and historical transaction experience. The Company continuously monitors credit exposures and the creditworthiness of counterparties, and manages credit risk by diversifying total transaction amounts among customers with acceptable credit ratings and by regularly reviewing and approving credit limits for counterparties.

In order to further mitigate credit risk, management has assigned a dedicated team responsible for determining credit limits, approving credit terms and performing other monitoring procedures to ensure that appropriate actions are taken for the collection of overdue receivables. In addition, as of each balance sheet date, the Company reviews the recoverable amounts of individual receivables to ensure that adequate impairment losses have been recognized for receivables that are not expected to be recoverable. Accordingly, management believes that the Company's credit risk has been significantly reduced.

The Company's credit risk by geographical region was mainly concentrated in Mainland China, accounting for approximately 44% and 52% of total accounts receivable as of December 31, 2025 and 2024, respectively.

(3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

1) Liquidity and interest rate risk tables

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods based on the probable earliest dates on which the Company 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.

December 31, 2025

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing liabilities	-	\$ 178,677	\$ -
Lease liabilities	2.19	537	1,495
Floating interest rate liabilities	1.67	224,260	1,419,756
Fixed interest rate liabilities	2.02	<u>192,656</u>	<u>403,330</u>
		<u>\$ 596,130</u>	<u>\$ 1,824,581</u>

December 31, 2024

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing liabilities	-	\$ 177,846	\$ -
Lease liabilities	1.46	350	119
Floating interest rate liabilities	1.77	275,599	1,536,582
Fixed interest rate liabilities	1.98	<u>270,410</u>	<u>-</u>
		<u>\$ 724,205</u>	<u>\$ 1,536,701</u>

2) Financing facilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Unsecured banking facilities		
Amount used	\$ 803,550	\$ 615,000
Amount unused	<u>955,450</u>	<u>1,253,000</u>
	<u>\$ 1,759,000</u>	<u>\$ 1,868,000</u>

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Secured banking facilities		
Amount used	\$ 1,331,800	\$ 1,355,000
Amount unused	<u>205,000</u>	<u>205,000</u>
	<u>\$ 1,536,800</u>	<u>\$ 1,560,000</u>

22. Related Party Transactions

USI Corporation (“USI”) has control over the operations of the Company, so USI is the parent company of the Company. As at December 31, 2025 and 2024, USI held 46.9% of the ordinary shares of the Company by itself and through its subsidiaries.

In addition to those disclosed in other notes the transactions between the Company and other related parties are as follows.

(I) Names and relationships of related parties

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
USI Corporation (USI)	Parent company
USI Management Consulting Corporation (UM)	Fellow subsidiary
China General Plastics Corporation (CGPC)	Fellow subsidiary
Asia Polymer Corporation (APC)	Fellow subsidiary
Taiwan VCM Corporation (TVCM)	Fellow subsidiary
Swanson Plastics Corporation (SPC)	Fellow subsidiary
Swanson Technologies Corporation (STC)	Fellow subsidiary
Acme Electronics (Cayman) Corp. (ACME (Cayman))	Subsidiary
Golden Amber Enterprises Ltd. (GAEL)	Subsidiary
ACME Ferrite Product Sdn. Bhd. (ACME Ferrite)	Subsidiary of ACME (Cayman)
Acme Electronics (Kunshan) Co., Ltd. (“ACME (KS)”)	Subsidiary of ACME (Cayman)
Acme Electronics (Guangzhou) Co., Ltd. (“ACME (GZ)”)	GAEL’s Subsidiaries
USI Optronics Corporation (USIO)	Associate
USI Education Foundation (USIF)	Other related parties

(II) Sales revenue

<u>Related Party Category/Name</u>	<u>Years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Subsidiary		
ACME (KS)	\$ 122,141	\$ 184,382
Acme (GZ)	125,862	126,199
ACME Ferrite	13,104	35,581
Associate		
USIO	<u>407</u>	<u>574</u>
	<u>\$ 261,514</u>	<u>\$ 346,736</u>

(III) Purchase and processing fee

<u>Related Party Category/Name</u>	<u>Years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Subsidiary		
Acme (GZ)	\$ 377,172	\$ 371,663
ACME (KS)	153,372	157,042
ACME Ferrite	1,329	1,731
Associate		
USIO	<u>12,426</u>	<u>3,992</u>
	<u>\$ 544,299</u>	<u>\$ 534,428</u>

The terms of purchase and sale transactions between the Company and its subsidiaries are on a net 55-day basis. The terms of purchase and sale transactions between the Company and its associates are on a net 25-day basis and a net 60-day basis, respectively. The terms of settlement are not materially different from those applied to transactions with non-related parties.

