

Acme Electronics Corporation and Subsidiaries

Consolidated Financial Statements and Independent  
Auditors' Report

For the Years Ended December 31, 2025 and 2024

**REPRESENTATION LETTER**

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2025 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, Acme Electronics Corporation and Subsidiaries do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

ACME ELECTRONICS CORPORATION AND SUBSIDIARIES

By

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Wu, Yi-Gui

Chairman

March 4, 2026

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Acme Electronics Corporation

### **Opinion**

We have audited the accompanying consolidated financial statement of Acme Electronics Corporation and its subsidiaries (the “Group”), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the consolidated statement of comprehensive income, changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statement”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagement of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated financial statement for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2025 are stated as follows:

### **Revenue from Sales of Specific Products**

In 2025, the Group's revenue from sales of specific products has a significant impact on the Group'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 Consolidated 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 Group'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.

## **Other Matters**

We have also audited the parent company only financial statements of Acme Electronics Corporation as of and for the years ended December 31, 2025 and 2024 on which we have issued an unmodified opinion.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as the

management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless management either intends to liquidate the Group 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 Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report to the related disclosures in the consolidated financial statement or, if as such disclosures are inadequate, to modify our opinion. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 Group to express an opinion on the consolidated 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 consolidated 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 consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

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

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

Unit: NT\$ thousands

Code	Assets	December 31, 2025		December 31, 2024	
		Amount	%	Amount	%
<b>Current assets</b>					
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 664,870	12	\$ 727,586	13
1110	Financial assets at fair value through profit or loss, current (Notes 4 and 7)	759	-	44	-
1136	Financial assets at amortized cost, current (Notes 4, 8 and 25)	134,686	2	22,090	-
1150	Notes receivable (Notes 4 and 9)	74,579	1	65,596	1
1170	Accounts receivable, net (Notes 4, 9 and 24)	815,017	14	721,749	13
1200	Other receivables (Notes 4 and 24)	11,018	-	8,396	-
1220	Current tax assets (Notes 4 and 20)	4,928	-	10,752	-
130X	Inventories (Notes 4, 5 and 10)	818,036	15	871,843	16
1470	Other current assets (Note 24)	104,681	2	62,271	1
11XX	Total current assets	<u>2,628,574</u>	<u>46</u>	<u>2,490,327</u>	<u>44</u>
<b>Non-current assets</b>					
1550	Investments accounted for under the equity method (Notes 4 and 12)	5,102	-	10,640	-
1600	Property, plant and equipment (Notes 4, 13 and 25)	2,670,188	47	2,614,704	47
1755	Right-of-use assets (Notes 4, 14 and 25)	147,036	3	164,599	3
1780	Intangible assets (Note 4)	3,114	-	4,281	-
1840	Deferred tax assets (Notes 4 and 20)	89,196	2	82,779	2
1915	Prepayments for equipment (Note 24)	108,446	2	227,324	4
1920	Refundable deposits (Note 25)	13,360	-	15,762	-
15XX	Total non-current assets	<u>3,036,442</u>	<u>54</u>	<u>3,120,089</u>	<u>56</u>
1XXX	Total Assets	<u>\$ 5,665,016</u>	<u>100</u>	<u>\$ 5,610,416</u>	<u>100</u>
<b>Liabilities and Equity</b>					
<b>Current liabilities</b>					
2100	Short-term borrowings (Notes 15 and 25)	\$ 465,616	8	\$ 457,886	8
2110	Short-term notes payable, net (Note 15)	79,973	2	69,992	1
2120	Financial liabilities at fair value through profit or loss, current (Notes 4 and 7)	3,504	-	1,282	-
2170	Notes and accounts payable (Note 24)	111,538	2	113,670	2
2200	Other payables (Note 24)	272,608	5	315,271	6
2230	Current tax liabilities (Notes 4 and 20)	203	-	259	-
2280	Lease liabilities, current (Notes 4 and 14)	14,743	-	15,624	1
2320	Long-term borrowings due within one year (Notes 15 and 25)	2,517	-	172,248	3
2399	Other current liabilities	7,185	-	7,393	-
21XX	Total current liabilities	<u>957,887</u>	<u>17</u>	<u>1,153,625</u>	<u>21</u>
<b>Non-current liabilities</b>					
2540	Long-term borrowings (Notes 15 and 25)	1,807,410	32	1,503,369	27
2570	Deferred tax liabilities (Notes 4 and 20)	122,378	2	116,455	2
2580	Lease liabilities, non-current (Notes 4 and 14)	20,913	1	34,513	-
2630	Long-term deferred incomes (Note 4, 15, and 17)	58,802	1	40,014	1
2640	Net defined benefit liabilities, non-current (Notes 4 and 16)	13,643	-	12,046	-
2645	Guarantee deposits received	2,730	-	3,696	-
25XX	Total non-current liabilities	<u>2,025,876</u>	<u>36</u>	<u>1,710,093</u>	<u>30</u>
2XXX	Total liabilities	<u>2,983,763</u>	<u>53</u>	<u>2,863,718</u>	<u>51</u>
<b>Equity attributable to owners of the Company (Notes 4, 16 and 18)</b>					
3110	Ordinary share capital	2,129,937	38	2,129,937	38
3200	Capital surplus	54	-	50	-
3350	Accumulated deficit	( 86,859)	( 2)	( 20,755)	-
<b>Other equity</b>					
3410	Exchange differences on translating the financial statements of foreign operations	( 79,456)	( 2)	( 88,649)	( 2)
31XX	Total equity attributable to owners of the Company	<u>1,963,676</u>	<u>34</u>	<u>2,020,583</u>	<u>36</u>
36XX	Non-controlling interests (Note 11)	<u>717,577</u>	<u>13</u>	<u>726,115</u>	<u>13</u>
3XXX	Total equity	<u>2,681,253</u>	<u>47</u>	<u>2,746,698</u>	<u>49</u>
Total liabilities and equity		<u>\$ 5,665,016</u>	<u>100</u>	<u>\$ 5,610,416</u>	<u>100</u>

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

Acme Electronics Corporation and Subsidiaries  
Consolidated Statements of Comprehensive Income  
For the Years Ended December 31, 2025 and 2024

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

Code		2025		2024	
		Amount	%	Amount	%
	Operating Revenue				
4110	Sales revenue (Notes 4 and 24)	\$3,123,986	102	\$3,101,335	100
4170	Less: Sales returns and allowances	<u>54,965</u>	<u>2</u>	<u>5,956</u>	<u>-</u>
4000	Total operating revenue	3,069,021	100	3,095,379	100
	Operating costs				
5110	Cost of goods sold (Notes 4, 10, 16, 19 and 24)	<u>2,559,786</u>	<u>83</u>	<u>2,457,590</u>	<u>80</u>
5900	Gross profit	<u>509,235</u>	<u>17</u>	<u>637,789</u>	<u>20</u>
	Operating expenses (Notes 4, 9, 16, 19, and 24)				
6100	Selling and marketing expenses	156,526	5	139,071	4
6200	Administrative expenses	201,776	7	199,369	6
6300	Research and development expenses	210,819	7	203,951	7
6450	Expected reversal of impairment (gain) loss	<u>266</u>	<u>-</u>	( <u>4,826</u> )	<u>-</u>
6000	Total operating expenses	<u>569,387</u>	<u>19</u>	<u>537,565</u>	<u>17</u>
6500	Other operating expenses (Note 13)	( <u>6,596</u> )	<u>-</u>	( <u>3,074</u> )	<u>-</u>
6900	Net operating (loss) profit	( <u>66,748</u> )	( <u>2</u> )	<u>97,150</u>	<u>3</u>
	Non-operating income and expenses				
7100	Interest income	14,715	-	19,461	1
7010	Other income (Notes 4, 17, 19 and 24)	29,942	1	42,613	1
7230	Gains (losses) from foreign exchange (Notes 4 and 19)	( 16,188)	( 1)	22,774	1