The Company's deferred unrealized profits on sales to subsidiaries amounted to NT\$1,587 thousand and NT\$6,579 thousand as of December 31, 2025 and 2024, respectively. Such deferred unrealized profits on sales are accounted for as adjustments under the equity method.

(IV) Receivables from related parties (excluding loans to related parties)

<u>Accounting Subject</u>	<u>Related Party Category/Name</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts receivable	Subsidiary		
—Accounts receivable - related parties, net	ACME (KS)	\$ 35,503	\$ 26,974
	Acme (GZ)	27,185	23,122
	ACME Ferrite	4,357	5,080
	Associate		
	USIO	<u>-</u>	<u>186</u>
		<u>\$ 67,045</u>	<u>\$ 55,362</u>
Other receivables - related parties	Subsidiary		
	ACME (KS)	\$ 23,539	\$ 21,706
	Acme (GZ)	15,059	50
	ACME Ferrite	2,148	51
	ACME (CAYMAN)	-	611
	GAEL	-	300
	Fellow subsidiary		
	SPC	3,321	3,787
	STC	153	-
	Associate		
	USIO	<u>413</u>	<u>246</u>
		<u>\$ 44,633</u>	<u>\$ 26,751</u>

The other receivables mentioned above mainly comprise advance paid, royalties collected, and endorsement guarantee fee.

(V) Payables to related parties (excluding loans to related parties)

<u>Accounting Subject</u>	<u>Related Party Category/Name</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts payable - related parties	Subsidiary		
	Acme (GZ)	\$ 85,426	\$ 67,138
	ACME (KS)	20,583	19,115
	Associate		
	USIO	<u>2,788</u>	<u>-</u>
		<u>\$ 108,797</u>	<u>\$ 86,253</u>
Other payables - related parties	Parent company		
	USI	\$ 58	\$ 975
	Subsidiary		
	Acme (GZ)	182	168
	ACME (KS)	117	226
	ACME Ferrite	17	21
	Fellow subsidiary		
	SPC	803	607
	UM	14	2,541
	APC	-	83
	CGPC	-	7
	Associate		
USIO	<u>546</u>	<u>23</u>	
		<u>\$ 1,737</u>	<u>\$ 4,651</u>

Other amounts payable to related parties mainly comprise advances paid on behalf of others, management service fees and accrued rent.

(VI) Prepayments

<u>Related Party Category/Name</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Associate		
USIO	<u>\$ 30,000</u>	<u>\$ -</u>

In June 2025, the Company entered into a contract with an associate, USI Optronics Corporation, under which the Company agreed to acquire equipment amounting to NT\$40,000 thousand and technology transfer services amounting to NT\$9,000 thousand, for a total contract consideration of NT\$49,000 thousand. As of December 31, 2025, advance payments of NT\$30,000 thousand had been made, which were recognized as NT\$21,000 thousand in prepayments for equipment and NT\$9,000 thousand in other current assets. The related transactions are expected to be completed by the end of March 2026.

(VII) Property, plant and equipment acquired

<u>Related Party Category/Name</u>	<u>Acquisition cost</u>	
	<u>Years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Associate USIO	<u>\$ -</u>	<u>\$ 600</u>

(VIII) Guarantee and loan to related parties

<u>Accounting Subject</u>	<u>Related Party Category/Name</u>	<u>Years ended December 31</u>	
		<u>2025</u>	<u>2024</u>
Endorsement and guarantee incomes	Subsidiary		
	ACME (CAYMAN)	<u>\$ 11</u>	<u>\$ 124</u>

(IX) Other related party transactions

<u>Accounting Subject</u>	<u>Related Party Category/Name</u>	<u>Years ended December 31</u>	
		<u>2025</u>	<u>2024</u>
(1)Management service fee expenditures (Classified as operating expenses)	Parent company		
	USI	\$ 228	\$ 248
	Fellow subsidiary		
	UM	11,881	12,198
	SPC	<u>4,812</u>	<u>1,749</u>
		<u>\$ 16,921</u>	<u>\$ 14,195</u>
(2)Rent expenditures (Classified as cost of goods sold and operating expenses)	Parent company		
	USI	\$ 2,979	\$ 3,002
	Fellow subsidiary		
	APC	471	472
	SPC	<u>50</u>	<u>-</u>
		<u>\$ 3,500</u>	<u>\$ 3,474</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	Years ended December 31	
		2025	2024
(3) Donation expenses (Classified as operating expenses)	Other related parties USIF	<u>\$ 1,000</u>	<u>\$ -</u>
(4) Other expenditures	Subsidiary		
	Acme (GZ)	\$ 494	\$ -
	ACME Ferrite	300	-
	ACME (KS)	25	-
	Fellow subsidiary		
	SPC	435	-
	TVCM	4	-
	Associate		
	USIO	854	305
		\$ 2,112	\$ 305
(5) Other income (Classified as non-operating income and expenses)	Subsidiary		
	ACME (KS)	\$ 25,497	\$ 23,779
	Acme (GZ)	14,307	12
	ACME Ferrite	1,314	534
	Fellow subsidiary		
	SPC	8,874	8,820
	Associate		
	USIO	916	517
		\$ 50,908	\$ 33,662

The Company provides management services to its subsidiaries, associates and fellow companies and charges services fee on a quarterly basis.

The Company has entered into a technology licensing agreement with its subsidiary, pursuant to which the Company grants its subsidiaries the right to use the trademark. Royalties are charged at a rate of 1% of the net operating revenue of subsidiary ACME(KS). In addition, the Company assists subsidiary ACME(KS) in the development of new products and charges remuneration at a rate of 5% of the net sales revenue derived from such new products. Furthermore, the Company charges a service fee equal to the costs incurred for providing new product development services plus 5%. However, the aggregate amount of the foregoing three items is capped at 3% of the net operating revenue of subsidiary ACME(KS). In addition, royalties are charged at rates ranging from 2% to 3% of the net operating revenue of subsidiary ACME(GZ).

(X) Compensation of key management personnel

	Years ended December 31	
	2025	2024
Short-term employee benefits	\$ 21,023	\$ 18,131
Post-retirement benefits	<u>379</u>	<u>299</u>
	<u>\$ 21,402</u>	<u>\$ 18,430</u>

The compensation of directors and other key management personnel was determined by the Compensation Committee of the Company in accordance with the individual performance and market trends.

23. Collateralized Assets

The following assets of the Company are pledged as collateral for financing loans, customs duties for imported raw materials or as natural gas consumption:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Time deposit (classified as refundable deposits)	\$ 7,700	\$ 7,700
Time deposits (classified as financial assets measured at amortized cost)	-	5,800
Property, plant, and equipment (carrying amount)	<u>695,408</u>	<u>568,048</u>
	<u>\$ 703,108</u>	<u>\$ 581,548</u>

24. Significant Contingent Liability and Unrecognized Commitments

As of December 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\$10,700 thousand.

25. Exchange rate information of foreign currency financial assets and liabilities

The significant financial assets and liabilities denominated in foreign currencies were as follows:

	<u>December 31, 2025</u>		
	<u>Foreign Currency (NT\$ thousands)</u>	<u>Exchange Rate (NT\$)</u>	<u>New Taiwan Dollars (NT\$ thousands)</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB	\$ 14,841	4.4716	\$ 66,365
USD	15,602	31.4300	490,371
<u>Investments accounted for using the equity method</u>			
USD	34,389	31.4300	1,080,588
<u>Financial liabilities</u>			
<u>Monetary items</u>			
RMB	19,153	4.4716	85,643
USD	1,095	31.4300	34,425

	December 31, 2024		
	Foreign Currency (NT\$ thousands)	Exchange Rate (NT\$)	New Taiwan Dollars (NT\$ thousands)
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB	\$ 14,733	4.5608	\$ 67,192
USD	10,076	32.7850	330,352
HKD	2,378	4.2220	10,041
Euro	9	34.1400	296
<u>Investments accounted for using the equity method</u>			
USD	33,360	32.7580	1,093,358
<u>Financial liabilities</u>			
<u>Monetary items</u>			
RMB	15,981	4.5608	72,884
USD	864	32.7850	28,316

The Company recognized net foreign exchange gains (both realized and unrealized) of NT\$776 thousand and NT\$27,871 thousand for the years ended December 31, 2025 and 2024, respectively. Due to the diversity of foreign currency transactions, foreign exchange gains or losses could not be disclosed by individual foreign currencies with significant impact.

26. Additional disclosures

(I) Significant Transactions:

- (1) Financing provided to others: Table 1.
- (2) Endorsements/guarantees provided for others: Table 2.
- (3) Material 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 NT\$100 million or 20% of the paid-in capital: Table 3.
- (5) Receivables from related parties amounting to NT\$100 million or 20% of paid-in capital or more: None.

(II) Information on Reinvestment: Table 4.