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Code		2025		2024	
		Amount	%	Amount	%
7020	Other gains and losses (Notes 4 and 19)	(\$ 1,988)	-	\$ 9,373	-
7050	Finance costs (Note 19)	( 45,296)	( 1)	( 38,286)	( 1)
7060	Share of profit or loss of associates (Notes 4 and 12)	( 5,538)	-	( 7,556)	-
7000	Total non-operating income and expenses	( 24,353)	( 1)	48,379	2
7900	Net profit (loss) before tax	( 91,101)	( 3)	145,529	5
7950	Income tax expense (Notes 4 and 20)	( 3,490)	-	( 15,332)	( 1)
8200	Net profit (loss) for the year	( 94,591)	( 3)	130,197	4
	Other comprehensive income (net)				
8310	Items not reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans (Notes 4 and 16)	347	-	2,544	-
8349	Income tax relating to items not reclassified subsequently to profit or loss (Notes 4 and 20)	( 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)	31,162	1	161,758	5
8399	Income tax relating to items that may be reclassified to profit or loss (Note 4 and 20)	( 2,298)	-	( 23,433)	-
		28,864	1	138,325	5
8300	Total other comprehensive income (net)	29,142	1	140,360	5
8500	Total comprehensive income for the period	(\$ 65,449)	( 2)	\$ 270,557	9

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Code		2025		2024	
		Amount	%	Amount	%
	Net (loss) profit attributable to:				
8610	Owners of parent company	(\$ 66,382)	( 2)	\$ 155,298	5
8620	Non-controlling Interests	( 28,209)	( 1)	( 25,101)	( 1)
8600		<u>(\$ 94,591)</u>	<u>( 3)</u>	<u>\$ 130,197</u>	<u>4</u>
	Total comprehensive income attributable to:				
8710	Owners of parent company	(\$ 56,911)	( 2)	\$ 251,068	8
8720	Non-controlling interests	( 8,538)	-	19,489	1
8700		<u>(\$ 65,449)</u>	<u>( 2)</u>	<u>\$ 270,557</u>	<u>9</u>
	Earnings (losses) per share (Note 21)				
9750	Basic	(\$ 0.31)		\$ 0.73	
9850	Diluted	(\$ 0.31)		\$ 0.73	

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

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

Unit: NT\$ thousands, unless stated otherwise

		Equity attributable to owners of the Company							
Code		Share capital (Note 18)		Capital surplus (Note 18)	Accumulated deficit (Notes 4, 16 and 18)	Foreign currency translation reserve	Total	Non-controlling interests (Note 11)	Total equity
		Number of shares issued	Amount						
A1	Balance as of January 1, 2024	212,993,743	\$ 2,129,937	\$ 299,942	(\$ 478,030)	(\$ 182,384)	\$ 1,769,465	\$ 555,114	\$ 2,324,579
C11	Capital surplus to offset deficit	-	-	( 299,942)	299,942	-	-	-	-
C17	Exercise of disgorgement	-	-	50	-	-	50	-	50
D1	Net profit for 2024	-	-	-	155,298	-	155,298	( 25,101)	130,197
D3	Other comprehensive gains and losses for 2024	-	-	-	2,035	93,735	95,770	44,590	140,360
D5	Total comprehensive income for 2024	-	-	-	157,333	93,735	251,068	19,489	270,557
O1	Non-controlling Interests	-	-	-	-	-	-	151,512	151,512
Z1	Balance as of December 31, 2024	212,993,743	2,129,937	50	( 20,755)	( 88,649)	2,020,583	726,115	2,746,698
C17	Exercise of disgorgement	-	-	4	-	-	4	-	4
D1	Net loss for 2025	-	-	-	( 66,382)	-	( 66,382)	( 28,209)	( 94,591)
D3	Other comprehensive gains and losses for 2025	-	-	-	278	9,193	9,471	19,671	29,142
D5	Total comprehensive income for 2025	-	-	-	( 66,104)	9,193	( 56,911)	( 8,538)	( 65,449)
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>	<u>\$ 717,577</u>	<u>\$ 2,681,253</u>

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

Acme Electronics Corporation and Subsidiaries  
Consolidated 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 for the year	(\$ 91,101)	\$ 145,529
	Income (expenses) items		
A20100	Depreciation expenses	371,790	322,636
A20200	Amortization expense	2,516	1,460
A20300	Expected reversal of impairment (gain) loss	266	( 4,826)
A20400	Net (profit) loss of financial instruments at fair value through profit or loss	( 2,025)	( 10,818)
A20900	Finance costs	45,296	38,286
A21200	Interest income	( 14,715)	( 19,461)
A22300	Share of profit or loss of associates	5,538	7,556
A22500	Profit on disposal and scrapping of property, plant and equipment	( 771)	( 383)
A23700	Loss on (gain on reversal of) write-down of inventories	( 2,809)	33,470
A29900	Impairment losses	6,596	3,074
A29900	Deferred and other income	( 5,551)	( 3,931)
A30000	Change in operating assets and liabilities		
A31115	Financial assets mandatorily measured at fair value through profit or loss	3,532	12,165
A31130	Notes receivable	( 8,983)	( 9,144)
A31150	Accounts receivable (including related parties)	( 93,460)	( 36,535)
A31180	Other receivables (including related parties)	( 2,416)	3,005
A31200	Inventories	56,196	( 239,119)
A31240	Other current assets	( 43,054)	( 13,426)
A32150	Notes and accounts payable (including related parties)	( 2,132)	52,193
A32180	Other payables (including related parties)	( 9,792)	72,190
A32230	Other current liabilities	( 208)	( 5,595)
A32240	Net defined benefit liabilities	<u>1,944</u>	<u>( 528)</u>
A33000	Net cash flows generated from operating activities	216,657	347,798
A33100	Interest received	14,509	19,396
A33300	Interest paid	( 43,105)	( 36,531)
A33500	Income tax paid	<u>( 1,772)</u>	<u>( 14,968)</u>
AAAA	Net cash flows generated from operating activities	<u>186,289</u>	<u>315,695</u>

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<u>Code</u>		<u>2025</u>	<u>2024</u>
	Cash flows from investing activities		
B00040	Purchase of financial assets at amortized cost	(\$ 106,412)	(\$ 419)
B02700	Acquisition cost of property, plant and equipment	( 320,717)	( 768,813)
B02800	Proceeds from disposal of property, plant and equipment	10,904	1,443
B03700	Increase (decrease) in refundable deposits	2,348	( 4,341)
B04500	Acquisition of purchased intangible assets	-	( 1,341)
B09900	Increase in long-term deferred income	<u>25,157</u>	<u>5</u>
BBBB	Net cash used in investing activities	( <u>388,720</u> )	( <u>773,466</u> )
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	11,926	94,295
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	( 1,798,484)	( 4,238,747)
C03000	Increase (decrease) in guarantee deposits	( 887)	3,051
C04020	Repayments of the principal portion of lease liabilities	( 15,121)	( 14,817)
C05800	Change in non-controlling interests	-	151,512
C09900	Exercise of disgorgement	<u>4</u>	<u>50</u>
CCCC	Net cash from financing activities	<u>134,338</u>	<u>645,344</u>
DDDD	Effects of exchange rate changes on cash and equivalents	<u>5,377</u>	<u>83,290</u>
EEEE	Increase (decrease) in cash and cash equivalents for the fiscal year	( 62,716)	270,863
E00100	Cash and cash equivalents at the beginning of the year	<u>727,586</u>	<u>456,723</u>
E00200	Cash and cash equivalents at the end of the year	<u>\$ 664,870</u>	<u>\$ 727,586</u>

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

Acme Electronics Corporation and Subsidiaries  
Notes to Consolidated 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 Consolidated 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 consolidated financial statements were approved for issue 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 Group.