(III) Information on Investments in Mainland China:

- (1) Information on investee company in mainland China, including the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, current profit and loss and recognized investment income or loss, ending carrying amount of the investment, repatriations of investment income, and limits on the amount of investment in mainland China: Table 5.
- (2) Major transactions with any investee company in mainland China directly or indirectly through a third region, and their prices, payment terms, unrealized gains (losses), and other information:

- (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Note 22 and Table 3.
- (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Note 22 and Table 3.
- (3) The amount of property transactions and the amount of the resultant gains or losses: None.
- (4) The outstanding balance of endorsements or guarantees of negotiable instrument or pledges of collateral and the purposes thereof: Note 22 and Table 2.
- (5) The maximum balance, ending balance, interest rate range and total interest of financing during the period: 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: Note 22.

Acme Electronics Corporation and investees
 Financing Provided
 From January 1 to December 31, 2025

Table 1:

Unit: Amounts In Thousands of New Taiwan Dollars, Unless Specified Otherwise

No.	Financing Company	Counterparty	Financial Statement Account	Related Party (Yes/No)	Maximum Balance for the Period	Ending balance (Note 3)	Amount Actual Drawn (Note 3 and 4)	Interest Rates	Nature for Financing (Note 2)	Transaction Amount	Reasons for Financing	Allowance for Credit Losses	Collateral		Financing Limits for Each Borrowing Company (Note 1)	Financing Company's Total Financing Amount Limits (Note 1)	Note
													Item	Value			
1	Acme (GZ)	ACME (KS)	Other receivables	Yes	\$ 185,032	\$ 134,148	\$ -	-	2	\$ -	Operating capital	\$ -	—	—	\$ 411,472	\$ 411,472	

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 December 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 December 31, 2025.

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

Table 2:

Unit: Amounts In Thousands of New Taiwan Dollars, Unless Specified Otherwise

No.	Endorsement / Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 2)	Maximum Balance for the Period	Ending Balance (Note 3)	Amount Actual Drawn (Note 3)	Amount of Endorsement /Guaranteed Collateral by properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements (Note 1)	Maximum Endorsement /Guarantee Amount Allowable (Note 2)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship											
0	The Company	ACME (KS)	Subsidiary of ACME (Cayman)	\$ 2,945,514	\$ 166,529	\$ -	\$ -	None	-	\$ 3,927,352	Y	N	Y	
1	ACME (MA)	ACME Ferrite	Subsidiary of ACME (MA)	784,962	139,018	139,018	97,222	None	12.40%	897,099	Y	N	N	
1	ACME (MA)	ACME Advanced	Subsidiary of ACME (MA)	784,962	7,480	7,480	-	None	0.67%	897,099	Y	N	N	

Note 1: The rate was calculated by the equity of ACME as of December 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 December 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 the Company's net value. The maximum amount of endorsement/guarantee was calculated based on the equity of the endorser/guarantor as of December 31, 2025.

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

Acme Electronics Corporation

Total Purchases from or Sales to Related Parties of at least NT\$100 million or 20% of the Paid-In Capital

From January 1 to December 31, 2025

Table 3:

Unit: NT\$ thousands

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Receivable (Payable)		Note
			Purchase (Sale)	Amount	Ratio to Total	Payment Terms	Unit Price	Payment Term	Ending Balance	Ratio to Total Notes or Trade Receivable (payable)	
The Company	Acme Electronics (GZ)	Subsidiary of GALE	Purchase (including processing fee)	\$ 377,172	45%	55 days	\$ -	—	(\$ 85,426)	57%	
Acme (GZ)	The Company	Subsidiary of GALE	Sales (including processing fee)	(377,172)	51%	55 days	-	—	85,426	24%	
The Company	Acme (GZ)	Subsidiary of GALE	Sales	(125,862)	9%	55 days	-	—	27,185	7%	
Acme (GZ)	The Company	Subsidiary of GALE	Purchase	125,862	66%	55 days	-	—	(27,185)	65%	
The Company	ACME (KS)	Subsidiary of ACME (Cayman)	Sales	(122,141)	9%	55 days	-	—	35,503	9%	
ACME (KS)	The Company	Subsidiary of ACME (Cayman)	Purchase	122,141	49%	55 days	-	—	(35,503)	48%	
ACME (KS)	The Company	Subsidiary of ACME (Cayman)	Sales	(153,372)	17%	55 days	-	—	20,583	9%	
The Company	ACME (KS)	Subsidiary of ACME (Cayman)	Purchase	153,372	33%	55 days	-	—	(20,583)	14%	

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

Acme Electronics Corporation
Names, Locations, and Related Information of Investees over which the Company Exercises Significant Influence
From January 1 to December 31, 2025