- (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

New, Amended and Revised Standards and Interpretations	Effective Date Issued by the IASB
IFRS 17 “Insurance Contracts” (including the 2020 and 2021 amendments)	January 1, 2023

As of the date the consolidated financial statements were authorized for issue, the Group is still assessing the impact of the amendments will have on its consolidated financial position and financial performance.

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

New, Amended, and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture”	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 comprise:

- The consolidated entity is required to 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 present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.

- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- Additional disclosures are required for management-defined performance measures. When the Group 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 Group shall use operating profit or loss as the starting point for reconciliation.
- Interest and dividends received by the Group shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. Where the Group is assessed to have specific principal operating activities, it shall consider 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 consolidated financial statements were issued, the Group 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 Group completes its evaluation

#### 4. Summary of Material Accounting Policies Information

For the convenience of readers, the accompanying consolidated 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 consolidated financial statements shall prevail.

(I) Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS Accounting Standards endorsed by the FSC with the effective dates (collectively, “Taiwan-IFRS Accounting Standards”).

(II) Basis of Preparation

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

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

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

(III) 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 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) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). The financial statements of the subsidiaries have been adjusted to bring their accounting policies in line with those used by the Group. All intergroup transactions, balances,

income and expenses are eliminated in full upon consolidation. The total comprehensive income of subsidiaries is attributed to the owners of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

Please refer to Note 11 and Table 4, and Table 5 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

(V) Foreign Currency

In preparing parent only financial reports, the parent company records transactions conducted in currencies other than the functional currency (foreign currencies) by converting them into the functional currency at the exchange rate applicable on the transaction date.

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 consolidated 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.

(VI) 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.

(VII) Investment in Associates

An associate is an entity over which the Group has significant influence but which is not a subsidiary. The Group 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 Group's share of profit or loss, share of other comprehensive income, and dividends received from the associates. In addition, changes in the Group's ownership interests in associates are recognized based on the ownership proportion.

When the Group'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 Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group 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 Group and associates are recognized in the accompanying consolidated financial statements only to the extent of the Group'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 Group 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 Group 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 accompanying consolidated balance sheet when the Group becomes a party to the contractual provisions of the instruments.

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 Group 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 23 for the determination of fair values.

B. Financial Assets at Amortized Cost

The Group'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 Group recognizes a loss allowance for expected credit losses on financial assets measured at amortized cost (including accounts receivable).

The Group 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 Group 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 23 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 Group are mainly forward foreign exchange contracts used to manage the Group's exchange rate 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 Group 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 Group does not adjust the transaction price for the effects of a significant financing component.

The expected duration of customer contracts of the Group does not exceed one year, and no consideration for customer contracts is not included in the transaction price. Accordingly, the Group 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.

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

Where the Group 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 separately in the consolidated balance sheets.

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 Group 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 consolidated 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 Group 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 Group.

(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 payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

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 Group 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 Group 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 Group is required to estimate the net realizable value of inventories at the end of the reporting period. Due to rapid technological changes, the Group 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	\$ 644	\$ 962
Checks and demand deposits in banks	379,946	269,927
Cash equivalents		
Time deposits	72,792	173,965
Reserve repurchase agreements collateralized by bonds	<u>211,488</u>	<u>282,732</u>
	<u>\$ 664,870</u>	<u>\$ 727,586</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	3.10%-3.66%	3.00%-4.75%
Reserve repurchase agreements collateralized by bonds	2.30%-3.85%	2.50%-4.40%

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

	<u>December 31, 2025</u>	<u>December 31, 2024</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>\$ 759</u>	<u>\$ 44</u>

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial liabilities - current</u>		
Held for trading		
Derivatives (not under hedge accounting)		
Foreign exchange forward contracts	<u>\$ 3,504</u>	<u>\$ 1,282</u>

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

	<u>Currency</u>	<u>Maturity Date</u>	<u>Contract Amount (In Thousands)</u>		
<u>December 31, 2025</u>					
Sell	USD/TWD	2026.1.7-2026.3.2	USD	5,700/ NTD	175,324
Sell	USD/MYR	2026.1.9-2026.1.16	USD	400/ MYR	1,720
<u>December 31, 2024</u>					
Sell	USD/MYR	2025.1.16-2025.6.23	USD	2,600/ MYR	11,208

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

8. Financial Assets at Amortized Cost

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Pledge and mortgage</u>		
Pledged time deposits	\$ 17,683	\$ 22,090
Time deposits with original maturity over 3 months	<u>117,003</u>	<u>-</u>
	<u>\$ 134,686</u>	<u>\$ 22,090</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>
Pledged time deposits	2.00%-2.35%	1.575%-2.60%
Time deposits with original maturity over 3 months	3.40%-3.80%	-

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

9. Notes and Accounts Receivable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Notes receivable</u>		
Measured at amortized cost		
Gross carrying amount	\$ <u>74,579</u>	\$ <u>65,596</u>
<u>Accounts receivable</u>		
Measured at amortized cost		
Gross carrying amount	\$ 820,299	\$ 728,869
Less: allowance for loss	( <u>5,282</u> )	( <u>7,120</u> )
	<u>\$ 815,017</u>	<u>\$ 721,749</u>

The Group 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 Group manages its credit risk by assessing the credit quality of individual customers through an internal credit rating system and determining credit limits accordingly. The Group also performs periodic reviews at least annually based on customers' historical transaction records and financial condition. In addition, the Group 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 Group 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 Group'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 Group writes off accounts receivable when there is evidence indicating that a counterparty is experiencing significant financial difficulty and the Group no longer has a reasonable expectation of recovering the receivables. For accounts receivable that have been written off, the Group 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 Group's allowance matrix.

December 31, 2025

	<u>Not past due</u>	<u>Up to 60 Days</u>	<u>61~90 Days</u>	<u>Over 91 Days</u>	<u>Total</u>
Expected credit loss rate	0.15%	4.21%	43.02%	32.84%	
Gross carrying amount	\$ 858,828	\$ 27,980	\$ 1,886	\$ 6,184	\$ 894,878
Loss allowance (Lifetime ECLs)	( <u>1,263</u> )	( <u>1,177</u> )	( <u>811</u> )	( <u>2,031</u> )	( <u>5,282</u> )
Amortized cost	<u>\$ 857,565</u>	<u>\$ 26,803</u>	<u>\$ 1,075</u>	<u>\$ 4,153</u>	<u>\$ 889,596</u>

December 31, 2024

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

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

	<u>Years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Beginning balance	\$ 7,120	\$ 11,357
Provision (reversal) for impairment losses in the current year	266	( 4,826)
Actual write-offs for the current period	( 2,030)	-
Foreign exchange translation gains and losses	( <u>74</u> )	<u>589</u>
Ending balance	<u>\$ 5,282</u>	<u>\$ 7,120</u>

10. Inventories

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Finished goods	\$ 335,806	\$ 318,819
Work in progress	234,240	274,271
Raw materials and supplies	<u>247,990</u>	<u>278,753</u>
	<u>\$ 818,036</u>	<u>\$ 871,843</u>

The costs of inventories recognized as cost of goods sold for the years ended December 31, 2025 and 2024 were NT\$2,559,786 thousand and NT\$2,457,590 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\$2,809 thousand and NT\$33,470 thousand, respectively.

11. Subsidiary

(I) Subsidiaries included in the consolidated financial statements

The consolidated financial statements are prepared by the following subjects:

<u>Investor</u>	<u>Subsidiary</u>	<u>Nature of Activities</u>	<u>Proportion of Ownership (%)</u>		<u>Remark</u>
			<u>December 31, 2025</u>	<u>December 31, 2024</u>	
The Company	ACME Electronics (Cayman) Corp. (ACME (Cayman))	Corporate investments	60.10%	60.10%	(1)
	Golden Amber Enterprises Limited (GAEL)	Corporate investments	100.00%	100.00%	(2)
ACME (Cayman)	Acme Electronics (Kunshan) Co., Ltd. ("ACME (KS)")	Manufacturing and marketing of soft ferrite core	100.00%	100.00%	(3)

Investor	Subsidiary	Nature of Activities	Proportion of Ownership (%)		Remark
			December 31, 2025	December 31, 2024	
	ACME Components (Malaysia) Sdn. Bhd.(ACME (MA))	Corporate investments	100.00%	100.00%	(4)
ACME (MA)	ACME Ferrite Products Sdn. Bhd. (ACME Ferrite)	Manufacturing and marketing of soft ferrite core	100.00%	100.00%	(5)
	ACME Advanced Material Sdn. Bhd. (ACME Advanced)	Manufacturing and marketing of silicon carbide	100.00%	100.00%	(6)
GAEL	Acme Electronics (Guangzhou) Co., Ltd. (“ACME (GZ)”)	Manufacturing and marketing of soft ferrite core	100.00%	100.00%	(7)

- (1) 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.
- (2) GAEL was established on March 26, 1998 in the British Virgin Islands and is principally engaged in holding a 100% equity interest in its subsidiary, ACME (GZ).
- (3) ACME (KS) was established on July 27, 2000, mainly engaged in the production and sales of soft ferrite cores applied in communication, information, consumer and automotive electronic products.
- (4) ACME (MA) was established on September 6, 1990 and is principally engaged in holding a 100% equity interest in ACME Ferrite. The Company acquired 100% equity interest in ACME (MA) through its subsidiary, ACME (Cayman), in December 2009.
- (5) ACME Ferrite was established on September 21, 1990, mainly engaged in the production and sales of soft ferrite cores applied in communication, information, consumer and automotive electronic products.
- (6) ACME Advanced was established in January 2024, mainly engaged in the production and sales of silicon carbide applied in communication, information, consumer and automotive electronic products.
- (7) ACME (GZ) was established on November 24, 2004, mainly engaged in the production and sales of soft ferrite cores and processing of incoming materials. The Company has signed an outsourced material processing contract with ACME (GZ) to supply the processed products to nearby mainland Chinese export manufacturers.

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

Please refer to Table 4 for information on the main business premises and countries of registration.

Subsidiary	Profit (Loss) allocated to non-controlling interests		Non-controlling interests	
	Years Ended December 31		December 31,	December 31,
	2025	2024	2025	2024
ACME (Cayman) and its subsidiaries	<u>(\$ 28,209)</u>	<u>(\$ 25,101)</u>	<u>\$ 717,577</u>	<u>\$ 726,115</u>

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

ACME (Cayman) and its subsidiaries

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current assets	\$ 1,023,603	\$ 1,131,363
Non-current assets	1,301,103	1,333,636
Current liabilities	( 402,463 )	( 520,327 )
Non-current liabilities	<u>( 123,813 )</u>	<u>( 124,842 )</u>
Equity	<u>\$ 1,798,430</u>	<u>\$ 1,819,830</u>
Equity attributable to:		
Owners of the Company	\$ 1,080,853	\$ 1,093,715
Non-controlling Interests	<u>717,577</u>	<u>726,115</u>
	<u>\$ 1,798,430</u>	<u>\$ 1,819,830</u>

	<u>Years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Operating revenue	<u>\$ 1,405,014</u>	<u>\$ 1,304,936</u>
Net loss for the year	(\$ 70,700)	(\$ 60,469)
Other comprehensive income (loss)	<u>49,300</u>	<u>111,754</u>
Total comprehensive income	<u>(\$ 21,400)</u>	<u>\$ 51,285</u>
Net loss attributable to:		
Owners of the Company	(\$ 42,491)	(\$ 36,342)
Non-controlling Interests	<u>( 28,209 )</u>	<u>( 24,127 )</u>
	<u>(\$ 70,700)</u>	<u>(\$ 60,469)</u>

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Total comprehensive income attributable to:		
Owners of the Company	(\$ 12,862)	\$ 30,822
Non-controlling Interests	<u>( 8,538 )</u>	<u>20,463</u>
	<u>(\$ 21,400)</u>	<u>\$ 51,285</u>

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash flow		
Operating activities:	\$ 56,386	\$ 314,925
Investing activities:	( 196,257)	( 338,249)
Financing activities:	( 75,484)	155,292
Effects of exchange rate changes	<u>9,697</u>	<u>39,337</u>
Net cash inflow (outflow)	<u>(\$ 205,658)</u>	<u>\$ 171,305</u>

12. Investments Accounted for Using Equity Method

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

Please refer to Table 4 for information relating to the Group'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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
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 (%)	<u>34%</u>	<u>34%</u>
Equity attributable to the Group	<u>\$ 5,102</u>	<u>\$ 10,640</u>
Carrying amount of investment	<u>\$ 5,102</u>	<u>\$ 10,640</u>

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



The Group recognized an impairment loss of NT\$3,074 thousand for assets that were idle and did not meet production needs for 2024. This loss was classified as other operating expenses. The recoverable value of these assets is determined based on their estimated disposal value, which is classified as Level 3 fair value.

The above items of property, plant and equipment are 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 25 for the amount of property, plant and equipment pledged as collateral for loans.

14. Lease Arrangements

(I) Right-of-use assets

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Carrying amount of right-of-use assets		
Land	\$ 112,635	\$ 115,931
Buildings	2,725	3,620
Machinery and equipment	29,868	44,825
Transportation equipment	<u>1,808</u>	<u>223</u>
	<u>\$ 147,036</u>	<u>\$ 164,599</u>

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

	<u>Years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Addition for right-of-use assets	<u>\$ 1,972</u>	<u>\$ 3,796</u>
Depreciation expense of right-of-use assets		
Land	\$ 4,010	\$ 4,029
Buildings	811	176
Machinery and equipment	13,743	14,200
Transportation equipment	<u>387</u>	<u>384</u>
	<u>\$ 18,951</u>	<u>\$ 18,789</u>

(II) Lease liabilities

As of December 31, 2025 and 2024, the discount rates of lease liabilities were both 1.11%~3.00%.

(III) Material lease-in activities and terms

The Group has leased several buildings, machinery and transportation equipment for manufacturing and operational purposes, with a lease term of 3-8 years.

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

(IV) Other lease information

	Years ended December 31	
	2025	2024
Expenses relating to short-term leases	\$ 12,733	\$ 8,100
Total cash flows for lease	(\$ 28,386)	(\$ 23,530)

The Group 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\$9,844 thousand and NT\$4,943 thousand as of December 31, 2025 and 2024, respectively.

15. Borrowings

(I) Short-term borrowings

	December 31, 2025	December 31, 2024
<u>Secured borrowings</u> (Note 25)		
Bank Loans	\$ 4,460	\$ 4,575
<u>Unsecured borrowings</u>		
Credit line Loan	461,156	453,311
	<u>\$ 465,616</u>	<u>\$ 457,886</u>

The interest rates on short-term borrowings ranged from 0.99% to 4.13% and from 1.90% to 4.43% as of December 31, 2025 and 2024, respectively.

(II) Short-term notes payable

	December 31, 2025	December 31, 2024
Commercial paper	\$ 80,000	\$ 70,000
Less: Discount on commercial note payable	( 27)	( 8)
	<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	\$ 1,391,338	\$ 1,410,617
Unsecured bank loans	<u>418,589</u>	<u>265,000</u>
	1,809,927	1,675,617
Long-term borrowings due within one year	( <u>2,517</u> )	( <u>172,248</u> )
	<u>\$ 1,807,410</u>	<u>\$ 1,503,369</u>
Maturity year	2026-2043	2026-2043
Range of Interest Rates	1.12%-4.11%	1.12%-4.36%

The Group obtained a low-interest loan facility of NT\$588,000 thousand under the “Incentive Program for Taiwanese Businesses to Return and Invest in Taiwan.” The loan is subject to market interest rates, with the government subsidizing the difference between the market rate and the preferential repayment rate. As of December 31, 2025, a total of NT\$359,700 thousand has been utilized.