Table 4:

Unit: Amounts In Thousands of New Taiwan Dollars, Unless Specified Otherwise

Investor Company	Investee Company	Location	Main Business and Products	Original Investment Amount (Note 1)		Balance as of December 31, 2025			Net Income (Loss) of Investee (Note 2)	Share of Profit/Losses of Investee (Note 2)	Note
				December 31, 2025	December 31, 2024	Shares	Percentage of ownership	Carrying Value (Note 1)			
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%	\$ 1,080,588	(\$ 70,700)	(\$ 42,491)	
	GAEL	CITCO Building, Wickhams Cay Road Town, Tortola, British Virgin Islands	Corporate investments	669,072	669,072	20,800,000	100%	1,031,249	21,493	21,493	
	USIO	12F, No. 37, Jihu Rd., Neihu Dist., Taipei City	Manufacturing and marketing of sapphire single crystal	646,200	646,200	22,064,224	34.00%	5,102	(16,290)	(5,538)	
ACME (Cayman)	ACME (MA)	Plot 15, Jalan Industri 6 Kawasan Perindustrian Jelapang II(ZPB) Jelapang 30020 Ipoh, Perak, Malaysia.	Corporate investments	750,894	750,894	96,808,000	100%	1,130,923	(72,968)		
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	283,990	283,990	9,120,000	100%	791,793	(23,211)		
	ACME Advanced	Lot 187100 & Part of Lot 187101, Jalan Industri 3, Kawasan Perindustrian Jelapang II (ZPB), Jelapang 30020 Ipoh, Perak, Malaysia.	Manufacturing and marketing of silicon carbide	405,503	405,503	54,208,000	100%	151,795	(49,138)		

Note 1: The foreign currency amount was calculated based on the spot exchange rate of December 31, 2025.

Note 2: The amount is calculated based on the average exchange rate from January 1 to December 31, 2025.

Note 3: Please refer to Table 5 for relevant information on mainland investee companies.

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

Table 5:

Unit: Amounts In Thousands of New Taiwan Dollars, Unless Specified Otherwise

Investee Company	Main Business and Product	Total Amount of Paid-in Capital (Note 6)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of the January 1, 2025 (Note 4)	Investments Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2025 (Note 4)	Net Income of the Investee Company (Note 5)	Percentage of Ownership	Share of Profits/Losses (Note 3 and 5)	Carrying Amount as of Balance as of December 31, 2025 (Note 6)	Accumulated Inward Remittance of Earnings as of December 31, 2025
					Outflow	Inflow						
ACME (KS)	Manufacturing and marketing of soft ferrite core	\$ 965,687	Indirect investment via ACME (Cayman).	\$ 374,188	\$ -	\$ -	\$ 374,188	\$ 3,085	60.10%	\$ 1,854	\$ 391,820	\$ -
Acme (GZ)	Manufacturing and marketing of soft ferrite core	603,456	Indirect investment via GAEL.	619,676	-	-	619,676	22,244	100%	22,244	1,028,679	-

Accumulated Investment to Mainland China as of December 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$ 953,712 (Notes 2 and 6)	\$ 1,151,375 (Notes 2 and 6)	\$- (Note 1)

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

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

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

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

Note 5: The amount is calculated based on the average exchange rate from January 1 to December 31, 2025.

Note 6: The foreign currency amount was calculated based on the spot exchange rate of December 31, 2025.

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Acme Electronics Corporation
Statement of Cash and Cash Equivalents
December 31, 2025

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

ITEM	Amount
Foreign currency-denominated time deposits (USD 1,570,000)	\$ 49,345
Foreign currency-denominated current deposits (USD 275,541.39; HKD 457,728.11; JPY 18,352.00; EUR 9,336.26; CNY 129,584.14)	11,420
Checking deposits	6,215
Demand deposits	8,352
Reserve repurchase agreements collateralized by bonds (USD 2,247,000)	70,623
Petty cash and cash on hand	174
Total	<u>\$ 146,129</u>

Note 1: U.S. dollar is converted at the exchange rate USD 1=NT\$31.43.
HKD is converted at the exchange rate HKD 1 = NT\$4.038.
JPY is converted at the exchange rate JPY 1 = NT\$0.2008.
EUR is converted at the exchange rate EUR 1 = NT\$36.90.
RMB is converted at the exchange rate CNY 1 = NT\$4.4716.

Acme Electronics Corporation
Statement of Accounts Receivable
December 31, 2025

STATEMENT 2.