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

16. Retirement benefits plans

(I) Defined contribution plans

The Group 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. The retirement plan established by foreign subsidiaries, in compliance with local regulatory authorities, is also classified as a defined contribution retirement plan.

(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 included in the consolidated balance sheets in respect of the Company's defined benefit plans were 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	( 40,848)	( 39,148)
Net defined benefit liabilities	<u>\$ 13,643</u>	<u>\$ 12,046</u>

Movements in net defined benefit liabilities were as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities</u>
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)	-	( 2,630)	( 2,630)
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)	-	( 2,713)	( 2,713)
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>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
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 Group 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 of contributions to the plan for next year	<u>\$ 800</u>	<u>\$ 800</u>
Average duration of defined benefit obligation	13.0 years	14.3 years

17. Government subsidy

Acme (KS) reached an agreement with the Kunshan Zhoushi Town People's Government in 2006, under which Acme (KS) committed to relocating its plant and increasing its investment in order to obtain subsidies for land use rights and basic power infrastructure projects. Acme (KS) recognized the subsidies as long term deferred income and amortized them over the useful lives of the related assets.

Acme (GZ) obtained subsidies from the local government in 2025 and 2023 in relation to depreciable assets. Acme (GZ) recognized the subsidies as long term deferred income and amortized them over the useful lives of the related assets.

As of December 31, 2025 and 2024, due to the above mentioned circumstances, the Group's unamortized deferred income amounted to RMB 11,908 thousand (NT\$ 53,249 thousand) and RMB 7,329 thousand (NT\$ 33,424 thousand), respectively.

As a result of the above and other subsidies, government subsidy income recognized as other income of the Group for the years ended December 31, 2025 and 2024 amounted to NT\$ 5,551 thousand and NT\$ 18,588 thousand, respectively.

18. 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

	Years ended December 31	
	2025	2024
<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.

19. Net profit (loss) for the year

(I) Depreciation and amortization

	Years ended December 31	
	2025	2024
Property, Plant and Equipment	\$ 352,839	\$ 303,847
Right-of-use assets	18,951	18,789
Intangible assets	<u>2,516</u>	<u>1,460</u>
Total	<u>\$ 374,306</u>	<u>\$ 324,096</u>
Depreciation by function		
Operating costs	\$ 303,375	\$ 266,426
Operating expenses	<u>68,415</u>	<u>56,210</u>
	<u>\$ 371,790</u>	<u>\$ 322,636</u>
Amortization by function		
Operating costs	\$ 1,956	\$ 851
Administrative expenses	405	482
Research and development expenses	<u>155</u>	<u>127</u>
	<u>\$ 2,516</u>	<u>\$ 1,460</u>

(II) Employee benefit expenses

	Years ended December 31	
	2025	2024
Post-retirement benefits (Note 16)		
Defined contribution plans	\$ 66,063	\$ 57,106
Defined benefit plans	<u>2,859</u>	<u>5,084</u>
	68,922	62,190
Salary, Bonus, etc.	<u>930,586</u>	<u>884,329</u>
Total	<u>\$ 999,508</u>	<u>\$ 946,519</u>
Summary of employee benefit expenses by function		
Operating costs	\$ 735,106	\$ 698,762
Operating expenses	<u>264,402</u>	<u>247,757</u>
	<u>\$ 999,508</u>	<u>\$ 946,519</u>

(III) Employees' compensation and remuneration of directors

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

compensation, and remuneration of directors. In accordance with the amendments to the Securities and Exchange Act in August 2024, the Company has, by resolution of the 2025 Shareholders' Meeting, approved amendments to the Articles of Incorporation stipulating that if the Company has profits in any given year, the proportion allocated to entry-level employees shall not be less than 40% of the total amount of employee compensation distributed. The Company has yet to make up the loss as of December 31, 2025 and 2024, so the remunerations of employees and directors are not estimated and recognized.

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

Information on the remunerations of employees and directors for the years ended December 31, 2025 and 2024 proposed by the Company's Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

(IV) Other income

	Years ended December 31	
	2025	2024
Management service income (Note 24)	\$ 9,496	\$ 9,337
Government subsidy income	5,551	18,588
Others	<u>14,895</u>	<u>14,688</u>
	<u>\$ 29,942</u>	<u>\$ 42,613</u>

(V) Gain or loss on foreign currency exchange

	Years ended December 31	
	2025	2024
Foreign exchange gains	\$ 73,837	\$ 79,480
Foreign exchange losses	( <u>90,025</u> )	( <u>56,706</u> )
Net profit (loss)	( <u>\$ 16,188</u> )	( <u>\$ 22,774</u> )

(VI) Other gain and loss

	Years ended December 31	
	2025	2024
Gain on disposal of property, plant and equipment	\$ 771	\$ 383
Gain on financial assets at FVTPL	2,025	10,818
Others	( <u>4,784</u> )	( <u>1,828</u> )
	<u>( \$ 1,988 )</u>	<u>\$ 9,373</u>

(VII) Finance costs

	Years ended December 31	
	2025	2024
Interest on bank loan	\$ 45,287	\$ 39,276
Interest on lease liabilities	532	613
Less: Capitalization of interest (included in work in progress)	( 523)	( 1,603)
	<u>\$ 45,296</u>	<u>\$ 38,286</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%

20. Income tax

(I) The main components of income tax expense 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	\$ 6,854	\$ 14,983
Adjusting items in determining taxable income	<u>920</u>	( <u>63</u> )
	<u>7,774</u>	<u>14,920</u>
Deferred income tax		
Current tax expense recognized in the current year recognized in the current year	716	10,027
Adjusting items in determining taxable income	( <u>5,000</u> )	( <u>9,615</u> )
	( <u>4,284</u> )	<u>412</u>
Income tax expense recognized in profit or loss	<u>\$ 3,490</u>	<u>\$ 15,332</u>

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

	Years ended December 31	
	2025	2024
Net profit (loss) before tax	( <u>\$ 91,101</u> )	<u>\$ 145,529</u>
Income tax expense (benefit) calculated at the statutory tax rate	(\$ 9,111)	\$ 32,023
Adjusting items in determining taxable income	1,057	25,007
Unrecognized tax losses carried forward and deductible temporary difference	13,074	( 34,395)
Current income tax expense from previous years adjusted in the year	( 4,080)	( 9,678)
Withholding tax on income from royalties	<u>2,550</u>	<u>2,375</u>
Income tax expense recognized in profit or loss	<u>\$ 3,490</u>	<u>\$ 15,332</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 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 tax assets and liabilities

	December 31, 2025	December 31, 2024
Current tax assets		
Tax refund receivable	<u>\$ 4,928</u>	<u>\$ 10,752</u>
Current tax liabilities		
Income tax payable	<u>\$ 203</u>	<u>\$ 259</u>

## (IV) Deferred tax assets and liabilities

2025

	Balance at beginning of year	Recognized in profit or loss	Recognized in other comprehensiv e income	Exchange differences	Balance at end of year
<u>Deferred tax assets</u>					
Temporary difference					
Allowance for credit losses	\$ 1,067	(\$ 441)	\$ -	(\$ 42)	\$ 584
Allowance for inventory write-down	14,082	( 2,182)	-	( 167)	11,733
Defined benefit pension obligation	6,539	-	( 69)	-	6,470
Government subsidy	5,379	( 134)	-	( 109)	5,136
Unrealized benefit on sales and others	<u>13,467</u>	<u>8,841</u>	<u>-</u>	<u>1,000</u>	<u>23,308</u>
	40,534	6,084	( 69)	682	47,231
Tax losses carried forward	<u>42,245</u>	<u>42</u>	<u>-</u>	<u>( 322)</u>	<u>41,965</u>
	<u>\$ 82,779</u>	<u>\$ 6,126</u>	<u>(\$ 69)</u>	<u>\$ 360</u>	<u>\$ 89,196</u>
<u>Deferred tax liabilities</u>					
Temporary difference					
Investments accounted for using the equity method	\$ 62,686	(\$ 4,199)	\$ -	\$ -	\$ 58,487
Depreciation differences between accounting and tax purposes	39,457	4,984	-	1,777	46,218
Exchange differences of foreign operations	5,006	-	2,298	-	7,304
Unrealized loss on sales and others	<u>9,306</u>	<u>1,057</u>	<u>-</u>	<u>6</u>	<u>10,369</u>
	<u>\$ 116,455</u>	<u>\$ 1,842</u>	<u>\$ 2,298</u>	<u>\$ 1,783</u>	<u>\$ 122,378</u>

2024

	Balance at beginning of year	Recognized in profit or loss	Recognized in other comprehensiv e income	Exchange differences	Balance at end of year
<u>Deferred tax assets</u>					
Temporary difference					
Allowance for credit losses	\$ 1,448	(\$ 452)	\$ -	\$ 71	\$ 1,067
Allowance for inventory write-down	8,961	4,965	-	156	14,082
Defined benefit pension obligation	7,048	-	( 509)	-	6,539
Exchange differences of foreign operations	18,427	-	( 18,427)	-	-
Government subsidy	5,247	( 139)	-	271	5,379
Unrealized benefit on sales and others	<u>9,169</u>	<u>3,544</u>	<u>-</u>	<u>754</u>	<u>13,467</u>
	50,300	7,918	( 18,936)	1,252	40,534
Tax losses carried forward	<u>46,837</u>	<u>( 5,688)</u>	<u>-</u>	<u>1,096</u>	<u>42,245</u>
	<u>\$ 97,137</u>	<u>\$ 2,230</u>	<u>(\$ 18,936)</u>	<u>\$ 2,348</u>	<u>\$ 82,779</u>

	Balance at beginning of year	Recognized in profit or loss	Recognized in other comprehensiv e income	Exchange differences	Balance at end of year
<u>Deferred tax liabilities</u>					
Temporary difference					
Investments accounted for using the equity method	\$ 66,757	( \$ 4,071 )	\$ -	\$ -	\$ 62,686
Depreciation differences between accounting and tax purposes	30,704	6,157	-	2,596	39,457
Exchange differences of foreign operations	-	-	5,006	-	5,006
Unrealized loss on sales and others	8,625	556	-	125	9,306
	<u>\$ 106,086</u>	<u>\$ 2,642</u>	<u>\$ 5,006</u>	<u>\$ 2,721</u>	<u>\$ 116,455</u>

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Tax losses carried forward		
Due in 2027	\$ 750,786	\$ 756,986
Due in 2028	232,879	232,879
Due in 2029	92,389	79,909
Due in 2030	55,004	55,004
Due in 2031	\$ 19,466	\$ 19,466
Due in 2032	30,374	30,374
Due in 2033	19,844	19,846
Due in 2035	45,703	-
	<u>\$ 1,246,445</u>	<u>\$ 1,194,464</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>Last year available for offset</u>
\$ 988,147	2027
232,879	2028
92,389	2029
55,004	2030
19,466	2031
30,374	2032
19,844	2033
45,703	2035
<u>\$ 1,483,806</u>	

(VII) Income tax assessments

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

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

1. ACME (Cayman) and GAEL had no income tax expense for the years ended December 31, 2025 and 2024 due to tax exemption regulations in their respective jurisdictions of incorporation.
2. ACME (GZ) is approved as a high-tech enterprise and is entitled to a preferential statutory income tax rate reduced from 25% to 15%.
3. The statutory tax rate applicable to ACME (KS) is 25%.
4. The statutory tax rate applicable to ACME (MA), ACME Ferrite and ACME Advanced is 24%.

21. Earnings (Losses) per Share

	Years ended December 31	
	2025	2024
Basic earnings (losses) per share	<u>(\$ 0.31)</u>	<u>\$ 0.73</u>
Diluted earnings (losses) 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 (losses) per share were as follows:

Net profit (loss) for the year

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

Number of shares (Unit: thousand shares)

	Years ended December 31	
	2025	2024
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>

22. Capital Management

The Group 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 Group'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 Group 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.

23. 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 Group'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, 2025

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivatives	\$ <u>          -</u>	\$ <u>      759</u>	\$ <u>          -</u>	\$ <u>      759</u>
Financial liabilities at FVTPL				
Derivatives	\$ <u>          -</u>	\$ <u>   3,504</u>	\$ <u>          -</u>	\$ <u>   3,504</u>

December 31, 2024

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

There were no transfers between Levels 1 and 2 fair value measurement for the years ended December 31, 2025 and 2024.

(2) Valuation techniques and inputs applied for Level 2 fair value measurement

Categories of Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and 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>		
Financial assets at FVTPL	\$ 759	\$ 44
Amortized cost (Note 1)	1,713,530	1,561,179
<u>Financial liabilities</u>		
Financial liabilities at FVTPL	3,504	1,282
Amortized cost (Note 2)	2,742,392	2,636,132

Note 1: The balances include financial assets measured at amortized cost, comprising cash and cash equivalents, pledged time deposits with banks, bank deposits with original maturities of more than three months, receivables, other receivables, and 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 Group'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 Group's finance department centrally coordinates access to domestic and international financial markets, and monitors and manages the financial risks related to the Group'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.

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(1) Market risks

The Group'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 Group enters into sales and purchases denominated in foreign currencies, which exposes the Group to foreign exchange rate risk. Within the scope permitted by its policies, the Group 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 Group’s monetary assets and monetary liabilities (including those eliminated on consolidation) denominated in currencies other than the functional currency as of the balance sheet date, please refer to Note 27.

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 Group is mainly exposed to fluctuations in U.S. dollar exchange rates. If the Group’s functional currency had appreciated or depreciated by 3% against the U.S. dollar, the Group’s loss before tax for the year ended December 31, 2025 would have increased or decreased by NT\$19,997 thousand, respectively. For the year ended December 31, 2024, the Group’s profit before tax would have decreased or increased by NT\$18,922 thousand, respectively.

The foreign exchange differences mainly arose from the Group’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 Group 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 Group’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 Group’s interest rates more closely with market rates in response to changes in market interest rates.

The carrying amounts of the Group’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	\$ 725,710	\$ 556,785
Financial liabilities	767,785	470,636
Cash flow interest rate risk		
Financial assets	69,287	197,499
Financial liabilities	1,623,387	1,782,996

### Sensitivity analysis

Fixed-rate financial assets and financial liabilities held by the Group 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 Group 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 Group's loss before tax by NT\$7,771 thousand for the year ended December 31, 2025, respectively, and would have decreased or increased the Group's profit before tax by NT\$7,927 thousand for the year ended December 31, 2024, respectively.

#### (2) Credit risk

Credit risk is the risk of financial loss to the Group arising from a counterparty's failure to meet its contractual obligations. As of the balance sheet date, the Group'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 consolidated balance sheet.

The Group'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 Group assesses the credit quality of major customers by using publicly available financial information and historical transaction experience. The Group 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 Group 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 Group's credit risk has been significantly reduced.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group's credit risk by geographical region was mainly concentrated in Mainland China, accounting for approximately 65% and 71% of total accounts receivable as of December 31, 2025 and 2024, respectively.

(3) Liquidity risk

The Group manages and maintains sufficient cash and cash equivalents to support its operations and to mitigate the effects of operating cash flow fluctuations.