Unit: NT\$ thousands

Customer's name	Abstract	Amount
Accounts receivable		
Client A		\$ 126,341
Client B		104,662
Client C		20,769
Others (Note)		<u>97,106</u>
Subtotal		348,878
Less: Allowance for doubtful accounts		(<u>15</u>)
Accounts receivable, net		<u>\$ 348,863</u>
Accounts receivable - related parties, net		
ACME (KS)		\$ 35,503
ACME (GZ)		27,185
ACME Ferrite		<u>4,357</u>
		<u>\$ 67,045</u>

Note 1: The balance of each client does not exceed 5% of the balance of this accounting subject.

Acme Electronics Corporation
Statement of Inventories
December 31, 2025

STATEMENT 3.

Unit: NT\$ thousands

ITEM	Amount	
	Cost	Market price (Note 1)
Finished goods	\$ 161,522	\$ 213,231
Work in progress	61,873	51,551
Raw materials	163,885	152,710
Supplies	21,412	20,566
Subtotal	408,692	<u>\$ 438,058</u>
Less: Allowance for reduction of inventory to market	(<u>42,288</u>)	
Net	<u>\$ 366,404</u>	

Note 1: Market price is calculated as net realized value.

Note 2: The gain on write-down of inventories in 2025 was NT\$100 thousand.

Acme Electronics Corporation
Statement of Other Current Assets
December 31, 2025

STATEMENT 4.

Unit: NT\$ thousands

<u>ITEM</u>	<u>Amount</u>	<u>Remarks</u>
Prepayments	\$ 68,687	
Tax retained	4,921	
Others	<u>428</u>	
	<u>\$ 74,036</u>	

Note 1: The balance of each item does not exceed 5% of the balance of this accounting subject.

Acme Electronics Corporation
Statement of Changes in Investments Accounted for Using the Equity Method
FOR THE YEAR ENDED DECEMBER 31, 2025

STATEMENT 5.

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

ITEM	Beginning balance		Increase of the year		Decrease of the year		Gains (losses) on investment	Unrealized gross loss on sales	Cumulative translation adjustment	Ending balance		Shareholding (%)	Provision of collateral or pledge provided	Remarks
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount				Number of Shares	Amount			
ACME (Cayman)	43,887,521	\$ 1,093,358	-	\$ -	-	\$ -	(\$ 42,491)	\$ 92	\$ 29,629	43,887,521	\$ 1,080,588	60.10%	None	Note
GAEL	20,800,000	1,022,994	-	-	-	-	21,493	4,900	(18,138)	20,800,000	1,031,249	100%	None	Note
USIO	22,064,224	10,640	-	-	-	-	(5,538)	-	-	22,064,224	5,102	34%	None	Note
Total		<u>\$ 2,126,992</u>		<u>\$ -</u>		<u>\$ -</u>	<u>(\$ 26,536)</u>	<u>\$ 4,992</u>	<u>\$ 11,491</u>		<u>\$ 2,116,939</u>			

Note 1: Calculated according to the financial statements verified by CPAs of the investee in the current year.

Acme Electronics Corporation
Statement of Prepayments for Equipment
December 31, 2025

STATEMENT 6.

Unit: NT\$ thousands

ITEM	Amount	Remarks
Machinery and equipment	\$ 86,087	
Others (Note)	<u>4,088</u>	
	<u>\$ 90,175</u>	

Note 1: The amount of each item is less than 5% of the amount of this accounting subject.

Acme Electronics Corporation
Statement of Short-term Borrowings
December 31, 2025

STATEMENT 7. Unit: NT\$ thousands

Type of borrowing and name of creditor	Amount	Period	Annual rate (%)	Financing facilities
Credit borrowings				
The Shanghai Commercial and Savings Bank, Ltd.	\$ 100,000	2025.12.15~2026.02. 24	1.98%	\$ 100,000
The Export-Import Bank of the Republic of China (Taiwan)	100,000	2025.11.19~2026.11.1 9	0.99%	100,000
Cathay United Bank	80,000	2025.12.19~2026.01. 19	1.95%	80,000
Taishin International Bank	<u>24,650</u>	2025.12.30~2026.01. 07	2.07%	<u>200,000</u>
Total	<u>\$ 304,650</u>			<u>\$ 480,000</u>

Acme Electronics Corporation
Statement of Notes and Accounts Payable
December 31, 2025

STATEMENT 8.

Unit: NT\$ thousands

Supplier	Amount
Notes and accounts payable	
Supplier (1)	\$ 5,840
Supplier (2)	4,154
Supplier (3)	4,009
Supplier (4)	3,513
Supplier (5)	3,283
Supplier (6)	2,309
Others (Note)	<u>18,988</u>
	<u>\$ 42,096</u>
 Accounts payable - related parties	
Acme (GZ)	\$ 85,426
ACME (KS)	20,583
USIO	<u>2,788</u>
	<u>\$ 108,797</u>

Note 1: The balance of each client does not exceed 5% of the balance of this accounting subject.

Acme Electronics Corporation
Statement of Other Payables
December 31, 2025

STATEMENT 9.

Unit: NT\$ thousands

<u>ITEM</u>	<u>Amount</u>
Salaries payable	\$ 45,470
Payables for purchases of equipment	4,728
Others (Note)	<u>23,553</u>
Total	<u>\$ 73,751</u>

Note 1: The balance of each item does not exceed 5% of the balance of this accounting subject.

Acme Electronics Corporation
Statement of Long-term Loans
December 31, 2025

STATEMENT 10.

Unit: In Thousands of New Taiwan Dollars

Creditor bank or underwriter	Duration and repayment method	Annual rate (%)	Amount			Mortgage or guarantee
			Due within one year	Due after one year	Total	
Yuanta Commercial Bank	11/15/2029, the limit of borrowings that can be recycled, and the principal to be repaid at maturity.	1.90%	\$ -	\$ 870,000	\$ 870,000	Land and plant as collateral (Note)
Yuanta Commercial Bank	11/15/2029, the limit of borrowings that can be recycled, and the principal to be repaid at maturity.	1.90%	-	130,000	130,000	Land and plant as collateral (Note)
Yuanta Commercial Bank	12/15/2028, the limit of borrowings that can not be recycled, and the principal to be repaid at maturity.	1.12%	-	329,261	329,261	Machinery equipment as collateral (Note)
Taiwan Cooperative Bank	08/15/2029, the limit of borrowings that can not be recycled, and the principal to be repaid at maturity.	1.37%	-	27,589	27,589	
Chang Hwa Bank	10/13/2028, the limit of borrowings that can be recycled, and the principal to be repaid at maturity.	2.05%	-	300,000	300,000	
Mega International Commercial Bank	10/05/2027, the limit of borrowings that can be recycled, and the principal to be repaid at maturity.	1.975%	-	91,000	91,000	
			<u>\$ -</u>	<u>\$ 1,747,850</u>	<u>\$ 1,747,850</u>	

Note 1: Please refer to Notes 14 and 23 to the financial reports.

Acme Electronics Corporation
Statement of Sales Revenue
FOR THE YEAR ENDED DECEMBER 31, 2025

STATEMENT 11.

Unit: In Thousands of New Taiwan Dollars

ITEM	Quantity	Amount
Ferrite core	2,294t	\$ 779,490
Silicon carbide powder	102t	458,353
Ferrite powder	5,068t	<u>280,543</u>
		1,518,386
Less: Adjustment to sales (Note)		(<u>29,700</u>)
		1,488,686
Less: Sales returns and allowances		
Ferrite core	1t	(1,177)
Silicon carbide powder	11t	(56,681)
Ferrite powder	8t	(<u>402</u>)
Sales revenue, net		<u>\$ 1,430,426</u>

Note 1: The Company sells work in progress of ferrite powder to ACME Electronics (KS), and then purchases finished products and work in progress back to sell to customers or reprocess, so the sales revenue is reduced.

Acme Electronics Corporation
Statement of Cost of Goods Sold
FOR THE YEAR ENDED DECEMBER 31, 2025

STATEMENT 12.

Unit: In Thousands of New Taiwan Dollars

ITEM	Amount
Raw materials	
Year beginning raw materials	\$ 173,817
Materials purchased for the year	293,455
Raw materials sold	(6,830)
Reclassification expenses	(36,809)
Others	(246)
Year ending raw materials	(<u>163,885</u>)
	259,502
Direct labor	63,643
Manufacturing expenses (Statement 13)	<u>705,657</u>
Manufacturing costs	1,028,802
Year beginning work in process	80,586
Purchase for the year	5,797
Reclassification of work in process to other subjects	(2,537)
Others	(11)
Year ending work in process	(<u>61,873</u>)
Cost of finished products	1,050,764
Finished products, beginning	160,216
Purchase for the year	165,327
Reclassification of finished goods to other subjects	(7,322)
Others	(10)
Year ending finished goods	(<u>161,522</u>)
	1,207,453
Less: Gain on reversal of write-down of inventories	(100)
Less: Adjustment to sales cost (Note)	(<u>29,700</u>)
Total cost of goods sold	<u>\$ 1,177,653</u>

Note 1: The Company sells work in progress of ferrite powder to ACME (KS), and then purchases finished products and work in progress back to sell to customers or reprocess, so the sales cost is reduced.