1) Liquidity and interest rate risk tables

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

December 31, 2025

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing				
liabilities		\$ 273,647	\$ -	\$ -
Lease liabilities	2.44	15,122	21,323	-
Floating interest rate liabilities	1.78	233,865	1,440,342	62,251
Fixed interest rate liabilities	2.18	<u>351,630</u>	<u>403,330</u>	-
		<u>\$ 874,264</u>	<u>\$ 1,864,995</u>	<u>\$ 62,251</u>

December 31, 2024

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing				
liabilities	-	\$ 326,062	\$ -	\$ -
Lease liabilities	1.25	16,160	35,220	-
Floating interest rate liabilities	1.88	308,402	1,556,022	64,044
Fixed interest rate liabilities	2.33	<u>423,484</u>	<u>-</u>	<u>-</u>
		<u>\$ 1,074,108</u>	<u>\$ 1,591,242</u>	<u>\$ 64,044</u>

2) Financing facilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Unsecured banking facilities		
Amount used	\$ 960,056	\$ 788,311
Amount unused	<u>1,290,820</u>	<u>1,745,302</u>
	<u>\$ 2,250,876</u>	<u>\$ 2,533,613</u>

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Secured banking facilities		
Amount used	\$ 1,398,336	\$ 1,420,513
Amount unused	<u>237,179</u>	<u>263,727</u>
	<u>\$ 1,635,515</u>	<u>\$ 1,684,240</u>

24. 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.

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

(I) Names and relationships of related parties

<u>Name of Related Party</u>	<u>Relationship with the Group</u>
USI Corporation (USI)	Parent company
USI Management Consulting Corporation (UM)	Fellow subsidiary
China General Plastics Corporation (CGPC)	Fellow subsidiary
Asia Polymer Corporation (APC)	Fellow subsidiary
Taiwan VCM Corporation (TVCM)	Fellow subsidiary
Swanson Technologies Corporation (STC)	Fellow subsidiary
Swanson Plastics Corporation (SPC)	Fellow subsidiary
Swanson Plastics (Kunshan) Co., Ltd. (SPK)	Fellow subsidiary
USI International Corp. (USIIC)	Fellow subsidiary
USI Optronics Corporation (USIO)	Associate
USI Education Foundation (USIF)	Other related parties

(II) Sales

<u>Related Party Category/Name</u>	<u>Years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Associate		
USIO	<u>\$ 407</u>	<u>\$ 574</u>

The terms and conditions of sales transactions between the Company and associates are monthly settlement with payment due within 60 days. The terms and prices of sales to related parties are equivalent to those of non-related parties.

(III) Purchase

<u>Related Party Category/Name</u>	<u>Years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Fellow subsidiary		
SPK	\$ 229	\$ -
Associate		
USIO	<u>12,426</u>	<u>3,992</u>
	<u>\$ 12,655</u>	<u>\$ 3,992</u>

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

(IV) Receivables from related parties

Accounting Subject	Related Party Category/Name	December 31, 2025	December 31, 2024
Accounts receivable - related parties	Associate		
	USIO	\$ -	\$ 186
Other receivables - related parties	Fellow subsidiary		
	SPC	\$ 3,321	\$ 3,787
	SPK	1,675	-
	STC	153	-
	Associate		
	USIO	413	246
		<u>\$ 5,562</u>	<u>\$ 4,033</u>

(V) Payables to related parties

Accounting Subject	Related Party Category/Name	December 31, 2025	December 31, 2024
Accounts payable - related parties	Fellow subsidiary		
	SPK	\$ 52	\$ -
	Associate		
	USIO	2,788	-
		<u>\$ 2,840</u>	<u>\$ -</u>
Other payables - related parties	Parent company		
	USI	\$ 58	\$ 975
	Fellow subsidiary		
	SPC	803	607
	UM	14	2,541
	APC	-	83
	CGPC	-	7
	Associate		
	USIO	546	23
		<u>\$ 1,421</u>	<u>\$ 4,236</u>

(VI) Prepayments

Related Party Category/Name	December 31, 2025	December 31, 2024
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) 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>
Management service income (Classified as non-operating income and expenses)	Fellow subsidiary		
	SPC Associate	\$ 8,874	\$ 8,820
	USIO	<u>622</u>	<u>517</u>
		<u>\$ 9,496</u>	<u>\$ 9,337</u>

<u>Accounting Subject</u>	<u>Related Party Category/Name</u>	<u>Years ended December 31</u>	
		<u>2025</u>	<u>2024</u>
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>
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.

<u>Accounting Subject</u>	<u>Related Party Category/Name</u>	<u>Years ended December 31</u>	
		<u>2025</u>	<u>2024</u>
Donation expenses	Other related parties		
(Classified as operating expenses)	USIF	<u>\$ 1,000</u>	<u>\$ -</u>
Other expenditures (Classified as operating expenses)	Fellow subsidiary		
	SPC	\$ 435	\$ -
	TVCM	4	-
	Associate		
	USIO	<u>854</u>	<u>305</u>
		<u>\$ 1,293</u>	<u>\$ 305</u>
Other income (Classified as non-operating income and expenses)	Associate		
	USIO	<u>\$ 294</u>	<u>\$ -</u>

(IX) Compensation of key management personnel

	<u>Years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
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.

25. Collateralized Assets

The following assets of the Group 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
Current deposit (classified as refundable deposits)	4,472	6,841
Time deposits (classified as financial assets measured at amortized cost)	17,683	22,090
Property, plant, and equipment (carrying amount)	796,966	661,531
Right-of-use assets	<u>25,731</u>	<u>25,266</u>
	<u>\$ 852,552</u>	<u>\$ 723,428</u>

26. Significant Contingent Liability and Contractual 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.

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

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

December 31, 2025					
	Foreign Currency (NT\$ thousands)	Exchange Rate (NT\$)		Functional Currency (NT\$ thousands)	New Taiwan Dollars (NT\$ thousands)
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$ 15,602	31.4300	(USD: NTD)	\$ 490,371	\$ 490,371
USD	2,144	7.0288	(USD: RMB)	15,073	67,401
USD	6,884	4.2016	(USD: MYR)	28,926	216,377
RMB	14,841	4.4716	(RMB: NTD)	66,365	66,365
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD	1,095	31.4300	(USD: NTD)	34,425	34,425
USD	1,150	7.0288	(USD: RMB)	8,082	36,140
USD	1,178	4.2016	(USD: MYR)	4,948	37,012
RMB	19,153	4.4716	(RMB: NTD)	85,643	85,643
December 31, 2024					
	Foreign Currency (NT\$ thousands)	Exchange Rate (NT\$)		Functional Currency (NT\$ thousands)	New Taiwan Dollars (NT\$ thousands)
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$ 10,076	32.7850	(USD: NTD)	\$ 330,352	\$ 330,352
USD	2,271	7.1884	(USD: RMB)	16,327	74,465
USD	9,812	4.6402	(USD: MYR)	45,530	321,687
RMB	14,733	4.5608	(RMB: NTD)	67,192	67,192
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD	864	32.7850	(USD: NTD)	28,316	28,316
USD	933	7.1884	(USD: RMB)	6,710	30,603
USD	1,124	4.6402	(USD: MYR)	5,214	36,839
RMB	15,981	4.5608	(RMB: NTD)	72,884	72,884

The Group recognized net foreign exchange losses (realized and unrealized) of NT\$16,188 thousand and net gains of NT\$22,774 thousand for the years ended December 31, 2025 and 2024, respectively. Due to the diversity of foreign currency transactions and functional currencies of the individual entities within the Group, foreign exchange gains or losses could not be separately disclosed by individual significant currencies.

28. Disclosure Items

(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.
- (6) Others - intercompany relationships and material intercompany transactions: Table 6.

(II) Information on reinvestment company: Table 4.

(III) Information on Investments in Mainland China:

- (1) Information on investee company in mainland China, including 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: Table 6.
  - (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 6.
  - (3) The amount of property transactions and the amount of the resultant gains or losses: None.
  - (4) The outstanding balance of endorsements or guarantees of negotiable instruments or pledges of collateral and the purposes thereof: 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: Table 6.

29. Segment Information

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance is based on the operating results of the Group's electronic materials business. Accordingly, the Group operates in only one operating segment, the electronic materials segment. The electronic materials segment is primarily engaged in the manufacture and sale of ferromagnetic cores and powders, and silicon carbide.

The measurement basis of the operating income and expenses of the operating segment is consistent with that used in the preparation of the consolidated financial statements. Information regarding the revenues and operating results of the segment is presented in the consolidated statement of comprehensive income.

(I) Main product revenue

The revenue analysis of the main products of the continuing operations of the Group is as follows:

	<u>Years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Passive components	\$ 2,652,850	\$ 2,474,256
Silicon carbide	416,171	621,123
	<u>\$ 3,069,021</u>	<u>\$ 3,095,379</u>

(II) Geographical financial information

The Group's continuing business unit income from external customers is classified by the country where the customers are located and non-current assets by the region of the assets are listed as follows:

	<u>Revenue from external clients</u>		<u>Non-current assets</u>	
	<u>Years ended December 31</u>		<u>December 31,</u>	<u>December 31,</u>
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Asia	\$ 2,238,330	\$ 2,144,989	\$ 2,933,886	\$ 3,021,548
Americas	614,252	782,374	-	-
Europe	121,541	139,989	-	-
Others	94,898	28,027	-	-
	<u>\$ 3,069,021</u>	<u>\$ 3,095,379</u>	<u>\$ 2,933,886</u>	<u>\$ 3,021,548</u>

Non-current assets do not include deferred income tax assets and deposit margin.

(III) Customer-specific financial information

In the years ended December 31, 2025 and 2024, the revenues from a single customer amounting to 10% or more of the Group's total revenue were as follows:

	Years ended December 31	
	2025	2024
Client A	\$ 366,521	\$ 344,516
Client B	234,921	367,600

Acme Electronics Corporation and Subsidiaries  
 Financing Provided to Others  
 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.

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

Acme Electronics Corporation and Subsidiaries  
Endorsements/Guarantees Provided for Others  
From January 1 to 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)	Actual Actually Drawn (Note 3)	Amount of Endorsement/Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity for 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	Subsidiaries of ACME (MA)	784,962	139,018	139,018	97,222	None	12.40%	897,099	Y	N	N	
1	ACME (MA)	ACME Advanced	Subsidiaries 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 and Subsidiaries

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 Transactions (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 (GZ)	Subsidiary of GAEL	Purchase (including processing fee)	\$ 377,172	45%	55 days	\$ -	—	( \$ 85,426 )	57%	Note 2
Acme (GZ)	The Company	Subsidiary of GAEL	Sales (including processing fee)	( 377,172 )	51%	55 days	-	—	85,426	24%	Note 2
The Company	Acme (GZ)	Subsidiary of GAEL	Sales	( 125,862 )	9%	55 days	-	—	27,185	7%	Note 2
Acme (GZ)	The Company	Subsidiary of GAEL	Purchase	125,862	66%	55 days	-	—	( 27,185 )	65%	Note 2
The Company	ACME (KS)	Subsidiary of ACME (Cayman)	Sales	( 122,141 )	9%	55 days	-	—	35,503	9%	Note 2
ACME (KS)	The Company	Subsidiary of ACME (Cayman)	Purchase	122,141	49%	55 days	-	—	( 35,503 )	48%	Note 2
ACME (KS)	The Company	Subsidiary of ACME (Cayman)	Sales	( 153,372 )	17%	55 days	-	—	20,583	9%	Note 2
The Company	ACME (KS)	Subsidiary of ACME (Cayman)	Purchase	153,372	33%	55 days	-	—	( 20,583 )	14%	Note 2

Note 1: The terms of payment and receipt of purchase and sales transactions between the Company and its subsidiaries are not materially different from those of general transactions.

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

Acme Electronics Corporation and Subsidiaries  
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 2)		Balance as of December 31, 2025			Net Income (Loss) of Investee for the Period (Note 3)	Share of Profit/ Loss of Investee (Note 3)	Note
				December 31, 2025	December 31, 2024	Shares	%	Carrying Value (Note 2)			
The Company	ACME (Cayman)	Ugland House P.O. Box 309 George Town, Grand Cayman, Cayman Islands	Corporate investments	\$ 1,108,637	\$ 1,108,637	43,887,521	60.10%	\$ 1,080,588	(\$ 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 carrying amount and the recognized investment gain (loss) for the period have been fully eliminated when preparing the consolidated financial statements.

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

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

Note 4: Please refer to Table 5 for relevant information on mainland investee companies.

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

Table 5:

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

Investee Company	Main Business and Products	Total Amount of Paid-in Capital (Note 6)	Method of Investment	Accumulated Outflow Investment from Taiwan as of January 1, 2025	Investment 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 (Notes 3, 5 and 7)	Carrying Amount as of Balance as of December 31, 2025 (Notes 6 and 7)	Accumulated Inward Remittance of Earning 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 of 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.

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

Acme Electronics Corporation and Subsidiaries  
Intercompany Relationships and Significant Intercompany Transactions  
From January 1 to December 31, 2025

Table 6:

Unit: NT\$ thousands

No.	Name of Trader	Counterparty	Relationships with Trader (Note)	Transaction Details			% of Total Consolidated Operating Revenue or Total Asset
				Financial Statement Accounts	Amount	Transaction Terms	
0	The Company	Acme (KS)	1	Sales revenue	\$ 122,141	55 days for both purchase and sales	3.98%
0	The Company	Acme (GZ)	1	Sales revenue	125,862	55 days for both purchase and sales	4.10%
0	The Company	ACME Ferrite	1	Sales revenue	13,104	55 days for both purchase and sales	0.43%
0	The Company	Acme (KS)	1	Cost of goods sold	153,372	55 days for both purchase and sales	5.00%
0	The Company	Acme (GZ)	1	Processing costs (classified as cost of goods sold)	373,176	—	12.16%
0	The Company	Acme (KS)	1	Royalty revenue	25,497	—	0.83%
0	The Company	Acme (GZ)	1	Royalty revenue	14,273	—	0.47%
0	The Company	Acme (KS)	1	Accounts receivable - related parties	35,503	55 days for both purchase and sales	0.63%
0	The Company	Acme (GZ)	1	Accounts receivable - related parties	27,185	55 days for both purchase and sales	0.48%
0	The Company	Acme (KS)	1	Other receivables - related parties	23,539	—	0.42%
0	The Company	Acme (GZ)	1	Other receivables - related parties	15,059	—	0.27%
0	The Company	Acme (GZ)	1	Notes and accounts payable — related parties	85,426	55 days for both purchase and sales	1.51%
0	The Company	Acme (KS)	1	Notes and accounts payable — related parties	20,583	55 days for both purchase and sales	0.36%
3	Acme (KS)	Acme (GZ)	3	Sales revenue	34,162	55 days for both purchase and sales	1.11%
3	Acme (KS)	Acme (GZ)	3	Cost of goods sold	39,228	55 days for both purchase and sales	1.28%
3	Acme (KS)	ACME Ferrite	3	Sales revenue	58,652	55 days for both purchase and sales	1.91%
3	Acme (KS)	ACME Ferrite	3	Accounts receivable - related parties	18,761	55 days for both purchase and sales	0.33%
3	ACME Ferrite	Acme (GZ)	3	Sales revenue	11,212	55 days for both purchase and sales	0.37%

Note 1: The parent company to its subsidiary.

Note 2: The subsidiary to the parent company.

Note 3: Between subsidiaries.

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