Acme Electronics Corporation
Statement of Manufacturing Expenses
FOR THE YEAR ENDED DECEMBER 31, 2025

STATEMENT 13.

Unit: NT\$ thousands

<u>ITEM</u>	<u>Amount</u>
Outsourcing processing expenses	\$ 373,176
Depreciation	102,743
Indirect materials	76,097
Power fuel and utilities	75,994
Personnel expenses	54,698
Others (Note)	<u>22,949</u>
Total	<u>\$ 705,657</u>

Note 1: The balance of each item does not exceed 5% of the balance of this accounting subject.

Acme Electronics Corporation
Statement of Marketing, Administrative and Research Expenses
FOR THE YEAR ENDED DECEMBER 31, 2025

STATEMENT 14.

Unit: NT\$ thousands

ITEM	Selling and marketing expenses	Administrative expenses	Research and development expenses	Total
Personnel expenses	\$ 33,423	\$ 57,686	\$ 56,630	\$147,739
Depreciation	-	887	45,333	46,220
Shipping expenses	10,365	17	686	11,068
Indirect material	-	-	14,665	14,665
Labor fees	-	22,378	270	22,648
Others (Note)	<u>9,022</u>	<u>12,302</u>	<u>40,064</u>	<u>61,388</u>
Total	<u>\$ 52,810</u>	<u>\$ 93,270</u>	<u>\$157,648</u>	<u>\$303,728</u>

Note 1: The balance of each item does not exceed 5% of the balance of this accounting subject.

Acme Electronics Corporation
Statement of Employee Benefits and Depreciation and Amortization Expenses by Function
FOR THE YEAR ENDED DECEMBER 31, 2025

STATEMENT 15.

Unit: In Thousands of New Taiwan Dollars

ITEM	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salaries expenses	\$101,324	\$121,960	\$223,284	\$101,195	\$111,528	\$212,723
Labor health insurance expenses	8,839	9,577	18,416	8,578	8,554	17,132
Pension expenses	3,686	7,949	11,635	3,401	10,179	13,580
Remuneration of directors	-	6,656	6,656	-	6,680	6,680
Other employee benefit expenses	4,492	1,597	6,089	3,298	1,809	5,107
Total	<u>\$118,341</u>	<u>\$147,739</u>	<u>\$266,080</u>	<u>\$116,472</u>	<u>\$138,750</u>	<u>\$255,222</u>
Depreciation expenses	<u>\$102,743</u>	<u>\$ 46,220</u>	<u>\$148,963</u>	<u>\$ 73,986</u>	<u>\$ 36,525</u>	<u>\$110,511</u>
Amortization expense	<u>\$ 81</u>	<u>\$ 338</u>	<u>\$ 419</u>	<u>\$ 44</u>	<u>\$ 368</u>	<u>\$ 412</u>

Note 1: The number of employees in the current year and the previous year is 219 and 211, respectively, among which the number of directors not concurrently serving as employees is 8. The calculation basis is consistent with employee welfare expenses.

Note 2: (1) The average employee benefit cost for the year is NT\$1,229 thousand. The average employee benefit cost for the previous year was NT\$1,224 thousand.

(2) The average employee salary cost for the year is NT\$1,058 thousand. The average employee salary cost for the previous year was NT\$1,048 thousand.

(3) Adjustment of average employee salary expenses 0.95%.

Note 3: The Audit Committee of the Company has exercised the functions and powers of the supervisor and there is no need to disclose the remuneration of the supervisor.

Note 4: Remuneration policy of the Company are as follows:

Directors and Managerial Officers

(1) For the remunerations, take the median level of the payment of the same business as the reference. Besides, refer to the reasonable connection with the personal performance, company operating performances and the future risks;

(2) It is not permitted to guide the directors and the managers to run the risks works which the Company can't afford for getting more remunerations:

(3) Consider the businesses qualities and the natures of the businesses of the companies to decide how to pay the proportion of the remunerations of employees and what time to pay the partial change of remunerations for the short-term performances.

Employees

The employee remuneration policy is formulated with reference to the laws and government regulations, the market conditions and dynamics of the peer salary, the overall economic and industrial boom changes and the organizational structure of the Company. The year-end bonus (including employee remuneration) is paid based on the Remuneration Management Measures and the Employee Performance Appraisal Measures and other regulations formulated by the Company as well as the Company's profit and the performance of the employees.